

Regulatory Compliance
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Texas Retail Electric Scorecard 2002 Year End Review

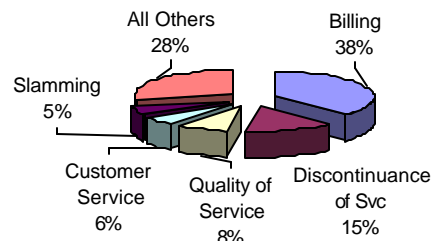
Summary of Electric Complaints Received by the PUCT by Complaint Category

Primary Category	Calendar Year 2001	Calendar Year 2002
Billing	1046	5441
Commission		1
Co-op*		57
Cramming	2	355
Customer Service	157	1327
Damage Claims	33	48
Deceptive Trade	13	615
Deposits	61	286
Discontinuance of Svc	416	1195
Docket/Projects	40	18
Easements		1
Meters	54	124
Miscellaneous	163	208
Miscategorized	4	96
Municipal Utilities	63	69
Quality of Service	235	302
Rates/Charges	138	169
Refusal of Service	98	182
Service Provisioning	47	593
Slamming	145	1441
Submetering	61	68
Telemarketing		33
Unknown	7	47
Grand Total	2783	12676

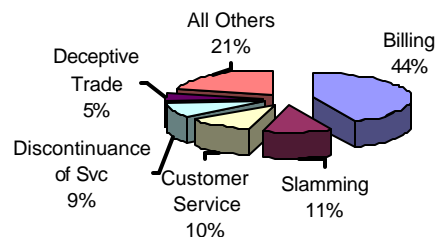
Calendar year 2002, the first full year of electric competition in Texas, saw a dramatic rise in the number of complaints received by the PUCT regarding electric service. According to complaint data obtained from the Public Utility Commission of Texas, complaints in 2002 rose more than 300% over the volumes experienced in 2001.

This special issue of the **Texas Retail Electric Scorecard** provides an in depth look at complaint statistics and what they reveal about the electric market in 2002.

Calendar Year 2001 Complaints by Type



Calendar Year 2002 Complaints by Type

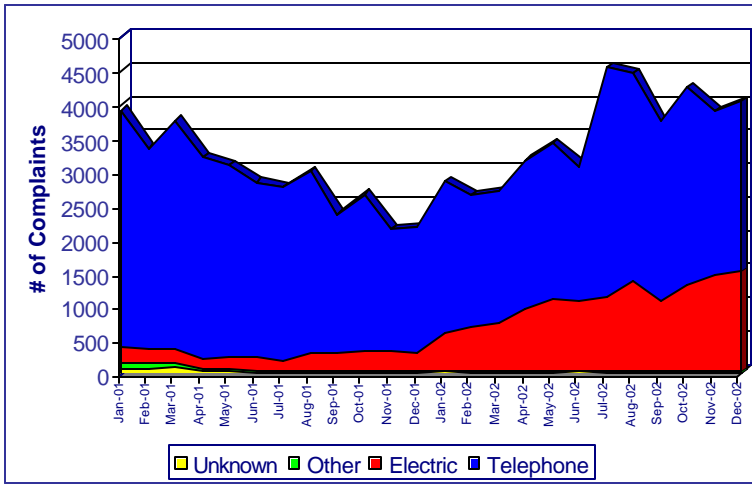


* In Calendar Year 2001, complaints against electric cooperatives were categorized by the nature of the complaint. In calendar year 2002, the PUCT eliminated the practice and used only the "Co-op" designation.

NOTICE:

All complaint information presented in this report was obtained via an open records request, dated January 2, 2003 to the PUCT for information contained in it's Customer Protection Division Complaints Database.

Trend in Total Volume of Complaints Received by the PUCT



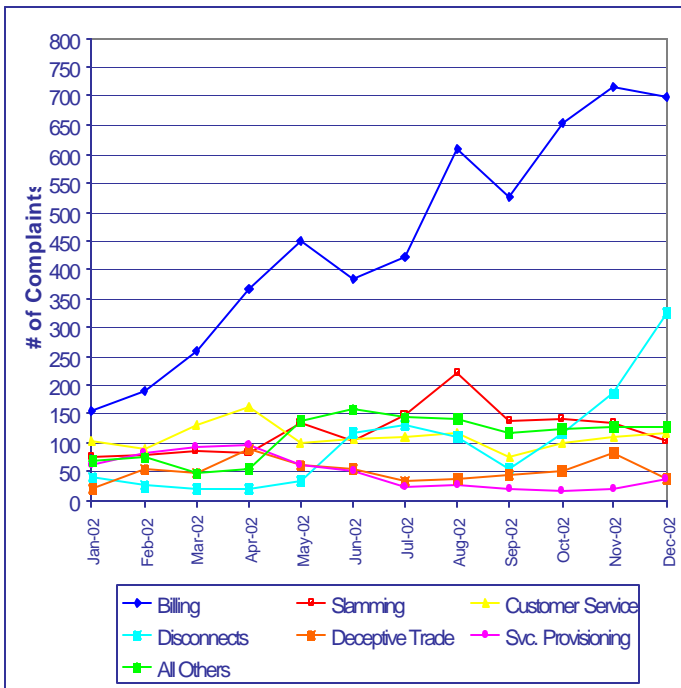
Complaint Volumes Increased in 2002

While it is clear that the opening of the competitive electric market affected the volume of electric complaints received by the PUCT in calendar year 2002, it is also clear that telephone complaints also increased.

Prior to electric competition, electric complaints accounted for approximately 10% of all the complaints received by the PUCT. By the end of the year, that figure stood at 36% of all complaints. As the electric market matures, and customers become more educated, it is expected that the volume of electric complaints will decrease.

The July spike in telephone complaints is attributable to it being the first date complaints could be filed regarding violations of the Texas No Call List. Indeed, throughout the last half of calendar year 2002, telephone solicitation complaints have accounted for over one-third of the telephone complaints filed at the PUCT.

Trend in Types of Electric Complaints Received by the PUCT



Explaining the Trends

Early in 2002, service provisioning and customer service complaints escalated in response to the problems customers experienced initiating electric service at a new location. As these problems were resolved by the market, the focus of complaints began to shift to billing issues.

The first increase in billing complaints largely reflected the trouble the affiliate REPs had with their new billing systems and with the data that had been migrated through ERCOT from their old systems. By mid year, many switching issues had been resolved and customers began experiencing the frustration of delays in obtaining bills from their new providers or continuing to receive bills from their old providers. Many of these problems were caused by delays in obtaining appropriate beginning and ending meter read information through the ERCOT system.

As the billing problems continued many customers began to receive disconnection notices. In some of these instances, the customers had not received bills and were unaware of their delinquent balances. Additionally, in some instances, the delinquent balances reflected usage that occurred over several months that had not yet been billed.

Throughout the year many customers filed deceptive trade complaints. Based on a review of many of these complaints, it is clear that in many instances, customers are unclear about the relationship of the market participants.

Slamming complaints peaked around August, about the time many former New Power customers were being transitioned to their new provider. Some customers, unaware of this transaction, wrongly assumed they had been slammed.