

Sharyland Transition Task Force

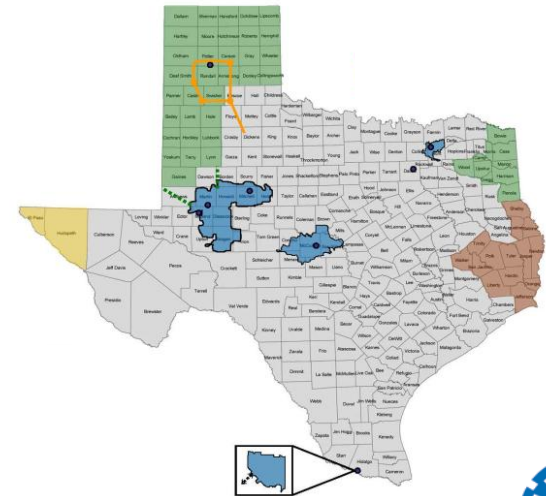
December 4, 2012






Sharyland's Bundled Service Area

- Docket No. 39592 – PUCT approved a non-unanimous settlement for the transition to retail competition of Sharyland's Brady, Celeste, Colorado City, and Stanton divisions

- Approximate number of meters transitioning to competition:
 - Residential – 23,200
 - Secondary
 - Small – 6,900
 - Large – 2,500
 - Primary – 38
 - Oil & Gas – 12,200
 - Lighting – 35
 - Unmetered Lighting – 3,800



Retail Competition Plan – Timeline Drivers

	2013				2014		
	Jan	Apr	Jul	Oct	Jan	Apr	Jul
Retail Delivery Rate Case							
Transfer Load from SPP to ERCOT							
Begin Implementation of Retail Competition							

- **Rate Case** – Sharyland will file by May 31, 2013, to establish retail delivery rates for the Brady, Celeste, Colorado City, and Stanton divisions on a combined basis, using a 2012 test year (final decision expected early 2014)
- **Load Transfer** – Sharyland will transfer loads and assets from SPP to ERCOT in accordance with PUCT Docket No. 39070 by December 31, 2013
- **Retail Competition** – Begin implementation of retail competition on May 1, 2014 (or 90 days after Sharyland files its tariffs to implement the PUCT order approving unbundled delivery rates, whichever is later)
 - Sharyland proposes to transition customers effective on their first normal meter-read date



Details of the Retail Competition Plan

- Sharyland Utilities, L.P. will remain one legal entity, but to distinguish between the different rates in the divisions, the following designations will be used on the powertochoose website:
 - Sharyland Utilities, L.P. for the Brady, Celeste, Colorado City, and Stanton divisions (former Cap Rock areas)
 - Sharyland Utilities, L.P. - McAllen for the McAllen division

- Sharyland will work with PUCT, ERCOT, and interested market participants to develop the numerous implementation details
 - Sharyland Transition Task Force has been formed at ERCOT under the Retail Market Subcommittee

- A PUCT Project will be established for Sharyland to provide quarterly progress updates until retail competition has been successfully implemented
 - Filed 15 days following the close of the calendar quarter, begin the first quarter in 2013



Customer Education Activities

	2013				2014		
	Jan	Apr	Jul	Oct	Jan	Apr	Jul
Information on website	←—————→						
Direct Mail Notice - Competition and Mass Customer List				→			
Informational Meetings in Each Division					→		
Direct Mail Notice - Default REP Process					→		

- Sharyland will maintain the latest information on www.sharyland.com
- By September 1, 2013, Sharyland will mail notice to each of its customers providing information on competition, the mass customer list, and how to opt-out of the mass customer list
- Between November 1, 2013, and March 31, 2014, Sharyland will host at least one informational meeting in each of the four transitioning divisions
 - Notice will be provided to customers, municipally-owned utilities (MOUs) that provide service in dually-certificated areas, and REPs who request notice
 - Representatives of MOUs and REPs may attend the meetings
- By January 31, 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 the transition to competition



Default REPs

- 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 using March 2012 data provided to the PUCT in Project No. 40158

	2013				2014		
	Jan	Apr	Jul	Oct	Jan	Apr	Jul
Process for Default REPs to Agree to Serve (Oct. 1 – Oct. 15)				➔			
Final List of Default REPs for Each Customer Class (Nov. 1)				★			
Customers Assigned to Default REPs (TBD)						✂	

- Intent was to maximize the number of Default REPs, considering administrative limitations



Default REPs – Assignment and Terms of Service

- **Assignment** - 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
 - 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
 - Deadlines established to avoid assignment to a Default REP will impose the least restrictions practicable
- **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
 - Terms of Service and Electricity Facts Label
 - Deposit requirements



General REP Activities

Participant Testing Schedule	Start	End
Default and competitive REPs will test with Sharyland and ERCOT	5/15/13	8/20/13
Competitive REPs will test with Sharyland and ERCOT	9/11/13	12/10/13

- By December 31, 2013, Sharyland will provide a mass customer list to any interested REP upon request (P.U.C. SUBST. R. 25.472)



DUNS Number and ESI ID Format

- **DUNS number** – Sharyland will utilize the DUNS number used by Sharyland McAllen, plus four digits to make it unique to Sharyland **10-526-2336-4500**

- **ESI ID format** – Sharyland will utilize the following ESI ID format:
 - **10 – 03109 – 99XX – XXXXXXX-XXXXXX**
 - **10** - Represents a placeholder for future use required per ERCOT Protocol 15.4.1
 - **03109** - Represents the five-digit DOE code per ERCOT Protocol 15.4.1; Sharyland will use the inactive Cap Rock DOE code to distinguish it from Sharyland McAllen (17008)
 - **99XX** - Represents a value to easily distinguish between the Sharyland divisions, where: 9901 – Brady; 9902 – Celeste; 9903 – Colorado City; 9904 – Stanton
 - **XXXXXXXX-XXXXXX** - Represents 7 digits from the existing map code which currently exists in Sharyland's systems and 6 digits to be used for unique identification



Customer Transition in May 2014

Sharyland Prefers a Transition Based on the Normal Meter Read Cycle

- ESI IDs are read on the normal meter read cycle and transitioned to competition on the normal read date (no out-of-cycle reads until all customers are transitioned)
 - Competitive ESI ID load volume will be backed out of the NOIE meter point for settlement purposes, based on Sharyland estimates which are subject to final and true-up ERCOT settlements
 - NOIE meter points terminate once all ESI IDs behind it are transitioned
- **Advantages**
 - Customers billed on actual meter reads
 - Initial estimated amounts of aggregated competitive load will ultimately be settled in the final and true-up ERCOT settlements based on actual data
- **Disadvantages**
 - Sharyland has to estimate the usage for all customers transitioned to a competitive provider behind a NOIE meter point to determine the value that will be backed out of the NOIE meter point

