

CSHB 1535 by Frullo: Myths vs. Facts

Myth: CSHB 1535 will raise electricity prices

Fact: As long as utilities are making massive infrastructure investments, rates will increase regardless of whether CSHB 1535 passes. The question is how soon are new investments reflected in rates? The bill does cause rates to reflect new investment sooner, but it does not increase the amount of investment recoverable through rates. CSHB 1535 makes rate cases more efficient by updating a rate request to reflect more current investment – the investment in the system does not change. This means more efficient regulation, marginally fewer rate cases, and therefore fewer rate case expenses, which range from \$3 million to \$8 million per case.

Myth: Customers in non-ERCOT areas have seen enormous increases in base rates over the past five years.

Fact: “Base rates” are only one small part of the picture. In truth, customer prices in all sectors have either fallen, or only risen slightly from 2008 to 2013 (the latest full-year data available from the U.S. Energy Information Administration):

Electricity Price Change – All Sectors: 2008-2013

El Paso Electric Co.: 12% decrease

SPS: 14% decrease

Energy Texas: 28% decrease

SWEPCO: 7% increase

Source: EIA-861 revenue data

Also, the electric rates in each of these areas are far below national average industrial and residential prices nationwide.

Myth: CSHB 1535 makes it difficult for businesses to plan for their electricity use and expected electric bills, due to the “relate-back” provision.

Fact: Relate-back provisions are already used for the fuel portion of a utility bill, as well as when rate cases are settled. Moreover, given that the relate-back portion of a bill would be amortized over 18 months, the impact would be minimal.

The fact is, CSHB 1535 will modernize the electric ratemaking process for non-ERCOT utilities, better synchronizing investment with cost-recovery and benefiting the entire utility system

Support CSHB 1535 for more efficient, reliable electric service in non-ERCOT areas

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