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READYING MICHIGAN TO MAKE GOOD ENERGY DECISIONS

Michigan Energy Public Forum

Lansing

Thursday, February 14, 2013
1:00 p.m. - 5:00 p.m.

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702 W. Kalamazoo Street
Lansing, Michigan 48909

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Introduction: Steve Bakkal, Director, Michigan Energy Office
John Quackenbush, Chairman, Michigan Public
Service Commission

Presentations: Lansing BWL - George Stojic, Executive
Director of Strategic Planning and
Development; jointly presenting with
MMEA - Jim Weeks, Executive Director
MCAAA/CLEAResult - Sharon Theroux, Energy
Program Director
LS Power - John King, Executive Vice President
Association of Businesses Advocating Tariff
Equity - Bob Strong, General Counsel
Michigan Environmental Council - James Clift,
Policy Director

- - -

REPORTED BY: Lori Anne Penn, CSR-1315

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1 Lansing, Michigan.

2 Thursday, February 14, 2013

3 At 1:01 p.m.

4 - - -

5 STEVE BAKKAL: If we can all take our
6 seats, we'll get started. Somebody please close the door
7 so we won't have the background noise from the hallway.
8 Thank you.

9 Great turnout today. Good afternoon,
10 everyone. Welcome. For those of you that don't know, my
11 name is Steve Bakkal from the Michigan Energy Office,
12 located at the Michigan Economic Development Corporation.
13 On behalf of the chairman of the Michigan Public Service
14 Commission, Commissioner John Quackenbush, and myself,
15 we'd like to welcome you to the first Michigan Energy
16 Public Forum as we kick off the process to ready Michigan
17 to make good energy decisions.

18 As many of you are aware, this past
19 November the Governor gave his energy and environment
20 address where he talked about the three pillars of any
21 good sound energy policy; that of reliability,
22 affordability, and a protected environment, all on a
23 sound foundation of adaptability. And as part of that
24 message, the Governor talked about 2013 being the year
25 that we gather the information and facts that are needed

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1 for our policymakers to make good decisions going
2 forward, specifically in the areas of energy efficiency,
3 renewable energy, Electric Choice, and any other areas
4 that should be considered. So thus the reason we're here
5 today.

6 As part of the process, we announced a
7 couple weeks ago we are having seven public forums
8 throughout the state, this one being the first one, and
9 six others running all the way to April and in Traverse
10 City. We also launched a website at michigan.gov/energy.
11 On this website is a copy of the link to the Governor's
12 energy address, as well as Appendix A that has details on
13 this process, as well as links to the specific areas that
14 we're looking for information on with a number of
15 questions that we have posted on there that we're looking
16 for information and feedback from everyone.

17 And when you look at the website and you
18 click on the various links for the different topic areas,
19 you'll notice about 25 to 30 questions in each, almost a
20 hundred questions in each of these topic areas, and
21 they're very technical in nature, and they're
22 specifically looking for information and data. Generally
23 all these questions were generally with these two
24 questions in mind of what information do policymakers
25 need to make good energy decisions, or what existing data

1 or studies exist that can be utilized by our policymakers
2 to make good energy decisions. Thus, we're not asking
3 for specific policy recommendations in these areas, the
4 question isn't what should our targets be in these areas,
5 but more specifically, how do you assess these areas so
6 our policymakers can make those decisions.

7 Again, we'll be having these seven forums
8 throughout the state approximately every two weeks; we'll
9 be making the agenda available approximately two weeks
10 before each event. We've already made the Grand Rapids
11 agenda available online. The speakers for all the events
12 will be different and try to be as unique for that
13 specific region as possible.

14 After we gather -- after we've completed
15 the events and the public comment period on the website
16 is going to be closed, we're going to close that at the
17 end of April, going back to the website, all that
18 information is going to be posted on the website and will
19 be visible and accessible by everyone to see. So if you
20 see a question there and there is a comment to it or
21 somebody attempts to answer it with some data, you have a
22 chance to review that, and if you have better information
23 out there, we welcome you to respond to that as well.

24 Also, today's event will be -- we do have
25 a court reporter here taking down, recording all the

1 presentations, we'll be making the presentations
2 available online as well, so even for these presentations
3 that are going to be given, you'll have a chance to
4 respond to those online as well.

5 After we collect this information, we'll
6 start outlining, the Chairman and I will start outlining
7 the reports in the May-June timeframe. There will
8 probably be some information that we'll still need to
9 gather that people won't have necessarily answers to. In
10 the July-September timeframe we'll be compiling the
11 reports. In October we'll be releasing a draft, again
12 that we'll make available for the public to comment on.
13 And finally in the November-December timeframe we'll
14 finalize the report, issue it to the Governor and to the
15 legislators, and we anticipate that the Governor in
16 December of this year will be utilizing the report to
17 make his own policy recommendations.

18 Next I'd like to invite the Chairman,
19 he's going to be talking about some of the existing
20 energy framework that guides our policies today. Thank
21 you.

22 JOHN QUACKENBUSH: Well, good afternoon.
23 It's great to have all of you here today.

24 What I'd like do is to share with you
25 some of the data we have to start with. You know, the
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1 Commission has the responsibility every year to file an
2 Energy Efficiency Annual Report with the legislature and
3 the Governor, we also file a Renewables Report every
4 year, and we also file an Electric Choice Report, and in
5 those reports, which are on the Michigan Public Service
6 Commission website, but also on the michigan.gov/energy
7 website where the questions are, that shows you -- many
8 ways to get to it -- but that will show you the data we
9 have to start with. So we're asking you for data and
10 reports and studies. If you have better data, if you
11 have supplemental data, we're open to it; but at least
12 for a starting point, let's show you what we've got right
13 now.

14 The very first slide here has to do with
15 energy efficiency, it comes straight from our November 30
16 report. On the left-hand side it compares year-by-year
17 our targets for electric energy efficiency and what we
18 actually achieve; and what you can see is that we've
19 beaten the targets as a state every year so far. On the
20 right-hand side it shows you what the targets were.
21 We've had a phase-in approach. Several years ago we were
22 at .3, then .5, .75, and now for this past year, 1
23 percent, and it will stay at that 1-percent level now
24 unless there's a legislative change to it. So that's
25 kind of just some background information.

1 Next is the same information, but on the
2 gas side instead of the electric side. This comes from
3 the same November 30 report. Again, year by year we have
4 beaten the targets. And those have a slightly more
5 modest goal, whereby in 2012 we are at .75 percent;
6 again, that will continue into the future unless it's
7 changed by the legislature.

8 Now I'm going to switch to renewables.
9 And on renewables, we have an annual report that actually
10 is due to be filed tomorrow, and so this is a chart
11 that's in there, and so this is the first time I think
12 many of you are getting a chance to see it. Basically
13 what this shows, you can see the bars, upper progression
14 where we're getting closer every year to our standard,
15 which is 10 percent by 2015. The very top line, which I
16 think is new for what we, the way we've presented it,
17 there's a top line there that shows the bankable RECs,
18 the inventory RECs, and so you can see that in some
19 future years, you know, the bankable RECs have been
20 increasing, and in the future, you can see in 2015 it's
21 gone down a little bit and so forth. So this is the data
22 that we have for renewable energy. It looks like we're
23 well on our way to meeting the target. And the question
24 facing us in this state is where do we go next?

25 This is switching over to Electric
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1 Choice. We filed this report February 1. And there's a
2 lot of numbers in this chart, but basically all I wanted
3 to highlight was there's a 10-percent cap currently, and
4 we have a queue. The top half shows the data for
5 Consumers Energy where if we had no cap, there would be
6 about 24 percent customers that are in the queue
7 interested in going to an alternative electric supplier;
8 and the same numbers for Detroit Edison comes out about
9 21 percent. So again, that's some good background data.
10 We're interested if you have anything different, if you
11 have a different way to look at it, let us know.

12 Also in that Electric Choice report we
13 have some data on rates, and I'm just going to show you
14 two charts on rates. This one is residential rates.
15 This shows the progression of Michigan's electric rates
16 over time, and it compares to -- and this for
17 residential -- and compared to some surrounding states in
18 the midwest. If you look at our report, we actually have
19 other comparisons to the national averages and so forth.
20 There's many ways you can look at it and slice and dice
21 it, but this is just a starting point that we have.

22 I also have one briefly on industrial,
23 just to show you that we, you know, we have that. We
24 also have commercial in the report as well.

25 So with that, that's just a brief

1 snapshot of some data, feel free to comment on it.

2 And at this point, let me pass it back
3 over to Steve.

4 STEVE BAKKAL: Thank you, Mr. Chairman.

5 I just wanted to outline the activities
6 for the rest of the day. We're going to have some
7 presentations from some of the major stakeholders in
8 these areas that will be here today. Again, as I
9 mentioned, all of these presentations will be different
10 for each event, so in case you're interested in attending
11 these events, they won't be the same. After that, we'll
12 take a short break, and then the remaining time will be
13 dedicated for the public that's here that would want to
14 speak. If you haven't filled out a comment card, we
15 encourage you to get one, they are located at the front
16 desk. Please complete that and give it to anybody that's
17 walking around that has a badge, and we will collect
18 those during the break and we'll start calling you up.

19 Before I introduce our first speaker, I
20 did want to take this opportunity to recognize some
21 members that are here, that have joined us here. I
22 noticed Senator Hopgood here, a member of the Senate
23 Energy and Technology Committee. If there's any other
24 members of the legislature or public officials that are
25 here. Senator Hopgood, you're more than welcome to come

1 up and say a few words, if you're interested.

2 SEN. HOON-YUNG HOPGOOD: Well, I kind of
3 sat near the top because I'm not going to be able to stay
4 for the whole afternoon, but I do want to applaud the
5 Commission and the Governor for really taking on this
6 project. I think it's very important as a member of the
7 Senate Energy and Technology Committee, and in the House
8 previous to that we did the '08 legislation and the
9 package that some of this data was presented on. And in
10 the Senate committee, we did a review, now it's going on
11 two years now, so it certainly is time to take a look and
12 think about these big important questions.

13 Back home I have two little girls, you
14 know, and I think about our efforts at energy efficiency
15 and renewable power and clean energy essentially, and
16 looking at that longer term, they're going to be living
17 and breathing air for a long, long time, same time
18 they're going to be paying electric bills for a long,
19 long time, and trying to figure out the balance and put
20 us on the right path moving forward is something that,
21 you know, as a senator in my position, being the vice
22 chair of the committee, I think the legislature as a
23 whole is really interested in your work.

24 Great to see the turnout today. I hope
25 that you all have come and are ready to provide us with

1 great information, and I hope and I think that the
2 Commission is ready to really dig deep into it and come
3 up with some good answers for all of us. So it's a
4 pleasure to be here. Thank you.

5 STEVE BAKKAL: If there any other members
6 of the legislature that may have come in, feel free to
7 come on up. Otherwise I think that we can get started
8 with our first presenter.

