

An Overview of Utility Services Provided in The Woodlands Township

Utility services provided in The Woodlands Township include electricity, natural gas and telephone service. In addition, cable service that offers television or internet capability is also available in the community.

Historically, “utilities” in the state of Texas (and the services they provided) have been regulated by the Public Utility Commission of Texas (PUCT) or the Railroad Commission of Texas (RRC) at the state level and/or the Federal Communications Commission (FCC) or the Federal Energy Regulatory Commission (FERC) at the federal level, depending on the service the utility company offers the public.

When they were formed, utility companies were assigned an exclusive franchise area in which only they could provide a defined service to the public. Because there was no competition for customers in their service territory, a governmental regulatory scheme was employed as a surrogate for competition. Regulatory agencies approved the terms and conditions of service a utility company provided and set the rate of return the company could earn for the service it offered the public. This utility model has evolved with the passage of time.

The present state of oversight of utility companies in Texas has come about since the telephone industry was subjected to restructuring beginning in the 1970s. The change in telephone regulation was driven by a combination of technological change, court decisions, and changes in federal policy that permitted competitive entry into most telecommunications markets. Aspects of the restructuring of the telephone industry were subsequently adopted and used in deregulating other utility services. Oversight by the regulatory authority over a utility has evolved to support the changing regulatory scheme.

Electricity Service

The Woodlands Township has two utility companies that provide electric service to the community. To understand the operation and services offered by the companies, it is helpful to know the background of the development of electric utilities and subsequent changes brought about by technical innovation, changes in state and federal laws and demand by consumers for market competition in the provision of electricity to retail customers.

Texas is a state with areas where “deregulation” of utilities has occurred. Most of the state includes utility service that has been deregulated to a degree. The state adopted legislation requiring the Public Utility Commission of Texas (PUCT) to establish a competitive market for certain electric utility companies in the state. However, there are

also certain areas of the state where the deregulation requirement has not been adopted and the service providers in those areas remain fully regulated by the PUCT.

The Woodlands is served by two electric utilities - Entergy Texas, Inc. (Entergy) a service provider that is regulated by the Public Utility Commission of Texas, and CenterPoint Energy Houston Electric, L.L.C. (CenterPoint), a “deregulated” electricity provider in which the customer chooses the Retail Electric Provider (REP) to supply their electricity. The area of the Township in which a resident lives determines which electric provider they will have.

Each company has a service territory authorized by the PUCT in which there are no competitors in the provision of wires and infrastructure that comprise the electricity grid. However, the two utilities differ in the actual provision of electricity to a customer. Entergy does not offer retail competition on its system and acquires and provides all power used on its system. CenterPoint provides the physical infrastructure of the power grid to move electricity to a customer, but the electricity must be contracted and bought from a third party seller, called a Retail Electric Provider, by the customer.

CenterPoint is a partially deregulated utility. The grid that CenterPoint uses for transmission and distribution of power is subject to PUCT rate regulation and the regulated cost provides one component of the customer’s bill for service. Marketers (Retail Electric Providers) of power on the CenterPoint system sell electricity at market competitive prices and are not regulated, but are certificated, by the commission. The market price of electricity is component of the customer’s bill.

Entergy is fully regulated by the PUCT for each service that it provides customers. There are no marketers of electricity for a customer of Entergy to choose from. All electricity is sold to a customer at the rate set by the PUCT for each class of service offered. Each service offered by Entergy can be found in a Rate Schedule that details the terms of service and cost of service to a consumer.

Information on the offering of electricity service for CenterPoint Energy customers is found on the Public Utility Commission of Texas website at –

<http://www.powertochoose.org/>

The above links to “Texas Electric Choice”, an educational website offering information on electric competition in Texas as well as information to help a customer of CenterPoint Energy make an informed decision about electricity service and Retail Electric Providers who market electricity on CenterPoint’s grid.

