

**Testimony before the
Pennsylvania Public Utility Commission
by
Representative Camille “Bud” George, Chairman
House Environmental and Energy Committee
19 November 2008**

Chairman Cawley, Vice Chairman Christy, Commissioners of the Pennsylvania Public Utility Commission, thank you for allowing me to testify today on what I believe is the most critical problem that Pennsylvania faces over the next two years, the cost of electricity.

I think that it is fair to say that I have been an outspoken critic of electric deregulation since it went into effect in December 1996. **I was one of the few votes against it. I was right!** The “Electricity Generation Customer Choice and Competition Act” has been a disaster. Deregulation promoters not only misled the public, they misled themselves.

As Chairman of the House Environmental Resources and Energy Committee, I have conducted a series of hearings throughout the state. The purpose of these hearings has been to solicit testimony on proactive policies that will protect Pennsylvania from electric price volatility and prevent soaring rate hikes *before* they occur, not after.

On October 8th the Legislature passed energy-conservation legislation. Act 129 of 2008 (House Bill 2200) is a mixed bag on energy conservation, perhaps inching conservation goals forward but still catering to a utility industry already doing very well at ratepayers’ expense. Unfortunately, this legislation did not address rate mitigation. Utilities were warned that failing to address rate mitigation now will have repercussions later, and the politics of this issue is on the side of the consumer.

Act 129 bolsters requirements for utilities to reduce overall and peak demand output, however, the bulk of the power to be obtained through the broken PJM wholesale market will continue to be purchased using the most expensive bid submitted on the spot market.

Giving electric distribution companies sole discretion on long-term contracts is a bad deal for citizens, industry and the Commonwealth. If time had permitted, this bill should have been repaired and returned to the Senate.

Consumers are being victimized by ravenous utilities and ‘ice flow environmentalists who say outrageous electric rates with no basis in the true costs of producing power are OK as long as it reduces demand. The conservation benefits in House Bill 2200 will be trumpeted as salvation, but ratepayers need to be heard on the rate increases or we will be risking economic extinction.

I believe that the near term solution is a fair and realistic mitigation of anticipated rate increases. Electricity consumers are facing rate increases of between 20 and 60 percent once caps come off and that is unacceptable. I will not stand by while the utilities pursue record-breaking profits on the backs of our families and businesses.

I have urged the legislature to make rate mitigation a top priority when it returns so we can avoid this crushing blow to our economy and rate cap extension will be the anvil on which rate mitigation is forged. Consequently, it is my intent to reintroduce Special Session House Bill 54 early next Session. If you believe that the language can be improved, I am open to suggestions.

As important as energy efficiency and energy conservation is, it is time we take a long hard look at what utility deregulation has done and will do to our Commonwealth and to our constituents. This is not a republican or democrat issue, it is a Pennsylvania issue! I dare say that we will all be on the same side January 2010 when the caps come off the PPL service area and January 2011 when caps come off in other service areas.