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NewsWatch: Energy

Blogging the business of energy with Brett Clanton, Tom Fowler and Kristen Hays

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March 14, 2008

Texas electric complaints down, violation rate up

The **total number of consumer complaints** about electric service in Texas **dropped 7 percent in 2007** from a year earlier but the **percentage of complaints that were confirmed violations of state rules was up**, according to data compiled by [Regulatory Compliance Service](#). (see [list of companies below](#))

The Public Utility Commission of Texas received **10,609 complaints related to electric service in 2007**, compared to **11,361 in 2006**. The PUC **investigated 8,673 of the complaints** in calendar year 2007 (compared to 8,666 in 2006). Most of the investigations were **related to Retail Electric Providers (REPs** -- thing Reliant Energy, Gexa, Green Mountain etc.), which accounted for **6,647 of the 8,673 complaints**.

"Complaint volumes are well down from 2003 levels when more than 12,000 REP complaints were investigated at the PUCT. The PUCT staff determined that **REPs violated commission rules on approximately 12% of the complaints investigated in 2007**, up from **6% in 2005 and 10% last year.**"

The kinds of complaints?

Billing issues:

4,339, a 19 percent decrease.

Percentage found to be violations: 12 percent

Slamming (unauthorized switching of service):

416, an increase of more than 60 percent.

Percentage found to be violations: 25 percent

Here's a partial list of companies, the number of complaint investigations conducted and the violation rate.

Violation rates are calculated based on the number of PUC complaints investigated and closed, not on the



Tilford Vik, Houston-area retiree who has complained often to the PUC about electric bills. (Chronicle/Steve Campbell)

number of complaints received. Only companies that had 10 or more investigations are included below.

Electric Retailer	No. investigations	Violation rate
FREEDOM GROUP	108	68.52%
AFFORDABLE POWER PLAN	21	57.14%
W POWER AND LIGHT	10	40.00%
COMMERCE ENERGY	308	39.61%
NATIONAL POWER	63	38.10%
CHAMPION ENERGY	12	25.00%
SPS	47	23.40%
PRE-BUY ELECTRIC	39	23.08%
FIRST CHOICE	641	21.06%
ELECTRIC NOW	19	21.05%
TEXAS POWER	21	19.05%
ACCENT ENERGY TEXAS	111	17.12%
STREAM GAS & ELECTRIC	310	17.10%
STRATEGIC ENERGY	24	16.67%
TARA ENERGY	26	15.38%
Spark Energy	35	11.43%
STAR ELECTRICITY	45	11.11%
AEP	11	9.09%
SUEZ ENERGY RESOURCES	11	9.09%
GEXA ENERGY	427	8.90%
VEGA RESOURCES	23	8.70%
TXU	2,034	8.41%
Direct Energy	973	6.78%
JUST ENERGY	15	6.67%
Reliant	1,038	6.45%
CIRRO	88	5.68%
AMBIT ENERGY	39	5.13%
GREEN MOUNTAIN	104	3.85%

Data courtesy of Regulatory Compliance Service.

[What's your complaint?](#)

Posted by Tom Fowler at March 14, 2008 10:58 AM

Comments

DRAFT

March 15th 2008

Regard:

The diabolical electric deregulation Law of Texas

Attention:

This document is inspired by the unsuccessful attempt to deregulate elect power for the state of Texas. The 1999 deregulation law was passed to be phased in by 2004. Now in 2008 the impact has only begun.

Lets accept the fact that deregulation has not accommodated the desire and promises of the Texas Legislature when the bill was introduced.

In 1987 my appearance before the Texas Public Utility Commission in Austin indicating dissatisfaction with the PUC and the monopoly as it existed at that time. There started the defined idea of deregulating the commodity.

The option discussed at that time was to Deregulated or create an elected commissioner's position. My feelings

now are that we have deregulated the commodity with total chaotic conditions by revealing the many complexities contained on the smallest unit of measure for electric service delivered to a customer.