For information on services offered by the two electricity providers in The Woodlands, contact Entergy at 1-800-ENTERGY (1-800-368-3749) or CenterPoint Energy at 1-866-797-4839 (Power to Choose hotline).

Additional information on either company can also be obtained from the Public Utility Commission of Texas using the PUCT Hotline at 1-888-782-8477.

Natural Gas Service

CenterPoint Energy (CenterPoint) is the provider of natural gas utility service for the great majority of natural gas customers in the Township. However, there are some gas customers served by Gas Energy, L.L.C. (Gas Energy) in the May Valley area of the Village of Sterling Ridge on the west side of The Woodlands.

The Railroad Commission of Texas (RRC) has primary regulatory jurisdiction over natural gas utilities in the state and oversight responsibility for the regulated activities of CenterPoint and Gas Energy in the sale of natural gas to consumers. The commission has exclusive jurisdiction over gas rates and services offered in The Woodlands.

The cost to a consumer of natural gas service provided by a gas utility has two major components. The first is the price the utility pays suppliers for natural gas purchased. This element of cost is known as the Cost of Gas and tends to be about 70 - 80 percent of a customer's bill. The Cost of Gas calculation can change monthly depending on market prices. The actual Cost of Gas is passed directly to customers. The gas utility neither makes nor loses money on natural gas purchase costs.

The second component of cost to a consumer is the Distribution Cost. This cost covers the utility transmission and distribution infrastructure investment necessary to move the natural gas from a pipeline, where it is acquired, to the customer's residence. The utility is allowed recovery of investment cost plus a rate of return on the investment made in the natural gas infrastructure grid. The Distribution Cost typically amounts to 20-30 percent of the customer's bill.

The RRC uses the Cost of Gas and the Distribution Cost to establish rates that CenterPoint and Gas Energy then charge their natural gas customers.

Information on natural gas service provided by CenterPoint Energy can be found at the following website -

<http://www.centerpointenergy.com/services/naturalgas/residential/TX/>

Information on natural gas service provided by Gas Energy, L.L.C. can be found at the following website -

<http://txgas.net/index.html>

Information can also be gained from the Railroad Commission by calling the general information line at 1-877-228-5740.

Telephone Service

(Note: this section does not include the provision of wireless mobile communication service or television/internet related phone service)

In the 1970s and 1980s, a combination of technological change, court decisions, and changes in federal policy permitted competitive entry into most telecommunications markets including those in The Woodlands.

The federal Telecommunications Act was passed in 1996. The bill provided for a pro-competitive, de-regulatory national policy designed to accelerate private sector deployment of advanced services and information technologies and services by opening all telecommunications markets to competition. With the act, Congress intended to create a regulatory framework for the transition from primarily monopoly provision to competitive provision of telephone services.

The 1996 Act creates separate regulatory regimes for carriers providing voice telephone service and providers of cable television, and a third for information services defined as - the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications. The information service defined is what we refer to as the internet.

Traditional telephone service in The Woodlands can be acquired via an existing infrastructure of landlines and cables owned by either AT&T or Consolidated Communications. The two companies are successor entities to the regulated telephone providers that offered telephone service in the original franchise area granted the telephone utility by the Public Utility Commission of Texas. The location where the telephone service will be provided determines if a customer is in the AT&T or Consolidated service area. The charge for wires and cables remains regulated by the PUCT, but the “phone service” charge is determined by the company providing the service.

General information on telephone service in the area and state can be found on the Public Utility Commission of Texas website at -

<http://puc.texas.gov/consumer/phone/Default.aspx>

The above link provides information on -

No Call Lists: Consumers now have both state and national options for reducing the number of telemarketers that call them at their home or place of business.

Bundling: Providers are now offering packages of residential and business basic local service combined with long-distance services and bundling other services such as television service and high speed internet.

Service Options: Information on Local Service, Long Distance Service, and Toll Service.

Charges On Your Telephone Bill: Definitions of the charges on your phone bill.

Taxes and Surcharges: Information on Federal, State, and Local Taxes and Surcharges.

