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Friday, April 4, 2008

Electric utilities fight to keep turf

Mark Hornbeck / Detroit News Lansing Bureau

LANSING -- More than \$1 million has been spent on lobbying and campaign donations in the high-stakes battle over an energy package that will impact every Michiganiaan who flips on a light switch.

Most of the spending is by DTE Energy and Consumers Energy -- the two major utilities looking to protect and expand their turf by scaling back an 8-year-old law that opened Michigan's electricity market to competition.

DTE Energy and Consumers Energy combined to lay out more than a half-million dollars last year -- a 30 percent increase over the prior year -- on lobbying expenses, state records show. Those funds are used to pay lobbying staff, bring top officials to Lansing to sway lawmakers, and wine and dine, entertain and provide airfare and lodging for elected officials attending conferences.

Outlays for lobbying are in addition to political campaign contributions from the DTE and Consumers Energy political action committees, which have totaled more than \$650,000 since 2006, according to campaign finance records.

Among those getting contributions over the first nine months of 2007 were 23 of the 27 members of the House and Senate energy committees. Combined, they received more than \$25,000 in donations.

In addition, both sides are running radio ads in support of their position. Unions representing utility employees are paying to air their companies' stance on the energy bills and opposition ads are funded by a coalition of businesses, schools and interest groups that want to preserve competition in the electric market.

"The utilities must think it has an impact on the debate or they wouldn't be spending that money," said Rich Robinson, executive director of the Michigan Campaign Finance Network, a political spending watchdog group.

"I'd say that's pretty robust spending and the stakes are high."

At stake in the fight is untold billions of dollars in electric customer market share over the next couple of decades, plus the state's overall energy policy for the next 17 years: How much energy must come from renewable sources; who will build power plants to meet rising demand; and what will happen to electric rates.

Different versions of the package will move through the House and Senate. Most bills have not been voted on, despite prodding from Gov. Jennifer Granholm, who had wanted the legislation on her desk by the end of March. Legislative leaders said the packages may start moving in mid-April.

DTE Energy and Consumers Energy want a rewrite of a 2000 law that partially deregulated the state's electricity market and allowed alternative power suppliers to compete for customers.

The utilities say the act has created uncertainties in the marketplace that will keep them from investing in new power plants that will be needed to meet demand in the next few years. They're pushing hard for strict limits on competition, more leeway to raise electric rates and the authority to charge customers for power plants under construction.

The House package of bills would accomplish most of that wish list. The Senate has not yet drafted its package.

Jeff Holyfield, spokesman for Jackson-based Consumers Energy, said the utility "is not buying anything" with its lobbying tab and campaign donations.

"It's a case of being a participant in the process, and recognizing political reality and how the world works," he said. "We support those people involved in our issues and open to hearing our point of view."

He added that a 51 percent increase in the utility's lobbying costs last year was due mainly to bringing top company officials to Lansing to participate in energy issue "work groups," and not to an increase in wining and dining elected officials.

Spokesman Scott Simons said DTE's 9 percent increase in lobbying spending is "absolutely" related to energy issues in the Legislature.

"It's a top priority for the company and it has our full attention," Simons said. "It's not just about DTE Energy, it's about the state's energy future."

Simons added that DTE and its employees, who control the political-action committee and campaign contributions, "are proud to have a strong voice through our PAC."

Foes, rivals also up ante

The utilities aren't the only ones spending more.

The Association of Businesses Advocating Tariff Equity (ABATE), a group of businesses opposing DTE and Consumers on the energy bills, spent \$80,500 on lobbying last year, a three-fold increase over the previous year. And LS Power Development, a New-Jersey based alternative electric supplier looking to build a new plant in the Midland area, spent \$65,435, about nine times the amount it shelled out in 2006.

Bob Strong, counsel for ABATE, said the group's sharp rise in lobbying expenses last year was the result of "bringing in more lawyers to work on this energy stuff as we near a resolution."

The giant utilities and several alternative electric suppliers also have hired outside lobbyists to help -- so-called multi-client firms that represent several or many clients and their causes. The top-spending multi-client lobbying firm, Governmental Consultants, represents Consumers Energy and three others in the top 10 list DTE among their clients. The retainers paid to the multi-client firms are not

included in lobbying expenses reported to the state.

"For all the utilities' pushing, there's pulling on other side, too," said the Michigan Campaign Finance Network's Robinson. "And we don't know how much spending is buried in the multi-clients."

Many observers are betting on the big power companies to prevail in the battle, because of their considerable political clout.

"Both utilities have a lot of political power," said GOP Attorney General Mike Cox, when asked why he thinks the House energy bills favor DTE and Consumers. Cox believes Granholm and House Democrats "have decided to bend to that political power."

Granholm has green goal

Granholm wants the state to commit to getting 10 percent of its electricity from wind power and other renewable sources by 2015. The utilities have promised to invest \$6 billion toward that end -- if they get the regulatory rewrite.

Granholm says the prospect of thousands of state jobs in the renewable energy market is directly linked to passing the 10-percent mandate. Her special adviser on energy issues, Skip Pruss, said Michigan is in competition with one state for a wind turbine manufacturing facility to be built by Emergia Wind Technology, a Netherlands-based company.

He said the utilities' desire to re-regulate the electric market "is deeply imbedded in the energy bills on the House side. In recognition of the political dynamics, we support the comprehensive package."

Barry Cargill, who heads the Customer Choice Coalition, which advocates competition in the electric market, said the spending by the utilities makes his job tougher.


"It certainly plays a big role, especially with term-limited legislators who are not as accountable to the citizens as they otherwise might be," he said. "They're influenced by factors other than voters, whether it's lobbyist spending, friendships or other things."

The coalition says limiting competition in the electric market will result in higher rates. It cites figures that indicate increases in rates here are lower than regional and national averages since the 2000 competition law took effect.

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