Deregulation of electric power and the PUC being relived of obligations to oversee and protect the public in the electric supply business has left us too vulnerable. We are at the mercy of profiteers and that is expressed by a 58% increase in kWh cost .

There could be many books written on the elements of failure to meet the promises and intents of the Texas Legislature when deregulation of electric power was conceived.

We must consider the highest and most powerful executive position in our nation is selected by a vote of the people. Several states have elected Public Utility Commissioners'.

William J. Boyes¹ and John M. McDowell¹

(1) Department of Economics, College of Business, Arizona State University, 85287-3806 Tempe, AZ
5. Conclusions The result of a great many studies is that it makes no difference to the rate level whether the public utility commission is appointed or elected. Nevertheless, the typical response to an inquiry regarding the effect of appointment versus election is that a difference in resulting rate structure should exist. In this paper we have reconciled these views and more carefully examined the issue of whether institutional setting does matter in the setting of regulated electricity prices. We suggest that one should not necessarily expect elected PUCs to behave differently than appointed ones. Instead different behavior should be expected from PUCs that are closer to their constituents than those more isolated, irrespective of whether the PUC is elected or appointed. The results of an empirical examination based on a large sample of utilities operating during the period of 1981-83 support this view. The more narrowly defined is the consumer voter-group, everything else the same, the lower is the rate set by the PUC.

DRAFT

March 15, 2008

To: Reliant Energy Customer Representative. From David High

In order to get this matter resolved, please contact a Customer Care Representative at 1-866-222-7100 or locally at 713-207-7777 .

Once again, thank you for contacting Reliant Energy.

Reference number: LTK25013056102X (please mention this Reference Number in future correspondence)

Sincerely,

Randi

This is a request for a full Compliance Audit of my bill (Account Number 1 239 686-7) from Reliant Energy Electricity Service Provider. Meter Number G42163579.

Most of us will not admit that electricity is mysterious. We don't understand where it comes from or how it works. When pressed, we will admit we don't understand our electric bill either.

We seldom look at the components--fuel factors, power -cost recovery charges, tiered kilowatt-hour rates --that make up the total. We open the bill; we grouse about the amount; and we pay it. After all, we say what choice do we have? All of the bad eggs have been scrambled in the same skillet and called it deregulation. I appreciate that we have a choice but when you are going the wrong; the faster you go doesn't help.

It appears that the sleazy gimmicks called promotional sales are merely confusion factors used between each of the so called approved electricity providers available to us in Houston? There is no way to tell whether your bill will be less or not because of the complicity of billing elements.

Without reiterating all of the energy and electricity power details such as He said she and they said: let's cut to the meat of economics between coal fired boilers and gas fired boilers to generate electricity. Six years ago I received promotional literature from the coal industry describing its competitiveness with natural gas. At that time the major hurdle was cost differences. It was concluded that there must be a contrived system to drive the price of natural gas up to \$7.00 per thousand cu ft. It was accomplished by 2005. When this came to pass the Pennsylvania coals mines were leased up by the multimillion of tons coal. Immediately after that the Pipeline Company proposed the construction of a pipeline from Texas to the east coast to carry natural gas. Immediately after that TXU proposed 11 coal fired power plants to be built in Texas and from there it has gone sky-west and crooked. It does not make any economical sense to the rate payer for this kind of business to be instituted.

My average price paid for electric service the month 3/13/2002 was (per. kWh) \$0.075.
My average price paid for electric service Now 2/22/07 is \$0.165 and no relief in sight.

Is the difference in the \$0.165 kWh that I pay now and the \$0.147 listed as a fixed monthly rate guaranteed through Dec. 31, 2006. Is this supposed to be my 5% discount the first year of my 3 year obligation on the Secure Plan?

Computer trended figures are used on my automobile speedometer gasoline mileage register for instance if I fill up and start out on the freeway and don't stop until I use the full tank several times distance to empty will go up to 430 miles but if I use several tanks around the city that mileage will drop down to about 360 miles. This causes the mileage to improve and it is compensated for showing the gallon per mile to change. The mileage is a computerized trend figured. Are these computer trended figures or actual registered figures? How can the accuracy be verified?