9 Unfortunately our first presenter, Ken
10 Rose, for personal reasons couldn't make it. He did
11 provide his presentation that we will be posting online.
12 He is representing Citizens Against Rate Excess. We will
13 try to speak with him and reschedule him at a different
14 event.

15 So that's our first presenter will be
16 George Stojic, Executive Director of Strategic Planning
17 and Development for Lansing Board of Water and Light,
18 will be jointly presenting with Jim Weeks, Executive
19 Director of the Michigan Municipal Electric Association.
20 Please join me in welcoming them.

21 JIM WEEKS: Good afternoon, everyone.
22 Director Bakkal, Chairman Quackenbush, thank you for the
23 opportunity to be able to present on behalf of the 41
24 municipal electric utilities in the state.

25 One thing I know that we all have in
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1 common sitting here today is that we are all electricity
2 customers, it's something that we need 24 hours a day, 7
3 days a week, 365 days a year, and the decisions that we
4 make as utilities to make sure that our obligation is
5 fulfilled and that we are providing reliable, affordable,
6 environmental friendly energy to you, many of those
7 decisions take investments that last over a 30-40 year
8 lifespan.

9 So I would say in starting out to the
10 Director and to the Chairman and to the Commission, in
11 2008 we had put together a group that had worked
12 effortlessly, we had worked long hours, and I think we
13 had come up with some pretty good legislation in Public
14 Act 295 and 286. We are still every day trying to get
15 better at meeting the goals of 295 and 286. We improve
16 in energy efficiency, we improve in how we deliver
17 electricity, we learn more about how efficient and clean
18 way of providing that. I would say that one item that I
19 think all utilities with an obligation to serve would
20 agree upon is that we know the target, and the target is
21 to meet the 10-percent goal by, the requirement by 2015,
22 to meet the 1.0-percent savings in EO, and then also to
23 plan accordingly for our load at our utilities as it
24 grows, and to blend those together so that it's in an
25 environmentally friendly way, but as the senator said, we

1 also have to look at the rate impact on the customers.

2 The more often that we change the
3 foundational legislation under which we operate, I would
4 say, creates inefficiencies in how we go forward, because
5 these are high-cost generation or long-term power
6 purchase agreements that we are investing in, we'd
7 certainly like to have more stability and being able to
8 know what that future is. So I would just say a moving
9 target makes it a little more difficult than if we kind
10 of know the direction where we're supposed to go.

11 Again, I think the two Acts, I think the
12 legislature got it pretty well right on, and certainly
13 there can be a few changes on the edges, but overall I
14 think we're heading in the right direction.

15 Michigan has 41 municipally-owned
16 electric utility systems. You're here in Lansing today,
17 that is the largest, they have 100,000 customers; Village
18 of Daggett has about 200. In total, we provide about 7.6
19 percent of the -- or I'm sorry -- 8.0 percent of the
20 state's total retail electricity sales.

21 Here's our members, all 41. You'll
22 notice they go from Clinton to Niles, Traverse City to
23 Newberry to Wakefield. We are all over the state.

24 As I said earlier, we are not-for-profit
25 load-serving entities, and we have an obligation to

1 provide our customers with reliable, affordable and
2 environmentally friendly electricity. We are regulated a
3 little different from investor-owned utilities and
4 cooperatives, and you will hear from those at the other
5 forums. We are regulated locally. So here in Lansing we
6 would have a mayor, the mayor would appoint members to a
7 board of commissioners, confirmed by the council, the
8 board of commissioners would then set the public policy
9 for the utility going forward, how would they meet their
10 obligation to serve.

11 And really what I'm going to get to here
12 in a little while is, when we talk about meeting
13 Michigan's energy future, I want talk about what our two
14 largest members are doing to meet that obligation.

15 Our authority comes from Michigan
16 Constitution to establish a municipal utility, and the
17 three primary statutes that we operate under are MCLs
18 142.3, 117.4 and 460.10y. Generally we operate in the
19 municipality or in the contiguous township.

20 Here's the section, Article VII, Section
21 24 of the Constitution that says, "... Any city or
22 village may acquire, own or operate, within or without
23 its corporate limits, public service facilities for
24 supplying water, light, heat, power,...".

25 This is kind of a look at where we serve.

1 And as I said earlier, it's really across the whole
2 state, but if you were to break it down into the service
3 territories and maybe some of the larger utilities, you
4 get a better idea. So we have 12 members that serve in
5 the U.P. from Newberry on the east side all the way to
6 Wakefield, we also have Marquette and Escanaba. Within
7 the yellow area, that's Consumers Energy service
8 territory, there are 20 municipals. In the blue area of
9 Detroit Edison, we have four members. And five of our
10 members serve down in I&M territory, Indiana Michigan,
11 and they actually purchase their power wholesale from
12 Indiana Michigan.

13 Much of our energy supply that is not
14 purchased from the incumbent utility in the area, we have
15 under Public Act 448 of 1976 legislation that allows us
16 to jointly acquire and own generation facilities. There
17 are three joint action agencies that provide the power to
18 28 of our members here in the state: Michigan Public
19 Power Agency in Lansing, Michigan South Central Power
20 Agency in Litchfield, and then WPPI Energy out of
21 Wisconsin that serves six members in the U.P. These
22 joint agencies have, jointly our members to these
23 agencies own, for instance, 250 megawatts of capacity in
24 Detroit Edison's Belle River plant, we own part of the
25 Campbell plant. Michigan South Central has their own

1 base load coal plant. WPPI Energy has also facilities
2 that they've jointly invested in with larger utilities.
3 So together we're able to get some economies of scale.
4 And we also, through these agencies, buy our renewables,
5 or many of these members buy the renewables. We have
6 energy efficiency committees and renewable committees
7 that we've worked with in these agencies, and they really
8 are where we're able to together get those economies that
9 make it efficient to purchase generation and power
10 supply.

11 Public Act 295 required that we offer
12 energy optimization, and as you saw in the previous
13 slide, we are meeting our goals. Municipal utilities are
14 no different than the others; we offer residential low-
15 income services. And here's a list, I won't go into it,
16 but here are residential solutions that we offer in all
17 41 municipalities to meet our energy optimization
18 targets.

19 We also have commercial and industrial
20 solutions that we offer. And we had, in 2011 we had met
21 108 percent of our goal, so it looks pretty similar to
22 what I had seen on the previous slide. That came in at
23 an expenditure of \$7.8 million.

24 On the renewable energy front in the
25 requirements under 295, 40 of our 41 members are on track

1 to obtain 10 percent of their sales from renewable energy
2 by 2015 without exceeding what were rate caps in Section
3 45 of that Act. The one member that might not be able to
4 make the 10 percent is Detroit Public Lighting, and
5 that's due to they have a high volume of sales, but
6 really a low amount of customers, they serve no
7 residential customers, and so when you have a per-meter
8 charge, they end up hitting the rate cap, and they're
9 working their best and we'll have to see where we get,
10 but 40 out of 41 is pretty good. We've invested in
11 biomass, hydroelectric, landfill gas, solar, and wind,
12 and some of our members also supplement that by
13 purchasing renewable energy credits from other utilities.

14 I really wanted to talk about when you're
15 looking at addressing Michigan's energy future, for us,
16 our two largest members have just gone through that
17 process, and they, being locally regulated, went through
18 a process where the public was very involved, and the
19 public does set our policy; we answer to them, they are
20 our shareholders, if you will, they own us, and certainly
21 we have to answer to them.

22 So the Holland Board of Public Works,
23 they have an aging fleet of coal plants, and due to EPA
24 regulations, those will be going away. And the question
25 is, how do you then replace that going forward? Holland

1 serves 27,500 customers in the city and surrounding
2 townships. You can see that they have 82 percent of the
3 revenue comes from commercial and industrial. They
4 currently use waste heat for melting snow on ten acres of
5 streets and sidewalks in the shopping district.

6 Holland has put together a community
7 energy plan. They have a goal of having their greenhouse
8 gas per capita move from 24 to 13 metric tons by 2050,
9 maintain competitive rates, and be attractive to business
10 development. Currently, through public volunteers, they
11 have put together seven task forces, and they are under
12 way in implementing some strategies to achieving the
13 goals. You see the seven different task force: Electric
14 generation, district energy, home energy retrofits,
15 commercial/institution building efficiency, building
16 labeling, industrial bundle of energy services, and
17 education and outreach.

18 Holland performed a sustainable return on
19 investment analysis, and they considered both financial
20 and non-financial impacts of their generation options.
21 The staff recommended and the board approved in December
22 that they would build 114-megawatt natural gas
23 combined-cycle plant, they would enter into a public
24 power, a public purchase -- or power purchase agreement,
25 sorry, for 32 megawatts of wind, and then the EPA

1 regulations as they kicked in pretty much would determine
2 the fate, which means that those coal plants would be
3 being taken off line.

4 I do want to show you a quick two-minute
5 presentation of exactly what Holland did before Lansing
6 comes up. And I think someone was going to activate
7 that. You can tell I'm not an engineer.

8 (At 1:32 p.m., Holland video presentation.)

9 JIM WEEKS: So Holland is in the process
10 right now of doing a site selection, and they hope to in
11 2016 be able to have the plant in place. It will
12 displace James DeYoung coal, which is 150,000 tons a
13 year, it will produce enough waste heat to increase the
14 snow melt area four to five times what it presently is,
15 and they plan to use low temperature water to drive
16 geothermal heat pumps, and looking at with Hope College
17 possibly providing them with some high-temperature water
18 service. So that is how Holland is moving forward to
19 meet their energy needs in the future. That's our second
20 largest utility.

21 And next up, George Stojic is going to
22 tell you about a little project here in Lansing that
23 they're going to be I hope having run this year, right,
24 George.

25 GEORGE STOJIC: Commercial operation is
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1 July 1, we are on schedule.

2 Chairman Quackenbush, Director Bakkal,
3 thank you for this opportunity to share our experience
4 and thoughts with you regarding Michigan's energy future
5 my name is George Stojic, I am the Executive Director of
6 Strategic Planning and Development for the Board of Water
7 and Light. Happy to be here today.

8 I want to today just touch on a couple of
9 things with you, including governance for municipals, how
10 it impacts our resource decision making, and talk to you
11 really briefly about our recent experience and give you a
12 couple of thoughts. I tend to give my opinions a lot on
13 these type of presentations, so bear in mind they are my
14 opinions and not those of the board of directors.

15 But the Lansing Board of Water and Light
16 is Michigan's largest municipally-owned electric utility,
17 we are owned by the citizens of the City of Lansing. We
18 have been providing drinking water since 1885 and
19 electricity since 1892. We have a downtown steam loop,
20 about 225 customers, and chilled water loop downtown as
21 well.

22 Members of our board are appointed by the
23 mayor, confirmed by the city council. And so that makes
24 us a little bit different than other utilities,
25 particularly investor-owned utilities, in that our board

1 members represent a very diverse population, they come
2 from all walks of life, and they represent a very diverse
3 population of Lansing. What that does is it ties us very
4 tightly into our community. So we have -- we are just,
5 not only just a creation, but a part of our community, we
6 have been for 125 years. What that means that we are
7 grounded in the values, the beliefs, the preferences,
8 expectations of the people of the City of Lansing, and
9 that drives a lot of our thinking.

