Austin Energy Affordability Benchmarking Study Evaluation of Electricity Rates and Bills

Residential Electricity Bill Comparisons Final Report

November 5, 2010

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Evaluation of Electricity Rates and Bills

Residential Electricity Bill Comparison

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Executive Summary

As a component of its affordability project, Austin Energy ("AE") retained R. W. Beck, An SAIC Company and R. J. Covington Consulting, LLC ("R. W. Beck Team") to conduct an analysis of AE customer electricity bills compared to electricity bills of customers of other utilities in Texas. This report contains the findings made by the R. W. Beck Team related to the pricing of electricity for residential customers.

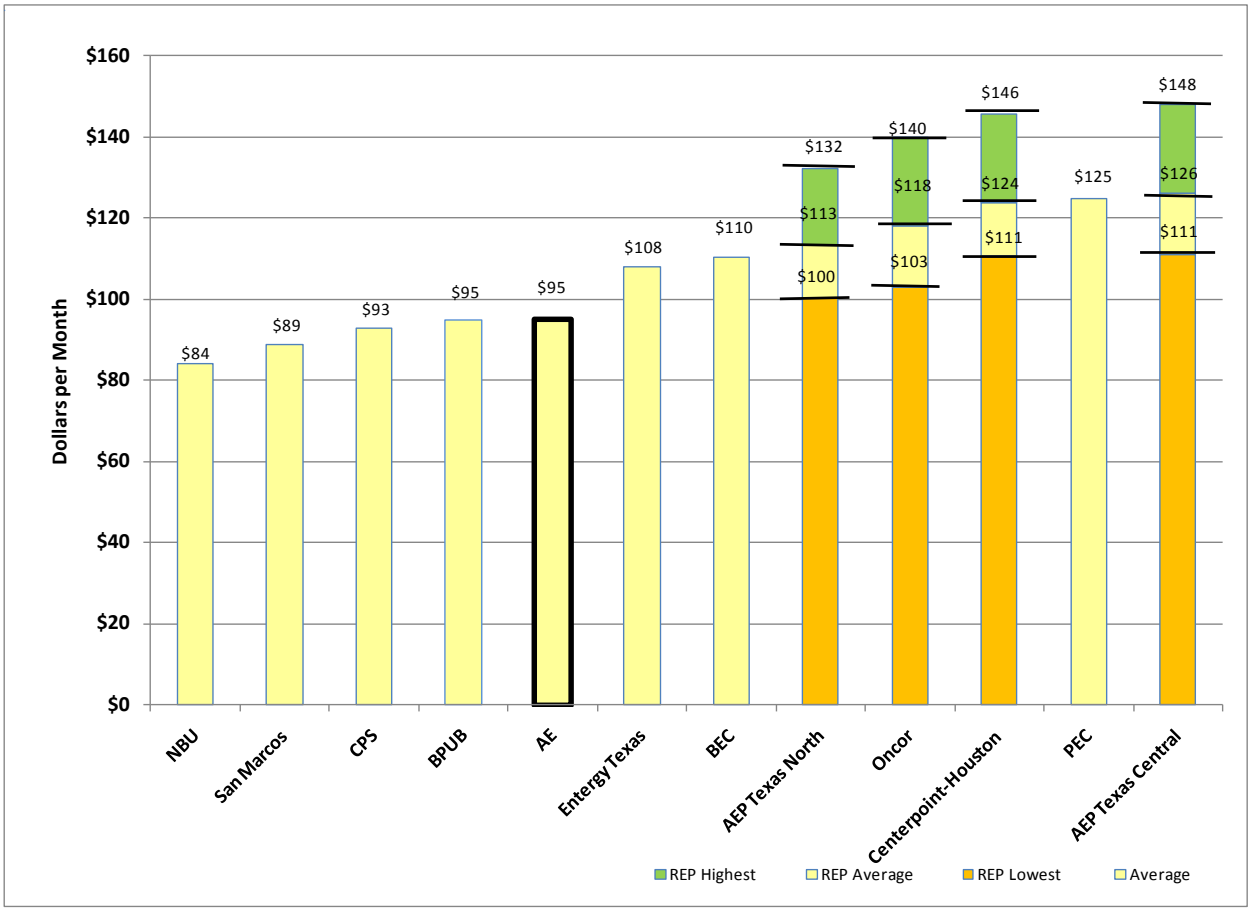
The R. W. Beck Team used publicly available data sources to obtain information on electricity bills in 12 cities and/or electricity market areas in Texas. Sources included the Public Utility Commission of Texas ("PUCT") website (http://www.puc.state.tx.us/electric/rates/index.cfm), the Texas Electric Choice website (http://www.powertochoose.org) and individual retail electric provider ("REP") websites. The PUCT provides historical pricing data at four usage levels [500 kilowatt-hours (kWh), 1,000 kWh, 1,500 kWh and 2,000 kWh] within competitive markets of the state. For electric utility service providers not currently participating in retail choice, published tariff rates were used to calculate a representative monthly bill for each of the four usage levels. Due to the imprecise nature of the selection process and the volume of data used in the calculations, results should be interpreted as indicative rather than conclusive. Variable and indexed price offerings were not included in this analysis, nor were any offerings that were reported as the REP's name exclusively (i.e., did not also include a program name).

The R. W. Beck Team's analysis indicates that the dollar amount of AE's residential electricity bills at representative levels of energy usage are comparable to, and at times lower than, that of other utilities and electricity providers in Texas. AE's residential bills are the most favorable at lower usage levels, particularly at 500 kWh monthly usage or less, due to some extent to its tiered rate structure that provides a lower rate for the first 500 kWh of monthly electricity usage.

Figure ES-1 provides a side-by-side comparison of representative monthly customer bills at the 1,000 kWh usage level in 2009. 1,000 kWh per month is considered fairly typical usage in homes in the U.S., with residential usage in Texas averaging 1,130 kWh per month according to the Department of Energy.[1] At this level, calculated bills for the New Braunfels Utilities ("NBU"), San Antonio City Public Service ("CPS Energy"), Brownsville Public Utilities Board ("BPUB") and AE would have been among the lowest found in our analysis at $95 per month or less. The average price in the markets served by Transmission and Distribution Service Providers ("TDSPs") ranged from $113 to $126. For the TDSP market areas the following graphs display three levels of pricing for each market: the lowest cost fixed price offering available from REPs each month averaged across the year, the average cost of the REP offerings and the highest costs each month averaged across the year. For example, in the AEP Texas North service area the lowest price offering each month averaged in 2009 would have been $100, while the average cost would have been $113, and the highest offerings would have an average cost of $132 per month. A more detailed explanation of the methodology used in this study is included in the body of this report. Acronyms or titles used for the various electric utilities included in the figures below are defined in Table 1 of this report.

[1] http://www.eia.doe.gov/ask/electricity_faqs.asp

Figure ES-1
Average Monthly Bill at 1,000 kWh - 2009



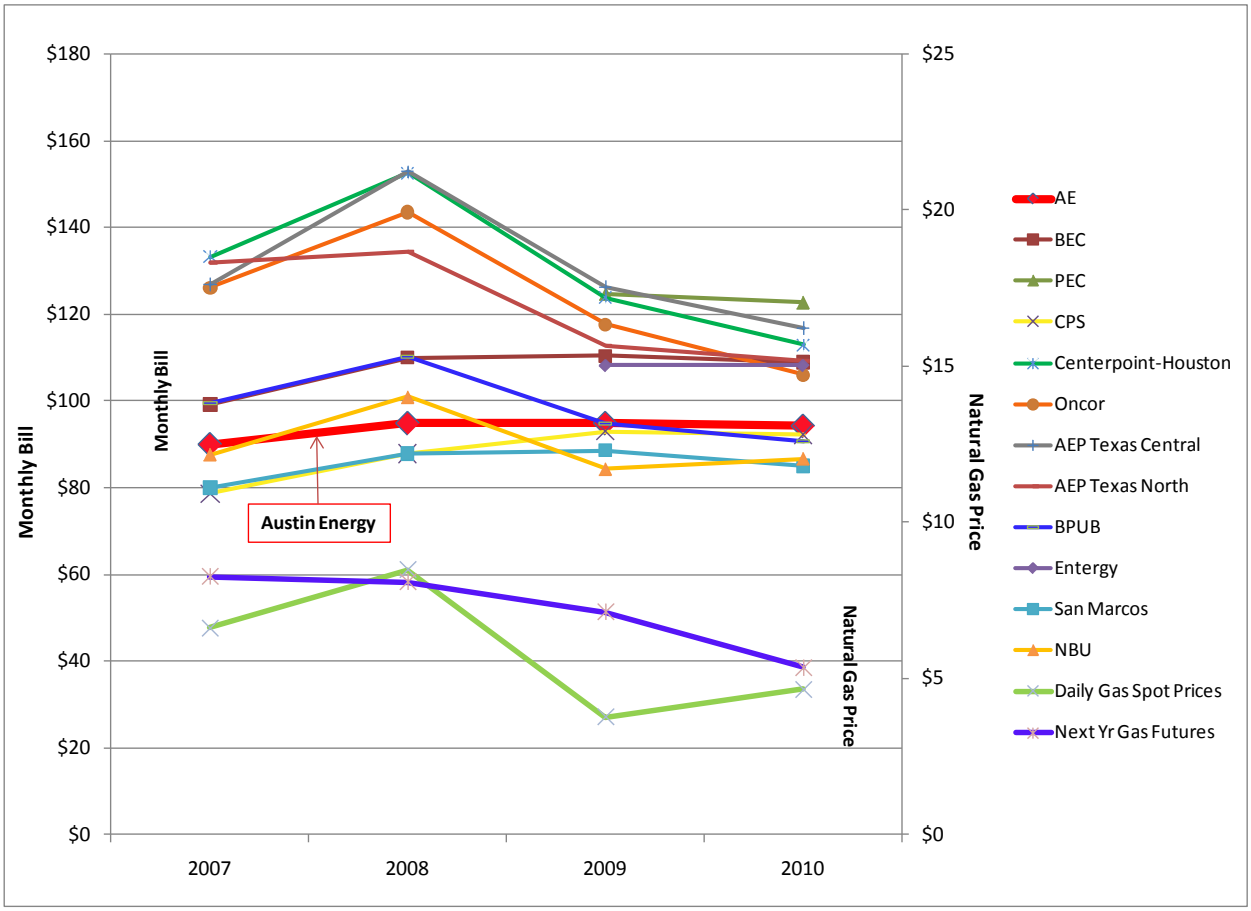
Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

At all usage levels, it appears that prices have been converging over time. Figure ES-2 shows electricity pricing trends at the 1,000 kWh usage level as well as historic natural gas futures prices for the appropriate time period, showing a drop from approximately $8 per million British Thermal Units (MMBtu) in 2008 to a price in the $5 per MMBtu range in 2010.

Even the average of the least expensive fixed price offerings by a REP in each of the four TDSP territories which serve Houston, Dallas, Corpus Christi and Abilene, respectively, would have been among the highest prices in 2007 and 2008; however, these bills would have decreased appreciably in 2009 and 2010, attributed, in part, to the decline in natural gas prices. The current downward trend in natural gas prices appears to be highly correlated to the decline in electricity bills from REPs in 2009 and 2010. AE's generation mix is less reliant on gas-fired capacity than the ERCOT overall generation mix. This, along with AE's efforts to control the costs of natural

gas through its fuel hedging program, may lessen any negative impact of rising natural gas prices on pricing for AE. Conversely, the current decrease in natural gas prices that may be attributed to some extent to the overall recessionary economy, which in turn has led to flat or declining energy usage, provide short-term price advantages to many other providers, while having less impact on AE's prices.

Figure ES-2
Average Monthly Bill at 1,000 kWh Over Time

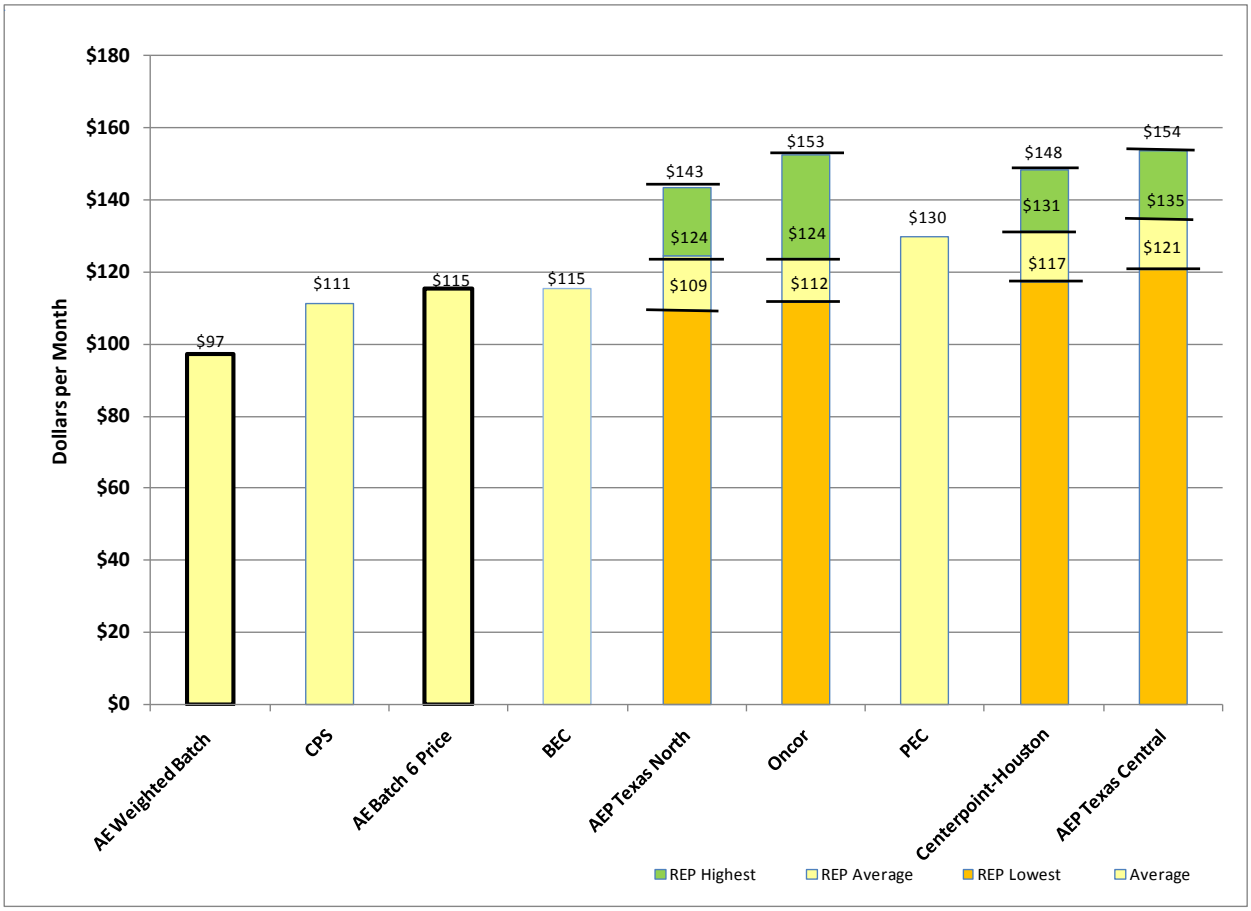


Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

AE's GreenChoice® program provides renewable energy at a price that is comparable with other utilities in Texas as shown in Figures ES-3 and ES-4. Figure ES-3 shows pricing for renewable energy products for 2009 at the 1,000 kWh usage level. AE's GreenChoice® customers pay a renewable energy charge in lieu of a fuel adjustment charge. The price associated with AE's renewable energy charge is dependent upon when the customer enrolled in the program. To date, AE has offered six "batches" of renewable energy each with an associated price to

consumers based on AE's cost of purchasing the energy plus additional adders. The weighted average batch cost would have been $97 per month in 2009, while the price for new subscribers would have been $115 (at the 1,000 kWh usage level). Both of these prices are among the lowest prices available for renewable products in 2009.