For additional information, please call the Public Utility Commission of Texas Hotline at 1-888-782-8477.

Cable Television

The following information is taken directly from the Federal Communications Commission (FCC) website and provides information on the regulation of Cable Television. Also included is consumer information regarding complaints, investigations or inquires of their service provider.

Background

Your local franchising authority (LFA) regulates the rate your cable company can charge for basic services programming and your cable company determines the rate you pay for other cable programming and services, such as premium movie channels and pay-per-view sports events. *The name of the franchising authority may be on the front or back of your cable bill. If this information is not on your bill, contact your cable company.*

How Cable TV Rates Are Regulated

Your local franchising authority (LFA) -- the city, county, or other governmental organization authorized by your state to regulate cable television service -- may regulate the rates your cable company charges for the basic services tier. The basic services tier must include most local broadcast stations, as well as the public, educational, and governmental channels required by the franchise agreement between the LFA and your cable company. If the FCC finds that a local cable company is subject to “effective competition” (as defined by Federal law), the LFA may not regulate the rates it charges for the basic services tier. The rates charged by certain small cable companies are not subject to regulation. They are determined by the companies.

Your LFA also enforces FCC regulations that determine whether a cable operator’s basic services tier rates are reasonable. The LFA reviews rate justification forms filed by cable operators. Contact your LFA if you have any questions about basic service tier rates.

Non-Regulated Rates

The rates for any tier of service (other than the basic services tier) and for any pay-per-channel programming (i.e., a premium movie channel) and pay-per-program services (i.e., a pay-per-view sports event) are not regulated. Your cable company is free to charge any rate for these services. However, your cable company may not require you to purchase any additional service tier other than the basic services tier in order to have access to pay-per-view events or premium channels offered on an “a la carte” or

individual basis. On the other hand, there is no law that requires cable companies to offer channels or programs on an “a la carte” basis.

Your LFA also is authorized to enforce FCC rules and guidelines in the following areas:

- customer service, for instance complaints about bills, or a cable operator’s response to inquiries about signal quality or service requests; and
- franchise fees, which the cable company pays the LFA for the right to access public rights of way to offer cable service.

LFA Certification

Before it can regulate basic services tier rates, your LFA must be certified to do so by the FCC. The LFA must prove that it:

- has the legal authority and the personnel necessary to regulate rates;
- will adopt rules consistent with FCC rules governing the basic services tier; and
- will adopt procedural rules providing for notice and comment in rate regulation proceedings.

The LFA’s certification becomes effective 30 days after it is filed with the FCC, unless it is denied. The LFA must then adopt the necessary rate regulation rules within 120 days of certification.

What to Expect from Your LFA and Cable Company

- When the LFA regulates basic services tier rates, it should review any basic services tier rate increases to determine whether they are justified by increases in the cable company’s programming or other costs. Questions concerning this review process should be directed to the LFA.

You are entitled to write or call your cable company whenever you have complaints about cable services provided or program cost increases. You should expect a speedy response.

Complaints or Questions?

Contact your LFA with complaints or questions about customer service, basic services tier rates, or franchise fees. The name of your LFA is found on your cable bill or in your local telephone book.

Contact your cable company with complaints about rates for tiers of service other than the basic services tier and for any pay-per-channel programming and pay-per-program services, because these rates are not subject to regulation.

If you are not satisfied with your cable rates, look for alternative multichannel video programming services that may be available in your area, such as competitive cable services, satellite television services, and open video system services.

You can also contact your local and state consumer protection organizations for assistance in understanding your rights and responsibilities as a cable subscriber.

For More Information

For information about cable regulation, visit the FCC's Media Bureau Web site at www.fcc.gov/mb/facts/esgen.html. For information about other communications issues, visit the FCC's Consumer & Governmental Affairs Bureau Web site at www.fcc.gov/cgb.

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Information provided by The Woodlands Township, www.thewoodlandstownship-tx.gov.