

# WEST TEXAS TOWN MEETING



## On Electricity Issues

The economy of West Texas has been steadily improving over the last several years. Consequently, the need for electricity also has been steadily increasing. The last power plant added to the West Texas Utilities Company (WTU) electric system was in 1987. Given the increase in demand for electricity in the retail and wholesale markets, WTU will need additional resources (approximately 150 - 250 megawatts of electricity in the 1998 - 2001 time period) to meet the increasing demand for electricity. There are several ways to meet this need, and no one simple or obvious answer. So WTU, in consultation with you, its customers, must decide the best way to respond to this anticipated need.

### About the Town Meeting

Your participation in the West Texas Town Meeting will give WTU the opportunity to learn what customers think about the issues that arise from meeting future energy needs. This pamphlet is designed to introduce these issues:

- WTU's projected energy needs
- The choices in meeting those needs
- The costs associated with each choice
- Other considerations

As participants in the town meeting, you will have an opportunity to discuss the issues yourselves in both large and small group settings. You also will have an opportunity to ask questions of the different groups who have an interest in the outcome of the process. After reflecting on the different perspectives and options, you will develop your own judgments based upon those things that you find important. The views of the participants are very important because they will represent the views of all 187,000 WTU customers.

Saturday afternoon will include a discussion with representatives from the Public Utility Commission of Texas. This session will be taped for television broadcast by KTXS News 12 at a later date.

### WTU's Planning Process

Recent changes in Texas law require a utility that has a need for new power plant capacity to compare all the available options in an integrated resource plan, commonly called an IRP. The law also directs utilities to develop a portfolio of resources, meaning the best mixture of resources to meet needs at an affordable price.

A part of the IRP process is involving the public to gather information on local concerns about the environment, the effects of utility operations on the local culture and economy and what customers expect from their utility in terms of cost and services. This public participation is to take place at the beginning of the IRP process so the results can be incorporated throughout the regulatory process.

### What are the choices?

There are four basic ways to meet future increases in energy needs:

- Increase Efficiency
- Buy Power and Transport
- Build a Fossil Fuel Plant
- Build Renewable Energy Plants

Some particular combination may prove to be the best approach. There will be several questions on the table as you deliberate. What do you think about the costs and benefits of various options? What are your most important concerns in choosing among the options? How much do you think customers should pay—now and in the long run—for their increasing electricity needs?

### As a participant in the West Texas Town Meeting on Electricity Issues, you will play a crucial role in WTU's plans.

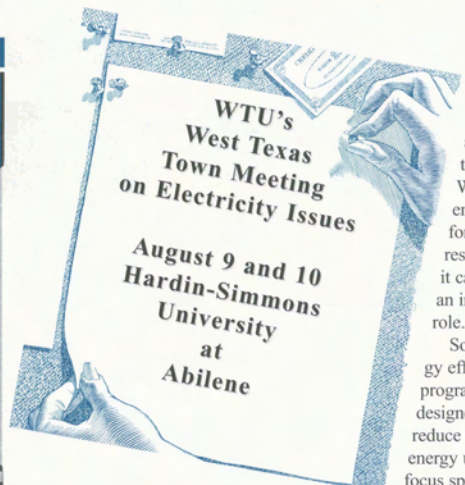
### Costs and Benefits of Options

Deciding the best course of action is not going to be easy. Every reasonable option has both advantages and disadvantages. What one person considers a good solution, another may not. To get more of a trait you like, you may have to accept more of something you don't like.

Fair evaluation of the alternatives means considering not only the dollar cost of each option but other factors as well. These factors include reliability, potential impacts on the environment, economy and society, as well as the availability of the fuel.

### Increase Efficiency

One option to meet electricity needs is to use the power that we already have more efficiently. While it would be very challenging for this



approach to meet WTU's entire need for new resources, it can play an important role.

Some energy efficiency programs are designed to reduce overall energy use. Others focus specifically

on getting customers to use less electricity during peak usage hours when the greater need for electricity drives costs higher and causes the need for more electrical facilities.

### Buy Power and Transport

Another way to meet the need is to buy electricity from other sources instead of WTU generating it. Surplus power is available from industrial companies that generate more than they need and from other electric utilities who have excess electricity.

Currently there is a surplus of power in Texas and this surplus is expected to continue for the next few years. This makes the wholesale power market in Texas very competitive in the 3-5-year time frame, but the long-term market is less certain.

### Build a Fossil Fuel Plant

Another option to meet resource needs is to increase the region's electricity production. This would entail WTU or some other company building some type of new power plant. A new power plant could be a traditional fossil fuel power plant using natural gas or coal, a smaller natural gas or diesel plant, or small plants using a new technology. These new emerging technologies could include options such as fuel cells, energy storage devices and distributed generation.

### Build Renewable Energy Plants

A fourth option is to build plants that use renewable energy sources. Renewable energy could play an important role in meeting WTU's energy needs. WTU could tap those sources of energy that are readily available: wind and solar energy. Renewable energy provides power without consuming fossil fuel, thus, also benefiting the environment and protecting customers from possible swings in fuel price and availability.

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