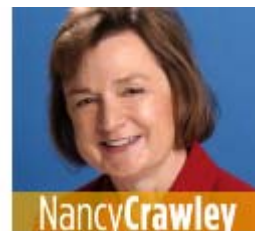


Keep an eye on your rising electric bill

Posted by Nancy Crawley | The Grand Rapids Press July 19, 2009 06:10AM

My June electric bill was high, even though our house used less electricity than last year.

Maybe, I thought, it's the new "energy optimization surcharge" that comes with the state's 2008 green-energy law. You know, an extra charge to make us more energy wise.



But no, that was just an extra 58 cents.

Instead, I discovered Consumers Energy had raised my rate 7 percent. It pushed up my cost \$4.73 on a bill for just 407 kilowatts.

While most public debate over the energy bill last year was focused on the renewable energy provisions, there was a less-noticed provision and that's what I was noticing.

It lets state-regulated utilities raise rates without state regulators' OK.

It turns out Consumers Energy was the first Michigan power company to take advantage of the new rule that lets it "self-implement" a price increase for its 1.8 million customers -- without approval from the Michigan Public Service Commission.

Before the law was passed in September, it would be illegal. Now the cops on the beat are being shoved to a back seat when it comes to putting a brake on utility costs.

Consumers Energy will not be alone.

Thursday, DTE Energy became the second to "self-implement" a higher rate for 2.1 million customers, levying a 2.6 percent increase.

The relaxed rules also apply to natural gas utilities, and Consumers Power is getting ready to boost its rate for that.

Under the new rules, once a utility asks for an increase, the PSC has one year to issue a final order. If the commission doesn't act in six months, the utility can hit the "higher-price" button. If nothing happens in another six months, the rate sticks.

A year may sound like a lot of time, but a former chairman said it's not. The PSC is overwhelmed with complicated cases while being given less time to respond. Even extra staff is not sufficient.

"This system ties the hands of the PSC," said Eric Schneidewind, former PSC chairman and now a Varnum attorney who represents rate opponents.

"The utilities file such extremely complicated cases, with hundreds and hundreds of pages of financial information," he said. "The burden of going through that mountain of data gives a huge advantage to the utilities."

But it doesn't really matter whether the PSC ever denies an increase anyway.

"You can bet they will file for another rate increase the minute that case is done," Schneidewind said. And in six months, they can "self-implement" their increase.

There are nine complex cases before the PSC now, said Rick Coy, a Clark Hill attorney who has worked on utility regulation for 38 years.

"I keep thinking of that Lucille Ball scene in the candy factory, where she can't keep up with the line and tries to eat the candy. That's how the rate increases will be coming, on automatic pilot.

"As fast as the PSC sorts them out, there will be another one."

Consumers Energy defends the law and its request, saying it needs "to pay for environmental compliance, strengthening our distribution system and other requirements," according to spokesman Dan Bishop.

At a May hearing, a long list of opponents spoke against the increase, including the cities of Grand Rapids and Wyoming, 70 other municipalities, and ABATE, which represents the automakers, Steelcase and other large manufacturers.

But they could not block the 7.1 percent "interim" increase for all customers, from industry to cottage.

The public will begin to notice in the cold months, Coy predicts. "By winter this will be a major issue -- it will be the next economic crisis for Michigan."

This could even blossom into a campaign issue in the 2010 governor's race. It has happened before.

In 1952, recalled Coy, Michigan allowed power companies to raise rates without review. "A young guy ran for governor on that issue by the name of Soapy Williams," he said.

After G. Mennen "Soapy" Williams won the election, "his 1952 State of the State message said we won't have any more rate increases without reviewing them.

"And that was the law until the legislature threw that out the window last year."

Right now, Michigan's financially struggling households may barely notice the creeping increases. But as air conditioners and furnaces rev up, so will voters' tempers.

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