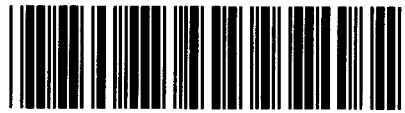


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STATE OF TEXAS
HOUSE OF REPRESENTATIVES
DISTRICT 103

RAFAEL ANCHIA
MEMBER

May 22, 2012

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12 MAY 29 AM 11:12
PUBLIC UTILITY COMMISSION
FILING CLERK

Commissioner Rolando Pablos
Public Utility Commission of Texas
William B. Travis Bldg.
1701 N. Congress Avenue
7th Floor
Austin, TX 78701

Dear Commissioner Pablos:

Thank you for your service to the state of Texas. I have read about the proposed rulemaking related to resource and reserve adequacy and shortage pricing, in which the Commission proposes to implement a higher system-wide offer cap of \$4,500 beginning August 1, 2012. While I can appreciate the challenges that the Commission faces in ensuring resource adequacy during the summer months in Texas, I have several questions regarding the proposed rulemaking:

- Has the Commission done any studies that suggest that raising the price caps will stimulate investment in additional power plants?
- What methodology was performed to determine that \$4,500 is the amount needed to serve as the price cap versus \$5,000, \$6,000, \$7,000, etc.?
- Has there been an analysis of using cheaper, alternative energy sources such as residential demand response, solar power, storage, or energy efficiency versus raising the price cap?

I would appreciate any additional information you can furnish my office as it relates to the questions above. I look forward to your response and hope to receive an answer to this letter by May 26, 2012.

If you need to discuss this request with me, I may be reached at 214-651-5035.

Sincerely,

Rafael Anchia

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