10 And like other utilities, that means that
11 we have multiple demands; some of those demands come from
12 the state mandates, and some of them come from our own
13 citizen owners, and that makes it a little bit more
14 difficult to satisfy everybody sometimes. For us, this
15 has been an advantage. I will tell you that the close
16 connection to our community has caused us to be I think
17 an innovator and have an ongoing commitment to
18 environmental improvement.

19 Just to touch on a few things, we were
20 the first utility here in Michigan to have a renewable
21 portfolio standard. We imposed this ourselves about a
22 year and a half, two years before the state adopted
23 PA 295. We were the first to have a comprehensive energy
24 efficiency plan; and again, we started this before
25 PA 295. We had Michigan's largest solar array for a

1 time; and again, we started this prior to the state
2 mandate. We were very interested in understanding what
3 renewable energy options were out there and what it might
4 do to us helping to a control our load. We were the
5 first to go forward with a new generation of generating
6 fleet actually to improve, modernize our generating
7 fleet, first utility to build a new plant in over 20
8 years. And our goal here is really to have an impact.
9 We have another self-imposed goal, and that is to reduce
10 or greenhouse gas emissions 20 percent by 2020.

11 PA 295 and the state policy is a good
12 start, but we were well along trying to meet those goals
13 anyways before the legislature adopted that, and our
14 interest is going beyond that. We think that we have --
15 the reason for implementing renewable energy and energy
16 efficiency is to improve energy sustainability here in
17 mid Michigan, as well as limit our impact on the
18 environment, so we have gone beyond that.

19 I want to talk to you very briefly about
20 planning, but everybody's already hit on this. The three
21 major goals of planning, there are a lot of criteria, a
22 lot of objectives, but the three major goals that I think
23 that are in common with energy planners are reliability,
24 affordability and environmental stewardship, and those
25 are certainly the goals that we plan around as well.

1 You know, it's interesting, if I look
2 back about 10 or 20 years, maybe about 35 to 40 percent
3 of our load for the Board of Water and Light was
4 industrial, industrial manufacturing. Today it's
5 probably about 20 or 25 percent. So we've had a sharp
6 reduction in our load from manufacturing industrial
7 customers, but our sales really haven't dropped, they've
8 been sort of flat through that period, and part of the
9 reason is because we've had new customers coming on;
10 these are data centers, they're expansion of medical
11 facilities, they're insurance companies or financial
12 services companies, so we're seeing the economy of mid
13 Michigan evolve. And the point here is that they require
14 highly reliable power, so reliability is very important.
15 At the same time, they are expecting us to compete with
16 other places around the country, so affordability is a
17 major driver, and they all want clean energy.

18 I want to touch very briefly on our
19 experience, planning experience. So in 2008 we did issue
20 an integrated resource plan, and as part of that plan, we
21 proposed to replace our aging Eckert electric generating
22 facility. So all our facilities are coal-based, and
23 Eckert is the facility out there with the three major
24 stacks if you look to the south, and we've proposed to
25 replace that with a new base load plant that would

1 co-fire both coal and biomass. Our goal even then was to
2 reduce our emissions, and particularly our greenhouse
3 gases.

4 What we did after we made that proposal
5 was to assemble a citizen task force. We are very much a
6 part of this community, and the community wants to have a
7 say in these planning decisions. The task force held
8 several public meetings, took input, recommendations from
9 a variety of groups from throughout the community, in
10 fact, some of the presenters I see here today. They made
11 their own recommendations, a number of them. But one of
12 them was to affirm the three goals that we were after in
13 our planning criteria. We were still in the, still in
14 the -- I don't want to call it a great recession. At
15 that time General Motors had just filed for bankruptcy,
16 so one of the recommendations was to delay any decision
17 on any major base-load type of plant until the dust
18 settled and we knew whether or not the two plants here in
19 Lansing were going to continue in operation or not.

20 Another one was to consider alternative
21 generating technologies, and including natural gas and
22 combined-cycle plants, and in fact some of the
23 participants through this process with the public had
24 recommended that we look at this.

25 So at about the same time, the
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1 Environmental Protection Agency came out with this macro
2 for industrial, commercial and institutional boilers, and
3 this is the Mercury and Air Toxic Rules. Now, if you
4 picture this, we have a facility that burns coal-produced
5 steam for downtown Lansing called our Moore's Park
6 facility, we have Eckert plant, which uses coal to
7 produce electricity, two different facilities. The MAT
8 Rule impacted the Moore's Park facility that produces
9 steam. Frankly, the facility is over 50 years old and
10 the retrofits would have been very expensive. So
11 combining that cost and the risk in going forward with
12 that cost with the recommendations that we had gotten
13 from our community, we decided instead to go with what we
14 call our REO Town plant, which is a natural gas
15 combined-cycle cogeneration plant. It produces steam for
16 the downtown steam loop, or it will be doing this soon,
17 it's going to be operational fairly soon here, and
18 commercial operation date is July 1, and electricity for
19 our electric customers. It's a very highly efficient
20 plant, very low emissions comparatively speaking. Just a
21 few statistics here on emissions, dramatic reductions
22 really. And contributes significantly to generation
23 reliability. So for those of you not familiar with it,
24 these minor combined-cycle plants have a very high
25 availability compared with the old coal plants, and that

1 does contribute very, rather significantly to
2 reliability, and it does complement renewable energy.

3 What we have found over the last couple
4 of years is that as wind grows here in Michigan and
5 throughout the Midwest Independent Systems Operators'
6 footprint, locational marginal prices changed rather
7 dramatically, and you have to make tough decisions if you
8 have a base load plant on whether to keep them on line,
9 especially during this time of the year through late
10 spring, or not. Now, you build a base load plant to keep
11 it on line all the time, and if you have to bring it on,
12 take it off, it's very expensive and it's not good for
13 the machine. As it turns out, modern combined-cycle
14 plants are just made for this type of an operation. They
15 can be operational in 10 minutes, zero to full throttle
16 in 10 minutes, which was quite startling to me, and they
17 cycle very well. It helps reduce greenhouse gas by 20
18 percent. Again, this is one of our major goals.

19 So I want to leave with you with just a
20 couple thoughts. First of all, it is -- although we are
21 the largest municipal utility in Michigan, we are very
22 small compared with some of the other utilities, and our
23 colleagues in the municipal industry are very small
24 indeed; they have multiple demands, and they need as much
25 flexibility as possible meeting whatever criteria that

1 the state may have or however its policy is directed, so
2 that flexibility is very important.

3 Second thing I would mention, and I would
4 carry on this flexibility concept, is that I, for one, am
5 less interested in goals that rely on a specific
6 technology, whether that is wind, solar, conventional
7 generation, than the reason you do this, and those goals
8 to us are those three planning goals of being reliable,
9 of being affordable, and for us, of reducing our
10 greenhouse gas emissions by 20 percent. The more tools
11 that I have for doing that, the more flexibility that I
12 have, the more I can balance those three goals. Thank
13 you.

14 STEVE BAKKAL: Thank you, George and Jim.

15 Before we introduce our next speaker, we
16 do have another member of the legislature here. Senator
17 Nofs, chairman of the House/Senate Energy and Technology
18 Committee is here as well. I'd like to recognize him.
19 Thank you for coming.

20 Our next speaker will be Sharon Theroux,
21 who is the Energy Program Director for the Michigan
22 Community Action Agency Association. Please welcome her
23 to the stage.

24 SHARON THEROUX: Good afternoon. Thank
25 you, Chairman Quackenbush and Director Bakkal. I

1 appreciate this opportunity to provide to you some
2 information about the Efficiency United program. I'd
3 like to give you some background information, as well as
4 progress that we have made, our successes, and also talk
5 about what we're planning on doing this year and in the
6 future.

7 The Michigan Community Action Agency
8 Association is the administrator of Efficiency United,
9 and we work in partnership with CLEAResult. The Michigan
10 Community Action Agency Association, or MCAAAA, we are a
11 nonprofit membership organization of 29 community action
12 agencies located around the state; they do provide
13 services to low-income households to help them find
14 self-sufficiency. MCAAAA is the leading provider of
15 weatherization assistance through those agencies, and we
16 work with various companies, not only Efficiency United,
17 but we also work as a subcontractor for Consumers Energy,
18 DTE, and some of the municipal companies to meet their
19 energy optimization low-income goals.

20 CLEAResult, they are a national firm,
21 they provide energy efficiency to utilities in states and
22 local governments to help them find cost effective ways
23 to design and implement their programs. They do have
24 over 100 people that are located in Michigan, they have
25 offices in Okemos, as well as in Marquette in the Upper

1 Peninsula. They are a national firm, so they do provide
2 services to about 25, within 25 states, energy efficiency
3 efforts. They have over 1,000 employees, engineers and
4 other energy specialists, that help with those efforts.
5 So they are a great partner to have in this effort of
6 Efficiency United.

7 How did Efficiency United come about?

8 With the Public Act 295, it provided the alternative for
9 utilities who didn't want to do their own energy
10 optimization program to pay a specified percent of their
11 annual retail revenue to an independent energy
12 optimization program administrator that was selected by
13 the Michigan Public Service Commission, and MCAA did get
14 that contract with the prime implementation contractor,
15 CLEAResult, so we do have our contract with the State of
16 Michigan and did receive that through a competitive bid
17 process.

18 Because we have so many companies
19 involved in Efficiency United, we decided we should give
20 it a brand name and use that for our operations, and so
21 that's how Efficiency United did come about for the
22 program name.

23 The membership of Efficiency United has
24 grown over the years. We started the first two program
25 years with 11 utility companies; last year that did

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1 increase to 18; and for 2013, we do have 20 utility
2 companies that are participating. As you can see, we
3 have a range of companies; we have investor-owned, some
4 that are just electric, some natural gas, and some dual
5 fuel. We also have 11 municipal electric companies and
6 one electric cooperative.

7 This map will give you a better
8 indication of where our electric service areas are.
9 Predominantly electric is in the Upper Peninsula, more on
10 the western area, with some in the Lower Peninsula as
11 well, but predominantly in the Upper Peninsula.

12 The natural gas service territory, that
13 is split quite equally in the Upper Peninsula as well as
14 the Lower Peninsula, as you can see.

15 What's nice about our membership is that
16 we have electric and gas companies that are in the same
17 areas, so it makes it useful for us to offer more
18 programs to those customers.

19 We provide a range of programs to
20 customers, all types of them, that provide some type of
21 installation of measures. These installations are either
22 done by the household, by the business, or one of our
23 trade allies. But you can see that we offer not only the
24 low-income program, but Energy Star, appliance recycling,
25 pilots, education, and comprehensive pilots that I'll be

1 talking about in a few moments.