A kWh is an unidentifiable unit of power and it is impossible to detect where and in what plant it was generated therefore it is impossible for the end customer to know where the provider acquired it from? There is no official fingerprint of a kWh of electricity.

I am not really interested in reading my own meter when that can be done just driving by.
But I would rather read my own meter than I would have it estimated or computer trended.

It is easy to spot an accuracy problem in the billing system when it is like the Weatherford, Texas Richard Redden 2/21/07 when he was presented with a \$24 Billion bill marked as late notice along with 1,300 other customers. The Weatherford Electric representative had never seen the bill because it was billed by Irving-based DataProse which prints customer's bills.

Reliant Energy - OneRate Secure Plan

Cancellation Fee: \$100 after the due date of the first invoice

*(Rates are estimated based on seasonal consumption) Exp 12/31/07 \$0.00 \$0.147 \$176.40

How will the so called credit show up on my bill that we are due from the \$58 million rebate from Center Point transmission and distribution refund?

I received a \$25.00 credit on my bill Feb.22 2007 with no word of explanation whether it was for the Secure Plan bonus or the Center Point over charge refund. What is the actual cash value of the \$25.00 credit?
Equivalent to 1250 kWh.

I am sure the Electricity Deregulation Act of 1999 very distinctively describes and understands the separation of Reliant Energy's Electric Provider and Reliant Energy's power generation plants. The question at hand is: Is Reliant Energy an electricity generator or a retail provider?

How are the companies that profit from generating electricity (kWh) serves the public as an electricity provider to the end customer?? It is patently against the 1999 deregulation law for the generator and the provider to be the same company?

The evidence indicates that each power generator has created it's own shell subsidiary for billing purposes only. Will Reliant Energy legally profit on the generating and as provider?

Deregulation of electricity for me has created 4 new CEO'S that siphons of hundreds of millions of dollars every year in excess of the good old American reasonable profit philosophy that we were created under and lived by for decades. Reasonable profit being described as 20 to 40 times more than the average employee of the company and not 400 times.

My feelings about what we refer to as energy traders should be spelled energy traitors. Every time one owner sells a commodity to another trader and then adds profit it must be passed on the ratepayer. I have never seen an acceptable definition of reasonable profit. In one formal federal congressional investigation on price manipulation the commission representative said he did not think it was wrong to make a profit The energy companies buy and sell to each other for the purpose of sprawling the cost of kWh's..

The public has taken a beating on electricity charges since the 1999 deregulation law was passed and became fully effective January 1, 2006..

Does the Federal Trades Commission have any duties or responsibility to protecting the public from unscrupulous business practices? There must a solution to prevent the energy providers from flipping existing companies for excess profits and then expect the public usage of electricity pay for end dealers. (I will buy you and then you buy me and that is called collaboration).

Numbers don't lie but they do confuse.

The holding company, Texas Energy Future Holdings LP, was formed by Kohlberg Kravis Roberts & Co. of New York and Fort Worth-based Texas Pacific Group to buy TXU Corp. (NYSE: TXU).

TXU has until April 16 to consider offers from other potential buyers on the deal worth \$45 billion, including the assumption of TXU debt. The deal is expected to close in the second half of 2007.

The sole purpose for the collaborated deal to purchase TXU was conceived and proposed to gain an unreasonable segment of the retail electricity market. There is a vivid appearance of Enron business practices in such a gigantic proposal.

The \$32 billion deal to have private equity investors buy TXU Corp. of Dallas is being hailed by environmentalists because the company will drop plans to build eight of its proposed 11 coal-fired generating plants. The truth be known the 11 was announced only to attract the negotiations activity of environmentalists and make them feel better to build only two of the coal fired power plants.

From all appearance the new Texas Pacific Group wants to generate just a few good kilowatt hours of electricity (kWh) because the American public will be priced out of the market.