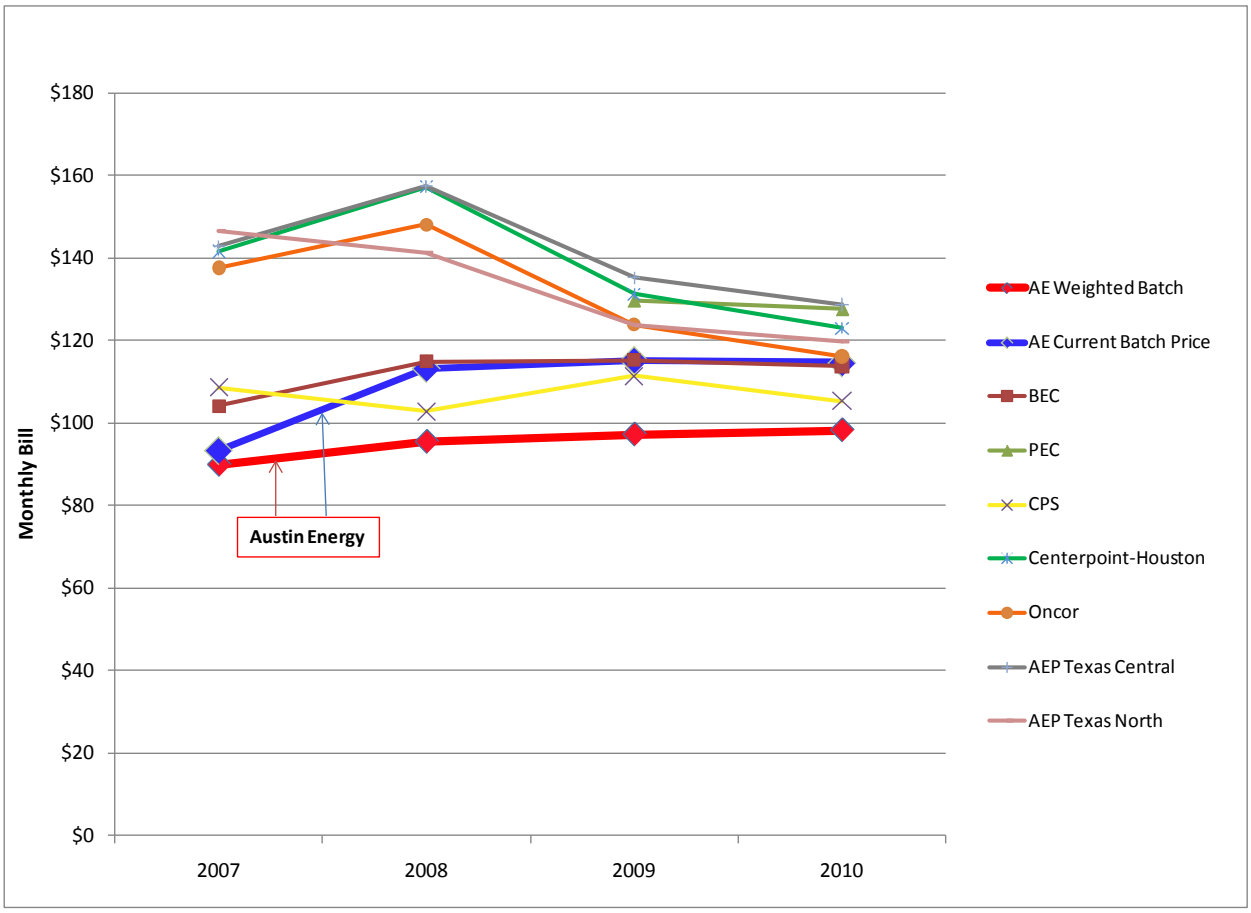
Figure ES-3
Average Monthly Green Bill at 1,000 kWh - 2009



Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

Figure ES-4 shows representative renewable energy bills for the past four years for utilities that offer fixed priced energy products with renewable content. As with traditional energy products, prices for renewable content energy products have converged over the time period of this study, with AE remaining at the lower end of prices.

Figure ES-4
Average Monthly Green Bill at 1,000 kWh Over Time



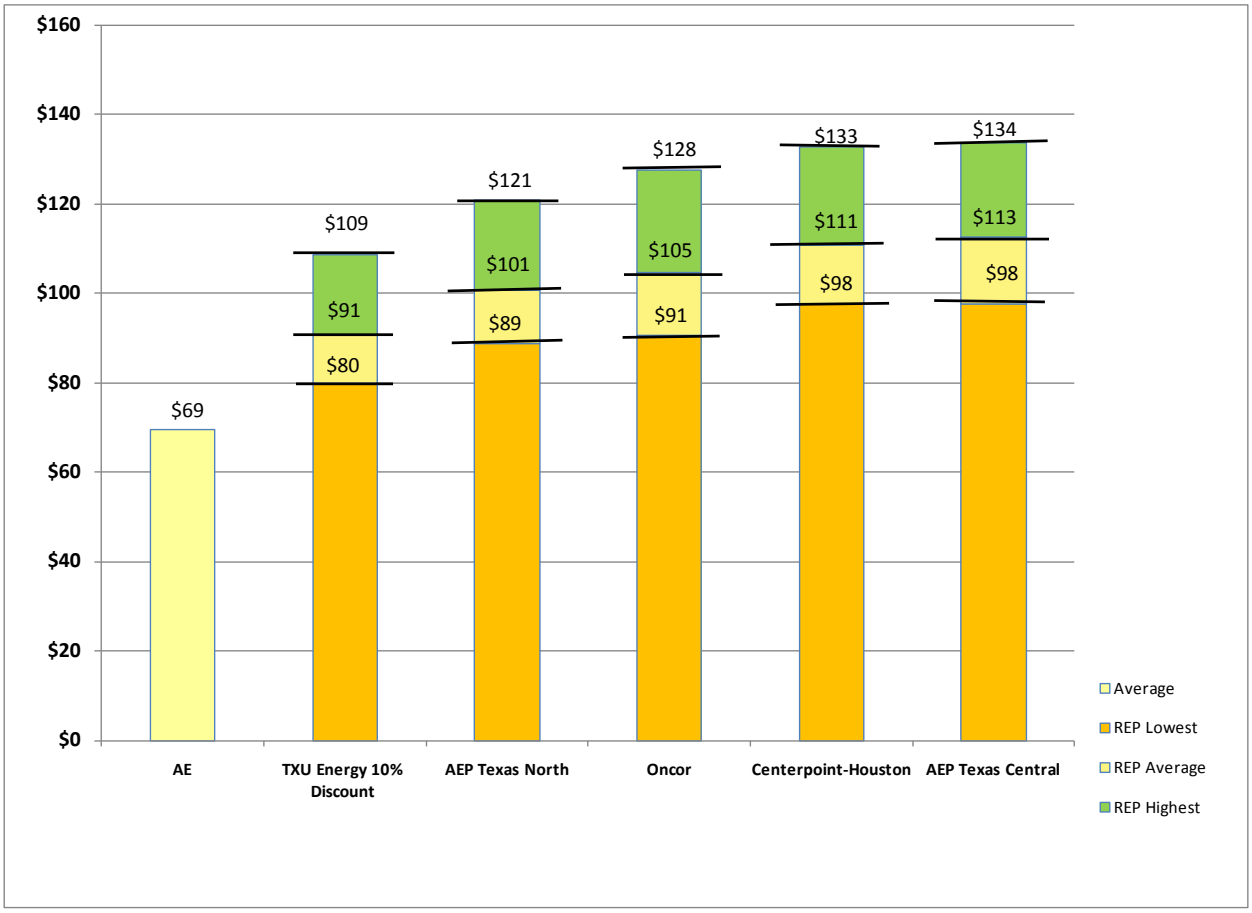
Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

This analysis also includes a comparison of low-income programs. REPs offer a discount program, *Lite-Up Texas*, to low-income customers in competitive electric service territories during the months of May through September. The REPs provide the bill discount to customers, for which they are compensated through funds provided by the System Benefit Charge on competitive market electricity bills. Texas' restructuring legislation authorized this System Benefits Charge, a non-by-passable fee to fund low-income rate assistance and energy efficiency improvements for low-income customers. Additionally, specific REP's may offer supplementary assistance to low-income customers. An example of a REP year-round program which is graphically displayed in Figure ES-5 is TXU Energy's additional 10-percent discount to qualified low-income customers in competitive areas across the state.

The data for AE in Figure ES-5 represents discounts provided to low-income customers through AE's Customer Assistance Discount Program. Discounts provided by this program include the waiving of AE's $6.00 per month customer charge and charging the Batch-1 GreenChoice® charge in lieu of the fuel charge. This amounts to an average monthly discount of $26 for a customer using 1,000 kWh on average. Additional discounts on the City of Austin utility bill are provided through this program, amounting on average to an additional $22.71 in discounts. These additional discounts were not included in this analysis because they are not directly related to electric service. Other programs included in the City of Austin's extensive Customer Assistance Program are designed to provide assistance to customers in the areas of financial assistance, energy efficiency improvements, and water conservation. Only direct discounts under AE's Customer Assistance Discount Program are included in this analysis.

During the summer months, the cost savings from AE's program and *Lite-Up Texas* result in similarly priced bills. However, because AE offers the low-income assistance pricing on a year-round basis, as opposed to discounts only during the summer months, AE provides greater benefits to low-income customers on an annual basis. Figure ES-5 demonstrates a monthly bill for AE customers and *Lite-Up Texas* customers on an average annualized basis for the year 2009.

Figure ES-5
Average Annualized Monthly Bill for Low-Income Customers at 1,000 kWh - 2009



Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

The findings of this analysis indicate that AE's residential monthly bills are comparable to, and in certain instances lower than, bills from other electric providers in Texas. Results at the 1,000 kWh usage level are shown in Tables ES-1 and ES-2 and Figures ES-6 and ES-7 below. Details include:

For 2010:

- AE's representative bill ($94) would have been 6 percent lower than the average for the other utilities included in this study ($100).
- AE's representative GreenChoice® bill weighted average bill ($98) would have been 13 percent less than the average for the other utilities ($111), while the Batch 6 priced bill ($115) would have been 4 percent higher than the average.

For 2009:

- AE's representative bill ($95) would have been 8 percent lower than the average of the lowest REP price in each TDSP and pricing offered by other utilities included in this study ($103).
- AE's representative GreenChoice® bill weighted average bill ($97) would have been 20 percent less than the average of the lowest REP price in each TDSP and pricing offered by other utilities ($116), while the Batch 6 priced bill ($115) would have been 1 percent lower than the average.

For 2008:

- AE's representative bill ($95) would have been 20 percent lower than the average for the other utilities included in this study ($113).
- AE's representative GreenChoice® bill weighted average bill ($96) would have been 35 percent less than the average for the other utilities ($129). While the Batch 5 priced bill ($113) would have been 15 percent lower than the average.

For 2007:

- AE's representative bill ($90) would have been 12 percent lower than the average for the other utilities included in this study ($101).
- AE's representative GreenChoice® bill weighted average bill ($90) would have been 38 percent less than the average for the other utilities ($124). While the Batch 4 priced bill ($93) would have been 33 percent lower than the average.

Table ES-1
Residential Monthly Electricity Bill Comparison at 1,000 kWh
(2007-2010)

Year	AE Residential	Average Other Providers Residential	% Difference Costs
2007	$90	$101	(12%)
2008	$95	$113	(20%)
2009	$95	$103	(8%)
Thru July 2010	$94	$100	(6%)

Table ES-2
Residential Monthly Green Electricity Bill Comparison at 1,000 kWh
(2007-2010)

Year	AE Weighted Avg. GreenChoice® Batch Price	AE Prevailing GreenChoice® Batch Price	Avg. of Other Providers Green Price	% Difference in Costs with AE Weighted Avg.	% Difference in Costs with AE Prevailing Batch Price
2007	$90	$93	$124	(38%)	(33%)
2008	$96	$113	$129	(35%)	(15%)
2009	$97	$115	$116	(20%)	(1%)
Thru July 2010	$98	$115	$111	(13%)	+4%

Figure ES-6
Residential Monthly Bill Comparison at 1,000 kWh
(2007 – 2010)

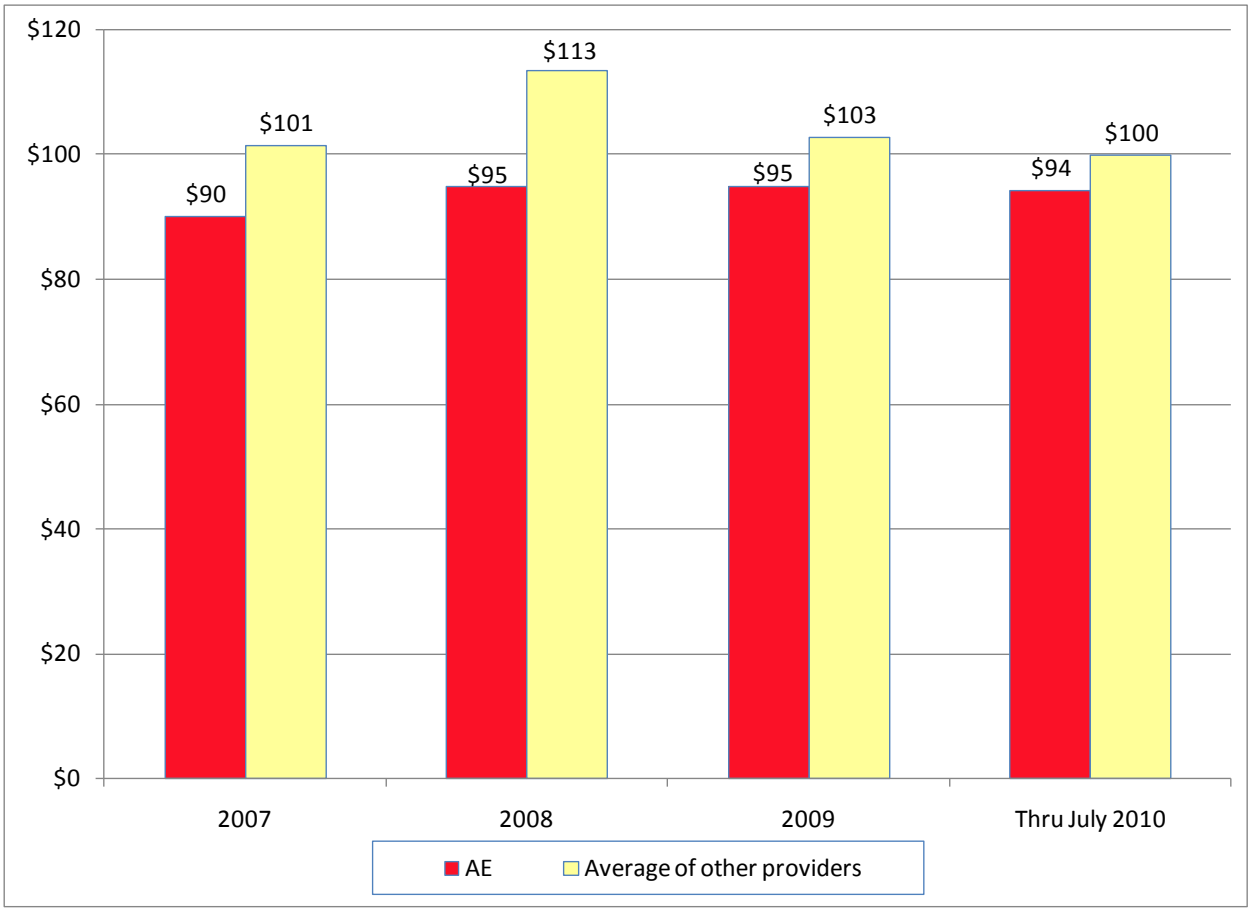
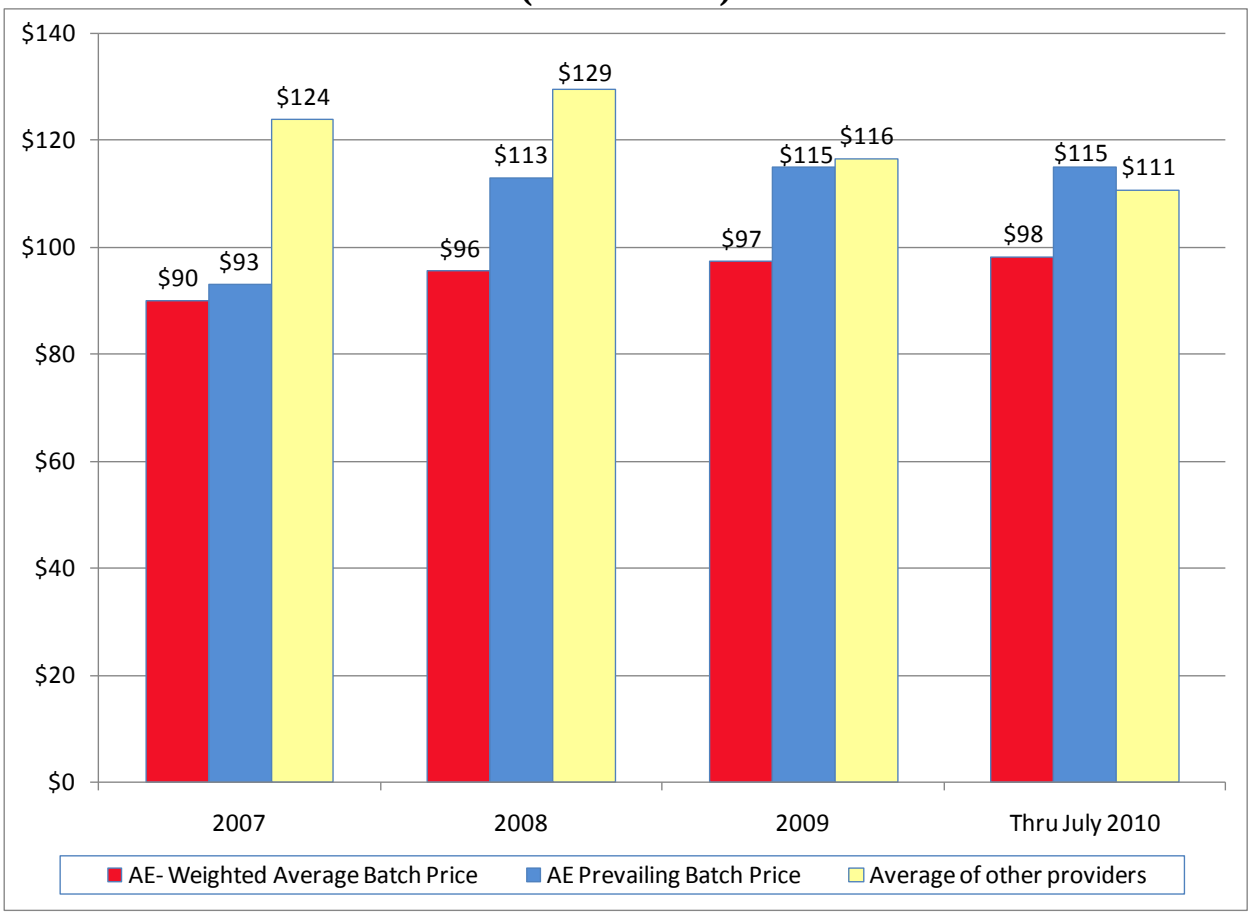


