



Fostering Competition

Because the Retail Electric Providers (REP) affiliated with former monopoly utilities will keep all of the retail customers who do not choose a new provider as of January 1, 2002, the law is set up to foster a competitive market. Electric utilities froze retail electric rates on September 1, 1999. Beginning January 1, 2002, the start of competition, affiliated REPs must lower retail electric rates by 6 percent for small commercial and residential customers. This is called the "[Price to Beat](#)". It is expected that new electric companies will offer electricity at even lower prices, in an effort to win customers.

The affiliated REP cannot compete in their affiliated transmission and distribution company's service area until at least 40 percent of the residential and small business load is buying electricity from new companies, a sure sign of true competition. This will allow competitors time to win away business from the affiliated REP.

Code of Conduct for Utilities

In November 1999, the PUC adopted a code of conduct, which will regulate activities between regulated transmission and distribution companies and their affiliated competitive generation and retail companies.

The Code of Conduct addresses issues such as:

- Separation of a regulated utility from its affiliates
- Sharing of employees, facilities, and other resources
- Provision of separate books and records
- Protection of proprietary customer information
- Prohibition of preferential access to transmission and distribution information
- Safeguards related to joint marketing and advertising

Each utility must also implement an internal code of conduct that will be in effect even during the transition to competition.