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DOCKET NO. 29526

APPLICATION OF CENTERPOINT § PUBLIC UTILITY COMMISSION
ENERGY HOUSTON ELECTRIC, §
LLC, RELIANT ENERGY RETAIL § OF TEXAS
SERVICES, LLC AND TEXAS §
GENCO, LP TO DETERMINE §
STRANDED COSTS AND OTHER §
TRUE-UP BALANCES PURSUANT TO
PURA § 39.262

COMMENTS OF ALLIANCE FOR RETAIL MARKETS
ON PROPOSED NOTICE

Pursuant to the deadline established at the prehearing conference conducted on April 8, 2004, the Alliance for Retail Markets (ARM) files these comments with respect to the notice proposed by CenterPoint Energy Houston Electric, LLC, Reliant Energy Retail Services, LLC, and Texas Genco, LP. (Applicants). Upon review of the proposed notice, ARM recommends the modification of the proposed notice in two regards.

First, ARM recommends the modification of the last sentence in the fifth paragraph. Currently, this sentence reads:

Reliant estimates that based on future adjustments allowed by law, the potential impact to Price to Beat customers would range from a decrease in Price to Beat prices to an increase of approximately 1.1 cents per kWh (\$11.00 per month for a typical residential customer using 1,000 kwh per month).

ARM questions the accuracy of the statement in this sentence indicating that the potential impact to price-to-beat customers may be a decrease in price-to-beat rates. Given the magnitude of the amount the Applicants seek to recover, as indicated in the fourth paragraph of the notice, the only impact that such relief can possibly have on price-to-beat rates is to *increase* them. ARM cannot imagine any scenario under P.U.C. SUBST. R. 25.41(g)(3)(b) in which price-to-beat rates would decrease if the Applicants obtain their requested relief. Therefore, ARM recommends that the sentence read as follows:

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Reliant estimates that based on future adjustments allowed by law, the potential impact to Price to Beat customers would be an increase of approximately 1.1 cents per kWh (\$11.00 per month for a typical residential customer using 1,000 kWh per month), if the Application is granted.

Second, ARM recommends the modification of the last sentence in the sixth paragraph. Currently, this sentence reads:

CenterPoint's stranded costs will increase over time by as much as \$661,621,340, plus interest, if the payment of EMCs is not terminated as of August 28, 2004.

ARM posits that this sentence is unnecessary, misleading, and involves a legal issue more appropriately argued in brief rather than in the public notice of this docket. For this reason, it should be eliminated.

Alternatively, this sentence could be misread to mean that the EMCs will *automatically* increase by approximately \$661 million, plus interest, if they do not terminate on August 28, 2004. Presumably, the Applicants' calculation is based on continuance of the EMCs for the duration of the full seven-year period previously established by the Commission for these credits. To avoid confusion, ARM alternatively recommends that the sentence be revised as follows:

Depending on the date upon which EMCs terminate, CenterPoint's stranded costs could increase over time by \$661,621,340, plus interest, if the payment of EMCs does not terminate as of August 28, 2004.

For the reasons stated, ARM requests that the proposed notice be revised accordingly.

Respectfully submitted,



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**ATTORNEY FOR ALLIANCE FOR RETAIL
MARKETS**

Certificate of Service

I, Stephen J. Davis, certify that a copy of this document was served on all parties of record in this proceeding on April 12, 2004, by regular mail, facsimile transmission or hand-delivery.



Stephen J. Davis