Michigan Chamber of Commerce Files Brief to Promote Competition And Lower Electricity Rates for Families and Business

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The Michigan Chamber of Commerce today filed a motion and brief with the Michigan Public Service Commission to defend the intent of the Legislature by protecting customers from all classes from paying securitization charges in excess of what they should rightfully pay based on only net stranded costs.

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The Michigan Public Service Commission is reviewing over $2 billion in securitization proposals submitted by Consumers Energy and Detroit Edison. Securitization is a financing mechanism generally allowed only for net stranded costs, which, if approved, would fund the 5% residential rate roll back already in place because of the mandate from the Michigan Legislature.

The Michigan Chamber filed its motion in the Detroit Edison case because, in fact, Detroit Edison filed an application which has failed to include the required netting of its stranded costs.

"The failure to net stranded costs before the issuance of securitization bonds will have an adverse impact on electric competition in Michigan and render illusory the promised benefits from the new law (customer choice and electricity reliability act)," said Brent Stevenson, coalition Co-Chair and Government Relations Manager for Georgia Pacific. "The Michigan Legislature clearly intended to require the netting of stranded costs as it was mentioned seven times in the Act."

The new law requires the Commission to ensure that all persons in this state are afforded safe, reliable electric power at a reasonable rate. Therefore, it is essential the Commission not hold added surcharges on customers, like securitization charges, any higher than necessary. Securitization charges will be paid by virtually all customers as non-by- passable charges for up to 15 years.

"As a practical matter, it is critical that netting not be deferred. If netting were deferred by the Commission it could disastrously deprive Michigan customers the benefits of competition for up to fifteen years," said Terry Pruitt, Manager of State Public Affairs at Dow Corning Corporation. "Securitizing net stranded costs will promote healthy and competitive utilities in Michigan while improving opportunities for continued economic growth and job creation. Securitizing more will harm economic development in Michigan," said Pruitt.

"To be competitive in world market, Michigan must have low cost electric power and competitive options, not a 15-year moratorium on competition. This is especially true in a state where electric costs are already substantially higher than the regional average," commented Stevenson.

The Michigan Chamber supports the securitization of net stranded costs and the Commission authorizing Detroit Edison to securitize the amount to pay for the residential rate cut -- $375 million.

The Michigan Chamber of Commerce is a statewide business organization which represents approximately 7,000 employers, trade associations and local chamber of commerce. The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process.

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