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Time for a change for Entergy customers

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Published: 02.03.09

Now customers who have been frustrated the past few years with rising electricity bills in the deregulated areas of Texas have some company.

Entergy customers in Montgomery County and southeast Texas – an island of regulation in a sea of deregulation – will soon see their rates rising as well.

Rather than stewing about rising prices, however, perhaps it's time for customers in both areas of Texas to recognize that rising energy prices, to the extent they are based on real-life costs and reasonable profit, are simply a reality.

This is especially the case with Entergy customers, who haven't seen a rate increase for their basic electricity service since 1991.

This February, Entergy Texas' residential and small business customers will see an increase in their billing by an average of \$5.30 per 1,000 kilowatt hours, from \$43.64 to \$48.94. The new rate increase still requires approval from the Public Utility Commission of Texas, but Entergy Texas has moved forward with the increase based on a unanimous settlement between Entergy Texas, area cities, industrial customers and retail customers. The Public Utilities Commission of Texas is expected to act on the increase sometime this month.

As it so happens, customers living in the areas of Texas open to retail electricity competition have seen price hikes as well – a function of soaring prices for natural gas on which Texas power plants are heavily dependent.

The same thing that sent electrical rates soaring in the deregulated areas of Texas – natural gas prices – brings them back down when natural gas prices fall. And that could soon be the case for Entergy customers as well. According to a story by Courier writer Howard Roden, starting this week Entergy Texas will begin the first of its two annual adjustments to the fuel charge, based on the future market price of natural gas. The company is allowed to pass those fuel costs along to customers, but without earning a profit. Rising prices drove Entergy's fuel charge to \$72.80 per 1,000 kilowatt hours, based on natural gas, which was trading as high as \$11 to \$12 per thousand British thermal units. However, futures prices for natural gas recently have dropped to the \$4-\$5 range.

Prices go up, and down, based on a wide array of factors. And although customers in the deregulated areas of Texas saw prices rise the last few years, they still are competitive compared with other states that are heavily dependent on natural gas, according to a recent report by the pro-free market Texas Public Policy Foundation.

According to the foundation, among the nine states that rely heavily on natural gas, Texas had the third lowest rates before deregulation and still has the third lowest rates today. And compared with all states, Texas had the 14th highest average electricity rates in the country prior to deregulation; as of December, Texas had slightly improved to 15th.

In the regulated areas served of Texas served by Entergy, the Public Utility Commission of Texas oversees rate changes, accompanied by a host of competing interest groups. In the rest of Texas, an increasing number of retail providers, and a growing number of rate plans, are helping keep rates competitive. Entergy could someday join that system, but either way, customers need to be prepared for change.

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