

MIRS July 13, 2010

A Rate Increase For Consumers Energy Customers?

If Consumers Energy chooses to implement a \$150 million rate increase on July 22 as allowed by Michigan law, the Michigan Public Service Commission (MPSC) today said the utility will have to apply a specific rate design.

Such a rate increase would amount to \$3.76 more in the monthly bill of an average residential customer.

David **WAYMIRE** of the Customer Choice Coalition said the 2008 Michigan energy law that limited electric choice has raised residential rates in Michigan by about 20 percent -- at a time when rates around the Midwest have been moderating or going down.

"It's past time for the Legislature to return choice and free markets to Michigan's electric customers. If state taxes had gone up by 20 percent in two years, business groups and lawmakers would be having a fit. For many of Michigan's unemployed workers and small manufacturers, electric bills are higher than their tax bills."

In today's order, the MPSC said it intends to read the record in this case to reduce the amount of time during which the self-implemented rates will be in effect. The Commission must issue a final order by Jan. 20, 2011.

In other action, the MPSC directed the Indiana Michigan Power Company to use rates it proposed in its June 25 filing - reflecting a rate increase of \$44.3 million -- if it chooses to self-implement a rate increase.

If the utility self-implements on July 26, the average residential customer in the St. Joseph rate area would see an increase of \$8.65; the average customer in the Three Rivers rate area would see a monthly increase of \$9.02.

The MPSC also issued orders reconciling four utilities' 2009 energy optimization plans.

SEMCO Energy Gas Company had an under-recovery of \$1.2 million which will be rolled into the company's 2010 EO plan and reconciliation resulting in a 26-cent increase in the average residential customer's monthly bill.

Northern States Power Company had an under-recovery of \$37,333 that will be rolled into the company's 2010 EO costs and reconciliation. There will be no increase in the gas or electric surcharges.

Alpena Power Company had a under-recovery of \$41,783 that will result in an increase of 3 cents on the average residential electric customer's bill beginning in August and another 25 cents beginning in January 2011.

Wisconsin Public Service Corporation had an under-recovery of \$16,253 for natural gas and an under-recovery of \$23,610 for electric service - all of which will be rolled into the company's 2010 EO costs and reconciliation. The average natural gas customer will see an increase of 19 cents on their monthly bill. There will be no increase in the electric surcharge.