

(Note: The following letter-to-the-editor was posted on the website for the “The Star”, Sun Prairie WI on January 28, 2015)

Letter to the Editor  
**Sun Prairie Star**

A recent column in *The Star* blames Wisconsin’s energy policies for driving up the cost of electricity in the state (see “Energy regulations drilling Wisconsinites' wallets”, Jan. 1, 2015). The writers of the column – two economists affiliated with a San Francisco free market think tank – say that part of the blame is because Wisconsin doesn’t allow unregulated companies to sell electricity directly to Wisconsin consumers.

We’ve heard this line before. Back in the 1990s, energy profiteers, such as Enron, were telling states that if consumers could only choose their power supplier, the free market forces of supply and demand would drive electricity prices down and provide better service. Yet, for the handful of states that bought the sales pitch, the results have been disappointing to outright disastrous. After it deregulated, California descended into an immense energy crisis with power shortages, blackouts, and out-of-control prices. Other states had similar woes. In Maryland, electricity rates increased by 60%, Illinois rates jumped 55%, and Pennsylvania rates increased as high as 53%. In Texas -- a state the two writers said Wisconsin should emulate – the deregulation of electricity cost Texans about \$22 billion between 2002 and 2012 (\$4,500 per customer!) according to a report by the Texas Coalition for Affordable Power. Today, the average electricity rates in deregulated states continue to be about 30% percent higher than rates in states, like Wisconsin, that have traditional utility regulation.

Further, in a deregulated system it is often the residential, rural/farm and small business customers that are harmed the most. Under Wisconsin’ regulatory structure, utilities must provide service to everyone, big and small, and can’t raise electric rates without justifying the need to regulators and the public. In a deregulated scheme, retail power suppliers can cherry pick just the most profitable customers (i.e. big energy users) and jack up prices at will.

We should all be concerned with rising electricity costs, but ditching a regulated utility system for one with less transparency and fewer protections for consumers is not the answer.

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