

## **MIRS Capitol Capsule**

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### **Cox To Speaker: 'Forget It'**

Today Attorney General Mike **COX** responded strongly to news of the plan to increase revenues by levying higher taxes on the state's top two utilities (DTE and Consumers Energy) in exchange for giving them back their monopoly status.

House Speaker Andy **DILLON** (D-Redford Twp.) had floated the plan behind the scenes until yesterday, but details burst into the headlines of the most recent editions of *MIRS* and the *Detroit Free Press*. By this morning it had become "the issue" of the day around the Capitol.

"I think the Speaker should be given credit for trying to come up with ideas to deal with the state's budget situation," Cox said. "But I hope the Speaker forgets about this idea by next week."

Cox said the plan would generate just two sets of winners —the two utility companies and state government. He also evoked the name of former Attorney General Frank **KELLEY** as he spoke out against the plan.

"This morning when I read about this I almost spit my Wheaties all over the table," Cox deadpanned. "The idea is to recreate utility monopolies and parlay them into a \$500 million hidden tax increase. I remember when I was a kid seeing Frank Kelley on TV railing against the big utility companies. I didn't think about it much then, but now I understand what it was about. It was about protecting the average utility customer. "

"The Speaker's plan is a tax increase on all Michigan citizens, businesses and ratepayers," Cox added. "It basically creates a situation where the utilities become the tax collector for the state."

In response to Cox's statements, House Majority Floor Leader Steve **TOBOCMAN** (D-Detroit) told *MIRS* the Attorney General was just "grandstanding."

"He's reacting to a headline in a newspaper," Tobocman said. "We're working on an overall proposal. He hasn't even seen the details, because we haven't even done the whole proposal yet. Here we are in a crisis of historical proportions and he's out there criticizing a plan based on reading some headlines."

Meanwhile, the Attorney General, who was flanked at his press conference by Bill **KNOX** of AARP and Barry **CARGILL** of the Customer Choice Coalition, crafted most of his comments in terms of the monopoly versus consumer interests, claiming Dillon's plan would "set the clock back" and be particularly hard on senior citizens.

"This utility consumer tax will be leveled directly on the backs of seniors on fixed incomes, families who need every dollar to make ends meet," Cox said. "If we're going to bring back utilities, what comes next? Should we bring back the Standard Oil monopoly and bring Andrew **CARNEGIE** back to run U.S. Steel?"

Cox said "only an illusionist" would try to claim that the utilities wouldn't find ways to pass on the higher costs they pay due to the higher taxes. He made this remark in regard to the Speaker's comments earlier in the day that there were ways the plan

could be applied that would prevent the full cost of the utility tax hike from being passed on to consumers. Cox's version of what the Speaker had said, however, was that Dillon had guaranteed all of tax increases wouldn't get passed on. This may have come from a statement Dillon made in an individual interview following the actual press conference."

Tobocman said Cox was far off base claiming the Democrats were pushing a plan to increase rates for senior citizens and those on fixed incomes.

"We've worked so hard on issues like home heating credits," Tobocman said. "There's no basis for him to make that claim. We plan to protect those people and also protect new businesses that come into the state. The Michigan Public Service Commission would be involved in all of this, so he should wait to see the whole plan before he goes out there and grandstands."

Both Cox and Cargill spoke out on how well alternative energy companies have been doing in the state, claiming they've stabilized the energy market and invested nearly \$2 billion for energy production in Michigan since 2000, when PA 141 (Consumer Choice) was enacted.

Part of Dillon's plan involves repealing or strongly modifying PA 141. One of the potential selling points of Dillon's plan would supposedly be that it would help Consumers Energy and DTE gain capital to build a new plant by giving them a guaranteed market share on into the future.

Cargill said there's no reason the two utilities should have to recreate their monopoly status to get in position to build a new plant.

"Utilities are able to build power plants in other states," Cargill said. "When a new plant is built in Michigan it should be done through a competitive bidding process."

Cox refused to claim the utility companies were in any way behind Dillon's plan.

"I don't think the utilities would have the brass to proposal this plan," Dillon said. "They'd be accused of being greedy pigs."