2 For our business customers, we have the
3 custom and the prescriptive programs, as well as pilot
4 and education.

5 The energy saving goals, as I think you
6 saw on a statewide level, we have been able to meet those
7 saving goals targets which we have for each of the
8 participating utility companies. We achieved on the
9 electric side, our average of the 2009 through the 2012
10 time period, 106 percent of goal; and for natural gas,
11 we've reached 109 percent of goal. So we are finding
12 that we can meet those targets. And one thing we did in
13 2012 is with the 18 providers, we were able to meet all
14 of their goals, so we did exceed 100 percent for all of
15 them.

16 The customer impact has been significant.
17 We have served during this three-year time period of the
18 program almost 132,000 customers; about 82,000 for
19 electric and almost 50,000 for natural gas customers. We
20 did take a look at that to see what kind of percentage
21 that is that we've reached already, the total population
22 of customers, and we are getting close to the 20-percent
23 range, so we think we're doing pretty well in getting the
24 program moving forward and reaching the customers with
25 these program opportunities.

1 The income qualified program for the low
2 income, we did partner with the Community Action
3 Agencies, and the reason that we had decided to do that
4 is because they had been doing weatherization assistance
5 programs since the late '70s, so they already had the
6 infrastructure in place, and it was easy for us to then
7 tag on and bring in energy optimization. The Agencies
8 were very experienced in using a variety of funding
9 sources already, so they already had been using federal,
10 state and other funds, so we brought in the energy
11 optimization funds and used that to leverage their
12 weatherization assistance programs and offer more
13 services to more customers.

14 They also had a great contact with the
15 low-income population, they know where they are and
16 they've worked with them, and because they offer more
17 services than just weatherization, we were able to find
18 those customers that would be eligible and interested in
19 this service. And we've reached through the three-year
20 period over 3,300 households. And one thing I should
21 note is that the weatherization assistance that's
22 provided is with longer-term savings measures, so they
23 did get maybe a furnace or insulation or a refrigerator,
24 things that have a longer life. We also did do some
25 direct installs in multifamily housing and through other

1 events, so we did reach low-income customers in that form
2 as well.

3 We have a third-party evaluator of the
4 program, KEMA, and they have looked at customer
5 satisfaction, which has been pretty consistent for the
6 first three years of the program, exceeding 90 percent
7 for the residential and the commercial customer, so we've
8 been happy to hear that.

9 As you can see, this gives you a little
10 more detail looking at the residential customer
11 satisfaction level, it breaks it down by the various
12 programs. You can see our popular program is the
13 appliance recycling, where someone can get a rebate if
14 they have one of those second working refrigerators in
15 their garage and that isn't very efficient, we can take
16 it off the grid, and also the furnace replacement program
17 is popular in the low income. But for the on-site and
18 the on-line audits, we did not have the first year
19 that -- those programs were not running is why you're not
20 seeing the bars there. But it's very good feedback we
21 get from KEMA because it helps us then make adjustments
22 to the design of the program so we can make it better and
23 improve it as we go forward.

24 CLEAResult has done a utility cost test
25 to look at how effective these programs are. And in

1 2012, for every dollar that was invested in the utility,
2 the energy optimization programs, it returned \$5.28 in
3 benefits to the utility system, and that through the
4 utility to the customer provides more dollars -- or fewer
5 dollars that they have to spend on energy. And you can
6 see that that's very similar for the electric and the
7 gas.

8 Are targets achievable beyond 2015? As
9 can you see, we still have a lot of customers that we
10 want to tap, so we think that the potential is still
11 there, although a statewide potential study might be
12 helpful to take a look at the energy efficiency savings
13 that still might be untapped.

14 The programs to date are based on
15 first-year energy savings per dollar spent, and so we
16 feel that the system may be eliminating some of the
17 longer-term savings measures that could be used in a
18 program. So in 2013, Efficiency United will test
19 different program designs to see what will drive
20 installation of longer life savings or deeper savings.

21 These comprehensive measure pilots, we're
22 going to target four of our larger companies, two
23 electric and two natural gas; we're going to look at
24 those savings, provide measures with greater than 10-year
25 life, they will be more capital intensive, and they will

1 offer higher incentives than those that we, that we
2 provide currently in the regular programs. We'll also
3 work with Michigan Saves, the financing loan program, and
4 look at buy-downs of those interest rates to try to
5 attract people to more installations, and we'll also do
6 some matching of funds with the energy audits and the
7 engineering analysis and other programs.

8 With that, I'd like to encourage you to
9 go to the efficiencyunited.com website, you will get more
10 information about the programs that we offer. We do have
11 a toll free number as well where you can have questions
12 answered, and please give me a call if you have any
13 questions. And I appreciate your attention. Thank you.

14 STEVE BAKKAL: Thank you, Sharon.

15 Quick note for those that are standing in
16 the back, there's plenty of room up here up front, so
17 feel free to come on down. It's going to be a couple
18 more hours before we're done here.

19 Our next presenter will be John King,
20 Executive Vice President of LS Power. Please join me in
21 welcoming John.

22 JOHN KING: You may have noticed I
23 brought water with me to the stage in case I get thirsty
24 while I'm presenting here. The table is kind of far
25 away, though, I might have to pause and reach over to get

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1 it.

2 Chairman Quackenbush, Steve, thank you
3 for inviting me to speak. I'm speaking on behalf of
4 Renaissance Power, it's an LS Power-owned power plant in
5 Montcalm County, and I'm also speaking on behalf of
6 competitive bidding for wholesale generation resource
7 additions, and I'm specifically addressing the question:
8 What is the potential in Michigan for nonrenewable
9 generation for Michigan energy sources?

10 To introduce LS Power briefly, we've
11 developed over 7,000 megawatts of power generation
12 facilities in operation or currently under construction.
13 And in addition, on the investment side, we've acquired
14 over 18,000 megawatts of power generation.

15 This slide gives an idea of our
16 footprint. We currently own and operate approximately
17 7,000 megawatts of power generation facilities, and in
18 addition, we have approximately 2,000 megawatts under
19 construction and 700 miles of transmission line currently
20 under construction.

21 The Renaissance facility went commercial,
22 went into operation in 2003, and it's located in Carson
23 City, Michigan. It is a natural gas fired facility, and
24 it interconnects with the Midwest Independent System
25 Operator, MISO. It's located in Consumers service

1 territory. And we sell our power on a day-ahead basis
2 into the MISO market. We don't have any long-term
3 off-take arrangements, although we have sold power under
4 short-term contract to Michigan utilities in the past.

5 There are other nonutility generators in
6 Michigan. I just wanted to make clear it's not just
7 about Renaissance that I'm speaking; there's
8 approximately 4,000 megawatts of large gas-fired
9 generators in Michigan not owned by utilities. I'm not
10 counting wind or renewable resources.

11 Nonutility generation accounts for
12 approximately 20 percent of all energy supplied to
13 Michigan consumers, so it's a significant portion of the
14 market.

15 And what I want to talk about today is
16 wholesale power and the competitive procurement of
17 wholesale power. And we did some research, not
18 exhaustive by any means, but we looked at various states
19 in the U.S. and whether they have, either by law or by
20 regulation, a requirement that before an investor-owned
21 utility can add new generation resources through building
22 or long-term contract, whether they have to run a
23 competitive procurement process. And we were going to
24 provide detailed information, we've got a study on this,
25 and we'll upload that to the Michigan Energy web portal,

1 this is just kind of a quick chart to show you nine
2 states that are easily identifiable as having it in code
3 or in regulation. And I'd like to talk about each of the
4 four categories that we've listed there, and I'll do it
5 just by doing a direct reference to one of the states
6 that we've listed.

7 And competitive procurement for the
8 acquisition or construction of new generation, and this
9 is a direct quote from Oklahoma: For a presumption of
10 prudence, a utility must use competitive procurement for
11 the purchase or self-building of new long-term electric
12 generation or long-term PPA.

13 In our second category, the use of an
14 independent evaluator, seven of the nine states use one.
15 And from Pennsylvania: An independent evaluator is
16 required for all bidding processes in which a utility or
17 its affiliate participate.

18 And the third category, whether there's a
19 competitive request for proposal process or RFP. And
20 this is from Arizona: A load-serving entity must use an
21 RFP as its primary acquisition process for the wholesale
22 acquisition of energy and capacity.

23 And the last category is whether the
24 utility commission mandates the selection criteria. And
25 this is from Utah: Solicitation shall be designed to

1 lead to the lowest reasonable cost and take into account
2 the following factors: Long-term and short-term impacts,
3 risk, reliability, and financial impact on the utility.

4 And I've put up this chart, there's many
5 factors that go into electricity rates, but I did think
6 it was illustrative in that I've listed Michigan on the
7 far left, and residential, commercial and industrial
8 rates in the nine states that are on that previous chart.
9 With the one exception of Florida industrial rates, each
10 of those are lower than Michigan, and the rates are lower
11 than, on average, lower than the U.S. average.

12 So I wanted to, you know, dive a little
13 bit deeper, and I used Oregon as an example because they
14 probably have the longest and the broadest record on
15 wholesale competition, and competitive bidding in
16 particular. And they first adopted policies in 1991
17 regarding competitive bidding for investor-owned
18 utilities. And in 2006 they passed and adopted a
19 competitive bidding guideline, and they addressed, among
20 other things, affiliate bidding, utility ownership, use
21 of an independent evaluator, and the RFP design and
22 approval process. And in 2011 they opened a docket to
23 address, in their words, the bias inherent in utility
24 resource procurement process that favors utility
25 ownership of generation assets over PPAs. And again,

1 we've got the detailed information, we will load it into
2 the web port.

3 To continue on this, in Oregon Docket
4 1276, this docket was opened to address that bias that
5 was identified, and to use their own words, their
6 conclusion was that: "A bias exists in the utility
7 resource procurement process that favors utility-owned
8 resources over PPAs." And, "Under cost of service
9 regulation, a utility's profit is the opportunity to earn
10 a return on the rate base and by purchasing a PPA in lieu
11 of building a power plant, it is foregoing the potential
12 to earn some amount of profit."

13 As part of this process, Oregon reopened
14 Docket 1182 to further examine the issue related to
15 competitive bidding, so that the process is ongoing.

16 From the Oregon process, you know, a
17 couple of conclusions that -- and these are directly off
18 their materials. The RFP process is a means to promote
19 and improve the resource actions identified in the
20 utility's integrated resource plan, IRP, and an
21 opportunity to minimize long-term energy costs.

22 And just to read not all the points, but
23 the last point: Integrated resource plan with
24 competitive bidding is the best way to obtain the
25 resource portfolio with the best combination of expected

1 costs and associated risks for the utility and its
2 customers.

3 So to bring this back to Michigan, there
4 is a requirement in the Michigan Public Act 286 of 2008
5 which does address wholesale competition in a limited
6 way, as well as retail; this is also referred to as the
7 Choice Act. And in that process, it does identify that
8 there shall be a certificate of necessity if the
9 construction or the acquisition of an electric generation
10 facility exceeds \$500 million. And in that, that
11 certificate of necessity process, it would be the
12 Michigan PSC that would make the ruling on whether
13 there's a need and on the reasonableness of that cost.

