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The Senate of The State of Texas

DAN PATRICK
LIEUTENANT GOVERNOR

CAPITOL OFFICE
State Capitol, Room 2E.13
Post Office Box 12068
Austin, Texas 78711
(512) 463-0001
Fax: (512) 463-8668

September 30, 2021

Commissioner Lori A. Cobos
Commissioner
Public Utility Commission of Texas
Post Office Box 13326
Austin, Texas 78711-3326

Dear Commissioner Cobos:

I am writing you in opposition to the proposed settlement agreement in the application of ERCOT for a debt obligation order to finance uplift balances related to Winter Storm Uri, Docket 52322. I support the portion of the settlement agreement that prioritizes and securitizes retail electric providers that are not affiliated with power generation and who did not profit during the winter storm. However, any portion of the proposed settlement agreement that does not calculate cost exposure on a net basis, as was the intent of the Texas Senate when it passed House Bill 4492, is unacceptable.

You will recall, I wrote you on August 11, 2021, regarding the legislative intent for HB 4492, the legislation authorizing the potential debt obligation order. In that letter I urged you to follow the plain meaning of HB 4492 as the Texas Senate considered and passed it, and calculate cost exposure on a net basis. Additionally, 20 Texas State Senators signed a separate letter to you declaring:

"HB 4492 and the Senate's legislative intent, stipulates that netting is required to ensure the overall monetary situation for each company and its affiliates is considered and any securitized funds are only utilized to prevent unnecessary uplift charges due to defaults. We stress that the PUC should strongly reference the bill and the Senate's legislative intent in their methodology development in implementing HB 4492."

Despite these letters, the proposed settlement agreement does not take into account netting or the profits made by some of the entities entitled to receive funds under the proposed settlement agreement. Therefore, I ask you not to approve the proposed settlement agreement and instead go back to the drawing board to find a solution that considers profits and losses before any distribution of securitization funds. The Texas Senate would not have passed a bill that gave money to

companies that profited during the winter storm. The people of Texas deserve accountability and

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It is imperative that any debt obligation order approved by the Commission take into account any profits gained and losses incurred in order to determine an entity's exposure. Substantial portions of the proposed settlement do not follow the legislative intent of the law. Therefore, I urge you to find a solution that does.

Sincerely,

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Dan Patrick
Lieutenant Governor



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September 30, 2021

Mr. Peter M. Lake
Chairman
Public Utility Commission of Texas
Post Office Box 13326
Austin, Texas 78711-3326

Dear Mr. Lake:

I am writing you in opposition to the proposed settlement agreement in the application of ERCOT for a debt obligation order to finance uplift balances related to Winter Storm Uri, Docket 52322. I support the portion of the settlement agreement that prioritizes and securitizes retail electric providers that are not affiliated with power generation and who did not profit during the winter storm. However, any portion of the proposed settlement agreement that does not calculate cost exposure on a net basis, as was the intent of the Texas Senate when it passed House Bill 4492, is unacceptable.

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Dan Patrick
Lieutenant Governor



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September 30, 2021

Commissioner James W. "Will" McAdams
Commissioner
Public Utility Commission of Texas
Post Office Box 13326
Austin, Texas 78711-3326

Dear Commissioner McAdams:

I am writing you in opposition to the proposed settlement agreement in the application of ERCOT for a debt obligation order to finance uplift balances related to Winter Storm Uri, Docket 52322. I support the portion of the settlement agreement that prioritizes and securitizes retail electric providers that are not affiliated with power generation and who did not profit during the winter storm. However, any portion of the proposed settlement agreement that does not calculate cost exposure on a net basis, as was the intent of the Texas Senate when it passed House Bill 4492, is unacceptable.

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September 30, 2021

Commissioner Jimmy Glotfelty
Commissioner
Public Utility Commission of Texas
Post Office Box 13326
Austin, Texas 78711-3326

Dear Mr. Tamby:

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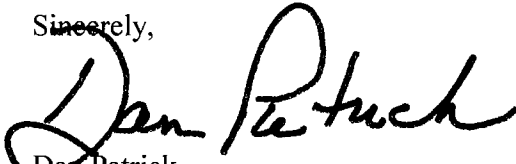
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