

**Customer Choice
Coalition Member
Organizations**

Association of Businesses
Advocating Tariff Equity
(ABATE)

Associated Petroleum
Industries - Michigan

Business & Institutional
Furniture Manufacturers
Association

Competitive Power
Ventures/New Covert

Dow Corning Corporation

Energy Michigan

Great Lakes Petroleum
Retailers & Applied Trade
Association

LS Power

Michigan Association of
Broadcasters Service
Corporation

Michigan Association of
Convenience Stores

Michigan Association of
Intermediate School
Administrators

Michigan Association of
Non-Public Schools

Michigan Association of School
Administrators

Michigan Association of School
Boards

Michigan Grocers Association

Michigan Interfaith Power &
Light

Michigan Petroleum
Association

Michigan Press Association

Michigan Restaurant
Association

Michigan Retailers Association

Michigan School Business
Officials

Michigan School Energy
Cooperative

Midwest Car Wash Association

Middle Cities Education
Association

National Federation of
Independent Business

Small Business Association of
Michigan

Spartan Stores

And many more...



For more information
David Waymire
517-485-6600

For immediate release
August 25, 2008

**Residential electric rates to skyrocket under electric
remonopolization and renewable energy legislation**

As Michigan residents face record national gas, propane and heating oil bills this winter, lawmakers are considering bills that would add huge electric rate hikes to residential electric bills in January while requiring the utilities to do nothing to increase renewable power until 2012. The renewable power plan under consideration would be the most expensive in the nation.

While supporters of the remonopolization and renewable package focus public attention on the final goal of having 10 percent renewable power by 2015, little attention is being put on unnecessary surcharges being put on customer bills due to the legislation, and the delays in providing new renewable power required under the Legislation.

Renewable legislation, SB 213: The House passed legislation mandates a \$3/month renewable tax increase in every residential electric bill, or \$36/year, with proceeds earmarked to go to the two major utilities. The Senate Fiscal Agency has determined that this monthly surcharge will raise the average Detroit Edison customer's bill by 4.4 percent, and the average Consumers Energy residential bill by 4.6 percent.

The Senate bill's renewable tax is \$2/month, a 2.9 percent increase for Detroit Edison residential customers and a 3.1 percent increase for Consumers Energy customers.

	House SB 213		Senate SB 213	
	Consumers Energy	Detroit Energy	Consumers Energy	Detroit Energy
Final renewable goal	10%	10%	7%	7%
Surcharge/year	\$36	\$36	\$24	\$24
Rate hike/year	4.6%	4.4%	3.1%	2.9%

By contrast, according to a report by the Lawrence Berkeley National Laboratories, the most expensive renewable program in the nation up to now is in Connecticut, where rates were increased by 1 percent to provide for additional renewable power. In other words, this plan is four times more expensive than any other in the nation.

Both of the bills also require the MPSC to raise rates on all customers when new renewable power comes on, giving utilities a double dip at the expense of all customers, business as well as residential.

This high price will be paid for virtually no new renewable power – and absolutely no new renewable power immediately. Consumers Energy today has about 4 percent of its power coming from renewable sources; DTE is at 2.5 percent.

Here is the timeline for adding to that under the bills:

	Senate	House
2009	No requirement	No requirement
2010	No requirement	No requirement
2011	2%	No requirement
2012	4%	4%
2014	6%	4%
2015	7%	10%

In other words, the utilities could pocket their money and, in the case of Consumers, do nothing until 2014. Detroit Edison would have to do nothing until 2012.

Remonopolization legislation: The bill will eliminate competition for 90 percent of customers at a time when the two major utilities are raising rates dramatically.

The bill mandates the MPSC to raise residential rates and lower business rates over five years. Detroit Edison residential customers would see rates increase by 15.2 percent due to this provision, according to the Senate Fiscal Agency. Consumers Energy customers will see a 9.2 percent increase due to this.

The increases are on top of rate hikes recently approved for Consumers Energy that will add about 10 percent to current bills by late 2009. Detroit Edison is asking for major rate increases for next year, partly to offset reduction in electric use in Michigan.

That's correct. Electric use by Consumers and Detroit Edison customers is lower this year than last, and Detroit Edison has told regulators they expect another major reduction in electric use in 2009.

“It is important for lawmakers to understand exactly what they are being asked to support when they vote on the electric package in weeks ahead. Too little information on the cost of these bills is being made available to lawmakers,” said Barry Cargill, executive director of the Customer Choice Coalition. “The Customer Choice Coalition is providing our analysis but we encourage legislators to ask the fiscal agencies and the Michigan Public Service for their analysis of the impact on electric customers. Without good data on the customer rate increases, the legislature may find itself in a similar situation to the vote last year on raising service taxes - when a quick vote without critical information resulted in a majority of lawmakers reversing their positions.”

The Customer Choice Coalition is the only group that brings together customers of all sizes with competitive electric companies to support electric competition and choice. For more information visit www.customerchoicecoalition.org.

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