14 So to look further and view what the
15 Choice Act says regarding wholesale competition: The PSC
16 shall grant certificate of necessity when it determines,
17 in part:

18 The estimated cost of power from the existing or
19 proposed electric generation facility or the price of
20 power specified in the power purchase agreement is
21 reasonable.

22 So what makes the cost reasonable? It
23 says: Commission shall find that the cost is reasonable
24 if:

25 In the construction or investment in a new or
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1 existing facility, the estimated costs are the result of
2 competitively bid engineering, procurement, and
3 construction contracts.

4 What I want to point out there is that
5 the existing Michigan law jumps from a determination of
6 need for new generation resources to the requirement for
7 a utility to bid out a construction contract. It omits
8 the very important process of determining what is the
9 best way to fit that need through a competitive process.
10 There are many other options in addition to the utility
11 self-build: A contract to purchase electric generation
12 output from an existing facility, the purchase of an
13 existing generation facility, or a competition as to who
14 builds new generation facilities, the utility or a
15 third-party developer.

16 If the utility decides to pursue a power
17 purchase agreement, there is the explicit requirement for
18 a competitive solicitation; but as many other states have
19 identified, there is a bias that exists for a utility to
20 build as opposed to procure under a PPA, and their
21 findings are generally related to the fact that a utility
22 can earn if it builds through its rate base and recovery
23 of those rates through their retail sales to consumers,
24 whereas if they enter into a PPA, they don't have the
25 ability to earn, that's why there's a bias.

1 So to bring this to the close, the
2 Michigan Public Act 286 has no competitive solicitation
3 requirement regarding the decision to acquire or
4 construct new generation resources. And as Michigan runs
5 through this process, which I think is very good, and
6 considers new energy legislation, it should look to
7 remedy that omission regarding competitive procurement.
8 I think that would be to the benefit of Michigan
9 consumers and industry competitiveness. Thank you.

10 STEVE BAKKAL: Thank you, John.

11 Next we have Bob Strong, general counsel,
12 who's representing the Association of Businesses
13 Advocating Tariff Equity. Please join me in welcoming
14 him.

15 BOB STRONG: Thank you, Director, thank
16 you, Chairman, for this opportunity to come and present
17 our views.

18 I'll be giving you a lot of statistics,
19 but the first thing I would like to say is Michigan has a
20 problem. It's electric rates are uncompetitive and
21 Act 286 has contributed to that, and things are only
22 getting worse.

23 The first slide shows a timeline, and it
24 compares Michigan's average rates to the national
25 average. And you can see from 1990 to 2000 we were

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1 above, and then when Choice, when it was introduced in
2 the State of Michigan, you saw what happened, that our
3 rates became less than the national average. Then
4 Act 286 was passed, and then you can see in 2010, 2011,
5 2012, the rates have started to skyrocket, I mean there's
6 a dramatic increase there.

7 The next slide basically is based upon
8 information published by the U.S. Information Energy
9 Administration, it shows Michigan compared to the average
10 rates for a number of states; Illinois, Indiana, Ohio,
11 Wisconsin, also the U.S. average and the East North
12 Central average, and again, it shows that we are higher
13 than the states which we compete with for jobs.

14 The next slide shows data for the
15 industrial class, you can see that it is above average.
16 And ABATE is an organization consisting of industrials,
17 so our focus is really on trying to control costs and
18 control industrial rates.

19 But we do have information for
20 commercial, you can see it again, Michigan is the
21 highest. And for residential, again, Michigan is the
22 highest.

23 This graph shows basically the rates
24 where Michigan compares with all of the states. Again,
25 the source is the U.S. Energy Information Administration,

1 and you can see that the states that we compete with the
2 most are all less expensive than Michigan.

3 I have a series of rate maps. Again,
4 these are industrial firm power, and again, these are
5 apples-to-apples kind of comparisons. What they did is
6 they held the demand constant of 50,000 kW and a
7 68-percent load factor in order to compare Michigan rates
8 versus everybody else's, and you can see the outcome
9 again, we're high. Same information for commercial
10 customers. Again, Michigan is among the highest for
11 commercial rates. And again, among the highest for
12 residential rates. So this is definitely a problem that
13 needs to addressing.

14 Now, Choice allows customers to source
15 their power from a third party. We have a number of
16 ABATE members that are currently on Choice, and based
17 upon their information, the savings from Choice is
18 roughly \$25 a megawatt hour, which is a rather
19 significant savings. And the potential Choice savings
20 for Michigan can be shown here, 9.4 million megawatt
21 hours if served competitively. There's 9.4 million
22 megawatt hours in the unserved queue. And if you do the
23 math there, the potential savings in the State of
24 Michigan if we allow just parties in the queue to go to
25 third party of \$235 million. So this sort of gives you

1 an idea of the extent of the problem that we have.

2 Based upon an informal survey of ABATE
3 members, we concluded that in 2012 the ABATE members on
4 Choice saved approximately \$34 million, or 25-percent
5 savings. We also did a survey with respect to the ABATE
6 members in terms of other Choice states and compared to
7 the rates that they would pay in Michigan, and they saved
8 \$65 million in 2012.

9 Lifting the cap on Choice could avoid a
10 new plant. Consumers has 776 megawatts of Choice in
11 service, and 2,072 megawatts of Choice enrolled but not
12 served. Lifting the cap would be a no-cost option to
13 replace the need for Consumers-announced \$750 million
14 gas-fired plant, and that is one of the policy positions
15 that we would like to offer up to the Commission and to
16 the State.

17 The timeline for this particular process
18 I think is too slow. On December 14, 2012, Consumers
19 announced that it was going to build a new gas-fired
20 combined-cycle plant in Thetford Township in Genesee
21 County, and Consumers also filed for an air permit, which
22 usually takes about six months, so that put the timeline
23 of getting an air permit right around June. So they can
24 file for what's called a certificate of need from the
25 Public Service Commission, which has to be addressed

1 within 270 days of the filing of the application, in July
2 of this year, and they could receive a certificate that
3 would allow them to build the plant and also guarantee
4 cost recovery up to the amount approved by the Commission
5 by the first quarter of next year.

6 So if we are going to have any input on
7 this process, we need to speed up the consideration here
8 so that we can have input from the legislature, input
9 from the Governor's office that will mean something. So
10 in essence, events could overtake this process. And we
11 set a state policy of having a central station power
12 plant owned by the utility as the de facto state policy.

13 Unlike Jim Weeks, who thinks that Act 286
14 is pretty good, we don't believe it is. There are a
15 number of mandatory changes we think have to be made in
16 order to make this Act workable. It has to do with use
17 of a projected test year, self-implementation rates and
18 actual refunds.

19 With respect to projected costs, the
20 Act 286 states, "A utility may use projected costs and
21 revenues for a future consecutive 12-month period in
22 developing its requested rates and charges." That does
23 not mean, however, that the Commission has to follow
24 that, it just allows the utility to make filing and
25 request that.

1 From our viewpoint, based upon
2 experience, projected costs is an unworkable standard.
3 Utilities can project future investments and not make
4 that investment. And based upon the prohibition of law
5 here in Michigan that you can not have retroactive
6 ratemaking, if they don't make that investment, then they
7 were allowed a rate increase for that prospective
8 investment. There's nothing that the Commission can do
9 about it, you can not rescind the rate order. That needs
10 to be changed.

11 We would propose that the starting point
12 should be actual costs that are verifiable and will allow
13 more accurate rate setting. We don't think that
14 projected costs is needed because the Act 286 imposes a
15 12-month deadline from start to finish on a rate case,
16 and we would much rather see a different standard that
17 would be basically actual rates adjusted for known and
18 measurable changes.

19 Another problem is self-implemented
20 rates. Act 286 allows utilities to file an application
21 for a rate increase, and then 180 days later self-
22 implement up to the amount of the rate request. Since
23 the passage of 286, utilities have self-implemented over
24 \$1 billion in rate increases. There are really no
25 standards that govern the rates or the implementation,

1 whether or not they should be there. The Act says that
2 for just cause, the Commission can delay or reduce the
3 rates, but really there isn't a known commodity there in
4 the sense that we don't know what standards would be
5 applicable there.

6 We'd like to go back to the old way of
7 setting interim rate increases. The utilities had to
8 make a showing that they deserved an interim increase;
9 there is no showing like that required under Act 286
10 currently. The staff would review the utility finances
11 and issue a report, and the Commission would then decide
12 whether or not to allow an interim rate increase.

13 The time value of money, this is just an
14 example of, you know, what the cost is if the
15 self-implementation hadn't been there, and I just used a
16 3-percent interest rate, you know, \$15 million cost just
17 for the time value of money as a result of self-
18 implementation.

19 The self-implementation has led to a lot
20 of refund activity in connection with the final rate
21 order being less than the amount that the utility self-
22 implemented. The Commission currently does not require
23 actual refunds of any over-collections from customers.
24 We think that that is inherent in the concept of making a
25 refund, which is what the statute says. The self-

1 implementation rates have led to refunds when the final
2 order is less. And the Commission has adopted a
3 prospective refund month methodology. In other words,
4 what you do is you determine how much should be refunded,
5 make an estimate as to the amount of usage in a future
6 month, and set rates accordingly, or set the refund
7 amount accordingly, and then the refund is made during
8 that particular month, and it's based upon whatever the
9 customer consumes in that month. It really ensures that
10 the refund amount will not match what was over-collected
11 by customers just by the very nature of methodology.

12 And also the Commission has adopted a
13 policy that if the customer changes status by moving to
14 Choice, the customer will receive no refund, even though
15 it's verifiable that they overpaid during a period that
16 the self-implemented rates were in place. The same is
17 true if a customer changes to a new tariff. So, for
18 example, if they increase the voltage and move to a new
19 tariff based upon that change, they forfeit the refund
20 under the old rate because they're not taking service
21 under the old rate.

22 All in all, the current refunding
23 methodology adopted by the Commission is fundamentally
24 unfair and it needs to be changed.

25 The refund amounts to date since the
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1 passage of Act 286 amounted to \$110 million, so this is
2 not an insignificant problem. And one ABATE member lost
3 a \$1 million refund when it moved to Choice. So from a
4 company standpoint, this is a lot of money.

5 And that's it. I thank you again for the
6 opportunity to make a presentation, and hopefully we can
7 solve the rate problem in Michigan.

8 STEVE BAKKAL: Thank you, Bob.

9 Our last speaker is James Clift, Policy
10 Director of Michigan Environmental Council. Please join
11 me in welcoming him.

12 JAMES CLIFT: Appreciate this
13 opportunity, thank you very much. I'm James Clift, I'm
14 the Policy Director of the Michigan Environmental
15 Council. For those of you who do not know, we're an
16 umbrella group of conservation and environmental groups
17 across the state. We've also been intervening in utility
18 rate cases for about the past decade on behalf of
19 residential customers, so looking at both at the
20 implementation of PA 295 and looking at the other kind of
21 customer cost issues that come before the Commission.

