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January 17, 2012

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**Re: Investigation of Pennsylvania's Retail Electricity Market - Intermediate Work Plan  
Docket No. I-2011-2237952**

Dear Secretary Chiavetta:

Pursuant to the Commission's Tentative Order entered December 16, 2011 in the above-captioned proceeding, enclosed is a copy of the Comments of Wal-Mart Stores East, LP and Sam's East, Inc. which were filed electronically through the Pennsylvania Public Utility Commission's e-File system today.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

STEVENS & LEE



Dana Pirone Carosella

Encl.

cc: Via Electronic Mail:

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A PROFESSIONAL CORPORATION

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's	:	Docket No. I-2011-2237952
Retail Electricity Market	:	
	:	
Intermediate Work Plan	:	

**COMMENTS OF  
WAL-MART STORES EAST, LP AND SAM'S EAST, INC.  
ON  
INTERMEDIATE WORK PLAN**

**I. Introduction**

Wal-Mart Stores East, LP and Sam's East, Inc. (collectively "Walmart"), hereby file the within comments on the Intermediate Work Plan issued by the Pennsylvania Public Utility Commission ("Commission") in connection with its Retail Markets Investigation.

Walmart currently operates multiple retail facilities and distribution centers in the Commonwealth of Pennsylvania, and Walmart is a large retail customer of each of the major electric distribution companies ("EDCs") in the Commonwealth. Specifically, Walmart currently operates 98 Walmart Supercenters, 31 Walmart Discount Stores, 23 Sam's Clubs, and 4 distribution centers in the Commonwealth.

In addition, Walmart currently operates an Electric Generation Supplier, Texas Retail Energy, LLC (Docket No. A-2011-2232249), to self-supply electricity to company operated facilities in the service territories of the major EDCs in the Commonwealth of Pennsylvania.

As set forth below, Walmart supports the Intermediate Work Plan and the Commission's efforts to improve retail electricity completion under the current system in place in Pennsylvania. Walmart would like to encourage the Commission to continue moving Pennsylvania forward on

retail electricity competition. To that end, Walmart believes that competition in Pennsylvania will not be maximized until the EDCs are removed from the role as Default Service Providers.

## **II. Comments on Intermediate Work Plan**

Walmart applauds the Commission for its actions to date in the Retail Markets Investigation and fully supports the initiatives outlined in the Intermediate Work Plan. The Commission should be commended for its thorough examination of the issues from the viewpoint of all stakeholders and for the development of a real, actionable plan that will notably improve retail competition in Pennsylvania. Walmart offers the following comments on the specific items outlined in the Work Plan.

### Customer Education and Accelerated Switching Timelines

The Commission's actions to date on customer education and accelerated switching timelines will certainly enhance consumer understanding of, and confidence in, the retail shopping process. Walmart fully supports the customer education proposals outlined in the Intermediate Work Plan, as well as the proposed guidelines for accelerating customer switching set forth in the Commission's November 15, 2011 *Tentative Order on Interim Guidelines Regarding Standards For Changing a Customer's Electricity Generation Supplier*, Docket No. M-2011-2270442.

### Customer Referral Programs

Walmart agrees with the Commission that Customer Referral Programs can increase the number of retail customers that switch to Electric Generation Suppliers ("EGSs"), and supports requiring all EDCs to incorporate robust customer referral programs in their Default Service Plans. Of the two alternatives outlined in the Intermediate Work Plan, the Standard Offer

Program is more robust, more specific, and will likely be a more effective tool to address the “supplier of first resort” problem.

#### Retail Opt-in Auction

Walmart believes that Retail Opt-in Auctions (“Auctions”) could be very effective in increasing customer participation in retail electricity shopping, and certainly agrees with the requirement for EDCs to incorporate Auctions into their Default Service Plans. With respect to the specific Auction elements identified by the Commission, Walmart would encourage the Commission to establish guidelines that would not undermine current consumer shopping but that could incentivize the largest possible participation by customers and EGSs.

As such, the Auction program should be targeted at non-shopping customers. In addition, it should be presented clearly to consumers that even if they are not enrolled in the Auction that they can still shop and reap the rewards of different energy products in the competitive marketplace.

#### Coordination between EDCs and EGSs

Walmart agrees that creditworthiness standards should allow for flexibility, while still ensuring that EGSs have credit instruments in place sufficient to support their operations in Pennsylvania. Walmart supports RESA’s proposal to use the Met-Ed creditworthiness standard involving long-term bond-rating criteria on a statewide basis. RESA’s list of proposed alternative credit instruments (including parental guarantees) is also sensible and reasonable, and will provide flexibility to both EDCs and EGSs. This flexibility will result in greater participation by EGSs in Pennsylvania’s market.

Walmart suggests that more investigation be performed on the amount of credit required (if any), especially where the EGS is utilizing dual billing. It seems illogical for the utility to

demand collateral from an EGS who can never owe them any money. In addition, any utility credit requirements should be reflective of the fact the EGS is also secured at PJM in the event of a supply default.

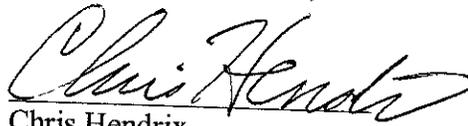
### **III. Recommendations for Further Actions to Increase Competition**

As a retailer operating in multiple states and the United Kingdom, both as a customer and as an EGS, Walmart has first-hand experience with a variety of retail electricity market structures and policies. While Pennsylvania's system encourages competition more than many other states, Walmart believes that retail competition in Pennsylvania will not reach its ultimate potential until Pennsylvania's system is changed in order to allow non-EDCs to serve as the Default Suppliers for non-shopping customers. Maintaining the EDCs as the Default Supplier inhibits shopping and competition, and limits opportunities for both consumers and suppliers. True rate transparency can never be achieved while the distribution companies are also serving as the energy suppliers. Walmart operates in states where the default service role is filled by companies other than the poles-and-wires distributor, and there is no doubt that such a system results in better rate transparency, enhanced competition, a wider variety of consumer products, and better pricing. Pennsylvania has already demonstrated that it can successfully operate a competitive retail electricity market, and that all stakeholders can reach consensus on ways to improve the market. Pennsylvania should continue with its initiatives to allow the competitive market to reach its full potential. To achieve that end-state, the Commission and, if necessary, the Pennsylvania General Assembly should implement a system to allow for non-EDCs to serve as Default Suppliers.

**IV. Conclusion**

Walmart thanks the Commission for the opportunity to present these comments and would be pleased to address any questions the Commission may have.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Chris Hendrix".

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