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June 2, 2011

PUC Secretary
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

JUN - 7 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

RE: Comments on the PUC's investigation into Pennsylvania's electricity retail market

Dear Chairman Powelson and commission members:

After viewing the solicitation for comments for the June 8, 2011, *en banc* hearing into the state's electricity retail market, it seems this is another answer in search of a problem.

I opposed electric deregulation well before consumers in deregulated markets began paying more for power when compared with regulated states. I'll continue to oppose further unfriendly consumer policies, which I believe is the thrust of the June 8 hearing.

The electricity market is complex for experts and confusing for consumers. With merely 15 percent of ratepayers shopping, it is difficult for consumers to support a market where they are forced to choose a supplier. This is why default service serves as a solid benchmark for consumers in competitive markets. Under our Commonwealth's default service requirements, consumers are purchasing power from a balanced portfolio based on least-cost buying strategies as opposed to short-term contracts with no hedging mechanisms in place.

I strongly oppose further modifications to our current retail electricity market, especially the measures that will curtail or eliminate current default service requirements. Texas is a prime example of how power marketers and "competition" adversely affect power prices for consumers. Why would Pennsylvania want to replicate a market model that has produced power prices 13 percent higher than Pennsylvania's current rates?

Our default service creates a balanced power portfolio to mitigate risk and market exposure. Unfortunately, power marketers aren't held to the same standards. My fear is that ratepayers will fall victim to unscrupulous practices and marketing gimmicks. The fact that people aren't shopping isn't a reflection of the failure of competition or the need to augment it. It actually proves that competition is working, as no one has created a better product than default service.

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Prices will only increase for customers by eliminating default service requirements, as an additional entity is forced between ratepayers and the distribution companies supplying customers with power. Purchasing power decreases as more entities compete to purchase power in smaller units from the same pool, and power marketers cannot afford to pass their purchases along to consumers at cost. Where are the savings going to come from?

If the goal is to bolster competition and create a robust electricity market for consumers, then I believe the Commission needs to focus on educating consumers and reducing the conflicting information. The price to compare on the bill seldom seems to match the price on the papowerswitch.com website. The commission, I'm sure, is cognizant of the chaos encountered by electricity shoppers as reported recently in the press. Making a chaotic situation even more so at this time seems foolhardy at best.

If the real intention is to create the best market for consumers, as opposed to retailers, then I believe that the Commission needs to set minimum standards for power marketers so the packages people are purchasing closely resemble the stability of default service portfolios.

Three years ago, the commission filed a federal complaint concerning "unjust and unreasonable" capacity prices produced by the region's wholesale electricity retailer. Removing default service from the mix seemingly would expose ratepayers to the full brunt of such chicanery by throttling the PUC's appreciable sway on such matters through the default service. It is a needed safety blanket for consumers and provides a balance and baseline for ratepayers that the commission should be hesitant to excise.

Capping financial penalties for consumers who switch providers in the face of soaring power prices also deserves consideration. Such punitive measures would be a slap in the face to ratepayers should they not be afforded the least-cost and longer-term insulation of default service.

If the plan is to phase out default service with the expectation that something is going to replace it in the market, I believe that it should be done in tandem with the availability of a similar product and only after the percentage of Pennsylvania households participating in the market increases substantially. Otherwise, we're throwing consumers in the deep end and hoping they can stay afloat.

Thank you for your consideration of these comments.

Sincerely,



Camille "Bud" George
STATE REPRESENTATIVE

COMMISSIONER'S OFFICE

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