



Sunday, June 5, 2005

**Deregulation Shorts Out****Residents have few alternatives**

By Mark Hornbeck / The Detroit News

It might take a full-blown search party to find a residential customer in Michigan who is using an electricity supplier other than their old reliable local utility.

Apparently, they're rarer than cougar, wolverine or even Elvis sightings.

The Public Service Commission reports 140 such customers in the state. That amounts to 4/10,000ths of 1 percent of Michigan households. Good luck locating them.

PSC officials say the residential choice customers are served by one of three companies: Quest, Nordic and Strategic Energy.

"We don't have any," says Mark Stiers, chief operating for Quest Energy in Ann Arbor.

"Not us," adds Fred Polenz, regional director of Strategic in Livonia.

"Keep looking," says Mike Carosio of Nordic Marketing in Ann Arbor. Under the 2001 electric restructuring law, residential customers were permitted to leave the giant utilities - Detroit Edison and Consumers Energy - ostensibly to find lower cost electricity from a competitor. But virtually no one has.

For the record, similar programs in Ohio and Texas have seen some 900,000 residential choice customers leave their local utility for alternative suppliers in each state.

In Michigan, electric rates for residential power users are heavily subsidized - to the tune of 10 to 20 percent -- by business customers. Also, as part of the state law, residential rates were slashed 5 percent and then frozen until 2006. So alternative providers have no head room to offer discounts to cost-conscious home owners. Instead, they have focused on big-ticket commercial and industrial customers.

The good news is choice for residential customers may be viable as early as next year. The bad news: That's because the freeze comes off and residential rates are expected to shoot up by double digits.

"Technically, all residential customers have choice but they need something to have a choice of," said Peter Lark, chair of the Public Service Commission, which regulates utilities. "The alternative suppliers have to come in and market to residential customers, and I don't know how we accomplish that."

The PSC is obliged to educate consumers about electric choice, but officials say they won't bother spending dime one until there's a market. "There's no sense spending money now because suppliers aren't courting the residential customers," said Michel Hiser, head of the electric competition division at the PSC.

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