



TO: Members, City of Milwaukee Common Council  
FROM: Matt Bromley, Executive Director, *Customers First!* Coalition  
DATE: May 5, 2014  
RE: Proposed resolution (file #131808) on energy competition

The *Customers First!* Coalition is an electric customer advocacy organization whose members are dedicated to preserving Wisconsin's reliable and affordable electricity over the long term. We urge the Common Council to reject a resolution (Common Council file #131809) proposed by Alderman Robert Bauman that seeks state legislation to essentially deregulate the electricity industry in the State of Wisconsin.

While we share Alderman Bauman's concern with rising electricity costs, deregulation, or electric "choice", is fraught with peril that could hurt consumers, impact the reliability of our electric power, and cost Wisconsin jobs.

Wisconsin was one of many states that examined electric deregulation in the late 1990s. Energy profiteers, like Enron, pushed states to adopt deregulation with promises of lower electricity prices and better service. After careful and extensive study, Wisconsin's Governor, State Legislature, and Public Service Commission decided against deregulation, and determined that maintaining a regulated utility model best served our state's citizens.

For states that deregulated, the results have been disappointing to outright disastrous. California experienced an immense energy crisis – power shortages, blackouts, and out-of-control prices – caused by the manipulation of the market by energy suppliers. In Maryland, electricity rates increased by 60%, Illinois rates jumped 55%, and Pennsylvania rates increased as high as 53%. Today, the average electricity rates in "deregulated" states continue to be about 30% percent higher than rates in states with traditional utility regulation.

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Especially hard hit in a deregulated market are low income customers and small businesses that competitive power suppliers do not find profitable. Energy marketers will often only offer attractive prices to the most profitable customers (big energy users) which shifts costs to everyone else.

Reliability and safety is also a concern with deregulation. Deregulated energy providers have demonstrated that they cannot be counted on to build sufficient generation to ensure reliable electric supply. Texas, New Jersey, and Maryland are taking steps to procure power because the competitive market is unable to supply enough power to their respective states. A recent news media investigation found that in states that deregulated the frequency and duration of power outages are up, maintenance of aging infrastructure has been deferred, and utility line workers have been laid off.

Thankfully, Wisconsin has avoided the perils of deregulation that other states have experienced. Within our regulatory framework Wisconsin policy makers, on a bi-partisan fashion, have enacted laws that created substantial investment and jobs, greatly improved electric reliability, strengthened energy conservation and efficiency, and diversified our electricity supply while preserving a system of checks and balances that protects Wisconsin customers.

Lowering energy costs is a laudable goal shared by our organization. We believe, though, that deregulation is the wrong approach. It is a deeply flawed scheme that could cause serious harm to Wisconsin citizens over the long term. We, therefore, respectfully ask that you not support Alderman Bauman's proposed resolution on energy competition.

Thank you for considering our views on this important issue. If you have any questions or need additional information, please feel free to contact me.

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