22 We appreciate this opportunity. And when
23 we looked at the long list of questions presented, we
24 admitted it was a little daunting there, but you will be
25 getting responses from us or our partner organizations on

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1 all those questions. But it did kind of make us kind of
2 think and back up of, you know, why are collecting this
3 data, what are we moving toward, and I really think that
4 discussion, this opportunity to have a little bit of
5 discussion about, you know, what are the goals that we're
6 trying to achieve with the Michigan Energy Plan. And we
7 think the Governor has laid out some really good pillars
8 there, the affordability, protection of the environment,
9 reliability, but we also saw some other things, and
10 therefore, we kind of added a few goals, maybe a few
11 pillars here.

12 And the ones that I want to kind of go
13 through briefly today are:

14 A, controlling costs, but bringing in this concept
15 of minimizing risk. And I think the Governor kind of
16 laid that out when he talked about having a no-regrets
17 policy. You know, so how can we kind of devise utility
18 investments in a way where we don't have kind of fear of
19 what's coming next.

20 Fair rates for all customers. We hear a little bit
21 of claims of unfairness here, and I'll give a couple more
22 examples; making sure that similarly-situated customers
23 feel like they're paying kind of fair rates.

24 Promote economic development. I think this is a
25 key goal that we need to look at as we move forward.

1 Protecting public health and natural resources, and
2 preserving the excellent reliability that Michigan
3 currently has.

4 We've seen kind of the graphs already on
5 kind of the increases in rates. I've mentioned we work
6 on behalf of residential rate increases, and that 9 1/2
7 percent a year in that six-year window there that we're
8 seeing in that residential side increase, really kind of
9 an almost unprecedented increase we're seeing there, and
10 I think we've got us all agreeing that we need to do
11 whatever we can to really kind of devise a long-term plan
12 for trying to control those costs in the future and
13 trying to figure out what parts of the process can we
14 tweak to help kind of serve that purpose.

15 Excellent information received today
16 about kind of the impact of energy efficiency program.
17 And clearly that's being demonstrated as being the most
18 cost-effective way to meet future demand. If we don't
19 have to build that next power plant, that's the best way
20 to make sure that we're trying to keep those costs down
21 in the future, so we look forward to kind of developing a
22 process that will help us do that.

23 How do we push that demand down, not only
24 kind of across the board, but during those peak periods
25 of peak demand? We all know that that's when our

1 electricity is costing the most, so how can we push down
2 those peaks going forward, and need to kind of look long
3 term.

4 I think we've got some, kind of a busy
5 graph here, but I think the important part is this
6 downward arrow. And if you look at PA 295, we started
7 out with those first renewable energy contracts at around
8 11 1/2 cents a kilowatt hour, we thought, well, that's
9 not bad, looking kind of around the country. The great
10 story is to see just in three, four short years where
11 that dropped to 9 cents, 6 cents, 7 cents a kilowatt
12 hour, then the City of Holland last year entered into a
13 contract starting at 4 1/2 cents a kilowatt hour for wind
14 power in Michigan. So really kind of recognizing the
15 fact that the world is changing around us, and for the
16 first time, renewable energy is actually providing some
17 of the lowest cost energy available. So kind of looking
18 at those numbers going forward to figure out, you know,
19 how quickly might we continue that transition to clean
20 energy in the future, noting here that it's even below
21 the cost of all existing nonrenewable assets we're seeing
22 now. So really kind of a breakthrough in the amount of
23 money that we could be saving kind of looking long term.

24 Then bringing in this concept of risk, a
25 really good report, I'd kind of encourage people to go

1 out and read, an organization called CERES came out with
2 a report today looking at this issue of kind of risk in
3 regulatory oversight in the utility area, and their
4 recommendation, that the regulators must focus
5 unprecedented attention to risk—not simply keeping costs
6 down, but minimizing overall costs over the long term,
7 especially in the face of possible surprises. And I
8 think we've all kind of been seeing these surprises kind
9 of over the last decade.

10 You look at the cost of coal in Michigan,
11 78-percent increase since 2006 in the cost of coal
12 delivered to Michigan utilities. You look at the risk of
13 regulatory changes, you know, what might happen on carbon
14 in the future, and think about that as we kind of design
15 a system for going forward to how do we protect ourselves
16 from potential rate increases in the future, and seeing
17 that almost as important as what we're paying today, but
18 how do we keep long-term stable rates for Michigan
19 families and Michigan businesses, because we know that
20 that's part of what's going to attract them to Michigan.

21 Talked a little bit about fair rates for
22 customers here, and I think there's a couple of instances
23 where this has come up. The one example I'll give is in
24 the renewable area, we've got some, you know, one utility
25 out there where their customers are paying 52 cents a

1 month for their renewable energy surcharge, the other
2 major utility, they're still paying \$3.00 a month for
3 their renewable energy surcharge. In the case of the
4 \$3.00 at DTE, they're paying -- they're using about 35
5 percent of the electricity for that utility, but they're
6 paying 65 percent of the surcharge.

7 So I think we have to kind of review the
8 way that we've kind of created rate design and think
9 about whether or not there's kind of a more kind of
10 modern way to think about rate design that will make it
11 fairer for all customers in Michigan. You know, when I
12 think about this, I think about really what's kind of
13 pushing costs when you get to rates for any particular
14 user; it's what kind of connection do they have to the
15 grid, how much power do they use, and when do they use
16 it. Those are the biggest cost drivers as far as the
17 cost of providing them electricity, and really I think
18 that should be the basis of our tariff design, instead of
19 having -- what we've been seeing is kind of a move
20 towards more subdividing of the various rate classes,
21 residential, commercial, industrial, into more and more
22 little sub-rate classes, where really what matters is
23 these three factors, and that's really what should be
24 driving the rates. Why should be a commercial customer
25 who's using the same amount of electricity at the same

1 time of day that an industrial customer next door be
2 paying a different amount for their electricity moving
3 forward. So I think this is actually a way that we can
4 kind of promote fairness in the system and actually
5 hopefully design it in a way where we're trying to
6 achieve those goals that I put out beforehand. The more
7 we can get, the more customers we can get paying more for
8 energy during peak times and less during non-peak times,
9 the more maybe we can push that demand to other times of
10 the day and reduce that need for new power plants or
11 reduce that need for power during those peak, you know,
12 cost periods, hot days in the summer, very cold days in
13 the winter. How can we push demand away from those peak
14 times going forward?

15 Promoting economic development, and this
16 is one where the Governor didn't mention directly in his
17 speech, but if you look at the work of the MEDC and their
18 Business Connect program, he has really been pushing this
19 idea that we spend \$10 billion a year as a, collectively
20 as a state, families and businesses in Michigan. And one
21 of our goals, it should be, how much of that money can we
22 spend in Michigan; buying Michigan manufactured goods,
23 using Michigan workers to satisfy our energy needs. And
24 I think this needs to be an explicit goal of our program
25 moving forward to try to figure out how can we use our

1 energy expenditures to drive the economic recovery that
2 we see happening in Michigan, and look forward to kind of
3 working with others.

4 Commend DTE and Consumers Energy in this
5 area, clearly they re spending more of the money they
6 collect today on Michigan workers and Michigan-made
7 goods, but I think we can even do better going into the
8 future.

9 You look at the success that we've had to
10 date, hundreds of companies have come up in the renewable
11 energy field, the energy efficiency field. I think it's
12 really important, let's kind of keep these people
13 employed going forward. Another reason why we really
14 want to applaud this process that's starting now, because
15 the sooner we can have this discussion, the sooner we can
16 move toward recommendations going to the legislature, we
17 can get those on the books. What I don't want to see is
18 kind of a gap. If we wait all the way until 2015, what
19 happens is these companies that are out there all of
20 sudden may not have work for 12 or 24 months. How many
21 people get laid off? How many of those companies end up
22 going bankrupt because we're not kind of keeping a nice
23 steady transition going in Michigan? So really kind of
24 applaud the attention that you're putting to this.

25 We had a study that we commissioned at
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1 Michigan State University, again showing a lot of
2 potential room for further growth in this area in
3 Michigan, and more economic development that we can see
4 happening. And we'll be of course providing all this
5 data to the dialogue here and it will be up on the
6 website.

7 Of course protecting public health and
8 natural resources has been a key component of our program
9 going forward, and we need to kind of better integrate
10 this into our decision-making process I think. We did a
11 report a couple years ago actually looking at the
12 healthcare impacts of just the nine oldest coal plants in
13 Michigan, and those resulted in over \$1.5 billion of
14 public health costs and damages to Michigan families,
15 Michigan residents across the state, but that \$1.5
16 billion basically is completely ignored when we're making
17 energy decisions going forward. We need to figure out
18 how do we kind of incorporate that data going forward
19 into our decision-making process. We can reduce those
20 healthcare costs. Again, one of the drags on Michigan
21 businesses and businesses across the country, of course,
22 are those kind of rising healthcare costs. And this is
23 an area where actually the NAACP commissioned a report
24 last year that showed that we can have a substantial
25 reduction in these costs moving forward. Really in just

1 a period of a decade or more, we can reduce 75 percent of
2 these costs to Michigan residents, to Michigan
3 businesses, so again, another way to kind of help jump-
4 start our economy moving forward.

5 This is just a chart that shows some of
6 those costs that comes out of the report that Michigan
7 Environmental Council prepared, but talking about people
8 unfortunately dying premature death, being a trigger for
9 asthma attacks, people missing school, missing work.
10 Again, most of this related to the particulate matter
11 pollution that comes from many of our coal plants moving
12 forward; so how do we better incorporate this into our
13 decision-making process.

14 And lastly, making sure that we maintain
15 that excellent reliability that we have today. And I
16 think that we've had, you know, a lot of discussion about
17 how do you kind of blend in those renewable assets to
18 make sure we can maintain that reliability, and I think
19 that is very doable going forward. I think that the wind
20 developers, they maximize their profit by being very
21 predictable about how much energy are they putting on the
22 web tomorrow, and the grid operators getting better and
23 better at kind of incorporating that information into
24 their decision-making to make sure that we're going to be
25 able to maintain excellent reliability in the State.

1 Lastly I just want to touch on a little
2 bit of making sure that once we've kind of determined
3 those goals, you know, and want to look forward, making
4 sure that we're kind of incorporating that into our
5 regulatory process, and making sure that our regulatory
6 process, the utility kind of business model and kind of
7 consumer behavior are all lining up, so we're getting
8 them all working in synch together. You know, the
9 thought should be is that once you have goals, I know the
10 Governor, you know, a number of topics, that means that
11 you develop metrics, you measure how well you are at
12 achieving those goals going forward. And in the long
13 term, those goals, those metrics is what should be
14 driving the utility investment decisions going forward.
15 We had a little bit of discussion of that integrated
16 resource planning that was occurring, but kind of tying
17 this all together so that when they come in with an
18 integrated resource plan, they talk about how their
19 investments moving forward are going to meet each of
20 these goals going forward.

