

Electric Bills Stay Lower Under Competition Despite Increasing Fuel Costs PUC Begins Process to Improve Fuel Cost Measurement

Friday, August 23, 2002 -- Texas electric customers in areas under retail competition continue to save money compared to last year after Friday's approval by the Public Utility Commission (PUC) to pass along higher wholesale prices resulting from higher electric generation costs.

Despite the fuel increase, which should be reflected in customer bills beginning in October, customers will enjoy electric bills that are approximately 10 percent lower when compared to last year depending on their affiliated REP.

"Texans are still saving money on their electric bills this year compared to last," said PUC Chairman Rebecca Klein. "Because fuel costs fluctuate throughout the year, we want to improve how we measure electricity costs to reduce the impact of sudden, short-term spikes in fuel prices."

The Texas electric restructuring law allows retail electric providers (REPs) to pass through fuel cost increases to customers up to twice a year.

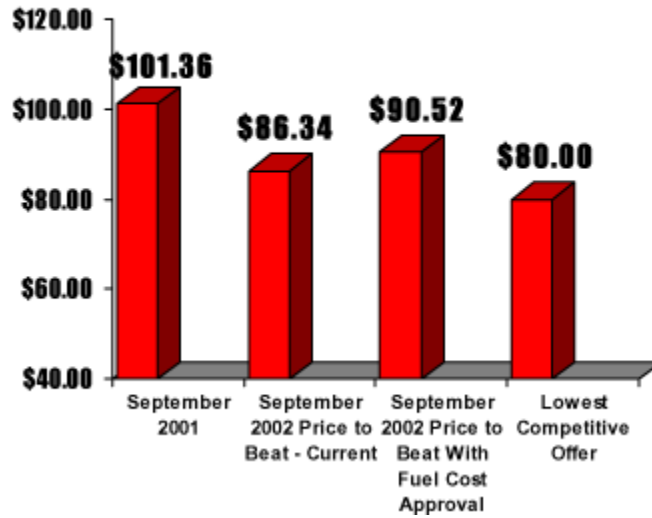
The five charts on the following pages show last year's residential and small commercial bill (for 1000 kWh/month), the current affiliated REP rate (also known as the Price to Beat), the new affiliated REP rate with the approved fuel increase, and the lowest known offer in the area by a competitive REP.

The current rule allows the affiliated REP of a former monopoly provider to increase retail up to twice a year if natural gas prices increase at least four percent over a 10-day period. Natural gas is the primary fuel used to generate electricity in Texas. While acknowledging that fuel costs increased according to the rule, the Commission wants to improve the method used to determine wholesale electricity prices.

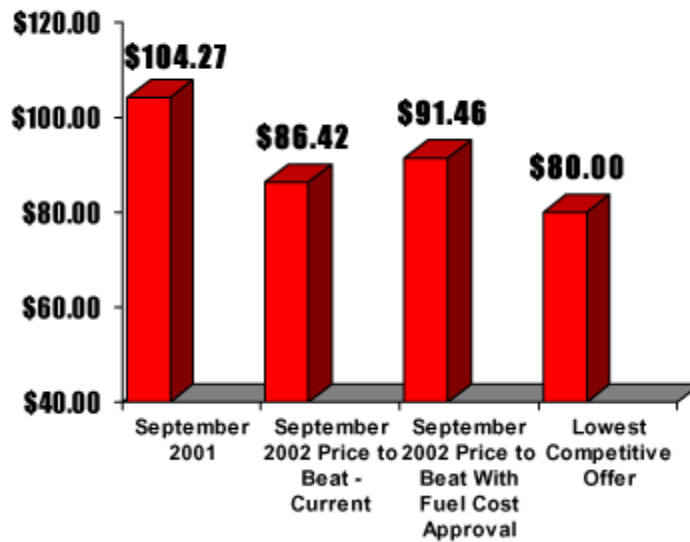
"I have faith that Texas customers will make good choices when they have the correct pricing information," said Commissioner Brett Perlman.

