

Mayor Virg Bernero
Post Office Box 10067
Lansing, MI 48901

September 7, 2010

Dear Mayor Bernero,



Issues regarding the economic recovery of Michigan will be important, and the Customer Choice Coalition would like to bring to your attention the issue of competitive energy.

Current Situation

In 2008, under pressure from Michigan's major utilities, the Legislature voted to cap competition for electricity, in effect returning Consumers Energy and Detroit Edison to monopoly status. Since this interference in the free market, Michigan's electric rates have skyrocketed, increasing twice as fast as rest of the region, and are the highest in the Midwest.

Effect of 2008 Law

Michigan's revised regulatory framework allows for automatic interim rate increases and accelerated rate cases. Since implementation in October 2008, Consumers Energy residential and commercial rates have increased dramatically.

For example, Consumers Energy residential rates have increased by 18-40 percent, commercial users are paying 23-30 percent more, and industrial rates have increased by 33-36 percent. * The enclosed charts further illustrate these changes.

These drastic rate increases continue as the rest of the region enjoys rate decreases in the 15 to 20 percent range. The current statutory 10 percent cap on Electric Choice means 90 percent of Michigan's businesses face an automatic cost disadvantage in the region—before any other factor is considered. Without removing restrictions on the number of commercial and industrial users allowed to save on energy costs, Michigan cannot be competitive. It is apparent the 2008 remonopolization law has been a failure; it hampers the ability of Michigan's businesses to compete in the global economy and prevents new businesses from locating here.

Opportunity for Change

You have the capability to return the benefits of a competitive market to Michigan's electric system. Senate Bill 1317 and House Bill 6127 offer customers the opportunity to save on energy costs by raising the cap on Electric Choice from 10 percent to 25 percent, thus allowing more customers to choose their electric suppliers and lower their electric bills. Michigan businesses and families need your help to hold down electric costs by restoring competitive forces to the electric market.

For more information, visit our website at www.customerchoicecoalition.com.

* Source data from Michigan Public Service Commission, "Comparison of Average Rates" reports, October 1, 2008 and August 1, 2010.

Regards,

A handwritten signature in blue ink that reads "Barry Cargill". The signature is fluid and cursive.

Barry Cargill
Executive Director
Customer Choice Coalition