

Service Model, Wal-Mart respectfully suggests a fourth option for the Commission's consideration.

Walmart's Model is similar to the Commission's proposed Model A, with a few important changes that will result in a simpler default service product and a more robust shopping paradigm in Pennsylvania. Specifically, Walmart suggests the following changes to Model A:

- Frequency of Price Changes – Hourly

At the En Banc on March 21, 2012, there was extensive discussion regarding the default service standards within Act 129; particularly the notion that default service should be provided at the "least cost over time." Wal-mart believes this standard is a factual impossibility and can never accurately be measured. Rather than continuing to debate this fictional standard, Wal-mart respectfully suggests that the Commission pursue a legislative remedy designed to provide real savings to customers by encouraging the most robust and competitive shopping environment possible. Stakeholders should work to create new rules that promote greater energy savings through expanded competition.

The ideal Default Service Model would be one in which the Default Service price changes hourly. The original proposed Model A is internally contradictory in that the product is described as a "real-time price", but the price changes only on a monthly basis. A true real time product would result in Default Service Customers being billed actual real time market prices. Clearly, such a change would require legislative action, specifically, changes to Act 129's "prudent mix" and "least cost over time" requirements. But if done correctly, a true real time default service product could greatly simplify the

Default Service approval process and send the most accurate price signals to incentivize energy efficiency. Default Service Plans would no longer need to be litigated over the course of nine months to evaluate “prudent mixes” of contracts or “least cost over time” standards. Customers who choose not to shop would simply be billed at real time market prices by the Default Service Provider. If the correct incentives are in place, customers who are dissatisfied with their Default Service Product would have many, many other options for their electricity supply, and they will be able to easily migrate to another EGS.

- Universal Service Programs – Supplier Provided

The Commission should seriously consider a major revamp to Universal Service policy to simplify the distribution of Universal Service benefits and make Universal Service more compatible with a competitive electricity supply framework. Rather than relying on complicated EDC universal service programs that are inconsistent from territory to territory, Universal Service benefits should be personal to the customer and portable, similar to other forms of public assistance. For example, customers on public assistance have many options for where they can purchase food items. They are not limited to one food market or store simply because they are on public assistance. A similar system could be established for electricity universal service benefits. Eligible customers could be given vouchers or debit cards to be used for electric service – regardless of which EGS is providing the customer’s electricity supply. When universal service is portable, the entity that supplies the customer’s electric generation, whether it

is a chosen supplier or a default supplier, would also be the provider of the universal service benefits.

In conclusion, it is likely that the Commission will only get one bite at the apple if the modifications to the Default Service model require legislative changes. Walmart encourages the Commission to identify a truly ideal Default Service End State, and then work through the legislative and regulatory changes that will be needed to achieve that end state. The proposed Models B and C clearly do not represent an “ideal” end state. Rather, they are variations of the existing model with only modest adjustments. Model A is more representative of an ideal end-state, and if adopted with the modifications suggested by Walmart in these comments, Pennsylvania’s electricity marketplace could be significantly improved.

Respectfully Submitted,

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