Figure ES-7
Residential Monthly Green Bill Comparison at 1,000 kWh
(2007 – 2010)



Austin Energy Affordability Benchmarking Study
Evaluation of Electricity Rates and Bills

Residential Electricity Rate Comparisons

November 5, 2010

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Evaluation of Electricity Rates and Bills

Residential Electricity Bill Comparison

Introduction

In conjunction with its initiative to determine the affordability of Austin Energy's ("AE") fully bundled retail rates for residential, commercial and industrial customers, AE retained R. W. Beck, An SAIC Company and R. J. Covington Consulting, LLC ("R. W. Beck Team") to conduct an analysis comparing AE customer electricity bills with those of customers of other utilities serving similar customer loads, or demand, in other metropolitan areas within Texas. This report reflects the R. W. Beck Team's findings pertaining to residential customer electricity pricing.

Methodological Approach to Bill Comparisons

Data Sources

Publicly available data sources were used to obtain information on rates charged both currently and historically (when available) by electric utilities serving customers within Texas. Sources included the Public Utility Commission of Texas ("PUCT") website (http://www.puc.state.tx.us/electric/rates/index.cfm), the Texas Electric Choice website (http://www.powertochoose.org), and individual REP websites to review Electricity Facts Label ("EFL") information related to type of product (fixed rate, variable rate, or indexed rate), pricing and contract terms. According to the PUCT's Substantive Rules – Chapter 25, Applicable to Electric Service Providers; Subchapter R, Customer Protection Rules for Retail Electric Service, "For a fixed rate product, the EFL shall provide the total average price for electric service reflecting all recurring charges, excluding state and local sales taxes, and reimbursement for the state miscellaneous gross receipts tax, to the customer."[2] The rule and discussions with PUCT staff led to our understanding that all surcharges such as the Advanced Metering Systems Surcharge and System Benefit Fund charge are included in the PUCT data.

For electric utility service providers and market areas not included in retail choice in Texas, rate tariffs were obtained from individual utility web sites. These published rates were used to calculate a representative monthly bill for each of four usage levels (500kWh, 1,000 kWh, 1,500 kWh, and 2,000 kWh) to correspond with the usage levels reported by the PUCT for the competitive market areas of the state. Both fixed (monthly service charge/fee) and variable price components (price per kWh, fuel adjustment clause, and renewable riders, as available) were included in the calculations, as well as summer and winter rates as applicable. Instances where specific data was not available are documented in the Table Notes.

Additional detail on methodology used is provided below as well as in Table Note 1.

Benchmarked Service Providers

Table 1, shown below, displays the city/metropolitan areas included in our analysis and the corresponding utility provider or what is called the Transmission and Distribution Service

[2] Public Utility Commission of Texas website. http://www.puc.state.tx.us/rules/subrules/electric/index.cfm.

Provider ("TDSP") in competitive market areas of Texas. The TDSPs, sometimes called the wires companies, transmit and deliver electricity to the customer via poles and wires that each company owns. TDSP's are responsible for maintenance and repair of the poles and wires and are regulated by the PUCT.

Table 1
Electric Service Providers by City

City	Electric Service Provider or Territory
Abilene	AEP Texas North (formerly West Texas Utilities)
Austin	Austin Energy
Beaumont	Entergy Texas
Brownsville	Brownsville Public Utility Board ("BPUB")
Cedar Park	Pedernales Electric Cooperative ("PEC")
Corpus Christi	AEP Texas Central (formerly Central Power & Light)
Dallas	Oncor (formerly TXU)
Elgin	Bluebonnet Electric Cooperative ("BEC")
Houston	Center Point Energy (formerly Reliant Energy Houston Light & Power)
New Braunfels	New Braunfels Utilities ("NBU")
San Antonio	City of San Antonio CPS Energy ("CPS Energy")
San Marcos	City of San Marcos Utility Service

Table 2 displays the number of residential customers and residential megawatt hour (MWh) sales in 2008 for electric providers in non-competitive markets.

Due to deregulation in Texas, Retail Electric Providers ("REPs") sell, bill, and provide customer service for electricity in competitive markets in Texas, with the energy being delivered to customers over the TDSP's infrastructure. TDSPs provide transmission and distribution service in specific geographic territories while REPs tend to serve an area that extends beyond one city and/or geographic market and may serve customers in numerous geographic areas. Because of this complexity and potential misinterpretation of the data related to the number of customers and MWh sales for REPs and TDSPs, it is not presented in the following table. A more thorough discussion of electric competition in Texas is provided below.

Some of the electric service providers included in the table below serve more than one city or geographic region. For this reason, the number of residential electric customers for the utility exceeds the city population in some instances.

Table 2
City and Utility Demographics

City	City Population*	Utility	No. of Residential Electric Customers for the Utility **	Residential MWH Sales in 2008**
Austin	786,382	AE	355,628	4,164,577
Elgin	9,880	BEC	68,206	1,022,692
Beaumont	110,099	Entergy Texas	431,400	4,340,205
Brownsville	176,858	BPUB	38,954	482,509
Cedar Park	64,415	PEC	207,460	3,230,805
New Braunfels	55,867	NBU	23,617	362,915
San Antonio	1,373,668	CPS Energy	611,509	8,616,517
San Marcos	53,205	City of San Marcos	16,690	186,944

*Source: U.S. Census Bureau, 2009 Population Estimate
** Source: EIA Form 861, 2008

Data Assumptions

Retail Electric Providers

The PUCT "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) data were used to obtain a total bill offering price for selected REPs and programs for each month of each year included in the analysis (first seven months of 2010, each month of the years 2007, 2008 and 2009). This data is provided at four usage levels: 500 kWh; 1,000 kWh; 1,500 kWh; and 2,000 kWh. Service offerings for which the respective "Electricity Facts Label" indicated it was a fixed price service were included in the analysis. For program offerings in 2007, 2008 and 2009 that were not offered in July 2010 and hence no longer have an Electricity Facts Label posted on the service providers' website, the program name was used to classify offerings as fixed price. Due to the imprecise nature of the selection process and the volume of data used in the calculations, results should be interpreted as indicative rather than conclusive. Variable and indexed price offerings were not included in this analysis, nor were any offerings that were reported as the REP's name exclusively (i.e., did not also include a program name).

AE provides service to customers under a fixed rate tariff that is typically adjusted annually for changes in fuel costs incurred by the utility. To provide comparability in assessing AE's rates against rates available in the competitive market place, the R. W. Beck Team used monthly market prices as the basis for computing an annual competitive market proxy price. Only fixed

term products with a term of three or more months were used in the calculations of the annual proxy. The prices of offerings for each month are averaged over a 12 month period to create a levelized offering that is most similar to AE's terms of service. Other shorter term (i.e., variable, typically month-to-moth) products are available to customers in competitive territories, but these were excluded from our analysis to maintain comparability. At any point in time, the price of competitive service will vary based on the price forecast for natural gas. The R. W. Beck Team therefore used a twelve month proxy to smooth out volatility arising from the natural gas market. This approach may attenuate short term changes in market prices, but will nevertheless recognize pricing changes that occur over longer terms.

The "all-in" fixed prices reflect a monthly average of the fixed rate bills for each month of the respective year (i.e., 2007, 2008, and 2009) totaled across the respective year in each of four TDSPs – Oncor Electric Delivery (formerly TXU), CenterPoint Energy Houston Electric (formerly Reliant Energy HL&P), AEP Texas Central (formerly Central Power and Light) and AEP Texas North (formerly West Texas Utilities) and divided by 12.

Similarly, the all-in fixed green prices for REPs were calculated as the monthly average of fixed priced renewable energy, or "green," program offerings, totaled across each year within each of the four service territories and divided by 12 to obtain a monthly average electricity bill. Offerings whose EFL indicated its content included renewable generation as well as discontinued offerings that used a naming convention that included the term green, pollution free, renewable, wind or earthwise were included as "green" offerings in the analysis. Some renewable offerings included in this analysis contain 100 percent renewable content while others contain a smaller percentage of green energy.

The "lowest" and "highest" data reflect the lowest and highest fixed rate price, respectively, each month totaled across each respective year and then divided by 12 to obtain an average lowest and highest monthly cost.

Electric Providers in Non-competitive Markets

For electric utility providers in non-competitive areas of Texas, published tariff rates were used to calculate a representative bill for each of the four usage levels (500 kWh, 1,000 kWh, 1,500 kWh, and 2,000 kWh). This bill calculation included fixed charges such as a monthly service fee and all applicable variable costs, based on data availability.

The Electric Division of the PUCT provides a residential monthly electricity bill comparison based on data collected from various utilities in markets within Texas that are not open to competition. The data and computations are provided by each participating utility. Each utility calculates a typical customer's bill for two levels of usage (500 kWh and 1,000 kWh) based on their internal rate tariff. AE, CPS Energy, City of San Marcos, and Entergy Texas participate in the PUCT survey and their 2010 reported data was compared to the representative bill calculated for this study. Based on the monthly average of January through June 2010, results of this comparison reveal that the AE and CPS Energy PUCT reported and R. W. Beck Team calculated bills are essentially the same. However, there are some discrepancies between the representative bills the R. W. Beck Team calculated for Entergy Texas and San Marcos. For example, at the 500 kWh level, the average bill for the first seven months of 2010 as reported by Entergy Texas

to the PUCT was $50, which is 11-percent lower than the bill calculated by using the rate information Entergy Texas has posted on their website ($56). Since utilities have more than one rate for residential customers, these differences may be due to the R. W. Beck Team using a different rate schedule than the one reported to the PUCT by the utility. The R. W. Beck Team's calculation for San Marcos was based on rate information posted on their website (http://www.ci.san-marcos.tx.us/departments/finance/utilityrates.htm) as well as information provided by the utility department based on our team's telephone inquiry. Our analysis resulted in a monthly average bill of $43 at the 500 kWh usage level, while the PUCT data reports an average of $51.

Data Limitations

The PUCT "Bill Comparison, Monthly Bill" does not include all pricing offers from all REPs in its historical database; hence this analysis was limited to available data. The PUCT provides the following disclaimer "This information is compiled by the Public Utility Commission of Texas from publicly available information from the Retail Electric Providers and PUC approved price to beat rates (through December 2006) using representative usage levels. The PUC makes no recommendation with respect to any REP. Although we believe these prices are accurate, the PUC makes no warranty that the prices in this table are currently being offered."[3]

Additionally, some data such as the historical fuel adjustment factors were not available for several utilities. Such limitations include the absence of historical fuel adjustment costs for both Bluebonnet Electric Cooperative and Pedernales Electric Cooperative. Specific data limitations are listed in the Table Notes at the end of this report.

Residential Electricity Bill Analysis at Specified Levels of Usage

For both traditional and renewable energy electric service, the dollar amount of AE's residential electricity bills appear to be comparable to, and at times lower than, those of other utilities and REPs in Texas. AE's residential bills are more favorable at lower usage levels, particularly at 500 kWh monthly usage or less, due to its rate structure that provides a lower rate for the first 500 kWh of monthly electricity usage. The monthly average residential electricity bill comparative data at four different levels of energy usage (500 kWh, 1,000 kWh, 1,500 kWh and 2,000 kWh) for the first seven months of 2010 is shown in Table 4, while monthly average bill comparative data for 2009 is displayed in Table 5.

The comparison of AE and REP/TDSP pricing is complicated because they operate in two different market environments. Historically, a single company provided all parts of electricity service (generation, transmission and distribution and electricity sales to customers) within its geographic service territory. With competition, these functions were separated into different operating companies. In Texas, the TDSPs transmit and deliver electricity to customers through poles and wires owned by that company. Because they own the transmission and distribution infrastructure, TDSPs serve specific geographic areas. In contrast, REPs sell and bill for

[3] Public Utility Commission of Texas website. http://www.puc.state.tx.us/electric/rates/RESbill.cfm

electricity (which is delivered over the TDSPs infrastructure); as such REPs are able to solicit for and serve customers in any of the competitive market areas they choose.

Most REPs offer electricity products in several TDSP territories, with the price of the electricity bill varying slightly in each TDSP due to differences in transmission and distribution costs. Many of the REPs offer a variety of electric service products which may have fixed, variable or indexed pricing. A fixed electricity rate will generally remain the same throughout the term of the contract. A variable electricity rate can increase or decrease each month according to a method determined by the offering REP. An indexed rate is tied to a specific pricing formula offered by the REP. A long contract period and a fixed rate typically provide the customer with price certainty. However, if market prices fall, customers on long-term, fixed contracts may have to wait until their contract expires to take advantage of the lower price. Variable and indexed rate plans can provide the benefit of an immediate pass-through of decreased market prices but also subject the customer to the risk of increased market prices that may be tied to natural gas price increases due to cold weather, natural disasters, or other market conditions.

In contrast to REPs who offer indexed and variable pricing which can fluctuate each month, AE and other utilities in non-competitive markets typically offer more stable pricing. One example of the volatility of variable rates plans is the Reliant Energy "Monthly Flex Plan" offered in the Oncor service territory. The price in May 2010 would have been $96.08 for 1,000 kWh of usage, compared to a price of $160.00 for the same product in July 2008.

Utilities in non-competitive markets set a base rate that is determined by their generation or power supply portfolio costs, transmission and distribution costs and operating costs. This price has historically been consistent over a long time period. Minor adjustments may be made to bill costs through a fuel factor adjustment. For example, AE has not restructured its base rates since 1994, but has the ability to change the fuel factor adjustments on a regular basis. While some municipal and cooperative utilities make monthly adjustments to their fuel factor, AE generally updates its fuel factor on an annual basis. In competitive markets, REPs generally set prices based on the current energy market which is highly dependent on the price of natural gas. Hence a comparison across market types (competitive vs. non-competitive) is likely to be indicative, rather than conclusive. Regardless of these inherent differences, in an attempt to compare the most similar offering possible, this analysis includes fixed priced products only, as these products most closely approximate the pricing of electricity from AE and other utilities that are not involved in retail competition.

To capture the resultant cost of electricity to consumers, the monthly price within each of the four TDSP service territories included in this analysis is presented in several ways in the following tables. To determine the "average" cost of electric service, an average price for all fixed priced offerings for each month of the year was first obtained. That average cost of electric service was summed across the year and then divided by 12. For example, in January 2009 consumers in Dallas could choose a fixed price offering from Ambit, Amigo, First Choice Power, and several other REPs the average monthly electricity bill price of all fixed priced offerings which was $71.25 for 500 kWh of usage. In November, 2009 the average price of electric service offerings in Dallas was $53.63 for 500 kWh of usage. Over the course of the year the average total bill for fixed price electric service in Dallas was $63, as seen in Table 5.

Likewise, the lowest and highest fixed price offering each month was obtained and each month's lowest or highest price was summed across the year and then divided by 12 to report the average highest or lowest cost of electricity service per month. Prices for renewable product offerings were calculated in the same manner.

