

**Comments of Tim Lake
President and CEO of the Monroe County Business Development
Corporation
& Tracy Oberleiter
Chair of the Monroe County Economic Development Corporation
Michigan House of Representatives
Energy Policy Committee
April 13, 2015**

Good morning Chairman Nesbitt, Vice Chair Glenn, Vice Chair LaVoy and all members of the distinguished committee. My name is Tim Lake, the President and CEO of the Monroe County Business Development Corporation. I am joined by my good friend and colleague, Tracy Oberleiter, Chair of the Monroe County Economic Development Corporation.

Thank you for allowing us to be here today to express our concerns about Michigan's energy future. The Monroe County Business Development Corporation is Monroe County's lead economic development organization. Our work is primarily with manufacturers in Monroe County. These manufacturers rely on quality electric service at a reasonable and fair price. We want to be competitive, and I believe our come back from the 2008 economic downturn has shown that we are. However, we feel that we can better compete if Michigan had a fully regulated electric market that ensures fairness for all businesses. The hybrid market has created confusion for our manufacturing community and has disrupted the marketplace.

Our economy in Michigan has taken tremendous strides forward in recent years, but without a stable energy policy, we risk taking major steps back. The business climate is directly related to energy policy in our state. If we do not have reliable, affordable power, businesses will suffer.

Small businesses continue to open and hire new workers every day. And manufacturing in Michigan is growing faster than anywhere else. Over the years, we have seen the regulated utilities commitment to helping Michigan grow. We have seen little to no investment in new generation from unregulated providers.

For this reason, I support a fully regulated electric market.

A looming capacity shortfall is just one example of the negative effect that poor energy policy can have on our business.

We saw it happen in the Upper Peninsula and we are not immune in the Lower Peninsula. Deregulated customers put the entire grid at risk by being able to jump between energy providers.

Proper capacity planning should not be a question mark. While utilities are planning to meet the energy demands of their customers taking regulated services, customers taking service from unregulated providers still put all customers in Michigan at a risk for reliability challenges or financial risk.

Tracy Oberleiter, Chair of the Monroe County Economic Development Corporation also has some comments to make:

Thanks Tim, first and foremost both Tim and I understand firsthand the impact of reliable and consistent electric generation for our state and surrounding neighbors as we both serve on a decommissioning committee for the Consumer's Power J. R. Whiting Plant located in our community. We will be losing their electric generation to the grid in April of 2016. As you can imagine this has a significant impact to our community.

Reliable and affordable electricity are vital components to running and managing a successful business. In the Upper Peninsula, businesses were forced to make no-win decisions about hours of operation and employment because they simply could not afford the costs they were being asked to cover – from which they got no benefit.

Michigan should take pride in our economic recovery and remain committed to future growth. We saw that deregulation is an unsuccessful policy from 2000 to 2008. And the rest of the country clearly took notice as well since no other state has gone to a fully regulated electric market since Michigan did in 2000.

Since our hybrid system with 90 percent regulation went into place, Michigan's economic factors have only improved. With 100 percent regulation, we have reason to believe we will grow further.

For example, according to the U.S. Energy Information Administration, rates are 25 percent lower on average in fully regulated states versus fully deregulated states.

To many, reliable electricity is an afterthought. Even with discussion of a diminishing reserve margin and looming capacity shortfall, many Michiganders remain unfazed. That's because stable electricity is something we have come to expect.

The Legislature needs to pass a Michigan first plan to continue this trend. Reliable, affordable electricity is paramount to driving our state forward as we continue an economic rebound. Let's preserve this momentum and ensure that Michiganders never have to be concerned about their electricity.