

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.  
DELIVERABLE: END-STATE DEFAULT MARKET MODEL**

Walmart is a large user of electric service and a customer of all of the electric distribution companies ("EDCs") in the Commonwealth, as well as having relevant experience with all of the competitive markets in the United States and United Kingdom, offers the following concepts regarding the ideal end state for default service in Pennsylvania:

- The default service role should be performed by an electric generation supplier ("EGS"). Multiple EGSs would fill the default service role in each territory, with load caps of 30-40%. This will free up the EDCs to focus their strengths on the distribution of reliable electric service.
- EGSs should have the ability to choose consolidated billing but not be required to use it. When consolidated billing is performed by the EDC, Purchase of Receivables Programs and other similar tools would be available to minimize customer default risk for EGSs as long as the costs are properly allocated to customers receiving service from participating EGSs, including the ability to terminate customers for non-payment.
- The Commission would establish a date certain for the implementation of the new default service model. This implementation date should be no later than June 1, 2015.
- Customers would be purchased by EGS default suppliers via an auction approach, where EGSs bid on price for tranches of non-shopping customers. The EGS default service providers would be required to provide default service for set periods (such as 1 or 2 years).
- Default service should be plain vanilla meaning a simple 12 month fixed price product. EGSs are the market engine for innovation regarding pricing and customer service, provided the default service should only form the backstop duty it is designed for and nothing more.
- Default service should have no early termination fees as a customer should be able to move to a competitive EGS at the next available switch date without limitation except if there is any past due amount owed to an EGS and they are performing the billing for the default customer.
- All properly licensed EGSs would be eligible to be a default supplier.
- Customer education should be performed and paid for by the EGSs.