AE's GreenChoice® customers pay a renewable energy charge in lieu of a fuel adjustment charge. The price associated with AE's renewable energy charge is dependent upon when the customer enrolled in the program. To date, AE has offered six "batches" of renewable energy each with an associated price to consumers based on AE's cost of purchasing the energy plus additional adders. Batch prices have increased from 1.7 cents per kWh to the current Batch 6 price of 5.7 cents per kWh. Prices associated with each batch are shown in Table 3.

Table 3
Austin Energy GreenChoice® Details

AE GreenChoice® Batch Pricing				
Batch No.	**Cents/kWh**	**No. of Customers Enrolled**	**MW Capacity**	**Offer Dates**
Batch 1	1.70	1,593	61	January 2000-September 2000
Batch 2	2.85	3,555	55	September 2000-November 2003
Batch 3	3.30	905	38	January 2004-April 2005
Batch 4	3.50	1,711	70	June 2005-November 2005
Batch 5	5.50	1,972	60	January 2008-August 2008
Batch 6	5.70	408	165	January 2009-Present

Source: Austin Energy

Residential Electricity Bill Analysis for 2009 and 2010

The following is a summary of the results of this comparative study on pricing of residential electricity service for the first seven months of 2010 and the entire year of 2009.

At the 500 kWh level of usage:

- The total bill for electricity for AE residential customers would have averaged $42 per month for the first seven months of 2010 and each month of 2009 (or $504 per year). This amount was the lowest among the providers included in our analysis. BPUB, San Marcos and at least one REP in Abilene would have provided this level of usage at $50 or less per month in both 2010 and 2009.
- AE's price for renewable energy is also below other provider's electricity bills included in this study. The weighted average monthly bill for AE's GreenChoice® customers would have been $43 per month in 2010 and 2009, based on the weighted average cost of the six batch prices.

- For a new subscriber enrolled at the Batch 6 GreenChoice® price, electricity bills would have averaged $52 per month in 2010 and 2009, an amount lower than renewable pricing from other providers included in this study.

At the 1,000 kWh level of usage:

- The total electricity bill for AE residential customers would have averaged $94 per month for the first seven months of 2010 and $95 per month (or $1,139 per year) for 2009, which is slightly above the monthly bill price that would have been provided by San Macros ($85), NBU ($87), BPUB ($91), and CPS Energy ($92) for residential customers in 2010.
- The weighted average price for renewable energy for AE customers is below that offered by other electric service providers included in this study. The average monthly bill for AE's GreenChoice® customers would have been $98 per month through July 2010 and $97 per month in 2009, based on a weighted average of the six batch prices, an amount lower than the other providers' offers.
- For a new renewable subscriber, the Batch 6 pricing would have been $115 per month for 2010 and 2009, an amount marginally higher than pricing from CPS Energy, BEC, as well as REP offerings in each of the four TDSP service territories analyzed.

At the 1,500 kWh level of usage:

- For the first seven months of 2010, the electricity bill for AE residential customers would have averaged $146 per month, which would have been higher than monthly bill from NBU ($123), San Marcos ($133), CPS Energy ($136), BPUB ($136), and at least one offering in Dallas ($143) and Abilene ($144), but below all REP offerings in the Houston and Corpus Christi retail electric service markets, BEC, PEC, and Entergy Texas.
- AE's total bill for electricity would have averaged $148 per month (or $1,773 per year) for 2009, again higher than the bills from NBU ($119), San Macros ($133), CPS Energy ($137), and BPUB ($141).
- The weighted average price for renewable energy for AE residential customers would have been below all offered by other providers included in this study. The average monthly electricity bill for AE's GreenChoice® customers would have been $151 per month for the first seven months of 2010 and for 2009, based on a weighted average price of the six batches.
- New subscribers to GreenChoice® would sign up for renewable electricity at the Batch 6 price in 2009 and 2010, costing an average of $177 per month for 2010 and $178 per month for 2009. This amount would have been higher than the monthly bills for renewable generation from CPS Energy, BEC, and the lowest pricing available from REPs in each of the four TDSP territories.

At the 2,000 kWh level of usage:

- For the first seven months of 2010, the monthly electricity bill for AE residential customers would have averaged $199, which is above the price provided by NBU ($159),

San Marcos ($177), CPS Energy ($179), BPUB ($179), and at least one REP offer in both Abilene ($186) and Dallas ($189) metro areas. However, AE's price for residential electric service is below the monthly bill price offered by BEC, PEC, Entergy Texas, City of San Marcos, and the lowest fixed price offerings available in Houston and Corpus Christi.

- The total electricity bill for AE residential customers would have averaged $201 per month (or $2,407 per year) in 2009, higher than electricity bills for residential customers in NBU ($154), San Macros ($177), CPS Energy ($182), and BPUB ($187) and as well as the lowest price offering for residential customers by a REP in the Abilene service territory at this level of usage. However, the lowest fixed price offering in the three of the TDSP service territories included in this study would have been higher than AE's prices.
- AE's weighted average batch price for renewable energy would have been among the lowest renewable energy offerings from providers included in this study. The average monthly bill for AE's GreenChoice® customers would have been $208 per month in 2010 and $205 per month in 2009, based on the weighted average price of the six batches. At the Batch 6 price, the cost would have been an average of $240 per month for 2010, which is higher than the cost of a 100% renewable product from CPS Energy ($206), the renewable energy product from BEC ($210) and PEC ($233) and the lowest cost among REP offerings in each of the four TDSP territories.

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Table 4
Year-to-Date Average Monthly Residential Electricity Bills at Different Levels of Energy Usage – Calendar Year 2010 (through July 2010) [1]

Average Monthly All-In Fixed Prices Offering - Calendar Year 2010 (thru July 2010)

City (Service Territory)	Austin (AE)	Elgin (Bluebonnet EC)[4]	Cedar Park (Pedernales EC)[5]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	Beaumont (Entergy Texas)[8]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage					**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**				
500 kWh	$42	$63	$73	$49	$61	$54	$69	$57	$49	$68	$63	$55	$71	$59	$49	$70	$47	$56	$43	$51
1,000 kWh	94	109	123	92	113	105	131	106	96	131	117	106	135	109	97	136	91	108	85	87
1,500 kWh	146	155	173	136	168	155	192	158	143	194	174	158	199	162	144	201	135	155	133	123
2,000 kWh	199	200	223	179	222	206	255	209	189	256	231	209	264	214	186	250	179	202	177	159

Average Monthly All-In Fixed "Green" Prices Offering - Calendar Year 2010

City (Service Territory)	Austin (AE)		Elgin (Bluebonnet EC)[4]	Cedar Park (Pedernales EC)[5]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	Beaumont (Entergy Texas)[8]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage	Average [2]	Batch 6[3]				**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**				
500 kWh	$43	$52	$66	$75	$56	$66	$57	$74	$61	$52	$70	$68	$59	$76	$64	$55	$72	NA	NA	NA	NA
1,000 kWh	98	115	114	128	105	123	110	141	116	100	135	129	114	148	120	104	139	NA	NA	NA	NA
1,500 kWh	151	177	162	180	156	182	162	208	172	147	200	191	168	220	177	154	206	NA	NA	NA	NA
2,000 kWh	208	240	210	233	206	241	214	276	228	194	266	253	223	292	235	200	256	NA	NA	NA	NA

Lowest priced offering within a usage category

Highest priced offering within a usage category

Source: See Table Notes on pages 47 and 48.
Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

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Table 5
Average Monthly Residential Electricity Bills at Different Levels of Energy Usage – Calendar Year 2009[1]

Monthly Average of All-In Fixed Prices - Calendar Year 2009

City (Service Territory)	Austin (AE)	Elgin (Bluebonnet EC)[4]	Cedar Park (Pedernales EC)[5]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	Beaumont (Entergy Texas)[8]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage					**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**				
500 kWh	$42	$64	$74	$51	$66	$56	$76	$63	$52	$74	$67	$56	$76	$60	$50	$69	$49	$56	$44	$49
1,000 kWh	95	110	125	93	124	111	146	118	103	141	126	111	148	113	100	132	95	108	89	84
1,500 kWh	148	157	176	137	185	164	218	175	153	210	189	166	222	169	149	200	141	156	133	119
2,000 kWh	201	203	227	182	245	216	291	232	202	280	251	220	298	224	196	268	187	204	177	154

Monthly Average of All-In Fixed "Green" Prices - Calendar Year 2009

City (Service Territory)	Austin (AE)		Elgin (Bluebonnet EC)[4]	Cedar Park (Pedernales EC)[5]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	Beaumont (Entergy Texas)[8]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage	Average[2]	Batch 6[3]				**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**				
500 kWh	$43	$52	$66	$76	$60	$70	$61	$77	$66	$58	$73	$71	$60	$79	$65	$55	$74	NA	NA	NA	NA
1,000 kWh	97	115	115	130	111	131	117	148	124	112	144	135	121	154	124	109	143	NA	NA	NA	NA
1,500 kWh	151	178	164	183	165	195	173	220	184	164	214	201	179	230	184	162	213	NA	NA	NA	NA
2,000 kWh	205	242	213	237	218	258	228	292	244	216	285	267	237	306	245	213	284	NA	NA	NA	NA

Lowest priced offering within a usage category

Highest priced offering within a usage category

Source: See Table Notes on 47 and 48.
Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

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Residential Electricity Bill Analysis for 2007 and 2008

Data presented on the PUCT's website for residential electric service offers in 2007 and 2008 confirms that AE's prices have historically been comparable to or in certain instances lower than the other utilities included in this analysis. The data used for 2007 and 2008 is limited and therefore fewer cities and metropolitan areas were evaluated for this part of the analysis. Table 6 displays monthly total electricity bill comparative pricing data for 2008, while Table 7 shows the same information for 2007.

The following is a summary of the results of this comparative study on pricing of residential electric service for the years of 2007 and 2008.

At the 500 kWh level of usage:

- The total electricity bill for AE residential customers would have averaged $42 per month (or $504 per year) for 2008. This amount is similar to San Marcos ($44) and CPS Energy ($46) but substantially less than the lowest offerings by a REP in each of the four territories (Abilene $61, Dallas $66, Houston $70, Corpus $71) included in this analysis.
- AE residential customers enrolled in the GreenChoice® renewable energy program would have paid $42 per month in 2008 based on the weighted average batch cost in that year, while new enrollees would have paid an average of $51 per month based on the Batch 5 price. The lowest prices available from REPs would have been ranged from the mid-$60's to mid-$70's for fixed priced renewable products.
- The total electricity bill for AE residential customers would have averaged $40 per month (or $475 per year) for 2007, an amount equal to pricing from San Marcos and CPS Energy, and generally $17 to $20 less than the best electricity price offer by an REP included in this analysis.
- AE GreenChoice® renewable energy was favorably priced at $40 per month in 2007 based on the weighted average batch cost in that year. New enrollees would have paid an average of $41 per month based on the Batch 4 price. Both of these prices were at least 50% less than the fixed priced renewable products offered by REPs included in this analysis.

At the 1,000 kWh level of usage:

- The total electricity bill for AE residential customers would have averaged $95 per month for 2008 and $90 per month in 2007. This amount was slightly above prices from CPS Energy and San Marcos in both years and above NBU's monthly bill pricing in 2007. However, it is at least 25% less than prices offered by the REPs included in this analysis.
- The weighted average price of AE GreenChoice® renewable energy electricity bills would have been $96 for 2008 and $90 per month for 2007, which was favorable compared to the Houston ($133), Dallas ($128), Corpus Christi ($132) and Abilene ($137) electricity market prices in 2007. New enrollees would have paid an average of $113 per month in 2008 and $93 per month in 2007 based on Batch 5 and Batch 4 pricing, respectively.

At the 1,500 kWh level of usage:

- AE residential customer electricity bills would have averaged $148 per month for 2008 and $140 per month for 2007. This amount was above prices charged by CPS Energy, San Marcos, NBU, and BPUB, but at least 18% less than prices offered by REPs included in this analysis.
- The weighted average cost of AE GreenChoice® renewable energy electricity bills would have been $149 per month for 2008 and $140 per month for 2007. New enrollees would have paid an average of $175 per month in 2008 and $145 per month in 2007 based on Batch 5 and Batch 4 pricing, respectively. AE's GreenChoice® monthly bill price was favorable compared to the Houston, Dallas, Corpus Christi and Abilene market prices where the lowest price offered for renewable energy averaged $191 for 2007 and $187 per month for 2008.

At the 2,000 kWh level of usage:

- On average, monthly electricity bills for AE residential customers would have been $201 in 2008 and $191 in 2007, prices which were approximately $30 higher than CPS Energy, San Marcos, NBU, and PEC in 2007, but were at least 15% lower than competitive market offers in both years.
- The weighted average AE GreenChoice® renewable energy electricity bills would have been $202 per month in 2008 and $191 per month in 2007, a price considerably below offers available in the four competitive market areas. Customers signing up for GreenChoice® in 2008 would have paid a monthly average of $238, while new customers in 2007 would have paid an average of $198, based on Batch 5 and Batch 4 pricing, respectively.

Table 6
Average Monthly Residential Electricity Bills at Different Levels of Energy Usage – Calendar Year 2008[1]

Monthly Average of All-In Fixed Prices - Calendar Year 2008

City (Service Territory)	Austin (AE)	Elgin (Bluebonnet EC)[4]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage				**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**			
500 kWh	$42	$64	$46	$78	$70	$86	$75	$66	$86	$78	$71	$89	$69	$61	$83	$56	$44	$58
1,000 kWh	95	110	88	153	138	170	144	129	165	153	139	171	134	119	158	110	88	101
1,500 kWh	148	156	131	228	204	255	213	190	245	228	206	257	201	175	240	164	132	144
2,000 kWh	201	202	173	303	270	337	282	251	331	304	273	338	267	230	309	218	176	187

Monthly Average of All-In Fixed "Green" Prices - Calendar Year 2008

City (Service Territory)	Austin (AE)[2]		Elgin (Bluebonnet EC)[4]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage	**Average[2]**	**Batch 5**			**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**			
500 kWh	$42	$51	$66	$53	$81	$75	$86	$77	$71	$86	$81	$76	$86	$73	$67	$78	NA	NA	NA
1,000 kWh	96	113	115	103	157	146	170	148	137	167	157	147	170	141	128	155	NA	NA	NA
1,500 kWh	149	175	164	153	235	217	253	220	202	249	234	218	254	210	187	232	NA	NA	NA
2,000 kWh	202	238	212	203	312	288	337	292	267	331	311	288	338	279	246	309	NA	NA	NA

	Lowest priced offering within a usage category
	Highest priced offering within a usage category

Source: See Table Notes on pages 47 and 48.
Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

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Table 7
Average Monthly Residential Electricity Bills at Different Levels of Energy Usage – Calendar Year 2007[1]

Monthly Average of All-In Fixed Prices - Calendar Year 2007

City (Service Territory)	Austin (AE)	Elgin (Bluebonnet EC)[4]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage				**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**			
500 kWh	$40	$58	$40	$68	$60	$75	$65	$57	$71	$65	$57	$71	$69	$61	$78	$52	$40	$51
1,000 kWh	90	99	79	133	119	147	126	113	137	127	114	139	132	119	146	99	80	88
1,500 kWh	140	140	117	198	178	220	187	169	202	189	170	208	195	176	215	147	120	124
2,000 kWh	191	181	156	263	236	291	249	225	268	251	225	276	259	232	285	194	160	161

Monthly Average of All-In Fixed "Green" Prices - Calendar Year 2007

City (Service Territory)	Austin (AE)		Elgin (Bluebonnet EC)[4]	San Antonio (CPS Energy)[6]	Houston (Center Point Energy)			Dallas (Oncor)			Corpus (AEP Texas Central)			Abilene (AEP Texas North)			Brownsville (Brownsville Public Utilities Board)[7]	San Marcos (City of San Marcos Utility Service)[9]	New Braunfels (NBU)[10]
Monthly Usage	**Average**[2]	**Batch 4**			**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**			
500 kWh	$40	$41	$61	$55	$71	$67	$74	$71	$64	$79	$72	$67	$77	$74	$69	$79	NA	NA	NA
1,000 kWh	90	93	104	109	142	133	150	138	128	151	143	132	154	147	137	158	NA	NA	NA
1,500 kWh	140	145	147	162	212	199	224	205	191	222	214	197	231	219	205	237	NA	NA	NA
2,000 kWh	191	198	191	216	281	265	298	272	254	294	285	263	308	292	272	316	NA	NA	NA

	Lowest priced offering within a usage category
	Highest priced offering within a usage category

Source: See Table Notes on pages 47 and 48.
Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

