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CUSTOMERS, COMPETITORS URGE AGAINST HOUSE ENERGY PACKAGE

A package of bills now before the House Energy and Technology Committee would mean higher electric rates for residents and businesses, a group representing those customers and alternative electric suppliers said Monday.

Members of the Customer Choice Coalition said at a press conference that the package (HB 5520, HB 5521, HB 5522, HB 5523, HB 5524) would allow utilities to set rates as they chose and would not allow competitors an opportunity to offset those increases.

Barry Cargill, executive director of the coalition, said the current law has helped to keep rates down and has attracted new power generation to the state.

"We're seeing the utilities trying to come back in and remonopolize," Mr. Cargill said.

A spokesperson for Consumers Energy, one of the two major utilities, along with DTE Energy, affected by the bills, said the bills are critical to ensuring the state has adequate power supply in the future.

"This legislation is looking forward and not back," said Jeff Holyfield. Consumers is planning on investing some \$6 billion in the state if the package moves and that should keep electric rate increases at the rate of inflation.

And Lori Kessler of DTE said, "We're faced with a regulatory structure than fails to provide the stability needed to finance new power plants" which makes the bills needed.

The bills technically would not end the current customer choice program, but they would allow only another 90 days after they are enacted for customers to decide whether to go with market rates or regulated rates. Tanya Paslawski with Direct Energy said that short window would prevent other alternative providers from entering the market and would likely force some existing competitors out.

"Companies like mine aren't going to come into the state and invest for that set market share," Ms. Paslawski said.

Universal Energy Corporation, a competitive natural gas provider, brought petitions from 6,300 of its customers urging against the bill, arguing they would like the opportunity to purchase electricity from the company as well.

Of particular concern to the coalition members is a provision that would allow utility-proposed rate increases to go into effect in 90 days unless the Public Service Commission orders a different rate within that time. Bill Knox with AARP Michigan said the

provision would open the door for utilities to "pancake" rate increases, filing a new rate increase and having that increase go into effect before the prior rate case is resolved.

The PSC would be able to reverse a rate increase and order the utility to repay any overcharges with interest, but the utility could file a new rate every nine months, the current time provided to the commission to resolve a rate case. The most recent rate cases have been in the system nearly that long, with Consumers Energy filing new rates on March 30 and Detroit Edison filing on April 13. Judy Palnau, spokesperson for the commission, said the staff has requested an extension on the Edison case because it does not have enough staff to address the filing in the time permitted.

The coalition was also concerned with provisions they said would require utilities to be the only owners of new generation in the state. Former PSC Chair Eric Schneidewind, now an attorney for Energy Michigan representing alternative suppliers, said the bill moves the state back to policies that were in place when he served, allowing the utilities to build any cost overruns into the rate base.

"That's been an economic hardship on Southeast Michigan for years," Mr. Schneidewind said of the cost overruns for the Fermi II nuclear plant.

He argued needed generation is being built under the current electric market structure, and any increased costs or company failures are born by investors, not ratepayers.

Rep. Frank Accavitti Jr. (D-Eastpointe), chair of the House Committee, has said he plans to begin voting on bills this week.