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Electric competition loses its effect in Mich.

Number of businesses getting electricity from a cut-rate supplier declined for the first time in 2005

[Nick Bunkley / The Detroit News](#)

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Electric competition, which promised to save Michigan businesses money by letting them choose their power supplier, is quickly fading, a report Wednesday from state regulators shows.

The number of businesses getting electricity from a cut-rate supplier instead of their regular utility declined for the first time in 2005, to fewer than 15,000 from nearly 19,000 at the end of 2004.

Thousands of companies that had dramatically reduced their electric bills by switching to alternative suppliers returned to Detroit Edison after new fees eliminated those savings. Orders issued by the Michigan Public Service Commission now let Detroit Edison charge customers that defect to subsidize fixed costs such as power plants.

"There are so many subsidies that have to be paid to existing utilities that they've just eliminated the ability of companies to undercut (the utilities') prices," said Dave Waymire, spokesman for the Customer Choice Coalition, which advocates electric competition.

"They killed competition and they raised rates at the same time. It's just been a disaster for Michigan."

Customers who have switched continue to be billed by Detroit Edison because the utility still delivers their power.

Average monthly sales by Detroit Edison rivals fell 26 percent last year, a sharp reversal from the previous four years. The number of customers served by Detroit Edison's rivals grew by 45 percent in 2004 and 138 percent in 2003.

About one of four commercial customers in Detroit Edison's territory now is served by an alternative supplier, compared with nearly one of three a year ago. Competitors serve just 13 percent of industrial customers, down from 23 percent.

Meanwhile, average monthly sales by Consumers Energy competitors increased 1 percent,

although they ended the year with fewer customers than in 2004.

Michigan's power grid was opened to competition in 2000, although only commercial and industrial customers have been able to take advantage of deregulation because residential rates were set artificially low.

Detroit Edison officials had not analyzed the report late Wednesday but cited variables in play last year that could affect a company's ability to save money with an alternative supplier.

"The market price of electric power has tracked upward along with oil and natural gas," said Detroit Edison spokesman John Austerberry. "That may be the overriding factor."