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Trends in Residential Electricity Bills

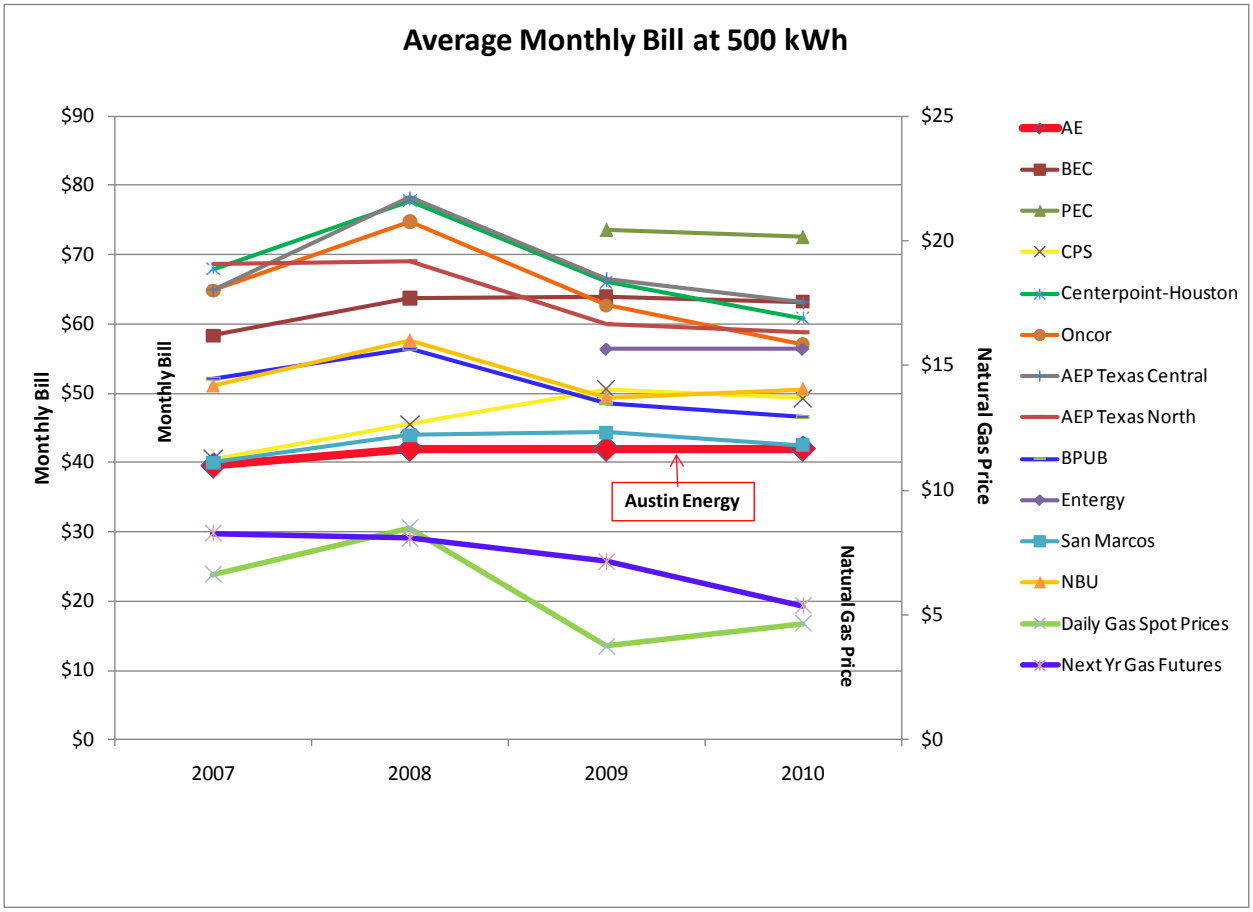
Figures 1 through 4 show pricing trends across the time period of this study (2007 – July 2010) at the four selected energy usage levels. At all usage levels, it appears that prices are converging over time. The figures also plot historic natural gas futures prices for the appropriate time period, showing a drop from approximately $8 per million British Thermal Units ("MMBtu") in 2008 to a price in the $5 per MMBtu range in 2010. Figures 1 through 4 have two vertical axis, the left side axis shows the dollar amount of the monthly bills, while the right side axis displays natural gas prices.

The current trend in natural gas prices appears to be highly correlated with the decline in electricity bills from REPs in 2009 and 2010, as shown in the figures below. AE met 27.8% of its energy needs directly from its natural gas facilities and an additional 9.7% of its energy needs through purchased power derived predominantly from natural gas-fired power generation facilities in Fiscal Year 2009. The ERCOT region met 42% of its energy needs from natural gas-fired generation facilities.[4] Therefore, AE's generation mix is less reliant on gas-fired capacity than the ERCOT overall generation mix. ERCOT's reliance on natural gas generation makes most retail rates in ERCOT sensitive to natural gas price movements. The relationship between natural gas prices and retail electricity prices is exhibited by the rise in providers' rates that occurred in 2008 when natural gas prices rose, as well as the decline in residential prices in 2009 and 2010 as natural gas prices fell. In contrast, AE's diverse fuel mix and fuel hedging program help minimize short-term volatility while reducing the impact of future increase in natural gas prices.

However, the current decline in gas prices that may be attributed in part to the overall recessionary economy, which in turn has led to flat or declining energy usage, provides short-term price advantages to many other providers, while having less impact on AE's prices. Natural gas prices have continued to decline over the last few months (August-September 2010) since the data period of this study (through July 2010) and prior to the release of this report (October 2010). At any point in time an individual can compare current offerings to AE prices at the powertochoose.org website. The methodology used in this report is intended to provide a comparison of prices to the way in which AE prices electricity service. Short-term price changes due to volatility in natural gas prices and other factors that affect pricing may become less pervasive in a study that looks at longer periods of time, such as averages over the course of a year. This is more analogous to the way in which AE prices electricity. This analysis is intended to be replicable on an ongoing basis so that continuing long term pricing trends can be evaluated and compared with AE prices.

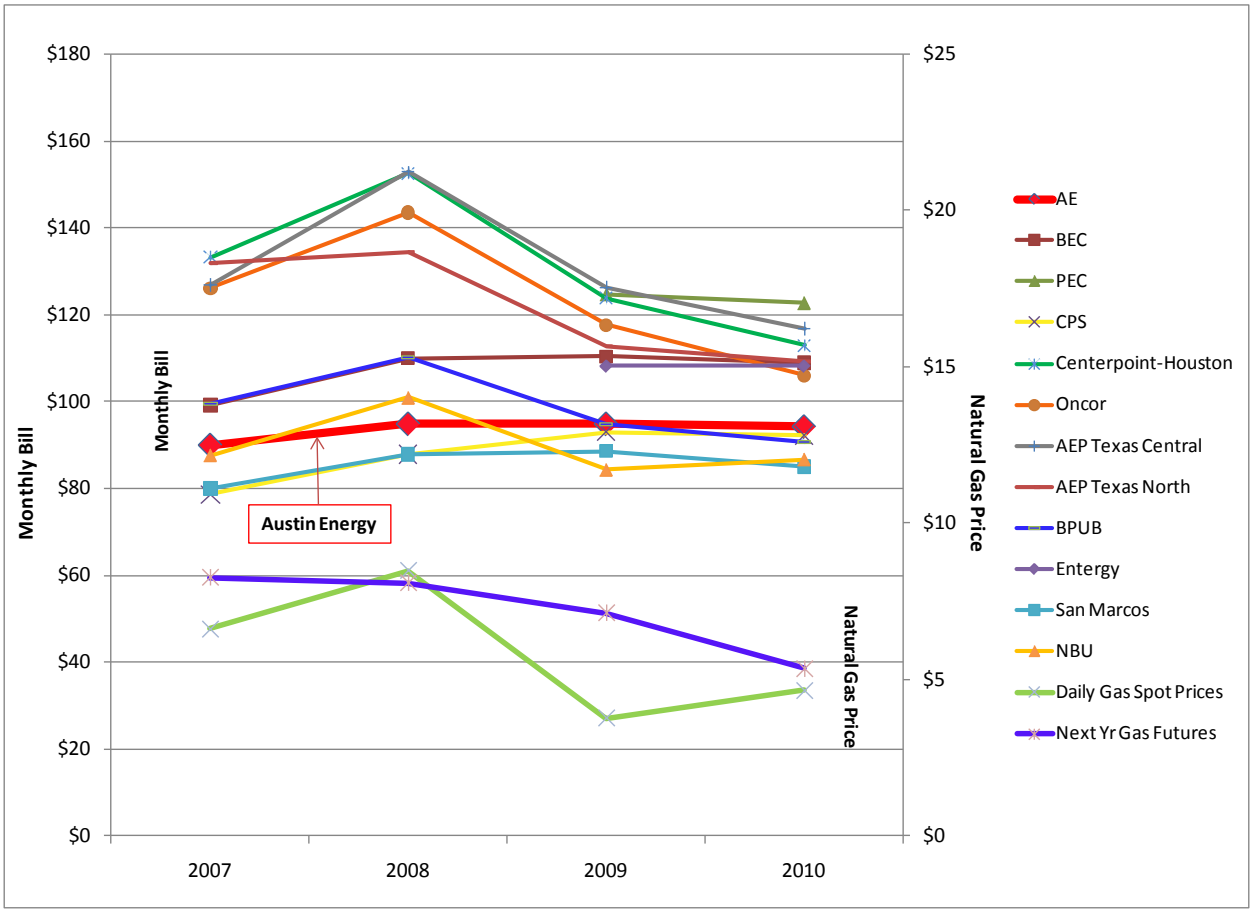
[4] http://www.ercot.com/content/news/presentations/2010/ERCOT%20Quick%20Facts%20-%20July%202010.pdf

Figure 1
Residential Electricity Bill Price Trends for 500 kWh Usage



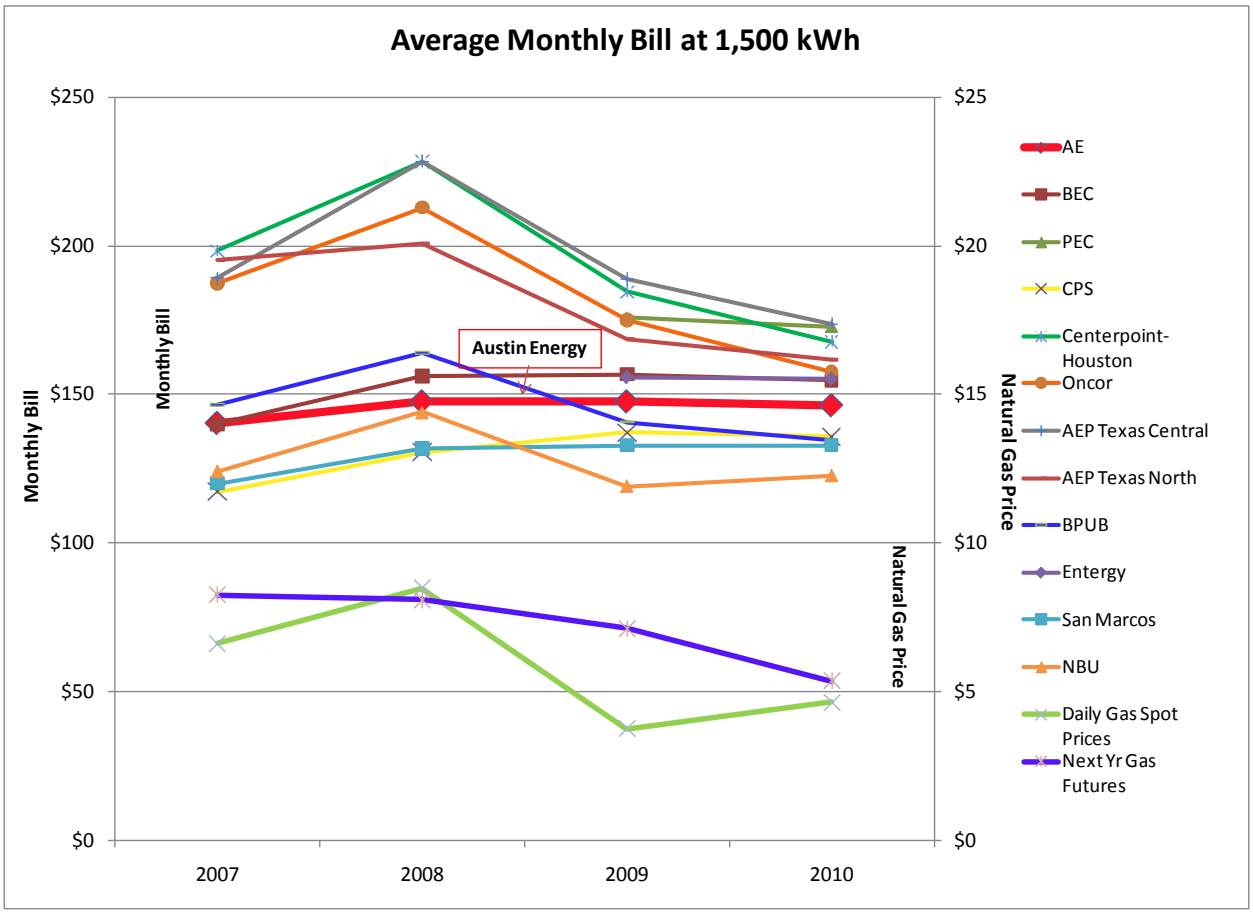
Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

Figure 2
Residential Electricity Bill Price Trends for 1,000 kWh Usage



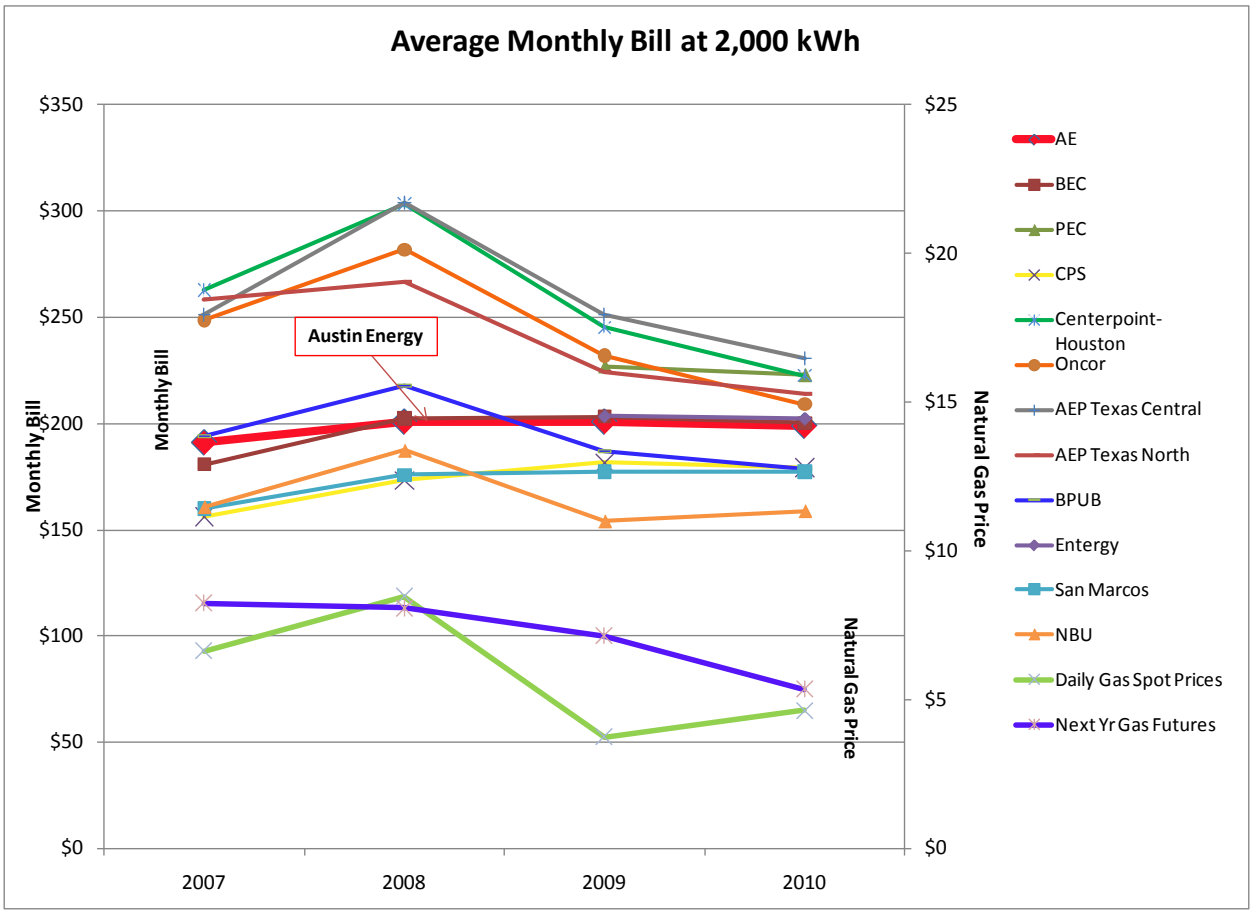
Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

