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House of Representatives
Commonwealth of Pennsylvania
Harrisburg

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CONSUMER AFFAIRS, CHAIRMAN
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IRRC

Silvan Lutkwitte, Chair
Independent Regulatory Review Commission (IRRC)
14th Floor, Harristown 2
333 Market Street
Harrisburg, PA 17101

Dear Mr. Lutkwitte:

We are writing with regard to Regulation # 57-287, also known as the revisions to the code of conduct regulations submitted by the Pennsylvania Public Utility Commission (PUC).

While we commend the PUC's efforts to continue to improve the state of electric retail competition in Pennsylvania, we believe that its proposed revisions to the current code of conduct regulations to do not achieve that ultimate goal. Additionally, we believe that these regulations are fundamentally inconsistent with the overall intent of the Electricity Generation Customer Choice and Competition Act of 1996.

We are specifically concerned with the requirement proposed by the PUC to require electric generation suppliers (EGS) to change their name if it is similar to their affiliated electric distribution company (EDC). Such a requirement would place affiliated EGSs at a disadvantage with their out-of-state competitors and potentially drive these EGS's from the retail electric market in Pennsylvania altogether. Such a requirement could also have a detrimental impact on an affected EGSs operations in states other than Pennsylvania. While we believe that it is imperative for customers to receive accurate and truthful information and should be informed that an EGS is affiliated with an EDC. We believe that such notification can be achieved through the proper use of disclaimers on all communications sent to customers.

Furthermore, we are concerned with the requirement that EGSs cannot share services with their affiliated EDC. While we understand the position of the PUC that EDCs should not be cross-subsidizing EGSs, it's important to note that most of the EGSs currently doing business in Pennsylvania fall under holding companies. These holding companies have service corporations, where shared services such as legal, financial and government relations are housed and are utilized by the holding company and its

affiliates. Requiring an EGS (specifically EGSs affiliated with EDCs headquartered in Pennsylvania) to maintain separate services from their EDC again puts these EGSs at a competitive disadvantage with their out-of-state competitors and raises operating costs for both the EDCs and EGSs. These costs would ultimately be borne by Pennsylvania's electricity customers.

In closing, we support the PUC's examination of this issue and have been closely following their year-long investigation into the current state of retail markets. If the PUC is privy to misconduct by EDCs and their affiliate EGSs, we believe that those actions can be effectively addressed under the existing code of conduct regulations or with moderate revisions. Also, we respectfully request that the PUC provide any information of misconduct they are aware of to both the IRRC and the House Consumer Affairs Committee. In the absence of such compelling data, we believe that the proposal is too heavy-handed of a regulatory approach and that the potential negative consequences outweigh any potential benefit.

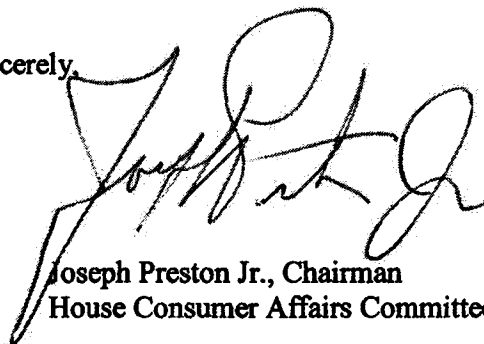
We believe we all share the same goal of creating a robust, competitive market for Pennsylvania's electric customers. In order to achieve that end, however, regulations imposed on companies offering these services must be fair, cost effective and most importantly, reasonable.

Thank you for your kind consideration of this letter.



Robert W. Godshall, Chairman
House Consumer Affairs Committee

Sincerely,



Joseph Preston Jr., Chairman
House Consumer Affairs Committee

Cc: PUC Commissioners