NEWS RELEASE

MICHIGAN PUBLIC SERVICE COMMISSION

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MPSC Encourages MEGA Electric Companies to Focus on Offering Green Power, Offers MEGA Company Ratepayers Relief

April 17, 2003

The Michigan Public Service Commission today denied a petition for rehearing of its August 20, 2002 order, instead encouraging seven Michigan Electric and Gas Association (MEGA) electric companies to focus on offering customers either renewable energy or green power options, or rate relief in the form of a refund of the amounts previously collected to fund the CHOICE Advisory Council subcommittee's activities.

The CHOICE (Customers Have Options in Choosing Electricity) Advisory Council was formed to assist in the implementation of customer education programs to inform commercial electric customers about customer choice.

The intent of the August 20, 2002 Commission order was to jumpstart implementation of selected portions of the education program. The expectation was that this could be accomplished in a matter of weeks. Nearly eight months later, the required contract between the utility and their advertising contractors has not been executed and little apparent progress has been made. The Commission also noted that it has been six years since the importance of a customer education program to the restructuring of the electric utility industry was first recognized. The August 20, 2002 order also identified the promotion of green power and related tariff offerings to the public and the recruitment of potential alternative suppliers as additional purposes that could be funded through the cost recovery mechanism adopted by the Commission pursuant to the Customer Choice and Electric Reliability Act (Public Act 141 of 2000).

(over)

The Commission was concerned that the ratepayers of the MEGA companies have been charged 18 cents per meter per month for a customer education program that remains stalled. MEGA companies include Alpena Power Company; Indiana Michigan Power Company, d/b/a American Electric Power Company; Edison Sault Electric Company; Upper Peninsula Power Company; Wisconsin Electric Power Company; Wisconsin Public Service Corporation; and Northern States Power Company – Wisconsin, d/b/a Xcel Energy. During 2002, these companies collected over $542,000 and incurred no expenses. In addition, it appears unlikely that the primary purpose for this collection will be realized for the foreseeable future. Many of these companies are offering or will soon offer to customers the ability to purchase green power.

In today's order, the Commission noted that it is time to accomplish at least a portion of the goals of the CHOICE Advisory Council and relieve customers from the obligation to contribute toward the educational program.

The Commission ordered:

- the suspension of the cost recovery mechanism in the April 27, 2001 settlement agreement as it applies to the above-named MEGA companies;

- the suspension of the continued collection of the 18 cents per meter per month for consumer education activities described in the August 20, 2002 order with regard to the MEGA companies;

- the submission of a report by MEGA companies, not later than August 1, 2003, on the amounts collected or expended during 2003 pursuant to the cost recovery mechanism, and the filing by each MEGA company on how it proposes to promote green power or refund such amounts to its customers.

- The termination of further activities by the CHOICE Advisory Council subcommittee.

The MPSC is an agency within the Department of Consumer and Industry Services.

Case No. U-12133