

Energy bills could jump \$200 next year

Jackson Citizen Patriot

May 09, 2008

Consumers Energy residential customers could pay as much as \$1,100 a year for electricity if a package of energy bills is approved, according to a nonpartisan legislative agency.

Gary Olson, the director of the Senate Fiscal Agency, told a senate committee that Consumers Energy customers would see an increase of more than \$200 next year if the bills, which were approved by the state House last month, were signed into law.

That doesn't include the rising cost of coal, he said.

"A vote for this legislation is a vote to raise annual electric bills for Michigan families," Barry Cargill, executive director of the Customer Choice Coalition said in a statement. "Many business customers also will see major rate hikes."

The bills would require power companies to sell more green energy, while at the same time limiting the competition they face. Residential customers also would have to pay the actual cost of the electricity they use.

Rates historically have been skewed by regulators so residents pay less than actual costs while businesses pay more. About \$350 million would be shifted to residential customers over five years.

Consumers Energy spokesman Dan Bishop said not approving the package would be more costly.

"The good news is the bill the House passed and Senate is considering would save electric customers more than \$4 billion in the future," Bishop said.

Bishop said the state will benefit from the investments in the infrastructure — and the jobs and taxes it generates — if Consumers goes forward with building a new coal plant near Bay City.

"Keeping the benefits in Michigan will result in lower electric bills, rather than relying on expensive out of state power," Bishop said. "That's why the measure passed the House with such an overwhelming margin."

When the bills were being debated in the House, the House Fiscal Agency did not provide any hard numbers, but other groups offered some.

Attorney General Mike Cox said electric rates could skyrocket by 40 percent, and the Association of Businesses Advocating Tariff Equity said customer costs could increase by as much as 28 percent in two years.

Consumers recently released its own estimate.

On Monday, Executive Vice President and Chief Financial Officer Thomas Webb told analysts during the company's first quarter earnings call that the company anticipated electric rates to rise an average of about 3 percent a year.

That number did not include rising fuel costs, he said, adding the company presently believes that could add another percentage point increase.

"Maintaining fuel diversity will provide the best chance to minimize these increases," Webb said.

Olson said he was asked last week by Senate Energy Policy and Public Utilities Committee Chairman Bruce Patterson, R-Canton, to come up with hard numbers.

"It was the first time in my career I've been asked to do this kind of analysis," Olson said.

He said he came up with the figures by looking at each of the bills and studying data from the Michigan Public Service Commission.

"The goal for Michigan is how do we meet customer demand, do it in an environmentally acceptable way and maintain affordable rates," Bishop said.