

**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...



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CCC urges lawmakers to watch carefully impact of new monopoly-driven energy policy on rates, development of renewable power

As Gov. Granholm signed into law the state's new energy policy putting control of the state's electricity future in the hands of two monopoly utilities, the Customer Choice Coalition asked lawmakers to carefully monitor the impact of the law.

"We still believe competition and markets work better than monopolies and government regulators. It is now incumbent on supporters of this policy to prove to Michigan that regulation can work better than competition to hold down rates while increasing energy generation in the state," said Barry Cargill, executive director of the Customer Choice Coalition.

Cargill noted the following facts – and the questions that policymakers must be asking in the months ahead:

1. **Competition worked for Michigan:** The state added 4,000 megawatts of new power while seeing the lowest electric rate hikes in the Midwest from 2000 to 2008. Will that trend continue, or will utilities rate use their renewed status as monopolies to raise rates dramatically when they add electric capacity?
2. **Entrepreneurs are being shut out Michigan's electric market:** The new legislation gives Detroit Edison and Consumers Energy major subsidies denied to other companies, and hands them 100 percent control of new renewable power projects in the state until 2015. Will Michigan see major increases in renewable power generation in our state, or will utilities game the system while they build major new coal and nuclear facilities as they have already announced? Will renewable power development by monopolies cost more or less than comparable power construction in other states?
3. **Michigan is seeing a reduction in electricity use; will customers benefit?** Up to now, the utilities have argued that reduction in electricity use means they should be allowed to raise electric rates. Continued practice of this policy will defeat energy efficiency goals proposed in the legislation. If families and businesses invest in efficiency, will they see their bills go down?
4. **Cost overruns continue to be the standard when our two major utilities engage in even modest projects:** It is well known that when these two for-profit companies had a monopoly in the 1970s and 1980s, they built massive new plants that were billions of dollars over budget and years behind schedule. Just this year, the two companies have gone hundreds of millions of dollars over budget in implementing basic computer systems. Consumers Energy has already revised the cost of its proposed new Bay City facility from \$1.1 billion to \$1.4 billion, and has told Wall Street analysts it will boost those costs again early next year. How can Michigan – which already has the highest electric rates in the Midwest – afford to pay for utility cost overruns?
5. **The 10 percent competition limit may be hit within two years:** As utilities raise rates, competitors will be able to undercut them, and customers will move to competitive electric companies. Will policymakers raise this cap, or continue to

denying the benefits of lower electric rates available through competition to manufacturers and other users?

“This matter is far from over,” said Cargill. “Michigan cannot afford to have the highest electric rates in the Midwest. If we are right, and the gap between Michigan and our competitors widens, we fully expect policymakers to revisit this issue and again use the force of competition to provide lower rates, better service and more reliability to Michigan businesses and families. We had the best electric system in the nation from 2000 to 2008. We should be prepared to return to it in the future.”

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.stopthemonopoly.com or www.customerchoicecoalition.org.