21 Then lastly, tie their return on
22 investment to meeting those goals, so making sure that
23 we're trying to provide the incentive for the utility
24 behavior that we think are best serving Michigan moving
25 forward with our energy plan.

1 On each of these energy efficiency and
2 renewables, we've talked a little bit already about how
3 those could help us meet these goals going forward;
4 helping us control costs, helping us kind of avoid those
5 capacity decisions that we're going to have to make in
6 the future, building less plants, having to be able to
7 close some of our older capacity moving forward.

8 In the case of renewables, I just want to
9 at least mention the idea of, you know, minimizing risk.
10 The beauty of these renewable energy contracts that we're
11 seeing today, especially in the onshore wind area, is
12 that we have a guaranteed price for 20 years into the
13 future. No other assets out there are being able to
14 guarantee energy prices that far into the future. So
15 we've got to make decisions for ourself of how do we
16 stabilize rates, how do we use renewable energy to
17 stabilize rates going forward.

18 We look forward to kind of continuing
19 this dialogue, working with both the administration and
20 the other stakeholders to design a program that's going
21 to serve Michigan and our needs going forward. Thank
22 you.

23 STEVE BAKKAL: Thank you, James.

24 That concludes the formal presentations
25 that will be given today. At this point, I think it's a

1 good time to take a break. Why don't we reconvene at
2 3:00 o'clock. There's some coffee and water outside.
3 And if you would like to, when we come back, like to
4 speak, please don't forget to fill out the comment card.
5 Thank you.

6 (At 2:39 p.m., there was a 20-minute recess.)

7 - - -

8 STEVE BAKKAL: I'd like to begin. We
9 have a number of speakers, a number of people that want
10 to speak, so please take your seats. If everyone can
11 take their seats, we'd like to begin now.

12 I forgot to mention at the beginning, the
13 library does close, it has a hard stop at 5:00 p.m., so
14 we actually have to leave here before then.

15 We have approximately 27, 28 speakers I'd
16 like to present, so based on the time that we have left,
17 we have approximately three and a half to four minutes
18 per speaker. We do have somebody that's sitting here in
19 the second row that will be signifying when you have two
20 minutes left, so please look at that and give deference
21 to everybody that wants to speak here.

22 We're going to be calling three speakers
23 at a time, so when I call your names, please come up and
24 sit in the front just so that we can start getting the
25 people in the order, and the first speaker will just --

1 we're going to utilize this microphone here.

2 So the first speakers that we have -- and
3 please when you come up, also identify yourself and any
4 affiliation that you are representing and where you're
5 from. The first speakers are Brindley Byrd, George W.
6 Clark, and JoAnn Render. If the three speakers could
7 please come up here, and Brindley Byrd, if you'd like to
8 come up and speak first. Thank you.

9 BRINDLEY BYRD: Wow, thank you very much.
10 Good afternoon, ladies and gentlemen. My name is
11 Brindley Byrd, I represent a startup, grassroots
12 coalition of contractors and businesses serving
13 Michigan's energy efficiency industry. We would like to
14 respond to Question No. 1 of the Governor's overall
15 questions regarding sources of information to consider.

16 I'd first like to thank the Chairman,
17 Mr. Quackenbush, and Mr. Bakkal, for the opportunity to
18 participate today, and framing the conversation
19 surrounding Michigan's energy future.

20 We applaud Governor Snyder for sending
21 out the call for much needed dialogue regarding energy
22 choices and for your effort to lead a public discussion
23 on Michigan's energy future. Further, we would also like
24 to thank the Michigan Public Service Commission for
25 hosting and organizing the events.

1 Michigan's energy contractors certainly
2 have heard the call of the Governor. With their
3 experience in the residential and commercial sectors
4 providing energy efficiency installations and retrofits
5 in all types of buildings and throughout the built
6 environment, their knowledge is vital as Michigan
7 considers its energy future. The challenge before now
8 has been how to assemble such a diverse and disparate
9 constituency into a cohesive resource for policymakers to
10 efficiently draw upon. As a coalition, we pledge
11 assistance to Michigan's legislators, regulators and
12 policymakers who are now undertaking this task.

13 We have three priority goals that, if
14 upheld, are sure to lead to a healthy energy future for
15 Michigan.

16 The first, securing a world-class,
17 long-term and predictable energy efficiency market for
18 Michigan citizens.

19 Second, that Michigan's energy efficiency
20 market has minimal barriers to access and multiple
21 bridges to connect generators, ratepayers, contractors,
22 manufacturers, and other energy efficiency service
23 providers.

24 Third, for their efforts, all businesses
25 serving the energy efficiency industry receive financial

1 reward, and not just to sustain, but more importantly, to
2 grow and prosper creating more jobs in Michigan.

3 To meet our goals and be a valuable
4 resource for all stakeholders, this coalition is in the
5 process of identifying and compiling the vast range of
6 issues facing those who actually put boots on the ground
7 implementing current energy optimization policies. We
8 will then communicate pieces of that information
9 throughout each of these Energy Public Forums. Our
10 discovery efforts will culminate as we consolidate our
11 findings and submit them to the public record before the
12 conclusion of all these forums.

13 Throughout the foundation of any energy
14 efficiency initiative, you will find men and women
15 applying their trade. They install, manufacture, supply
16 the measures that are the tools used to improve the
17 health, comfort and safety of Michigan's citizens. Their
18 efforts lower their customers' energy bills and safeguard
19 the environment. These men and women and the companies
20 they work for are the voices of this coalition.

21 Thank you very much again for this
22 opportunity to participate.

23 GEOGE W. CLARK: Thank you, Mr. Chairman
24 and Director. I want to address one of the questions,
25 Question No. 10, and it's around how much energy

1 efficiency is technically feasible in the State of
2 Michigan.

3 My name is George Clark, and I run an
4 auditing and weatherization company right here in
5 Lansing. We've been in business for two and a half
6 years, we've created 25 jobs. And I believe facts don't
7 lie, so I want to share with you today some of the
8 numbers in our business to illustrate just what the
9 potential is here in Michigan for weatherization.

10 We've completed 1,500 BPI-certified
11 comprehensive audits. We have only run into 10 homes out
12 of that number that we were not able to significantly
13 help. Out of those 1,500 homes, we actually did 600
14 retrofits and weatherization projects. The average of
15 those projects was \$5,000. We installed over 500 kits
16 through Consumers Energy, DTE, and our friends here in
17 Lansing through Better Buildings for Michigan and at the
18 MEO. This is, these initiatives have produced \$300,000
19 worth of savings for the utility company.

20 It's really important to keep in mind
21 that only 40 percent of the people that we did audits for
22 moved forward with work. And of that, not all of them
23 did every single element that we could provide for those
24 folks in savings. Trying to keep in mind that there's
25 1.7 million homes here in Michigan that can be addressed,

1 just assume for a second that 1.5 million have potential.

2 We all know and have heard here today,
3 and it's been illustrated very eloquently, much better
4 than I will, what's happened to energy costs and what's
5 going to happen in the future. If we get to that 1.5,
6 imagine, it's \$7.5 billion worth of retrofitting that is
7 out there to be done. That represents \$750 million worth
8 of utility costs. And I do believe rates will go up,
9 despite all of our efforts that we've got going on.

10 This is only addressing the residential
11 market, and that's only 21 percent of the market; this
12 doesn't include the enhancements we can have around HVAC
13 equipment, it doesn't include the alternative energy
14 initiatives, and it doesn't include the commercial
15 sector, I'm not talking about any of those numbers.

16 In closing, any way you look at it or any
17 way that you want to apply your own economics to the
18 statistics that I've provided for you today, I don't
19 think that we have even touched the potential of what's
20 there to be done, and we really need your help. We need
21 to do everything possible to stimulate the education, the
22 awareness, and the incentives to encourage people in the
23 State of Michigan to take action to do something. We
24 can't afford to let the momentum we've got started fall
25 off. Thank you very much.

1 speakers are Julie Lyons Bricker, Nick Zientarski --
2 apologies if I didn't pronounce your name correctly --
3 and Nancy James. If you could come up to the front here,
4 and, Julie, if you could begin.

5 If you do have something that you're
6 reading from, if you could leave that behind, that would
7 greatly help the court reporter for the recordings.
8 Also, anything that you are providing to us, we will be
9 uploading to the website as well. Thank you.

10 JULIE LYONS BRICKER: Well, I am Julie
11 Lyons Bricker from the Michigan Interfaith Power & Light,
12 I am the executive director, and I thank you for the
13 opportunity to speak today.

14 Michigan IPL is a nonprofit that's been
15 around for about ten years. We help faith communities,
16 houses of worship in Michigan, move forward with energy
17 efficiency, renewable energies, and other sustainable
18 practices. Currently we have more than 185 congregation
19 members across the state in various denominations,
20 including Christian, Muslim, Jewish, Evangelical
21 Christian, and just last week we had our first Sikh
22 Temple join.

23 Often the work that we do is energy
24 efficiency, and what I'd like to tell you about today is
25 a special project. We've just earned a grant for a
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1 feasibility study for renewable energy, and we will be
2 working on a feasibility piece around solar aggregation
3 PV for houses of worship. We had our roll-out meeting
4 last week; we expected about 25 attendees, and we had
5 more than 48 when I had to stop counting, so we were very
6 thrilled with the interest.

7 Some of our background, in the ten years
8 that we've been operating, we've had grants from the EPA,
9 from Consumers Energy, DTE, the Michigan Energy Office,
10 so we've been, you know, on a constant basis trying to
11 bring things to houses of worship to help them move
12 forward with energy efficiency and renewables.

13 So for this program that we have coming
14 up, the solar aggregation, we are bringing together our
15 constituency of houses of worship with a products
16 company, McNaughton-McKay, and an installation and
17 financing company from Michigan, Schurr Energy, and the
18 idea is that the houses of worship would install PV on
19 their buildings, and the costs would be similar to their
20 electric bills, so there would be no up-front cost for
21 them and then there's some year of payback. And so
22 again, this is a feasibility study, we expect it to go
23 well, lots of research has been done already, and we'll
24 be happy to report once the program is over.

25 But one of the things we did want to just

1 let you know here is that these prebuilt communities,
2 these houses of worship, are very interested in moving
3 forward with energy efficiency, that is the easy piece,
4 but it's striking to me how many of them are interested
5 in moving forward on a much bigger visionary piece of
6 renewable energy.

7 So thank you again for the time, I
8 appreciate it, and look forward to the other speakers.

9 NICK ZIENTARSKI: You pronounced my name
10 well. Thank you, Mr. Director, Mr. Chairman, public
11 officials, presenters and fellow attendees, for the
12 floor.

13 My name is Nick Zientarski, a concerned
14 citizen from Grand Haven, Michigan. This is my mission,
15 to rid the world of financial insecurity. For this to
16 occur, I need our state to lead by example.

17 Before my suggestions, I feel obligated
18 to share this short story, because today is Valentine's
19 Day, and this story is about love.

