

October 20, 2008

The Honorable Edward G. Rendell
Governor of Pennsylvania
225 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Rendell:

As Pennsylvania electricity consumers and employers, we are writing to again express support for continuing the transition to competitive markets in Pennsylvania. In our January 19, 2007 and October 19, 2007, letters to you (attached), we stated that we strongly support the development of competitive electricity markets and encourage the Commonwealth to maintain its commitment to policies that allow for the continued evolution and implementation of such markets. Our position has not changed. Pennsylvania's Electricity Generation Customer Choice and Competition Act of 1996 provided for a smooth, orderly transition to a competitive electric market at both the wholesale and retail level.

We understand that legislation designed to extend rate caps beyond the previously agreed end dates has been proposed. As customers, we oppose such a rate cap extension. In Pennsylvania, we collectively represent 1387 facilities, 97,941 employees, and over \$125 million in annual electricity costs as consumers of electricity. We understand that this is not your preferred option, but are concerned by your remarks that you may consider signing such legislation.

We remind you of California's experience with a rate freeze. It demonstrates how a rate freeze can undermine reliability and lead to higher – not lower rates. When California capped retail electric rates during a time of rising wholesale rates the result was disastrous. The state suffered rolling blackouts and lost thousands of jobs. Because utilities collected \$11 billion less than they paid for electricity, one went bankrupt and another narrowly escaped bankruptcy. The State was forced to step in and purchase power at peak rates resulting in billions of dollars in higher rates for Californians.

We also understand that some have proposed imposing an energy producer tax on Pennsylvania energy producers. An energy producer tax will harm consumers and in fact will increase – not decrease – the cost of electricity. Such an action would put Pennsylvania energy producers at a competitive disadvantage and discourage needed investment in new production facilities in Pennsylvania.

As business people in Pennsylvania, we compete in a free market. We understand that competition results in improved products and services at competitive prices, which in turn results in savings that can be reinvested in our businesses. Rate freezes mask market signals that are essential for making wise usage decisions and for facilitating consumer

demand response. Those savings allow us to continue to deliver low priced products to our customers. Our businesses, our 97,941 Pennsylvania employees, and our customers all deserve the opportunity to continue to benefit from the choices derived from a well-designed, competitive electricity market.

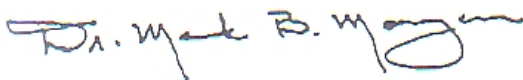
A well designed, competitive electricity market in Pennsylvania has supported the development of new clean generation resources in Pennsylvania like wind power which has increased from zero to almost 300 MW since 1997 and PJM has seen consumer demand response increase six-fold since 2000.

We believe that regional competitive wholesale markets for electricity with independent oversight, as we have in the PJM marketplace, provide access to generation at the lowest available cost, promote transparency and reliability, enhance the nation's transmission infrastructure, and provide price signals that promote sound investment decisions regarding generation (using renewable energy as well as more traditional sources), transmission, demand response, and energy efficiency.

As Pennsylvania businesses, we respectfully request your support for a competitive energy marketplace for the region by allowing the wholesale and retail electricity markets, with independent oversight, to continue to grow.

We support an orderly transition to a competitive electric market as called for in the 1996 Act. We stand ready to work with you and your administration to ensure Pennsylvania continues to move forward with policies that promote economic well being.

Sincerely,



Dr. Mark B. Morgan
Director Engineering and Energy
7-Eleven, Inc.



Brian Bethke
Lead Counsel, Contract Law
ACME MARKETS, a SUPERVALU
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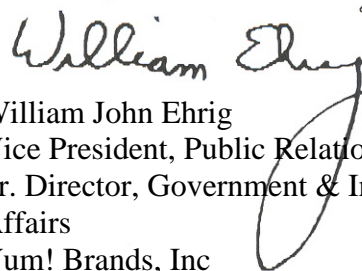
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cc: Gregory Fajt, Chief of Staff
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