

**ECONOMIC GROWTH THROUGH COMPETITIVE ENERGY MARKETS
COALITION**

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Hon. James J. McNulty
Secretary, Pennsylvania Public Utility Commission
2nd Floor
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Harrisburg, PA 17120

March 2, 2007

PWC Properties
Managers of the
Parkway Center
Office Complex

Advance Notice of Final Rulemaking RE Electric Distribution Companies' Obligation
to Serve Retail Customers at the Conclusion of the Transition Period

Docket Number L-00040169

And

Proposed Policy Statement on Default Service and Retail Electric Markets

Docket No. M-00072009.

Ross Park Mall
Premier Shopping
Center Located
North of Pittsburgh

Chairman Holland and Commission:

The following comments are filed in response to the issuance of the Proposed Policy Statement and Advance Notice of Final Rulemaking in the above-captioned dockets by the Economic Growth through Competitive Energy Markets Coalition.

SMC Business
Councils
Representing
Thousands of Small
Western and Central
Pennsylvania
Businesses

The Economic Growth through Competitive Energy Markets Coalition -- known as 'CEM' -- represents small business electricity consumers and several large institutional consumers interested in achieving an enhanced competitive electricity market in Pennsylvania. CEM's more than 4000 members -- companies falling into utilities' "light industrial" and "commercial" classes and located primarily in the Commonwealth's Western and Central sections -- are those currently responsible for the majority of Pennsylvania's job growth, existing business expansion, and new business development.

West Penn Hospital
Member of the West
Penn Allegheny
Health System

Formed in June of 2004, CEM appeared before the Pennsylvania Utility Commission (Commission) as part of the public input session conducted that month. In our testimony, CEM presented its three primary principles for enhanced competitive markets in Pennsylvania. CEM's first principle is **job growth**. Energy costs have a huge impact on job creation and retention among CEM members. Every dollar spent on uncompetitive energy costs is a dollar unavailable for job growth and business development. CEM's second principle calls for **effective retail energy competition** to provide customers with real choice. Experience demonstrates that fair and consumer-focused retail competition rules bring business consumers options by giving them the opportunity to choose among many suppliers, product offerings and supply sources. CEM's third principle calls on the Commission to set retail electric competition **rules that are fair for all consumers**, regardless of their size, level of consumption, or market knowledge.

World Class
Processing Corp.
Providing Steel
Pickling and Slitting
Services to the Steel
Manufacturing
Industry

Since that time, CEM has filed several communications with the Commission reiterating our call for an enhanced competitive retail marketplace for all consumers. In CEM's view, an enhanced competitive retail marketplace will result in the best possible electricity price for individual customers, offer a range of choices that customers want, and contribute to an improved climate for business development and job growth in the Commonwealth.

CEM believes that the Commission's proposed Policy Statement and Final Rule on Generic Default Service are a step in right direction.

In particular, CEM supports the concept of regular adjustment of default service rates. Further, we agree with the Commission that these rates should reflect changes in the actual incurred commodity costs of the Default Service Provider (DSP). CEM is concerned however, of the Commission's statement that "Reconciliation is strongly encouraged, though not mandated, in order to ensure the full recovery of the DSP's reasonable costs." CEM argues that the rate adjustment mechanism should be frequent enough to avoid the over / under-collection of costs that occur, for example in the Commission's 1307(f) gas cost proceedings.

CEM agrees with the Commission that rate design, especially for small commercial customers, should be simplified. CEM is also supportive of the Commission's desire to learn from a continually evolving competitive energy market and make changes to the proposed policies and rules as a result. Experience in other states, as well as in Pennsylvania, can provide invaluable insight into what does and does not work in bringing more competitive options to small commercial customers.

CEM reiterates several of its positions expressed to the Commission in earlier filings. CEM supports provisions of the proposed Policy Statement and Final Rule that prevent restrictions on the ability of customers to move from default service to competitive service through use of such mechanisms as minimum stay provisions and switching fees. CEM encourages the Commission to continually review DSP programs to ensure that other barriers to market are not erected.

CEM believes retail choice will bring about and sustain the most competitive prices for consumers. Indeed, CEM believes it is crucial for the Commission to keep in mind the spirit and letter of the Electricity Competition Act -- to manage deregulation as aggressively as possible and in the public interest; and to promulgate rules that allow **more** competitive electricity suppliers and **more** competitive electric power choice for consumers, rather than fewer -- as it proceeds with the Proposed Policy Statement and Advance Notice of Final Rulemaking. CEM members desire an enhanced competitive retail energy market in Pennsylvania. In our view, only an enhanced competitive retail electric energy market will provide real choice in retail electric energy providers, which in turn will lead to business consumers receiving the best prices today, and in the future.

We would be pleased to answer any questions you may have concerning this submission.

Sincerely

A handwritten signature in black ink, appearing to read "Keith G. Dorman". The signature is written in a cursive, flowing style.

Keith G. Dorman
Coordinator