



February 2014

Frequently Asked Questions Regarding Sharyland's Transition to Retail Electric Competition

These Frequently Asked Questions contain the latest information regarding Sharyland's transition to retail electric competition starting May 1, 2014. For more information, please visit our website at www.sharyland.com or call 800-442-8688.

Q: What is retail electric competition?

Retail electric competition has been around in Texas since 2002. In the competitive retail electric market, the generation, transmission and distribution, and retail sales of electric power are provided by separate companies, where:

- The power is created in generation plants.
- The power is then delivered over transmission and distribution lines and substations.
- The power is sold to end use customers who then receive a bill.

"Wires" companies like Sharyland that own, operate, and/or manage the transmission and distribution systems are regulated and our rates are set by the Public Utility Commission of Texas (Commission).

However, the companies that generate the power and that sell the power are not regulated. Their prices and services are set by the competitive market, which allows residential and commercial retail customers more choices and opportunities to shop around and to reduce their electric bills.

Q: What is a Retail Electric Provider (REP)?

In Texas, the company that sells you power in the competitive market is known as a Retail Electric Provider (REP). After the transition in May 2014, you will have the ability to buy your electric power from any REP that qualifies to serve in Sharyland's service areas, and that REP will become your primary contact for your electric service.

Q: Can I choose Sharyland as my Retail Electric Provider (REP)?

No. While we have enjoyed the relationships we have built with our retail customers over the years, Sharyland will not serve as a REP and will no longer be able to provide retail service once we transition to the competitive market.

Q: Is Sharyland going away? What role is Sharyland going to play in my community going forward?

We are not going away. The same Sharyland employees that have served you for years will still be a part of your community for years to come.

Sharyland will continue to serve as your local “wires” company, meaning we will remain focused on maintaining the reliability of your local system through the construction and maintenance of transmission and distribution lines and substations in your area.

Sharyland will still read your meter, and you may still call Sharyland for new construction or when you have an outage, regardless of which REP you choose. Sharyland will still perform all connections and disconnections related to your service, but it will be at the direction of your new REP.

Q: Why is Sharyland transitioning to competition now?

This transition to competition is a direct result of Sharyland’s acquisition of Cap Rock Energy in 2010. Prior to that, Cap Rock Energy customers were not allowed to access the competitive retail electric market due to several regulatory and legal reasons. When the Commission approved the acquisition in 2010, it was agreed to by all parties in that proceeding that the time had come to consider the possibility of transitioning these customers into retail competition so that they too could have access to lower prices and more offerings in the competitive retail market. Sharyland filed a proposed plan in July 2011, and the Commission approved it in August 2012.

Q: How will competition affect my electric bill?

To better understand how competition will affect your electric bill, it is important to first understand overall just how your bill is calculated. The energy charges on your bill cover the price of power for the amount of electricity you consume, while the delivery charges cover the cost of delivering that power to your home or business.

As it is now, your Sharyland bill contains both energy charges and delivery charges that have been calculated using rates that were set by the Commission. Once Sharyland transitions its customers to competition in May 2014, the energy charges you pay will no longer be regulated, but will be set by the market and offered by your REP. However, your delivery charges will still be regulated and set by the Commission, and it will be Sharyland’s responsibility to occasionally file a rate case with the Commission to have these rates reviewed.

Q: Will Sharyland still send me a bill?

No. After the transition in May 2014, you will no longer receive a bill from Sharyland Utilities. Instead, you will receive a bill from your REP that will contain both your market-based energy charges and your regulated delivery rates. You will pay the REP, and it will be the REP’s responsibility to pay Sharyland for the cost of delivering electricity to your home or business.

Q: Are Sharyland’s delivery rates going up for residential customers?

Yes, Sharyland’s regulated delivery rates for residential customers are set to increase starting May 1, 2014.

To prepare for this transition to competition, Sharyland had to file a rate case in May 2013 in order to establish the new regulated delivery rates that we would charge under competition. Written notice of this rate case was mailed to all Sharyland customers at the time the case was filed.

As a result of this rate case, which the Commission formally approved in January of 2014, there will be a slight increase in delivery rates for some customers starting in May 2014. However, it is important to note that this increase will only affect our regulated delivery rates, and not the energy prices that will be set by the market and offered by the REPs. In fact, these regulated delivery rates are just one of several factors that the REPs take into consideration as they set the prices for the products they offer.

Q: How do I find the REP that is right for me?

In the competitive market, you will now be able to choose a REP whose products and services best fit your needs. For the past 12 years, other customers have experienced the benefits of competition through access to lower prices and more offerings.

But with these new benefits comes a new responsibility to shop around and learn more about each REP so that you can make an informed decision, just as you would when buying a new appliance for your home, a new car for your family, or a new data plan for your smart phone.

One tool you can use is Powertochoose.org, a special website designed by the Public Utility Commission of Texas to provide a place for residential customers to go and compare offers from multiple REPs.

Sharyland also maintains a list of REPs who are approved to serve customers in our service territories, and you may contact any of those REPs directly and ask them to describe their products over the phone.

Q: What do I need to do between now and May 2014?

There is really only one thing you as a customer need to do as part of this transition, and that is to select a REP, and once you have done so, contact that REP directly, tell them you are a Sharyland customer, and that you would like to choose them. The REP will likely ask you several questions about your account, but once that is complete, you are done. You do not have to do anything else. The REP will take care of everything and will let Sharyland know of your decision.

Q: What is an ESI-ID?

One specific piece of information that your new REP will ask you for is your Electric Service Identifier, or ESI ID. This number is unique to the premise where you take your electric service, and is the key identifier that the REP will use to schedule your transition.

As part of our preparation for the transition, Sharyland has already created an ESI ID number for each premise that we serve. Your specific ESI ID number has been provided on your bill over

the past several months. Please note this number as you begin your discussion with your new REP.

Q: By when do I need to select a REP?

We encourage you to select a REP by April 13, 2014.

All customers must have a REP before the transition can begin in May, so if you do not select a REP by April 13, then Sharyland will have to randomly assign you to a Default REP.

Q: What is a Default REP?

A Default REP is a REP that has agreed to serve those customers who do not choose a REP for themselves and this Default REP will have to sell these customers electricity through a market-based, month-to-month product, which may be different than other longer term competitive offers.

Under Sharyland's approved transition plan, even if you are assigned to a Default REP, you will still have the opportunity to select a REP on your own and switch away from the Default REP without penalty.

Remember, it is in your best interest to proactively select your own REP. The benefit of selecting your own REP is that you can decide which prices and contract terms best fit your needs. You may even decide to sign a long term contract with one of the Default REPs.

Q: So what happens in May 2014?

Sharyland has spent the past 18 months developing a plan to ensure an orderly transition of our customers to competition in the least disruptive manner possible. To do that, we will transition our customers on their usual monthly meter read date.

So, for example, if your meter is usually read on or around the 5th of every month, then on May 5, 2014, we will read your meter as usual and send you a final Sharyland bill to settle your customer account with us.

Then, on your next monthly meter read date in June, we will read your meter as usual, but this time, we will send your usage data to your REP, and they will send you a bill.

That's it. The entire process will be seamless to you, and your power will not be interrupted in any way. The only change you will notice is the bill from your new REP starting in June.

Q: What will happen to my deposit?

If you have a deposit on file with Sharyland, we will credit that deposit to your final Sharyland bill. If your final bill is less than the amount of your deposit, Sharyland send you a check for the remaining balance left in your deposit once the final bill is paid.