



Association of Electric Companies of Texas (AECT)
Common Questions about Electricity and Natural Gas
What's really important to Texans?

Why have my electric bills increased?

Because the cost of natural gas has gone up. In December, natural gas reached its highest price in history. Since natural gas is a very common fuel for generating electricity — 41 percent of Texas' electricity is fueled by natural gas — its increase in cost has raised electric bills.

Why have natural gas prices risen?

The short answer is supply and demand. Natural gas prices hit a low point two years ago, which started a decline in both the number of rigs producing natural gas, and the number of companies searching for new natural gas sources. Meanwhile, the fields that already existed began to see greater and greater drop-offs in production.

However, during the past year, demand for electricity and natural gas began to grow. As demand has increased, so has the price of natural gas. Add in the fact that supplies have been low, and prices rise even higher. But the increase in natural gas prices has provided more incentive and capital for drilling and exploration — a 44 percent increase in drilling activity over the last 12 months. The market is responding, but the impact of this new activity has not been reflected in prices yet.

Do electric companies make a profit off of these higher prices?

No. The law does not allow for a markup on the cost of fuel, but it does allow for fuel adjustments which mirror electric companies' costs. Thus, the customer sees electric prices rise as fuel costs increase, and electric prices fall as fuel costs decrease.

Will deregulation cause my electric bills to increase?

No. As a matter of fact, the 1999 Texas Electric Choice Act, which will open Texas' electric market to competition for most of the state beginning January 1, 2002, will lower most residential and small business customers' bills by six percent from their electric rates of January 1, 1999, when electric base rates were frozen. However, this rate will remain adjustable for purchased energy and fuel costs, including natural gas.

Will the electric supply remain reliable once competition begins?

Yes. Texas has a surplus of electric generating capacity. Plus, due in large part to electric competition, companies plan to add 28,000 megawatts of capacity by 2004 — enough to power 2.8 million homes. And, 85 percent of Texas is covered by its own power grid, making our state more self-sufficient.

What if I have trouble paying my electric bill?

Many electric companies offer deferred payment plans or plans that allow customers to pay the same amount each month for electricity, helping customers to more accurately budget for their electric bills. Some employ personnel who work directly with customers to develop appropriate payment arrangements. To assist elderly and low-income customers, several electric companies offer customer-matching programs.

Ideas for conserving energy

- Make sure your home is well –insulated.
- Turn your thermostat down to 68 or lower.
- Lower the temperature on your water heater to 120 or less.
- Keep washer and dryer loads full.

To learn about specific programs to help customers, call or visit one of the Web sites below:

American Electric Power	1-888-216-3523	http://www.aep.com
El Paso Electric Company	1-800-351-1621	http://www.epelectric.com
Entergy Texas	1-800-368-3749	http://www.entergy.com
Reliant Energy	1-713-207-7777	http://www.reliantenergy.com
Texas-New Mexico Power	1-877-867-2000	http://www.tnpe.com
TXU	1-877-460-7068	http://www.txu.com
Xcel Energy	1-877-530-4907	http://www.xcelenergy.com