



Summer heat, deregulation leave Texans with high electric bills

08:06 AM CDT on Wednesday, August 6, 2008

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It's tough to chill at home in refrigerated air when you're sweating over soaring summer electricity bills.



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Elaine Jakab of Grand Prairie has had electricity bills as high as \$400 in the past.

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To combat sky-high costs, North Texans are ditching central air for window units, swapping energy providers to score lower rates and even stripping down to their bathing suits at home to cool off.

North Texans thought energy deregulation, which debuted in 2002 for consumers, would lower their monthly power bills. Instead, prices in Texas are among the highest in the nation, with monthly bills pushing past \$600.

Why so high?

It's a combination of factors. Natural gas prices have skyrocketed in recent years. A congested power grid this spring forced a sharp wholesale price increase. Some power companies have shut down, sending unsuspecting customers to providers that charged much higher rates.

And don't forget this summer's intense heat. On Monday, the state's main power grid saw its highest usage of the year.

These explanations don't reassure customers like Elaine Jakab of Grand Prairie, who uses her central air sparingly in her 1,700-square-foot home.

"It makes me angry to have to do this," she said. "I would like to be able to use my central air and not worry about air conditioning and not worry about the heat index.

"I would like to be able to afford it."

Even the founding fathers of Texas deregulation didn't foresee prices this high when the practice was announced in 1999.

Natural-gas prices are four times more expensive today than when deregulation was proposed. That's hit Texans particularly hard because nearly two-thirds of the power plants use gas.

This spring, congestion along Texas' power grid forced prices up sharply as the wholesale market struggled to keep pace with a hot spring and population growth.

The surges helped put five retail power providers out of business. Their customers were bumped into the highest-rate "provider of last resort," and some saw their power rates double.

Texans have much higher bills than residents of most other states.

"The high bills in Texas demonstrate what a huge mistake deregulation has been," said Tom "Smitty" Smith, director of the consumer group Public

Citizen in Austin and a staunch opponent of the process.

"The Legislature created this monster, and only they can change it, but they won't unless they hear from citizens."

Proponents say deregulation works well and has drawn new power production investments, such as new nuclear power plants being developed by NRG Energy and Energy Future Holdings' Luminant unit.

That expansion is especially important because Texas' population growth means we'll need much more power in the future to keep the lights on.

Fortunately for consumers, natural-gas prices have dropped sharply since early July. But that won't trickle down to consumers for a while, especially those who are locked into a fixed-rate plan.

"I think they're coming to the conclusion that these prices aren't about deregulation and the market – it's about natural-gas prices and limiting of other options of producing power like limits on coal and nuclear," said Bill Peacock, director for the Center for Economic Freedom with the Texas Public Policy Foundation.

"We will see the benefits in time, and you can't go back on deregulation."

News of lower natural-gas prices is sure to please many customers. But, for now, they're getting hammered.

To clamp down on electricity use, Ms. Jakab, 66, relies on two window units to cool down. She keeps the lights off as much as possible, and she tries to cook earlier in the day when it's cooler.

With a low locked-in rate of 11.9 cents per kilowatt hour, her most recent Reliant bill was \$191, compared with \$300 or \$400 in the past.

She doesn't want to think about how high her bill might be if she hadn't resorted to drastic measures.

"It's a shame we have to do this," she said.

Betty Garza was incensed last month when she opened up her power bill: a whopping \$682, her highest ever, and about half of her monthly house payment.

"I almost had a heart attack," said the Carrollton resident, who lives in a 2,500-square-foot home. "I went into combustibile mode. I almost vanished. Man, I almost just lit up."

Ms. Garza, 52, called her power provider, Stream Energy, and discovered that the rate she had locked in had expired. She said she should have received advanced notice that the lock-in period was ending.

She canceled the service and locked in a cheaper rate with another provider.

Several hundred people sounded off on their rising bills last week at meetings organized by AARP in Fort Worth and Grand Prairie. They're searching for information about how to switch energy providers, and they want to reform the system to bring down their bills, said Tim Morstad, associate state director for AARP Texas.

"We're challenging state legislators to come up with solutions and reject calls from electricity companies and others who want to blame customers for the failure of deregulation," Mr. Morstad said.

Utilities say they are sensitive to customers' concerns about high bills.

"Most of TXU Energy's customers in North Texas already have protection from price increases through these hot summer months, so we're focused on helping customers manage their bills by lowering their consumption," said Sophia Stoller, a spokeswoman for TXU, the retail arm of Energy Future Holdings.

The company encourages its customers to use its energy home adviser, TXU Energy PowerMonitor, to help lower their electrical use.

Some consumers are finding creative ways to chill. Kathy Chamberlin, 57, refuses to turn on the air conditioning during the day, so she wears a one-piece bathing suit.

A fan blows on her when she's at her computer. She drinks ice-cold water. She keeps her plantation shutters closed during the day to help cool her 1,900-square-foot home.

Ms. Chamberlin, a TXU Energy customer, said her most recent bill was about \$165.

The Duncanville resident blames her behavior on her frugality. Her husband, Bruce, "thinks it's insane, which it is," she said.

But she doesn't let him suffer. She flips on the air about an hour before he gets home – but only to about 80 degrees.

"It would be painful to have a \$400 bill ... just for cool air," Ms. Chamberlin said. "You don't see any results for it. It kind of evaporates into the air."

"Four hundred dollars or \$500 is a lot. It's insane."

