



July 10, 2023

From: Gary Meltz, Executive Director
Power for Tomorrow

To: Louisiana Public Service Commissioners
All Districts, 1-5

Re: Supporters of Deregulation Mislead on Electricity Prices in Louisiana

Dear Commissioner,

As the Commission continues to debate deregulation of Louisiana's electricity supply – either full deregulation or partial retail open access only to benefit the state's large industrial customers – we wanted to make you aware of a recent effort by supporters of deregulation to mislead both decision makers and the public about the cost of electric power in Louisiana, in order to make full or partial deregulation more economically appealing.

On June 28th, Center Square [published an article](#) entitled "Data shows Louisiana electricity costs increased 7% this year" and "illustrating what some believe is a need to inject more competition and reduce regulations in the market." This notion was reinforced by a quote from a scholar with the Pelican Institute who said: "There should be more competition in the energy market and that will influence the electricity rates."

But the article and the Pelican Institute are using a spurious fact to mislead. Yes, Energy Information Administration data reflects that average electricity prices increased in Louisiana between for the first four months of 2023 versus the same months in 2022, but that same data showed an increase in electric rates for all states, with the increase in many states (especially the deregulated states in the Northeast) being much larger than that experienced in Louisiana. And the article also conveniently ignores some important facts about just how affordable electricity prices are in Louisiana:

- While 37 states saw a year-over-year increase in their electricity costs in April, according to the newest report from the U.S. Energy Information Administration, **Louisiana had the second-largest decrease, at 10.1%**
- 41 states saw an increase in average rates on residential customers, but Louisiana's residential rates decreased by nearly 7% versus last April, **the greatest decrease of any state in nation**
- For residential rates, the national average is 16.11 cents per kilowatt hour (with Texas at 14.19 cents), and as of April 2023, Louisiana residential electric rates were 11.17 cents, **which is well below the nation's average**



In other words, this 7% figure is intended to mislead people to think that electricity prices in Louisiana are shockingly high, when in reality, they are low compared to the rest of the country. And, in the case of residential rates, the lowest in the nation.

Worse, while supporters of deregulation use misleading claims to push the policy as a gimmick to lower electricity prices, credible research has found the exact opposite for residential customers. A report by the [Wall Street Journal](#) found, "U.S. consumers who signed up with retail energy companies that emerged from deregulation paid \$19.2 billion more than they would have if they'd stuck with incumbent utilities from 2010 through 2019."

This is why the AARP [filed a comment](#) with the state of Louisiana, opposing an effort to deregulate that state's electric supply. "AARP opposes deregulation of the power industry nationwide, including in Louisiana...Not only have the promised benefits of lower electricity rates and better service not materialized in states that have deregulated but, importantly, reliability of the grid has been put at risk."

Lastly, to underscore just how misleading it is to use the 7% increase in electric prices in Louisiana, as an excuse to push for deregulation, [consider a study](#) my organization performed, [which was covered](#) by the Wall Street Journal, which found that deregulated states faced much higher electric prices during the elevated natural gas prices last year (caused by the Ukraine war), than in regulated states like Louisiana. The reason is simple: customers in regulated states are protected by cost-based rates being set by regulators, as opposed to volatile energy market forces which determine electric prices in deregulated states, with minimal, if any, regulatory oversight.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink that reads "Gary C. Meltz". The signature is written in a cursive style with a large, prominent "G" and "M".

Gary Meltz
Executive Director
Power for Tomorrow