Figure 3
Residential Electricity Bill Price Trends for 1,500 kWh Usage



Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

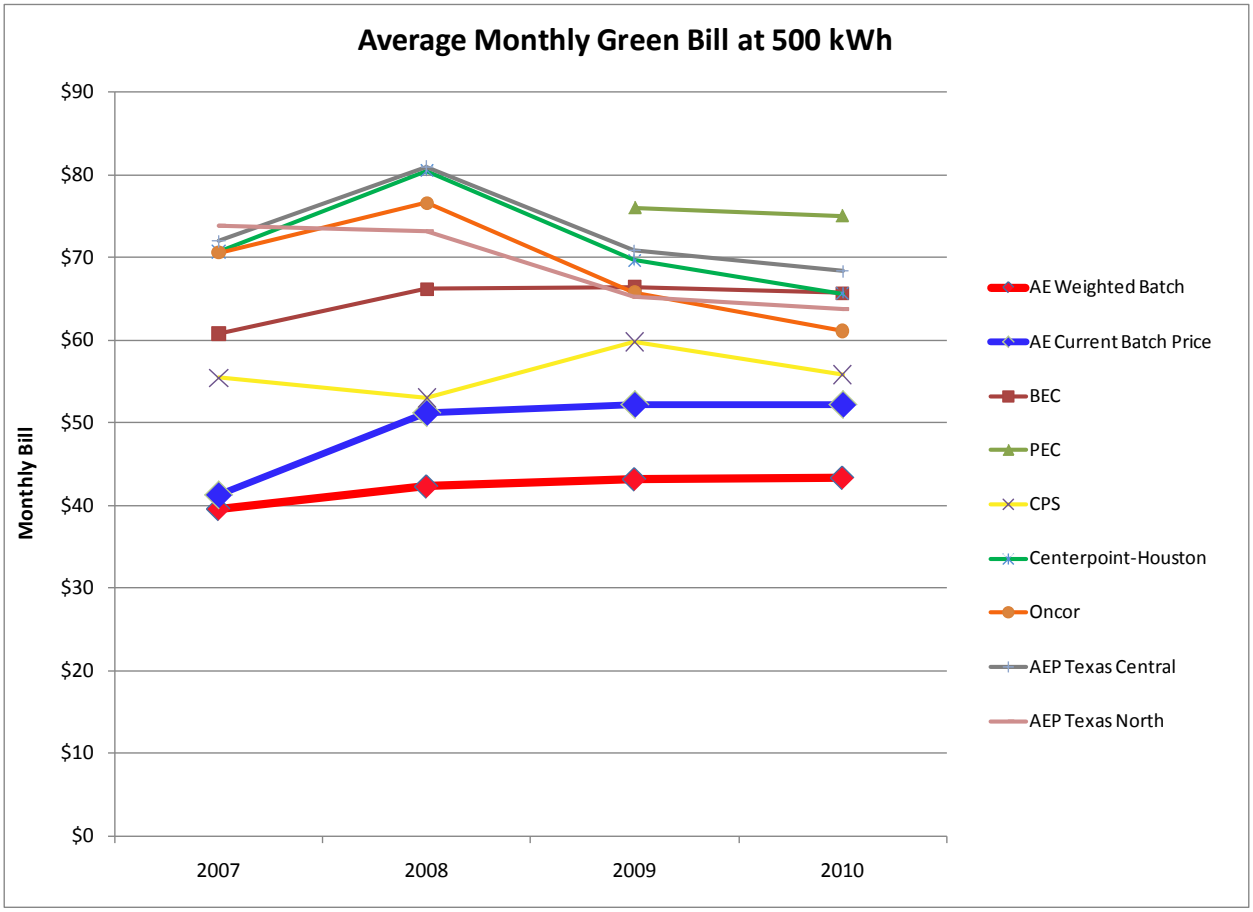
Figure 4
Residential Electricity Bill Price Trends for 2,000 kWh Usage



Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

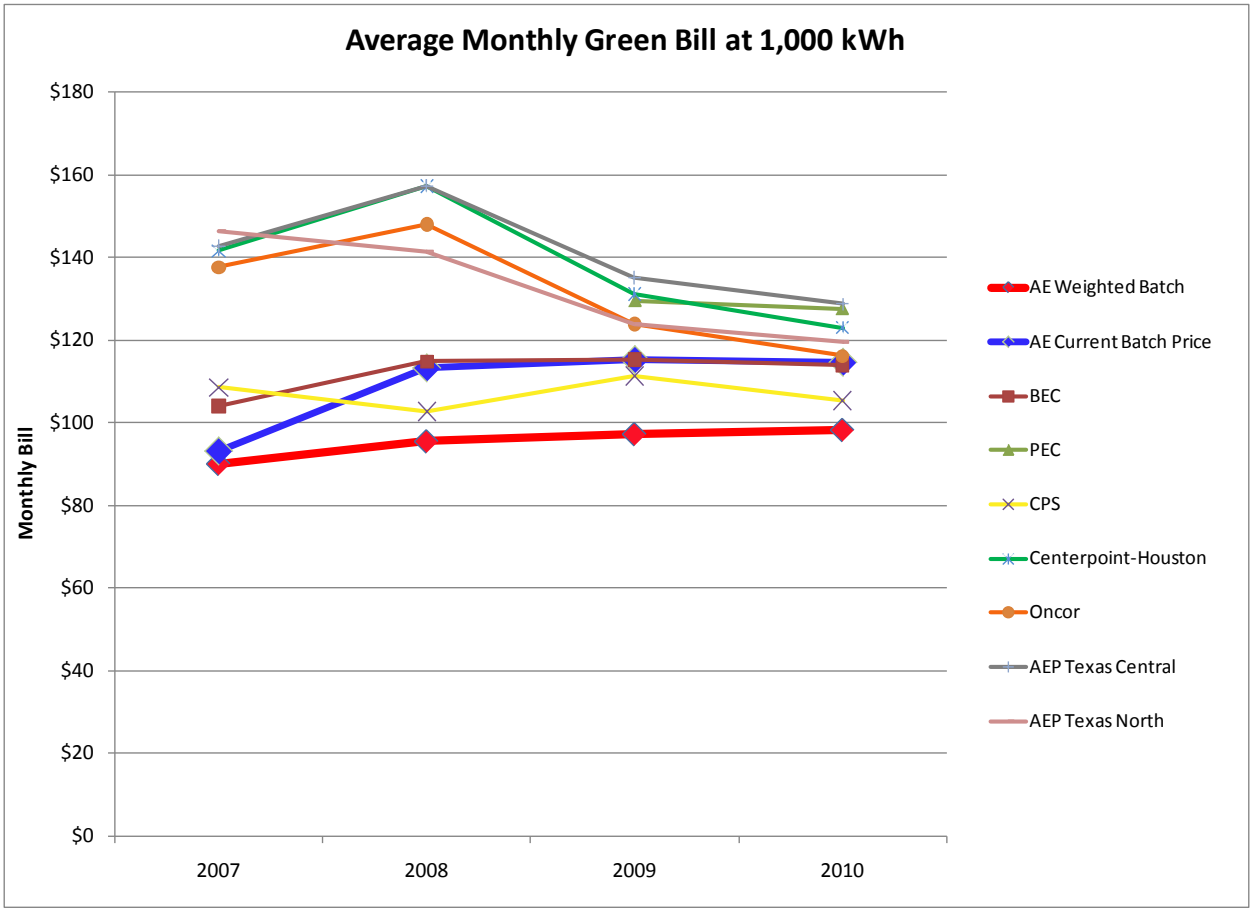
Figures 5 through 8 show renewable energy pricing trends across the time period of this study (2007 – July 2010) at the four selected usage levels. At most usage levels, it appears that prices have been converging over time.

Figure 5
Residential Electricity Price Trends for Green Bills at 500 kWh Usage



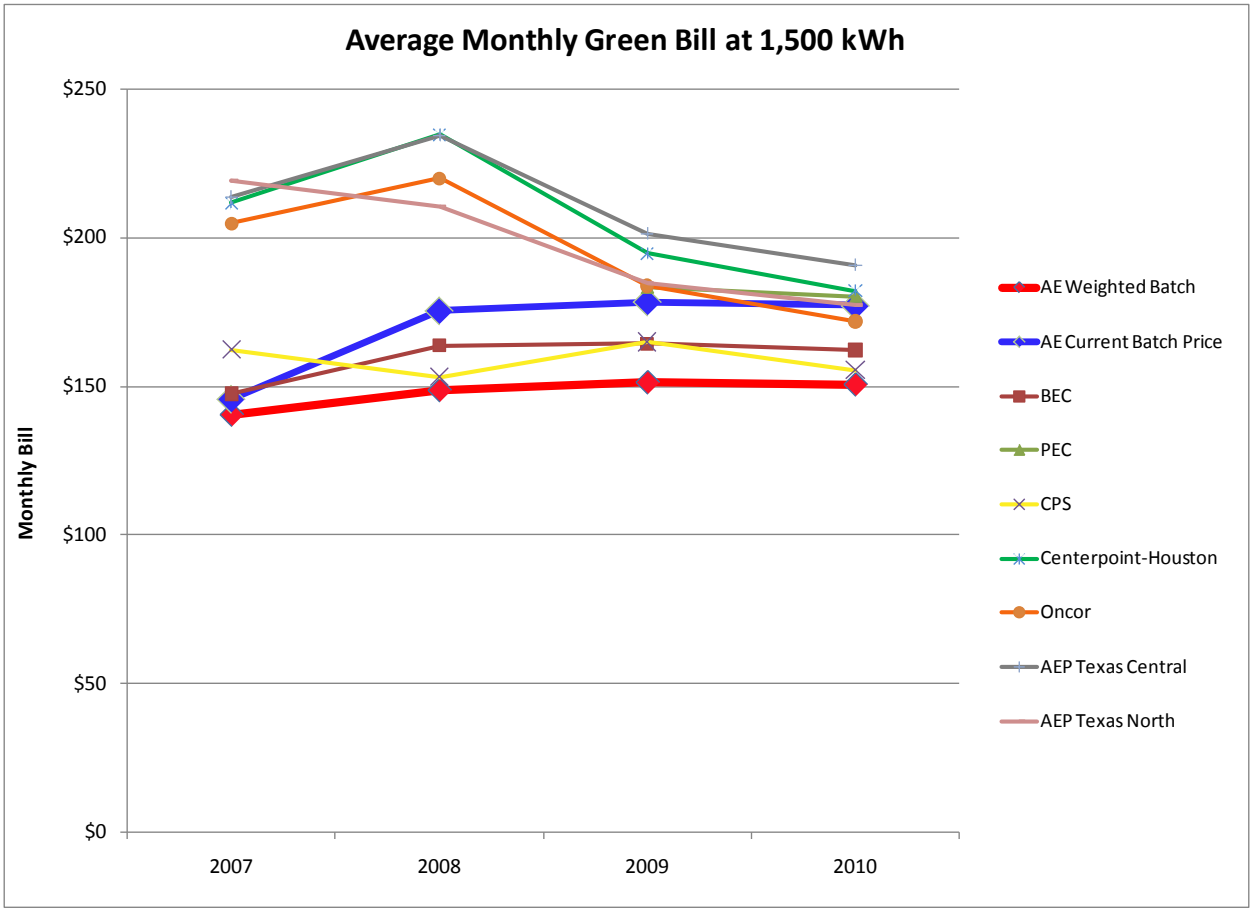
Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

Figure 6
Residential Electricity Price Trends for Green Bills at 1,000 kWh Usage



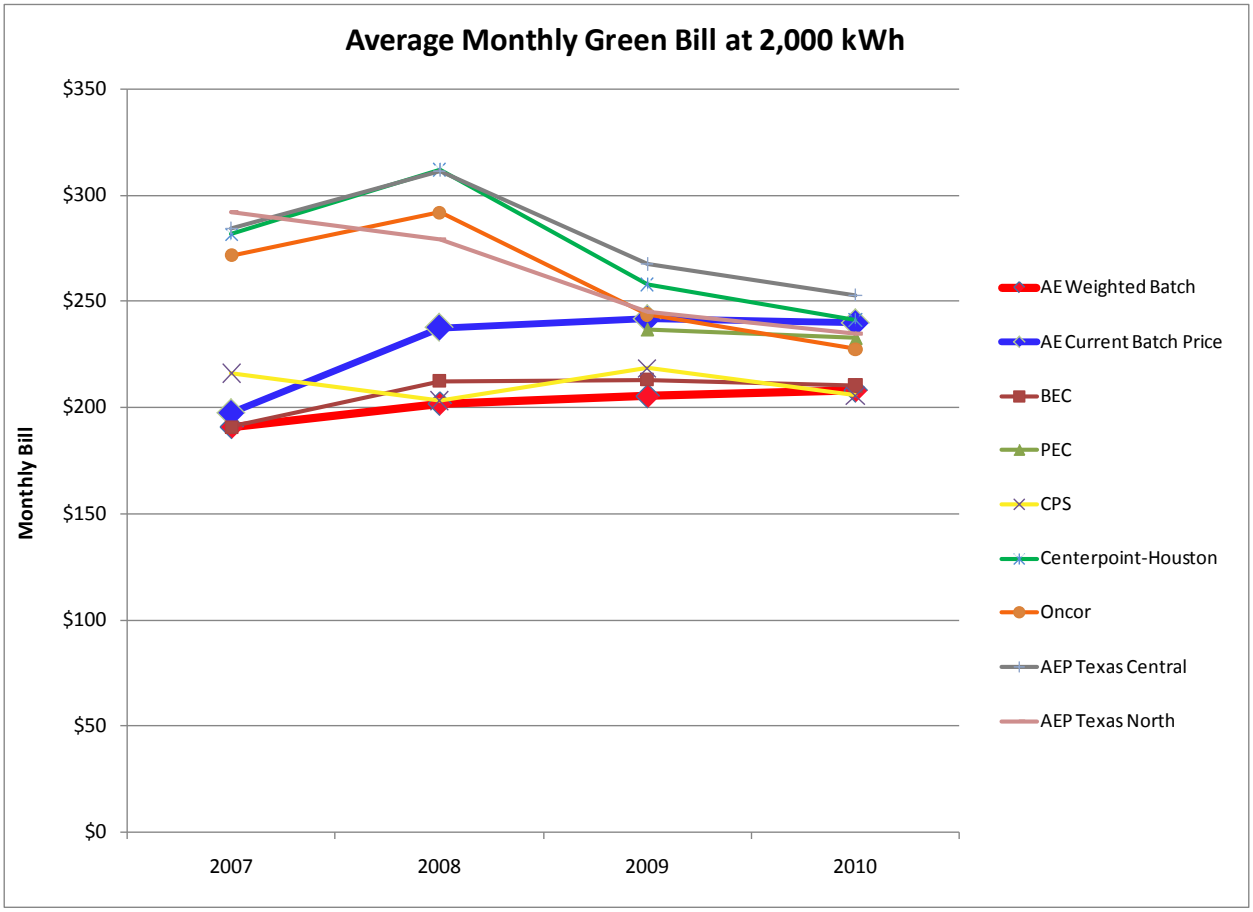
Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

Figure 7
Residential Electricity Price Trends for Green Bills at 1,500 kWh Usage



Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

Figure 8
Residential Electricity Price Trends for Green Bills at 2,000 kWh Usage



Source: Retail Electric Providers data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month. For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill. Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

Residential Electricity Bill Seasonal Pricing Analysis

Table 8 displays differences in seasonal pricing for selected utilities and REPs for 2009, by means of showing residential electricity bills for January and July at four usage levels (500 kWh, 1,000 kWh, 1,500 kWh, and 2,000 kWh). Several utilities in non-competitive markets, including AE and CPS Energy, have higher prices during the summer months to more accurately reflect the higher cost of energy for a summer peaking system. Therefore, it is important to evaluate these differences in seasonal pricing by comparing prices in an individual summer and winter month.

In 2009, fixed price contracts from REP's were higher in January than in July. This could be due to a number of reasons including the price of natural gas futures at the time of contracting which is often higher in winter months due to the level of demand for space heating and anticipation of higher energy prices in the upcoming summer peak season. Once warm weather has arrived, which often occurs prior to June in Texas, the market tends to see a sufficient supply of both generation assets and fuel to meet the increased demands on the system and the effect of anticipatory price increases are often removed.

