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The Senate of The State of Texas

SENATOR RODNEY ELLIS
District 13

PRESIDENT PRO TEMPORE
1999 - 2000

May 25, 2012

Chairman Donna L. Nelson
Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711

Dear Chairman Nelson:

With the Public Utility Commission (PUC) set to consider raising the cap on wholesale electricity prices, I write to express my concerns regarding the potential impact to my constituents in Senate District 13. Specifically, I am concerned that the changes will result in higher prices being passed down to Texas families without the corresponding benefit of new generation capacity.

I am fully aware that power generating capacity has not kept up with recent growth in electricity use, and, as a result, ERCOT is now predicting a reserve margin of under 10 percent as soon as 2014. I also understand that the PUC is working hard to find solutions to the anticipated power crunch. I want to be sure, however, that the decisions being made both take into account their potential impact on the average Texas family and will actually solve the problem at hand. As such, I have the following questions:

- Has the impact of raising the cap on wholesale prices been analyzed in terms of its impact on residential electricity rates? If so, what will be the impact to an average ratepayer's bill? If not, why not?
- What guarantees can you provide that raising the cap on wholesale prices will actually result in the construction of new generation?

It would indeed be troubling to see Texas families pay higher rates and still face the threat of rolling blackouts. Further, any increase in residential rates will be compounded by the Legislature's decision to use vast amounts of the System Benefit Fund to balance the budget rather than for its intended use to help elderly and low-income Texans afford their electricity bills.

I look forward to your written response.

Sincerely,

Rodney Ellis

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Lyric Centre
440 Louisiana, Suite 575
Houston, Texas 77002
(713) 236-0306
FAX: (713) 236-0604

P.O. Box 12068
Austin, Texas 78711
(512) 463-0113
FAX: (512) 463-0006
Dial 711 For Relay Calls

2440 Texas Parkway, Suite 110
Missouri City, Texas 77489
(281) 261-2360
FAX: (281) 261-4726

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CC: Commissioner Kenneth W. Anderson, Jr.
Commissioner Rolando Pablos