

Gongwer News Service

Volume #46, Report #66, Article #08

April 5, 2007

JOOS CALLS FOR RE-REGULATION OF UTILITIES

Electric choice has succeeded only in preventing development of new electric generation in the state and has not provided the power cost savings anticipated, Consumers Energy CEO David Joos told the House Energy and Technology Committee on Thursday as part of its ongoing hearings on the possible repeal of PA 141, 2000.

"PA 141 is clearly an impediment to construction of new baseload," he told the committee, arguing that the ability for customers to move back and forth between regulated and unregulated power makes the market too unstable to find financial backing for a plant.

He argued re-regulating electric rates in the state was the only way to ensure stability in those rates and to gain additional power plants.

Regulation would also provide Consumers the ability to offer special economic development rates to companies like Hemlock Semiconductor, which has argued electric rates could force to move out of state.

The utility, in a recent rate filing that asks for an overall rate increase of some \$145 million, is also looking to give a 30 percent break to school districts. The districts, most of which currently take power from competitive providers, have traditionally been charged commercial rates, but he said a new plan by the utility takes into account that they use less power in the summer and evenings when power needs peak.

Under a new Balanced Energy Initiative to be filed by the end of the month, Consumers is planning to announce its plan for meeting growing electric demand to include both conservation and new power sources, Mr. Joos said.

And he said choice proponents' assertions that Consumers and Detroit Edison profited from securitization of stranded costs is wrong. He said the costs were already on the utilities' books as debt and the bond issues simply allowed that debt to be refinanced.