Table 8
Seasonal Monthly Residential Electricity Bills at Different Levels of Energy Usage – Calendar Year 2009[1]

All-In Fixed Prices For January and July 2009

City (Service Territory)	Austin (AE)		Elgin (Bluebonnet EC)[4]		Cedar Park (Pedernales EC)[5]		San Antonio (CPS Energy)[6]		Houston (Center Point Energy)						Dallas (Oncor)						Corpus (AEP Texas Central)						Abilene (AEP Texas North)						Brownsville (Brownsville Public Utilities Board)[7]		Beaumont (Entergy Texas)[8]		San Marcos (City of San Marcos Utility Service)[9]		New Braunfels (NBU)[10]	
									Average		Lowest		Highest		Average		Lowest		Highest		Average		Lowest		Highest		Average		Lowest		Highest									
Monthly Usage	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**
500 kWh	$42	$42	$64	$64	$74	$74	$51	$51	$73	$63	$61	$55	$88	$69	$71	$60	$58	$50	$89	$69	$75	$64	$62	$55	$92	$69	$67	$57	$53	$50	$83	$67	$54	$48	$56	$56	$44	$44	$48	$53
1,000 kWh	90	99	110	110	125	125	91	98	141	118	121	109	175	135	134	114	116	99	166	135	144	121	123	109	174	137	127	108	106	99	153	134	105	94	108	108	89	89	81	91
1,500 kWh	139	157	157	157	176	176	132	148	211	175	182	162	264	201	198	170	174	148	252	202	214	181	185	164	269	206	189	162	159	145	238	201	156	139	151	160	133	133	114	129
2,000 kWh	187	214	203	203	227	227	173	198	280	233	242	215	358	267	258	226	232	196	309	268	285	241	244	218	364	274	251	215	209	191	322	268	207	185	195	212	177	177	147	167

All-In Fixed "Green" Prices for January and July 2009

City (Service Territory)	Austin (AE)[2]		Elgin (Bluebonnet EC)[4]		Cedar Park (Pedernales EC)[5]		San Antonio (CPS Energy)[6]		Houston (Center Point Energy)						Dallas (Oncor)						Corpus (AEP Texas Central)						Abilene (AEP Texas North)						Brownsville (Brownsville Public Utilities Board)[7]		Beaumont (Entergy Texas)[8]		San Marcos (City of San Marcos Utility Service)[9]		New Braunfels (NBU)[10]	
									Average		Lowest		Highest		Average		Lowest		Highest		Average		Lowest		Highest		Average		Lowest		Highest									
Monthly Usage	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**	**Jan '09**	**July '09**
500 kWh	$43	$43	$66	$66	$76	$76	$60	$60	$75	$69	$64	$61	$86	$75	$71	$64	$63	$57	$83	$71	$77	$69	$69	$60	$87	$77	$75	$64	$67	$54	$88	$70	NA	NA	NA	NA	NA	NA	NA	NA
1,000 kWh	93	102	115	115	130	130	109	116	142	129	127	116	169	144	135	120	121	109	163	139	147	133	137	119	173	149	142	122	121	107	176	139	NA	NA	NA	NA	NA	NA	NA	NA
1,500 kWh	142	160	164	164	183	183	160	175	212	191	191	170	252	213	200	179	180	160	244	208	220	198	206	176	260	221	212	181	175	161	264	209	NA	NA	NA	NA	NA	NA	NA	NA
2,000 kWh	192	219	213	213	237	237	210	235	282	254	254	224	336	283	266	237	238	211	325	277	292	263	271	233	347	293	281	241	229	214	352	279	NA	NA	NA	NA	NA	NA	NA	NA

Lowest priced offering within a usage category

Highest priced offering within a usage category

Source: See Table Notes on pages 47 and 48.
Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

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Residential Electricity Bill Analysis for Those Receiving Low-Income Assistance

REPs offer a discount program, *Lite-Up Texas*, to low-income customers in competitive electric service territories during the months of May through September. Under a confidentiality agreement, the Texas Department of Human Services ("TDHS") provides the names and addresses of clients receiving food stamps and medical benefits to the Low-Income Discount Administrator ("LIDA"). LIDA then matches the TDHS data with a database of residential service addresses maintained by ERCOT. LIDA forwards address matches to the appropriate retail electric providers so they can apply the discount to the customer's bill. Persons who receive no benefits from a state agency, but qualify under the income guidelines, may enroll with LIDA. The REPs provide the bill discount to customers, but are compensated through funds provided by the System Benefit Charge on electricity bills. Texas' restructuring legislation authorized this System Benefits Charge, a non-by-passable fee of up to 65 cents per MWh to fund low-income rate assistance and energy efficiency that is charged to all REP customers.

The data for AE in Tables 9 and 10 below represents discounts provided to low-income customers through AE's Customer Assistance Discount Program. Discounts provided by this program include the waiving of AE's $6.00 per month customer charge and charging the Batch-1 GreenChoice® charge in lieu of the fuel charge. This amounts to an average monthly discount of $26 for a customer using 1,000 kWh a month on average. Additional discounts on the City of Austin utility bill are provided through this program, amounting on average to an additional $22.71 in discounts. These additional discounts were not included in this analysis because they are not directly related to electric service. Other programs included in the City of Austin's extensive Customer Assistance Program are designed to provide assistance to customers in the areas of financial assistance, energy efficiency improvements, and water conservation. Only direct discounts under AE's Customer Assistance Discount Program are included in this analysis.

Low-income assistance in other non-competitive markets is typically offered via direct monetary assistance, which is often administered by a third-party. Examples of programs include:

- CPS Energy's Residential Energy Assistance Partnership (REAP) helps elderly, disabled and low-income customers with small children pay their energy bills. REAP recipients are eligible for aid twice a year—once during the heating season and again during the cooling season. Along with a credit on their CPS Energy utility bill, customers receive information about CPS Energy programs on weatherization and low-cost/no-cost energy efficiency advice.
- NBU's utility bill assistance program is managed by the Salvation Army of Comal County.
- The Texas Department of Housing and Community Affairs offers the Comprehensive Energy Assistance Program to assist low-income households meet immediate energy needs and offers assistance in helping them control energy costs. This program is administered through local service organizations.

Low-Income Home Energy Assistance Program (LIHEAP) funds are also available to low-income customers in Texas. Fiscal Year 2010 LIHEAP appropriations include $210,500,000 in funding for the state of Texas. LIHEAP funds are allocated to each state and administered locally. It provided financial assistance to 149,700 households in Texas in 2009, an average benefit of $479 per household served in 2009. Eligibility for this program is based on household income; participation in certain Federal programs such as SNAP (Food Stamps) and Medicaid frequently provides automatic enrollment in energy assistance programs. LIHEAP provides bill payment assistance and energy crisis assistance directly to low-income households and as such this assistance is not reflected in Table 9.

Monthly electricity bills for qualifying low-income customers of AE and selected REPs within four TDSPs are shown in Tables 9 and 10. During the summer months, the cost savings from AE's program and *Lite-Up Texas* result in similarly priced bills as demonstrated in Table 9, which displays the cost of one month's electricity bill during the summer months (May through September) of 2009.

A high level review of other utilities and REPs showed that several REPs offer assistance to their customers in addition to the *Lite-Up Texas* program. These programs include:

- TXU Energy offers a year-round program to assist its low-income customers by providing a 10 percent discount to qualified customers. Because TXU Energy provides this discount to approximately 135,000 customers in all competitive areas of Texas (that is in all five TDSP markets) it is impractical to estimate the price impact in any specific city. However, the estimated impact of a 10 percent discount each month throughout the year is shown in Tables 9 and 10.
- In 2010, Reliant Energy announced a low-income assistance program for the July through September time period that includes a voluntary moratorium on electrical disconnects and provides $800,000 of funding to help pay electricity bills through the Community Assistance from Reliant Energy (CARE) program.
- Green Mountain Energy Company offers a summer bill payment assistance program for its low-income residential electricity customers in Texas, allowing them to pay their summer electricity charges over a four month deferred payment plan beginning in October.

Because AE offers the low-income assistance pricing on a year-round basis, as opposed to discounts only during the summer months, AE provides greater benefits to low-income customers on an annual basis. Table 10 demonstrates a monthly bill for AE customers and *Lite-Up Texas* customers on an average annualized basis.

For low-income customers in 2009:

- The average monthly electricity bill for an AE residential customer receiving customer assistance at the 500 kWh usage level would have been $26 compared to the lowest fixed price offerings from REPs included in this analysis ranging from a price of $44 in Abilene to $50 per month in Houston.

- At the 1,000 kWh usage level, the average monthly electricity bill for an AE residential customer receiving customer assistance would have been $69 per month, while prices range between $89 and $98 among lowest priced offerings from REPs included in this analysis.
- The average monthly electricity bill for an AE residential customer receiving customer assistance at 1,500 kWh of usage would have been $112 compared to the lowest fixed price available in Abilene of $131.
- The average monthly electricity bill for an AE residential customer receiving customer assistance at the 2,000 kWh usage level would have been $156, equal to the lowest *Lite-Up Texas* prices assuming a 10 percent discount.

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Table 9
Monthly Summer Bill for Low-Income Customers [11] – Calendar Year 2009

City (Service Territory)	Austin (AE)	Houston (Center Point Energy) [12]			Dallas (Oncor) [12]			Corpus (AEP Texas Central) [12]			Abilene (AEP Texas North) [12]			10% REP Discount
Monthly Usage		**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Discount off of lowest REP/TDSP Price**
500 kWh	$26	$48	$40	$55	$46	$36	$55	$48	$38	$54	$44	$36	$53	$32
1,000 kWh	74	87	77	106	85	70	106	89	77	107	82	72	103	63
1,500 kWh	121	130	114	157	126	104	158	134	114	161	122	105	155	94
2,000 kWh	169	172	150	209	167	138	209	178	152	215	163	139	207	124

Table 10
Average Annualized Monthly Bill for Low-Income Customers – Calendar Year 2009

City (Service Territory)	Austin (AE)	Houston (Center Point Energy)[12]			Dallas (Oncor)[12]			Corpus (AEP Texas Central) [12]			Abilene (AEP Texas North) [12]			10% REP Discount
Monthly Usage		**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Average**	**Lowest**	**Highest**	**Discount off of lowest REP/TDSP Price**
500 kWh	$26	$59	$50	$70	$57	$46	$68	$60	$49	$69	$54	$44	$64	$40
1,000 kWh	69	111	98	133	105	91	128	113	98	134	101	89	121	80
1,500 kWh	112	165	144	198	156	134	191	168	146	202	151	131	182	118
2,000 kWh	156	219	190	264	207	177	225	224	193	271	201	173	245	156

	Lowest priced offering within a usage category
	Highest priced offering within a usage category

Source: See Table Notes on pages 47 and 48.
Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

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Residential Bills Comparison Findings

As previously described under the Methodology section, two different methodologies were used to determine representative values for residential customer bills. These methodologies were:

- PUCT data
- Published utility tariffs

In summary, AE's residential electricity bills are comparable to the other cities in Texas, including major metropolitan areas of Dallas, Houston, and San Antonio.

In comparison to the other cities included in this analysis, AE's residential bills are the most favorable at lower usage levels, particularly at 500 kWh monthly usage. This is due to some extent to AE's tiered rate structure that provides a lower base rate for the first 500 kWh of monthly electricity usage.

Across the U.S., 1,000 kWh is generally viewed as the typical residential average monthly usage with residential usage in Texas averaging 1,130 kWh per month according to the Department of Energy.[5] As such, Table 11 provides a side-by-side comparison of representative monthly customer bills at the 1,000 kWh usage level over the time period of 2007 through the first seven months of 2010.

As displayed in the table below, the estimated monthly bills for the NBU, CPS Energy, BPUB, and AE would have been among the lowest in 2010, as well as in the prior years. Even the least expensive REP prices in each of the four TDSP territories would have been among the highest prices in 2007 and 2008; however, these prices have moderated significantly in 2009 and 2010 due in part to the moderation of natural gas prices. AE would also have been among the lowest priced renewable offerings over the time period of this study.

[5] http://www.eia.doe.gov/ask/electricity_faqs.asp

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Table 11
Average Monthly Bill at 1,000 kWh

City (Service Territory)	Austin (AE)	Elgin (BEC)	Cedar Park (PEC)	San Antonio (CPS Energy)	Houston (Center Point Energy)	Dallas (Oncor)	Corpus (AEP Texas Central)	Abilene (AEP Texas North)	Brownsville (BPUB)	Beaumont (Entergy Texas)	San Marcos (City of)	New Braunfels (NBU)
Year					**Lowest REP Price**	**Lowest REP Price**	**Lowest REP Price**	**Lowest REP Price**				
2010 (through July)	$94	$109	$123	$92	$105	$96	$106	$97	$91	$108	$85	$87
2009	95	110	125	93	111	103	111	100	95	108	89	84
2008	95	110	NA	88	138	129	139	119	110	NA	88	101
2007	90	99	NA	79	119	113	114	119	99	NA	80	88

Green Pricing- Average Monthly Bill at 1,000 kWh

	Austin (AE)	Elgin (BEC)	Cedar Park (PEC)	San Antonio (CPS Energy)	Houston (Center Point Energy)	Dallas (Oncor)	Corpus (AEP Texas Central)	Abilene (AEP Texas North)	Brownsville (BPUB)	Beaumont (Entergy Texas)	San Marcos (City of)	New Braunfels (NBU)
					Lowest REP Price	**Lowest REP Price**	**Lowest REP Price**	**Lowest REP Price**				
2010 (through July)	$98	$114	$128	$105	$110	$100	$114	$104	NA	NA	NA	NA
2009	97	115	130	111	117	112	121	109	NA	NA	NA	NA
2008	96	115	NA	103	146	137	147	128	NA	NA	NA	NA
2007	90	104	NA	109	133	128	132	137	NA	NA	NA	NA

Source: Tables 4, 5, 6 and 7 above
Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

	Lowest priced offering within a usage category
	Highest priced offering within a usage category

Residential Bills Conclusions

The findings of this analysis indicate that AE's residential monthly bills are comparable to, and in many instances lower than, bills from other electric providers in Texas. Results at the 1,000 kWh usage level are shown in Figures 9 and 10 below. Details include:

For 2010:

- AE's representative bill ($94) would have been 6 percent lower than the average for the other utilities included in this study ($100).
- AE's representative GreenChoice® bill weighted average bill ($98) would have been 13 percent less than the average for the other utilities ($111), while the Batch 6 priced bill ($115) would have been 4 percent higher than the average.

For 2009:

- AE's representative bill ($95) would have been 8 percent lower than the average of the lowest REP price in each TDSP and pricing offered by other utilities included in this study ($103).
- AE's representative GreenChoice® bill weighted average bill ($97) would have been 20 percent less than the average of the lowest REP price in each TDSP and pricing offered by other utilities ($116), while the Batch 6 priced bill ($115) would have been 1 percent lower than the average.

For 2008:

- AE's representative bill ($95) would have been 20 percent lower than the average for the other utilities included in this study ($113).
- AE's representative GreenChoice® bill weighted average bill ($96) would have been 35 percent less than the average for the other utilities ($129). While the Batch 5 priced bill ($113) would have been 15 percent lower than the average.

For 2007:

- AE's representative bill ($90) would have been 12 percent lower than the average for the other utilities included in this study ($101).
- AE's representative GreenChoice® bill weighted average bill ($90) would have been 38 percent less than the average for the other utilities ($124). While the Batch 4 priced bill ($93) would have been 33 percent lower than the average.

