

MIRS Capitol Capsule
April 2, 2007

Big Three Unhappy With Lark Plan

The financially beleaguered Big Three automakers are privately circulating a document purporting to show a \$153 million increase in energy costs under a plan written by the chair of the Public Service Commission (MPSC).

General Motors, Chrysler, Ford, U.S. Steel, Delphi, Marathon Petroleum and Martin Marietta are among 17 major industries opposing the 21st Century Energy Plan embraced by MPSC Chair Peter **LARK**.

According to the document obtained by *MIRS*, the firms, which employ more than 300,000 workers around the state, now pay about \$137 million plus for their energy costs.

Under the Lark blueprint, the costs would mushroom to more than \$280 million — or over two times the current amount — according to the document.

Here's the breakdown. The major manufacturers would pay an additional \$50 million to pre-fund any new energy creating plant, which Lark suggested in his recent report. The Lark energy efficiency recommendations would hit the firms with another \$18-30 million a year unless they are exempted.

Lark said his plan doesn't say anything about the mandatory pre-funding of electric plants. The plan specifically says that the interest on any money that is needed to build a plant "could" be collected from ratepayers before the plant is constructed, but unlike 13 other states, there is no requirement for pre-funding.

On the second issue, Lark said the energy efficiency standards he's recommending are standards large corporations can be exempted from if they are already incorporating them into their plans. He added that under extraordinary circumstances, corporations also could be exempted.

Under the Lark plan, the so-called rate skewing and securitization costs would remain the same but members of the group known as ABATE conclude, "These costs could be much better spent by Michigan's largest job providers on plant expansions, job creating, R and D and plant upgrades."

The MPSC Chair said Michigan has extremely competitive electric rates when stacked up against other states. Indiana and Illinois have lower rates today, but recent changes in both states will change that.

"I'm not Moses and these aren't the Ten Commandments," Lark said. "The goals of this plan were to create a record with a lot of information so people could use the information and raise consciousness. I'm not upset that people are disagreeing. I would just hope they read the material and come up with what's best for the people of Michigan."