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FORMER P.S.C. COMMISSIONERS RAISE WORRIES ABOUT HOUSE ENERGY BILLS

A House-passed package of bills that would substantially restructure energy generation and utility regulation in the state would seriously impede the ability of the Public Service Commission to protect consumers and lead to higher consumer costs, a group of former PSC members said in a letter to the Legislature.

Seven former members of the commission, representing commissioners appointed by former Governors William Milliken, James Blanchard and John Engler, signed the letter that outlined five areas of concern about [HB 5524](#), [HB 5525](#), [HB 5548](#) and [HB 5549](#).

Those bills passed the House in April. The Senate Energy Policy and Public Utilities Committee is now in the process of working on a separate energy package, though Thursday's meeting was cancelled.

At a press conference on the letter, former PSC members Robert Nelson, Eric Schneidewind, William Long and Ron Russell said the package would amount to re-monopolization of DTE and Consumers Energy. It would also allow utilities to charge customers for interest on construction before any power is generated from a new plant, they said, and effectively give the PSC no time to review proposed rate increases before they take effect.

"If we re-monopolize, we should not take away the PSC's authority," Mr. Nelson said.

And Mr. Schneidewind said if the provision in the House package allowing utilities to charge for the cost of interest before a plant could generate power were in place during the 1970s and 1980s before the proposed Midland nuclear plant was converted into a co-generation plant, then customers would have to pay hundreds of millions of dollars of interest payments before any decision was made on how to convert the plant.

Mr. Russell said taking away the power of the PSC to effectively regulate is bad public policy because utility costs are essentially regressive. In other words, utility rates cost a greater percentage of a low-income person's resources.

And Mr. Long said the package would not give the PSC enough time to review rate filings before they took effect.

Also signing the letter were Laura Chappelle, John O'Donnell and Dave Svanda.

Jeff Holyfield, a spokesperson for Consumers Energy, said the letter misstates some provisions of the House package, for example, saying that the package would allow the Legislature to overrule PSC decisions when clearly it does not.

And in 2004, Mr. Nelson and Ms. Chappelle both concurred with a PSC order allowing Consumers to collect rates to cover stranded costs on construction which essentially is the same provision allowed by the House package that the two former commissioners now oppose.

Consumers and DTE have argued that without the House package they could not secure financing to build new plants, but Mr. Schneidewind said since the adoption of PA 141 in 2000 a number of power plants have been built and more are underway.

But Mr. Holyfield said most those were so-called peaker plants and not baseload plants that would substantially increase the volume of available power in the state. Consumers' discussions with financial experts continue to indicate that the utilities could not finance construction of new baseload plants under the current law.

ENERGY POLICY: Those close to the process indicated a deal is still brewing on an energy policy for the state and that the Senate Energy Policy and Public Utilities Committee was cancelled Thursday to allow some of those negotiations to continue.

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