Figure 9
Residential Monthly Bill Comparison at 1,000 kWh
(2007 – 2010)

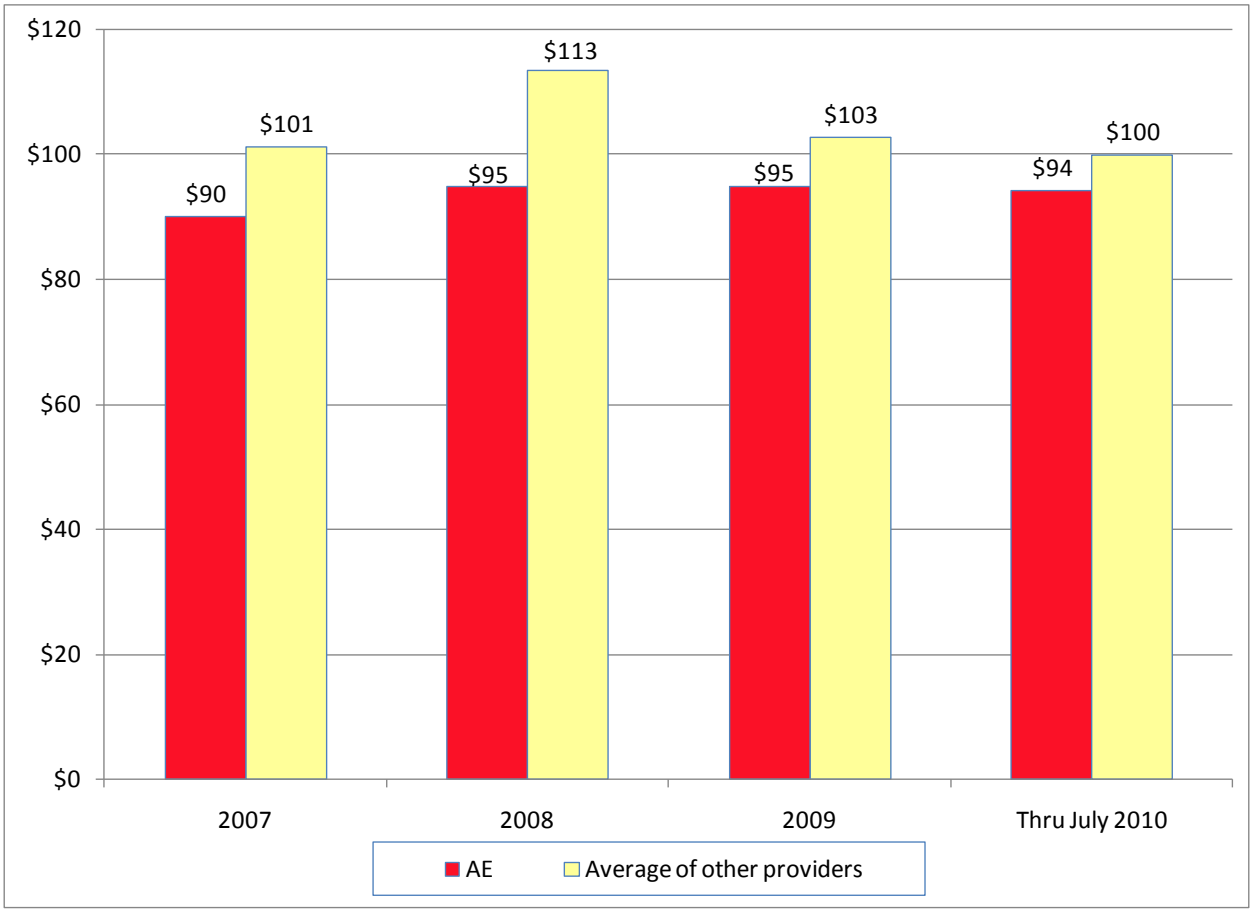

Figure 10
Residential Monthly Green Bill Comparison at 1,000 kWh
(2007 – 2010)

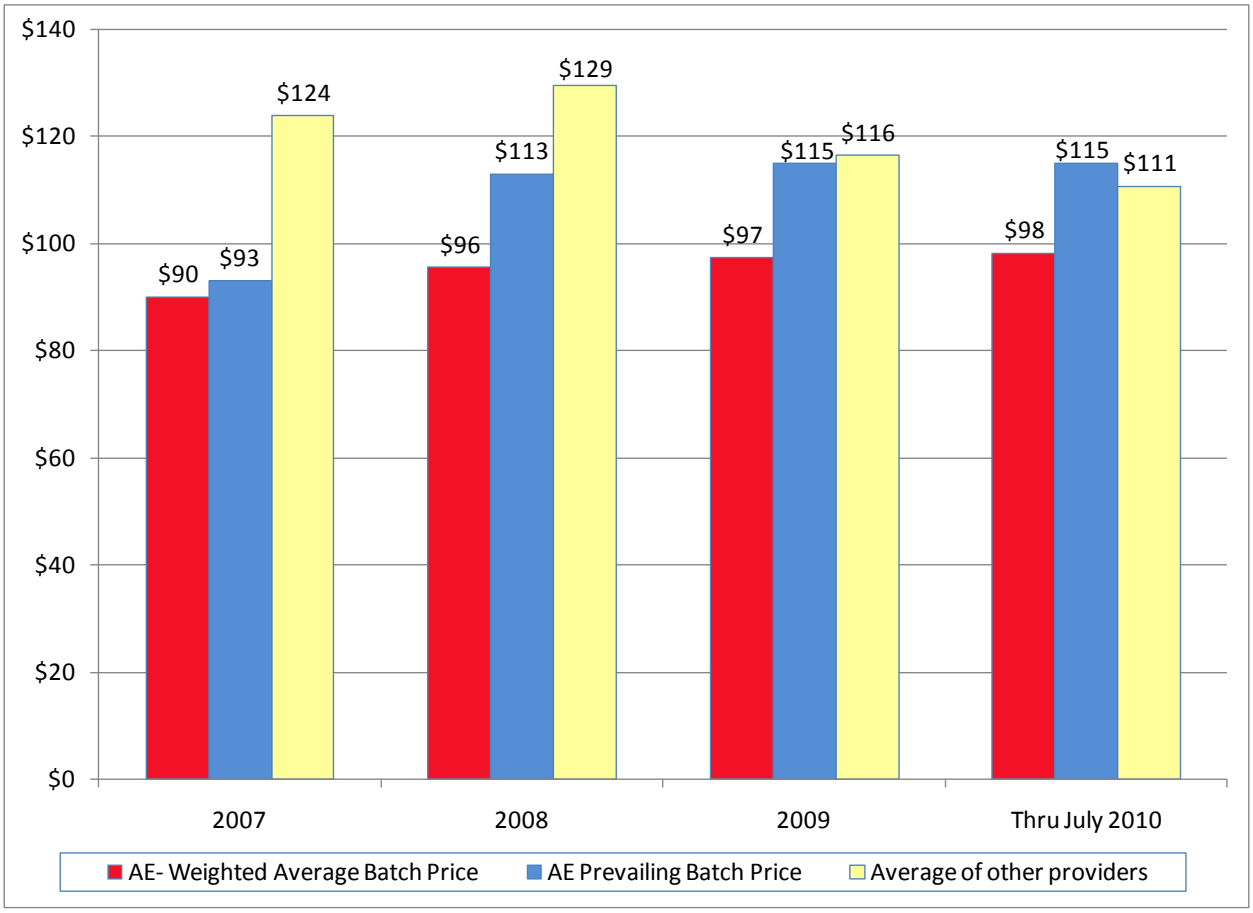

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Table Notes

[1] For the Retail Electric Providers, data provided by the Public Utility Commission of Texas "Bill Comparison, Monthly Bill" (http://www.puc.state.tx.us/electric/rates/RESbill.cfm) was used to obtain an electricity rate total bill offering price for selected service providers and programs for each month of 2007, 2008, 2009 and the first seven months of 2010. This data is provided at four usage levels (500 kWh, 1,000 kWh, 1,500 kWh, and 2,000 kWh). Service offerings for which the respective "Electricity Facts Label" indicated fixed price service were included in the analysis. For program offerings in 2007, 2008, and 2009 that were not offered in June 2010 and hence no longer have an Electricity Facts Label posted on the service providers' website, the program name was used to classify offerings as fixed price. Variable and indexed price offering were not included in this analysis, nor were any offerings that were reported as the REP's name exclusively (i.e., did not also include a program name). Reasonable efforts were made to insure the accuracy of the data included in the analysis, however, due to the volume of data and imperfect knowledge of the offerings, replication of these results may be problematic.

The above "all-in" fixed prices reflect a monthly average of the fixed rate bills for each month of 2007, 2008, and 2009, respectively and totaled across the year in each of four TDSPs – Oncor Electric Delivery (formerly TXU), CenterPoint Energy Houston Electric (formerly Reliant Energy HL&P), AEP Texas Central (formerly Central Power and Light) and AEP Texas North (formerly West Texas Utilities) and divided by 12.

Similarly, the all-in fixed green prices for REPs is the monthly average of fixed priced green program offerings, totaled across the year within each of the four service territories and divided by 12 to obtain a monthly average electricity bill. Fixed price green offers included in this analysis may incorporate products that offer less than 100% renewable energy.

The "lowest" and "highest" data reflects the lowest and highest fixed rate price, respectively, each month totaled across the year and then divided by 12 to obtain an average lowest and highest monthly cost. Offerings using a naming convention that included the term green, pollution free, renewable, wind, or earthwise were classified as "green" offerings.

For service providers in non-competitive areas, published tariff rates were used to calculate a representative bill for each of the four usage levels (500 kWh, 1,000 kWh, 1,500 kWh, and 2,000 kWh) including fixed charges such as a monthly service fee and all applicable variable costs, based on data availability.

[2] AE "Green" prices based on the weighted average cost of Batches 1-6; 2010 = $0.03931, 2009 = $0.03893, 2008 = $0.03718, 2007 = $0.03170.

[3] AE "Green" prices based on the Batch 6 cost ($0.0570/kWh), the cost for new enrollees in 2009 and 2010. Batch 5 cost was $0.0550 and Batch 4 Cost was $0.0350.

[4] Bluebonnet EC prices were based on a wholesale power charge of $0.080353/kWh. A Power Cost Recovery Factor (PCRF) of $0.0013/kWh was used for 2007, a PCRF of $0.0121/kWh was used for 2008, and a PCRF of $0.0125/kWh was used for 2009 and January – May of 2010. As of June 2010, a PCRF of -$0.005/kWh was used.

[5] PEC prices are based on rates as of August 2009. PEC prices include a Power Cost Adjustment Factor of -$0.002/kWh for 2009 and January – May of 2010; as of June 2010 PCAF of -$0.007/kWh was used.

[6] CPS Energy"green" price based on assumption of 100% renewable. Fuel factor and regulatory adjustment factor averages 2010= $0.02054; 2009=$0.01867; 2008=$0.01781; and 2007 =$0.00967 as provided by the CPS Energy web site and information from Norma Soliz, CPS Energy.

[7] Brownsville PUB price includes base rate of $0.04708/kWh, a monthly customer charge of $5.53 for January – September 2007 and $2.53 from October 2007 through May 2010, fuel adjustment factor

averages 2010= $0.03800; 2009=$0.04508; 2008=$0.06063; and 2007 =$0.04754 as provided by the BPUB website and information from Ruben Lozano, BPUB.

[8] Entergy Texas prices based on Residential Service Rate Schedule effective January 28, 2009. Customer charge=$4.57 per month; Energy charge=$0.04894/kWh (except usage over 1,000 kWh during the winter is charged at $0.03232/kWh), Fuel adjustment = $0.0547115. Data from following urls:

http://www.entergy-texas.com/content/price/tariffs/eti_rs.pdf

http://www.entergy-texas.com/content/price/fuel/fa-tx-ff.pdf

[9] City of San Marcos prices include base rate of $0.019/kWh and Power Cost Recovery Factor (PCRF) of $0.06601/kWh in 2010, $0.06964/kWh in 2009, $0.06890 in 2008 and $0.06100 in 2007.

[10] NBU bill calculated using base rates as of March 2009; 2010 prices include an average PCRA of $0.01427/kWh; 2009 prices include an average 2009 PCRA of $0.00851/kWh; 2008 prices include an average PCRA of $0.02518 /kWh; and 2007 prices include an average PCRA of $0.01189 /kWh. Annual average PCRA based on monthly PCRA as provided by NBU.

[11] The PUCT sets the discount rate offered by REPs during the months of May, June, July, August, and September to qualifying low-income customers. The Texas Department of Human Services ("TDHS") provides the names and addresses of clients receiving food stamps and medical benefits to the Low-Income Discount Administrator ("LIDA"). LIDA then matches the TDHS data with a database of residential service addresses maintained by ERCOT. LIDA forwards address matches to the appropriate retail electric providers so they can apply the discount to the customer's bill. Persons who receive no benefits from a state agency, but qualify under the income guidelines, may enroll with LIDA.

[12] As of August 1, 2009, the discount was at 17% off of the rate for the Provider of Last Resort (POLR) at the 1,000 kWh usage level. From March 23, 2009 to August 1, 2009, the discount was set at 15.5 percent of POLR rates at the 1,000 kWh usage level. The money to fund this discount comes from a System Benefit Charge on REP electricity bills. REP discounted bills were calculated based on the discount rate (http://www.puc.state.tx.us/electric/projects/24116/Rate_History.pdf) times kWh usage for each month for May through September 2009. This resultant discount dollar amount was then subtracted from the average, highest and lowest fixed price offering during each of the respective months. Due to discounts provided, such as AE's waiving of the monthly customer charge, the pricing for low-income customers may actually increase on a kWh basis as usage increases.

Glossary[6]

Commercial Customer: Includes businesses such as retail stores, restaurants, and educational institutions with a peak demand of 50 kW or more during any twelve month period. Small commercial customers may include businesses whose peak electric demand during any twelve month period is less than 50 kW.

Demand: The rate at which electric energy is delivered to or by a system at a given instant, or averaged over a designated period, usually expressed in kilowatt ("kW") or megawatt ("MW").

Department of Energy ("DOE"): A US federal agency established in 1977 which brings all major energy-related federal agencies under a single umbrella.

Electric Cooperative: (a) a corporation organized under the Texas Utilities Code, Chapter 161 or a predecessor statute to Chapter 161 and operating under that Chapter; (b) a corporation organized as an electric cooperative in a state other than Texas that has obtained a certificate or authority to conduct affairs in the state of Texas; or (c) a successor to an electric cooperative created before June 1, 1999, in accordance with a conversion plan approved by a vote of the members of the electric cooperative, regardless of whether the successor later purchases, acquires, merges with or consolidates with other electric cooperatives.

Electric Reliability Council of Texas ("ERCOT"): Refers to the independent organization and, in a geographic sense, refers to the area served by electric utilities, municipally-owned utilities, and electric cooperatives that are not synchronously interconnected with electric utilities outside the state of Texas.

Electric Utility: A person or river authority that owns or operates for compensation in this state equipment or facilities to produce, generate, transmit, distribute, sell, or furnish electricity in this state.

Energy Information and Administration ("EIA"): A US federal agency whose primary responsibility is management of statistics relating to energy production, use, and consequences.

Generation: Assets, activities and processes necessary and related to the production of electricity.

Industrial Customer: Includes factories or manufacturing plants and typically have the highest demand for electricity.

[6] Chapter 25. Substantive Rules Applicable to Electric Service Providers. Subchapter A. General Provisions. §25.5 Definitions. www.puc.state.tx.us
ERCOT online glossary: www.ercot.com/glossary
Window of State Government, online Energy Glossary: www.window.state.tx.us/specialrpt/energy/glossary
Energy Vortex Online Dictionary: www.energyvortex.com/energydictionary

Kilowatt ("kW"): A measure of electrical power equal to 1,000 watts.

Kilowatt hour ("kWh"): A quantitative measure of electric current flow equivalent to one thousand watts being used continuously for a period on one hour; the unit most commonly used to measure electrical energy, as opposed to kilowatt, which is simply a measure of available power.

Load: a) the amount of energy used per hour or kilowatt-hour or, b) the level of electricity demanded, typically measured in kilowatts or megawatts.

Municipally-Owned Utility: Any utility owned, operated, and controlled by a municipality or by a non-profit corporation whose directors are appointed by one or more municipalities.

Megawatt ("MW"): The electrical unit of power that equals 1 million Watts (1,000 kW).

Not-Opt In Entity ("NOIE"): An electric cooperative or municipally-owned utility that does not offer retail electric service customer choice.

Off-Peak Hours: All hours that are not on-peak, which end in 0700 to 2200 Central Pacific Time (CPT) from Monday through Friday excluding North American Electric Reliability Corporation (NERC) holidays.

On-Peak: Hours ending in 0700 to 2200 CPT from Monday through Friday excluding NERC holidays.

Public Utility Commission of Texas ("PUCT"): Formed in 1975 by the Legislature as a rate regulatory body, PUC now, since deregulation, oversees electric and telecommunications companies to ensure Texas consumers have access to competitive utility services. The PUC oversees competition in the wholesale and retail electricity and telecommunications markets, and regulates rates and services of non-competitive electric utilities and local exchange companies.

Rate: A compensation, tariff, charge, fare, toll, rental or classification that is directly or indirectly demanded, charged or collected by an electric utility for a service, product, or commodity.

Residential Customer: Include private households that utilize energy for such needs as heating, cooling, cooking, lighting, and small appliances.

Retail Electric Provider ("REP"): A person that sells electric energy to retail customers in this state.

Tariff: The schedule of a utility, municipally-owned utility or electric cooperative containing all rates and charges stated separately by type of service, the rules and regulations of the utility, and any contracts that affect rates, charges terms or conditions of service.

Transmission and/or Distribution Service Provider ("TDSP"): An Entity that is a TSP, a DSP or both, or an Entity that has been selected to own and operate Transmission Facilities and has a PUCT approved code of conduct.