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Deregulate?

The Goldwater Institute continues to push for utility deregulation, but California's earlier catastrophe with the policy - a

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It wouldn't be like California.

That's the first thing officials from the [Goldwater Institute](#) want to make clear when advocating to deregulate, or "restructure," the utility market.

Goldwater officials brought an economics professor from Pennsylvania State University and the director for the Center for Economic Freedom in Texas to Phoenix to make a pitch for deregulation last week.

The institute prepared a paper in July advocating deregulation in Arizona for wholesale and retail electricity, allowing power companies to compete for customers. The paper said it would promote more power generation and, eventually, lower [energy prices](#).

California famously ended its utility deregulation efforts amid soaring prices and rolling blackouts in 2001, and several years of effort to deregulate in Arizona came to a halt in 2004 after a court decision that determined power generators would be able have enough control over the market to push up prices and that prices should be controlled by the [Arizona Corporation Commission](#).

That decision was flawed, Goldwater officials said in their report.

Arizonans can learn from the goof-ups in California and could help address the state's increasing needs for more electricity and cut prices for consumers, Goldwater's Nick Dranias said.

William Peacock III, from the Center for Economic Freedom in Texas, said his state and Pennsylvania show how to properly restructure the market.

But in addition to getting over the stigma of California, any deregulation efforts likely face other hurdles here.

One is cost. The American Public Power Association, which represents utilities including Salt River Project, argues that deregulated states that have lifted their price caps (used in the transition from regulated to non-regulated states) have electricity prices significantly higher than regulated states, exactly the opposite outcome deregulation is supposed to achieve.

The latest data from the [Department of Energy](#) shows that in July, Texas had an average retail electricity price of 12.68 cents per kilowatt-hour, while Pennsylvania's was 12.46 cents. Those both are higher than Arizona's 11.3 cents per kilowatt-hour in July, when time-of-use rates are highest in Arizona.

Convincing Arizonans to follow the lead of two states with higher prices might be an uphill battle.

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