The Commission specifically wants to review the four-percent benchmark, explore stretching the 10-day period, and determine if natural gas alone should be used to calculate an increase in wholesale prices. The PUC also will explore the development of a purchased power index to measure wholesale electricity costs. The process will be part of a formal rulemaking targeted for PUC approval by early December.

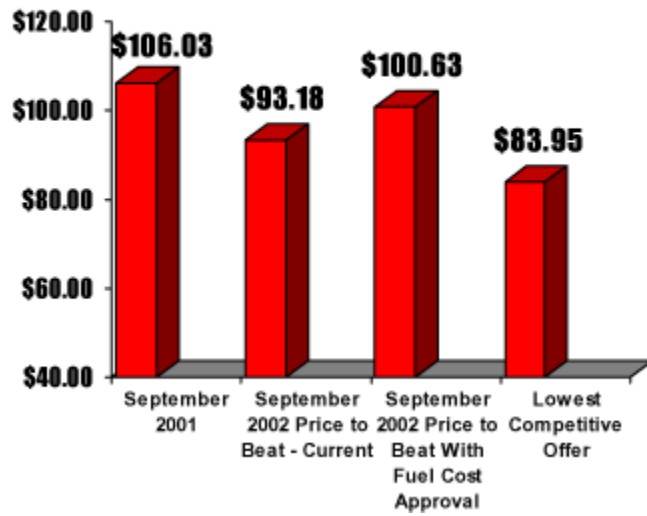
Comparison of September Bills for Household Using 1000 kWh per Month - TXU



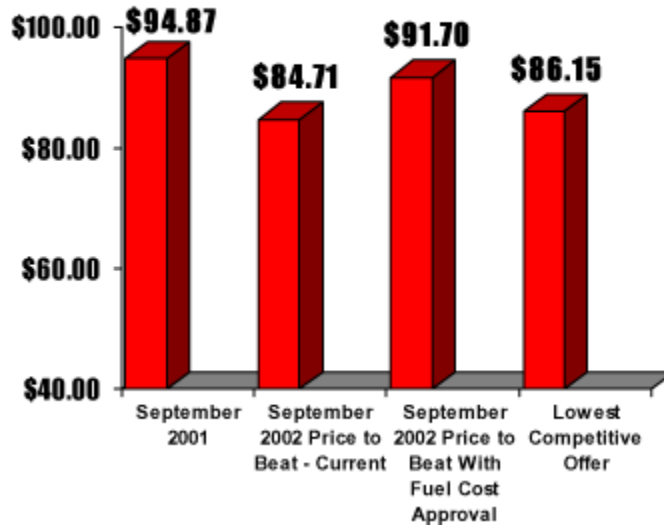
Comparison of September Bills for Household Using 1000 kWh per Month - Reliant



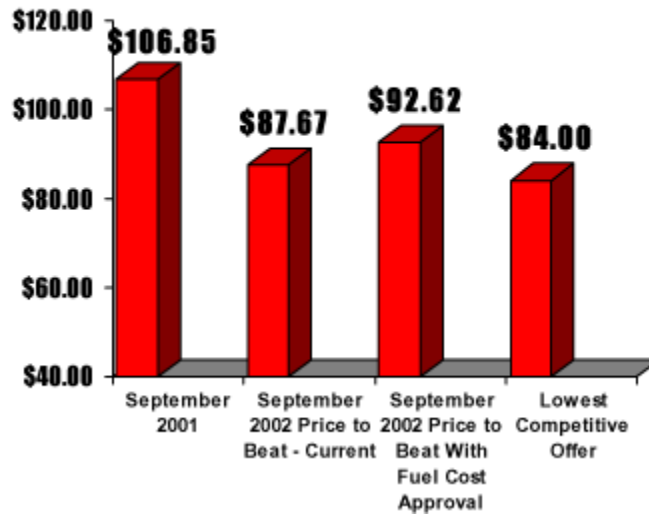
Comparison of September Bills for Household Using 1000 kWh per Month - CPL



Comparison of September Bills for Household Using 1000 kWh per Month - WTU



Comparison of September Bills for Household Using 1000 kWh per Month – First Choice



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