The subversive plan is to run the kWh up to an unaffordable price for most Americans. The pricing structure of electricity generation and delivery is so complex that there is no public citizen that can intelligently contribute information to the entire process of the electric utility service.

What is "ethics?" Merriam-Webster Dictionary defines ethics as: "the discipline dealing with what is good and bad and with moral duty and obligation...a set of moral principles or values...the principles of conduct governing an individual or a group...a guiding philosophy." Ethics is the art of what should be done, as opposed to what can be done. The debate about the ethical practices of our deregulated electricity provider deserves serious attention.

Ethics is doing the right thing for the right reasons every time.

Ethics violations will destroy both friend and foe.

There is street talk that Reliant Energy is hiding large sums of cash at the demise of the stockholders. Sen. Eddie Lucio, D-Brownsville, said deregulation "depends on a free market, not a manipulated market." With all of the technology of modern accounting systems available, why doesn't the public utility analytical group or Public Utility Commission of Texas charter a task force to establish the definitive cost per kilowatt hour to generate electricity by coal and lignite fired boilers, natural gas fired boilers, nuclear, renewable energy and/or other. I can appreciate working with averages but there will never be an honest pricing system without establishing a generating cost per kWh and make it available to the public. The multi-billion accounting system as detailed on my Reliant monthly bill suggests that the generating cost for me could be established by backing into my average price that I paid for my electric service this month (per kWh) for instance \$0.165 11/16/06.

What restrains the utility company from using one fuel mix and charging the customer another to provide added company profitability? This application would be similar to allowing default in fuel supplier contract and resorting to spot market price to bill the retail customer month by month.

How much conflict of interest is present in Reliant's home improvement conservation program?

Texas Legislature March 15 2007 The Electric bills are SB482, SB483, SB896

How many millions of dollars does TXU CEO John Wilder stand to make on the 32 million dollar sale of TXU to Hohlberg Kravis Roberts and Company and Texas Pacific Group? And just who is the Securities and Exchange Commission going to nail for inside trading on this gigantic deal?

It was my privilege to personally appear in Austin at the Texas Public Utility Commission meeting to speak against the Bay City Nuclear Power plant in 1987. The intention was not to demise the use of Nuclear Power but to criticize the cost and schedule overruns caused by the design and construction of the plant and equipment. The deregulation of electricity became a hot button item. By 1998 deregulation had gained enough ill-fated political inertia to be enacted into law. By 2004 Electricity Deregulation had been consummated. In conclusion: 1) prepare to increase the production ratio of nuclear power and other energy sources in Texas for increased future demands. 2) Extend, eliminate or abort the deregulation date for Texas Electric Utilities. 3) Modify or eliminate the fuel adjustment pass-through cost to stabilize service cost to the rate payer. 4) Convert the entire public service sector to an elected commission system.

In conclusion the questions are:

- Am I on the secure plan? When will it expire?
- What should my average kWh cost be now?
- Are any of the accounting dept computers trended?
- What restrains the utility company from using one fuel mix and charging the customer another to provide added company profitability?
- How and where is it determined the fuel mix used to establish the customer's cost?
- How much conflict of interest is present in Reliant's home improvement conservation program?
- Will Reliant Energy legally profit on the generating and as provider?
- How are the companies that profit from generating electricity (kWh) serving the public as an electricity provider to the end customer??
- The question at hand is: Is Reliant Energy an electricity generator or a retail provider?
- How could a spread of kWh's used be from 3231. 7/20/00 @\$0.07 to 846, 3/21/01? Or is this solid evidence that versatility of the charging system is designed to meet the company need?
- Is the difference in the \$0.165 kWh that I pay now and the \$0.147 listed as a fixed monthly rate guaranteed through Dec. 31, 2006. Is this supposed to be my 5% discount the first year of my 3 year obligation on the Secure Plan?
- Electricity deregulation has caused climbing rates regardless of the choice you make from the provider. I am aware that the greatest power we have is the power of choice.

Posted by: [David High](#) at March 15, 2008 03:08 PM

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