

Update: Jackson-based CMS Energy reports net income of \$289 million in 2008

Posted by Chris Gautz | Jackson Citizen Patriot February 26, 2009 08:00AM

After losing more than a quarter billion dollars in 2007, [CMS Energy](#) was back in the black in 2008, reporting a net income of \$289 million Wednesday morning.

It has been four years since the Jackson-based company reported positive annual earnings.

It reported net losses of \$227 million in 2007, \$90 million in 2006 and \$94 million in 2005.

In 2004, CMS reported a net income of \$110 million.

After several years of shedding its international assets, CMS focused on investing and restructuring in Michigan in 2008.

CMS Energy 2008 timeline

January

- CMS Energy announces it will increase its quarterly dividend for common stock by 80 percent, from \$0.05 per share to \$0.09 per share.

February

- CMS reports a net loss of \$227 million for 2007.

March

- The complicated debate over a package of energy bills heats up as Attorney General Mike Cox says it could cause rates to rise by 40 percent, the Association of Businesses

"In 2008, we continued to implement successfully our strategy of making substantial investments in our Michigan utility operations," said David Joos, CMS Energy president and CEO, in a statement. "These investments improved the financial strength of the company, even in this challenging economy."

The biggest change came from Lansing, where Gov. Jennifer Granholm signed into law a massive reform of the state's energy policy.

The company spent much of 2008 lobbying the Legislature to change that law. According to the [Michigan Campaign Finance Network](#), the company's political action committee, CMS Energy Employees for Better Government, spent \$186,345 in the 2008 election cycle.

The new law restricts competition to 10 percent of the sales of the state's two largest utilities, Consumers Energy and Detroit Edison, which they said was needed in order to secure financing for new generating plants.

The utility announced plans in September 2007 to construct a \$2 billion, 800-megawatt, advanced supercritical, pulverized clean coal plant near Bay City.

The law also requires that by 2015, utilities must have 10 percent of their power coming from renewable sources. The utility is at 4 percent now.

Joos also said in his statement that during the next five years the company

Advocating Tariff Equity puts it at 28 percent. Consumers declines to get specific, saying cost increases would be "very, very modest."

April

- It is reported that President and CEO David Joos receives a 6 percent raise, bringing his total compensation to about \$4 million in 2007.
- Joos announces the company will support early childhood education through the Great Start Collaborative, by investing \$175,000 in three areas: child-care payment assistance, a program to provide free books to preschoolers and four site-based mentoring programs.

May

- CMS reports net income of \$103 million for the first quarter of 2008.
- Joos tells shareholders at the annual meeting the company is on the right track, despite a disappointing stock price. CMS stock is at \$15.23, which is \$3.51 lower than at the close of trading after the 2007 annual meeting.

June

- State regulators approve a 2 percent increase in residential customers bills.

July

- About 239,000 Consumers customers around the state lose power in another series of storms.

plans to invest primarily in energy efficiency, renewable energy, environmental and customer-service enhancements, along with new power generation.

"We expect these investments will create thousands of construction jobs, boost the state's economy, and provide reliable, affordable service to our customers," he said.

While the company can control the investments it makes, it has no control over the price of its stock, which fluctuated throughout the year and mirrored the challenges faced by Wall Street. CMS stock opened the year at \$17.16 a share, which ended up being its high point; it continued to fall from there. CMS closed the year at \$10.11. On Nov. 20, it hit its low for the year, with a price of \$8.81.

The company will continue to make investments this year, especially in areas of energy efficiency and renewable energy.

But those investments, required by the energy reforms Granholm signed last year, will come at an increased cost for customers.

Beginning likely in June, residential electric customers will have a \$1 surcharge and residential gas customers a \$1.40 surcharge tacked onto their monthly bills. The money will help offset the \$500 million investment the utility is making to encourage customers to use less electricity.

That encouragement could come in the form of coupons to purchase energy-efficient light bulbs and incentives for purchasing energy-efficient appliances. Consumers says the cost of the surcharge will be more than offset by the savings customers will receive.

To support the utility's \$1.2 billion capital investment in renewable energy, residential electric customers will have a roughly \$3 surcharge added to their monthly bills in September. Both sets of surcharges will remain on customer bills for six years.

In May, customer bills will increase when the utility implements a rate increase that it will determine is reasonable. Before the new energy legislation, utilities asked state regulators for rate increases and then waited sometimes as long as a year to find out how much of their request would be granted.

Now, the utilities can raise the rate on their own six months after filing their request.

Also in May, Consumers plans to file a request to raise rates for its gas customers and will self implement that increase in November.

CMS closed the trading day at \$10.75.

August

- The company beats Wall Street expectations, reporting a net income of \$46 million for the second quarter of 2008.
- Consumers spends \$10 million to purchase about 440 General Motors vehicles, a number of which are flex-fuel vehicles.
- The utility dedicates its new Marshall Training Center, which will allow it to teach employees about working with renewable energy and train workers in safety techniques.

September

- Customers around the state are critical of the utility's new billing system, which caused some not to receive their bills, receive unwarranted shut-off notices or be prohibited from paying their bill on the Internet.

October

- Gov. Jennifer Granholm signs a massive overhaul to the state's energy policy into law.

November

- The company announces a net income of \$79 million for the third quarter.
- Utility announces it had secured 28,000 acres of easements for potential wind farm developments.

December

- Due to the down economy, the company projects a rise in

total unpaid bills in 2009 on the electric side totaling about \$17.8 million. In 2007, the total was \$12.9 million.