Sharyland Utilities, L.P. Plan for Retail Competition
Sharyland’s Presence in Texas
Sharyland’s Bundled Service Area

Brady, Celeste, Colorado City, and Stanton divisions (former Cap Rock areas)

- PUCT Proceedings
  - Docket No. 37990 – PUCT approved purchase of Cap Rock Energy in July 2010
  - Docket No. 39070 – PUCT approved transfer of load in the Colorado City and Stanton divisions from SPP to ERCOT and transfer to be complete by 12/31/13
  - Docket No. 39592 – PUCT considered a non-unanimous settlement regarding the plan for retail competition at 8/17/12 open meeting

- Number of Customers and Meters (as of 3/31/12)
  - Entities Billed/Accounts: 18,295
  - Total Customers/Meters: 45,127
    - Metered Accounts: 41,405
    - Unmetered Lights: 3,722

- Load
  - Approx. 260 MWs peak
  - Approx. 25% of kWhs are residential and 75% of kWhs are commercial
Retail Competition Plan for Brady, Celeste, Colorado City, and Stanton Divisions

- Settlement provides specific provisions, including:
  - Timeline of necessary events to implement competition beginning in May 2014 at the earliest
  - Rate case provisions to develop unbundled cost of service rates and tariffs
  - Mass customer list and information for REPs interested in competing in the Sharyland area
  - Process for the selection of Default REPs because Sharyland will not create an affiliated REP
  - Customer education activities to prepare customers for retail competition
  - Other specific service provisions

- Sharyland will work with PUCT, ERCOT, and interested market participants to develop the numerous implementation details

- A PUCT Project will be established for Sharyland to provide quarterly progress updates until retail competition has been successfully implemented
Retail Competition Plan - Timeline

- 5/1/14 – Begin implementation of retail competition (or 90 days after Sharyland files its tariffs to implement the PUCT order approving unbundled delivery rates, whichever is later) (Implementation Date)

- By 5/31/13 – Sharyland will file to establish retail delivery rates for the Brady, Celeste, Colorado City, and Stanton divisions on a combined basis, with a 2012 test year

- By 12/31/13 – Sharyland will provide a mass customer list to any interested REP upon request (P.U.C. SUBST. R. 25.472)
Transition to Competition Goals

Sharyland will work with Commission Staff, ERCOT, and other stakeholders to implement a process to accomplish the following goals to the extent practicable:

- Sharyland will begin the transition on the Implementation Date and estimated meter reads will not be used unless all agree on a method.
- Customers can select a REP to provide service when competition begins, and any deadlines established to avoid assignment to a Default REP must impose the least restrictions practicable.
- Customers who do not select a REP will be assigned to a Default REP, provided a market-based, month-to-month product, and be able to switch away without penalty.
- Sharyland will identify all ESI IDs assigned to each customer so customers with multiple ESI IDs can be assigned to one Default REP.
- Sharyland will use a single unique DUNS number and code in the ESI IDs to differentiate from the McAllen division.
Selection of Default REPs

- By 9/1/13 – PUCT Staff provides a list of no more than fifteen REPs by customer class qualified to serve as Large Service Providers (LSPs) in accordance with P.U.C. SUBST. R. 25.43 treating all POLR areas in ERCOT as a “single POLR area”
  - REPs with the largest market share based upon retail sales in megawatt-hours, by customer class, in the single POLR area
  - Use 3/31/12 data provided to the PUCT in Project No. 40158
- By 10/1/13 - Sharyland determines which LSP POLR REPs are flight-tested with Sharyland and asks whether the REP desires to opt-in as a Default REP
- By 10/15/13 - LSP POLR REPs desiring to opt-in as Default REPs must notify Sharyland in writing of their agreement to serve until the 2015-2016 POLR cycle
- By 11/1/13 - Sharyland finalizes for each customer class, the list of Default REPs
Assignment of Customers to Default REPs

- By 1/31/14 (90 days before the Implementation Date of May 1, 2014) - Sharyland will notify customers of the list of Default REPs that they will be randomly assigned to if they do not affirmatively select their own REP and other information explaining how the transition to competition will work
  - Notice will be provided by direct mail in both English and Spanish
  - Sharyland will file a copy of the proposed notice in the PUCT Project at least 15 days before the notice is mailed

- On a schedule established as part of the transition to competition process, Sharyland will assign all ESI IDs associated with customers that have not selected a REP to a Default REP
  - Assigned in proportion to the Default REP’s market share for that customer class in the single POLR area
  - Customers with multiple ESI IDs will be assigned to one Default REP
  - ESI IDs will be assigned in a non-discriminatory manner
  - Customers that select a REP will begin taking service from the selected REP when the customer is transitioned to competition and will not be served by a Default REP
Default REP Terms of Service

- **Product** - Default REPs to offer a market-based, month-to-month product to all customers with no penalty for switching to another REP

- **Notice** - Default REPs must provide notice to customers no later than 30 days after receiving the assignment, including:
  - Date the Default REP began or will begin serving the customer
  - Contact number for the Default REP
  - Description of the Default REP’s rate for service
  - Deposit requirements of the Default REP
  - Terms of Service and Electricity Facts Label

- **Deposit** - Default REPs may require a deposit, but are obligated to serve until Sharyland can effectuate any disconnection request
  - Timeline for the deposit varies from 3 calendar days for large non-residential customers to 15 calendar days for residential customers
  - May waive the deposit requirement in a non-discriminatory fashion
  - Shall not request a deposit from a residential customer with satisfactory credit
Customer Education Activities

- 9/17/12 - Sharyland to provide certain information on [www.sharyland.com](http://www.sharyland.com) (final order, timeline, link to [www.powertochoose.org](http://www.powertochoose.org), status updates, etc.)

- By 9/1/13 - Sharyland to mail information to customers explaining the transition, directing customers to [www.powertochoose.org](http://www.powertochoose.org), explaining the customer list issued to interested REPs with a way for customers to request exclusion, and informing of the no-call lists (P.U.C. SUBST. R. 25.472)

- 11/1/13 to 3/31/14 - Sharyland to host at least one meeting in each division (Brady, Celeste, Colorado City, and Stanton).
  - Notice will be provided to customers, municipally-owned utilities (MOUs) that provide service in dually-certificated areas, and to REPs who request notice
  - Representatives of MOUs and REPs may attend the meetings
  - Notices will be filed in the PUCT Project
Other Issues

- **Oil and gas load** - Sharyland will include cost and load data in the rate case to allow parties and the PUCT to consider whether to establish an oil and gas rate class
  - All parties reserved positions with respect to the propriety of such a class

- **Distribution lines on the customer’s side of the meter** - Through 12/31/19 Sharyland will continue to own, operate, and maintain distribution lines that are, as of the date of the settlement, owned by Sharyland and on the customer’s side of an existing meter at its existing location
  - Sharyland will maintain records showing costs associated with operation and maintenance of such lines in the rate case

- **AMS** - Sharyland is not required to file an advanced metering system (AMS) deployment plan at this time, but will continue to monitor developments and will address the issue in the rate case
  - If the PUCT decides to require AMS deployment in the rate case, a separate proceeding will be filed
Questions?

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