20 Before the 10-percent cap in alternative
21 energy supply was reached late in the year 2009, I was
22 recently hired as the manager of an alternative energy
23 supplier. Once the 10-percent cap was hit four months
24 into my new career, this actually empowered me to move to
25 Illinois for two reasons:

1 First, I wanted to keep my new job, because those
2 that stayed in Michigan unfortunately lost theirs.

3 Second, moving gave me the greater opportunity to
4 become a caregiver to my two grandparents, who were still
5 living actually in their house in their 90s. My gift as
6 a caregiver with a physical move was two days late. My
7 grandfather slipped on the ice and busted the whole right
8 side of his body. I was truly needed in Illinois. With
9 great gratitude, I thank you for re-regulating
10 deregulation. Without that, I wouldn't have been there.

11 With my previous career, hopefully, I'm
12 like everyone here, with each new career, you gain tacit
13 knowledge. The great Albert Einstein said, I do not
14 think much of a person that does not know more today than
15 yesterday.

16 I hope you know if you are on Choice,
17 your delivery charge stays exactly the same. But did you
18 know Michigan is the only state where customers on Choice
19 are forced to pay an extra premium every month? This is
20 known as interval metering. Not attracting for
21 Michiganders or businesses obviously.

22 So here's my suggestions:

23 On reliability: While in Illinois I
24 spoke to a regional distribution manager, over 25 years
25 of experience. His confidence told me that deregulation

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1 improves the distribution of electricity when outages
2 happen.

3 Second is pricing visibility. In
4 Illinois, there's all-in-one billing if you're on Choice
5 in the Chicagoland area. Chicagoland area loves this.
6 O.K. The rest of Illinois, they do separate billings,
7 and the office managers, they hate it. So let's make a
8 simple bill with cost comparisons every month. This will
9 keep both suppliers in check if you're the default or the
10 Choice. Every month. You put it on the bill month what
11 you're saving, this will, it will benefit.

12 So let your mind rewind to the forced
13 premium I spoke of for Choice customers, interval
14 metering. This premium is a separate fax line or phone
15 line that's looked up to your meters, this makes Choice
16 no longer financially attractive for small and medium
17 users. It's good for the big, it's got to be good for
18 the little. Learning as a Boy Scout, you got to build
19 from the bottom up. You guys know this.

20 In closing and moving forward, let's call
21 the 10-percent cap what it really is; it's a 90-percent
22 monopoly. All-in-one billing will save and empower us,
23 and it will be incredibly attractive to future
24 Michiganders. Let's remove the monopoly, increase
25 reliability, simplify billing, build from the bottom up.

1 Remove interval metering.

2 NANCY JAMES: My name is Nancy James, and
3 I live in Jackson, Michigan at the present time. And I
4 don't have any notes, I'm speaking off the cuff and
5 emotionally.

6 Because my mother, my ancestors, fought
7 in the American Revolution, they settled in the eastern
8 Ohio where there's a lot of coal available in 1796 before
9 the State of Ohio was officially even open for
10 settlement. It was still Indian territory.

11 In the 1960s, Hanna Coal Company out of
12 Cleveland offered \$100,000 for the family farm. Now,
13 that was not the original farm, it was one that my great
14 grandparents had settled.

15 My mother took me along with her, I was
16 in college at the time. I'm a little emotional; my
17 mother died in 1975. But that family farm, she took me
18 with her and we went down and we looked at it, and on the
19 way we saw some land reclamation efforts that were under
20 way along I-70, which had just recently been built. We
21 saw a behemoth machine chewing into the country, into the
22 land, doing mountaintop removal, which wasn't even
23 mountaintops like they have out west. And my mother
24 organized all her cousins, and there were lots of them
25 because the family had been there for so many

1 generations, and they all agreed not to sell to Hanna
2 Coal. And Hanna Coal did not even apply for the permits
3 to bring their behemoth machinery across I-70 at that
4 time.

5 We need clean air. There is no such
6 thing as clean coal. It's not just the burning, it's the
7 environmental destruction that goes along with the
8 mining. And we are importing coal here into Michigan
9 from out west, and the importation is creating a
10 financial windfall for our power companies, and there is
11 something really wrong, and Michigan needs to change.

12 STEVE BAKKAL: Our next three speakers
13 are Peter Wong, Lewis Walker, and John Sarver, please
14 come up to the front. And, Peter, please come up to the
15 stage.

16 PETER WONG: Good afternoon, Chairman
17 Quackenbush and Mr. Bakkal, for the opportunity to share
18 my perspective on the issue of Michigan's energy future.

19 My name is Peter Wong. I am a CPA and a
20 small business owner of an 80-plus year old supplier of
21 industrial gases and welding products in Michigan, in
22 Detroit. I'm also the former chair of the Asian Pacific
23 American Chamber of Commerce, and a current commissioner
24 on the Asian American Affairs Commission.

25 As a business owner, predictability and
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1 reliability of the current, future -- and future business
2 climate in our economy, in our state, and in the City of
3 Detroit are vital to our decision making. It affects
4 whether we're going to invest in our plant and equipments
5 and hiring people, or just holding back and wait for
6 clearer policies to come out. That's why your efforts to
7 help define Michigan's future energy policy are so
8 important.

9 During the review of PA 286 and PA 295
10 that was conducted in 2011, I had the opportunity to
11 testify from a business point of view about the risk and
12 unfairness of allowing certain suppliers to cherrypick
13 profitable accounts, while leaving the current suppliers'
14 remaining customers to share the burden; not to mention
15 generally the suppliers that cherrypick usually do not
16 share in the same overhead, long-term commitments, and
17 investment in the communities.

18 What the current energy policy does,
19 there's a perceived Choice opportunity of 10 percent of
20 total electric sales, and I think this provides a
21 manageable and comprehensive choice, and also allows
22 predictability for our major utility companies in our
23 state to maintain a stable energy rate, continue their
24 investments in green energy, and generate business and
25 hiring opportunities in the state.

1 My humble view is that for 2008 energy
2 laws are working well and that Michigan business climate
3 is enhanced by a more regulated environment.

4 I would like to thank again Chairman
5 Quackenbush and Mr. Bakkal. Thank you.

6 LEWIS N. WALKER: Good afternoon. My
7 name is Lewis Walker, and I'm Chancellor of Lawrence
8 Technological University and a professor of electrical
9 engineering there.

10 First, just a couple of quick words about
11 Lawrence Tech. We are a private university founded in
12 1932, we serve about 4,500 students, and we draw students
13 from 25 states and 50 different countries. We offer over
14 100 degree programs through the doctoral level in our
15 College of Architecture and Design, Arts and Science,
16 Engineering and Management.

17 And just quickly, Bloomberg Business Week
18 rates Lawrence Tech among the nation's top 20 percent on
19 return of tuition investment, and highest in the Detroit
20 metropolitan area. We also rank very well with the U.S.
21 News and World Report and Princeton Review.

22 And our students benefit from small class
23 sizes, experienced faculty who provide real-world,
24 hands-on theory and practice education, and we offer a
25 great overall development experience with an emphasis on

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1 leadership.

2 And speaking of leadership, I want to
3 thank Governor Rick Snyder, the Michigan Public Service
4 Commission Chairman John Quackenbush, and Michigan Energy
5 Office Director Steve Bakkal for their staffs in putting
6 together this forum, with which I understand is the first
7 in a series spanning the state. And I believe this is
8 the best approach for such an important issue of energy
9 policy, and I support it wholeheartedly.

10 Policy decisions that will define
11 Michigan's energy future are key to ensuring that our
12 state remains attractive to families and business. The
13 policy decisions that will result from this inquiry will
14 also serve as a foundation for sustained economic growth.
15 It is important for elected officials and other
16 policymakers to understand, evaluate, weigh and balance
17 many factors in developing the energy policies that will
18 serve Michigan for decades to come.

19 Much has been made recently about the
20 cost of electricity, and that is important, but it is
21 only one factor. And I encourage policymakers to also
22 carefully consider such factors as reliability, the
23 eventual need for a new generation of power plants, the
24 expansion and modernization of Michigan's transmission
25 system, as well as the proper role for renewable energy

1 and energy optimization initiatives.

2 And equally important, I believe we must
3 adopt policies that encourage investment not only in the
4 generation portfolio, but in our distribution system.
5 The supply of reasonably priced power is meaningless if
6 the system that delivers it fails.

7 And make no mistake, the availability of
8 clean, reliable, reasonably priced electrical energy is
9 critical to Lawrence Tech. If we don't have it, we
10 simply can not fulfill our mission of guiding our
11 students on the path to becoming leaders with an
12 entrepreneurial spirit and global view.

13 And I remember what happened in
14 California when decision makers adopted energy policies
15 that turned out in retrospect not to have been adequately
16 researched. These policies, in my view, nearly ruined
17 the state.

18 In 2008, state legislatures passed the
19 comprehensive energy policy for Michigan; three years
20 later it is clear that Michigan's energy policy is
21 working. This follows an unsuccessful deregulation
22 experiment, Public Act 141, from 2000 to 2008. And that
23 eight-year period, resulted in an environment that failed
24 to produce benefits for Michigan's electricity customers,
25 failed to lower prices, and badly discouraged investments

1 in the electrical infrastructure required for long-term
2 economic growth.

3 There is no denying that electric rates
4 have increased. Still, the 2008 comprehensive energy
5 policy has encouraged and produced energy efficiency
6 improvements that will save customers hundreds of
7 millions of dollars, is on track to having all customers
8 paying a true cost of service, and has supported over \$4
9 billion in electrical and infrastructure improvements,
10 environmental improvements, and has added sizeable
11 renewable electrical energy generation.

12 In contrast, California and other states
13 that have pursued a deregulation policy have been exposed
14 to the volatility of commodities markets that has
15 produced sharp price increases and rolling blackouts,
16 which is not good environment. If you seek a more recent
17 example, I encourage you to examine a recent report
18 issued last December by the Texas Coalition for
19 Affordable Power, which is a scathing assessment of that
20 state's experiment with deregulation.

21 So I encourage decision makers to avoid
22 returning to the path of ideology-based experimentation.

23 My view of the current environment for
24 energy in Michigan and the role electric powers plays in
25 the success of my organization suggests that the state's

1 current law is working as it was designed to.

2 And they're telling me I'm out of time.
3 But I just want to add, also, to say, of course, all
4 processes can be improved, and that includes the current
5 regulatory model in Michigan, and I believe that
6 constructive discussion around how to better ensure that
7 our customers get consistent quality service at
8 reasonable prices will result, and that is why these
9 deliberative fact-finding forums work.

10 So again I'd like to thank you for the
11 opportunity to speak. And thank you.

12 JOHN SARVER: I'm John Sarver, the
13 executive director of the Great Lakes Renewable Energy
14 Association. As many of you know, we're a statewide
15 nonprofit that promotes renewable energy. We have 187
16 members throughout the State of Michigan; many of them
17 sell and install solar and wind energy systems.

18 And I'm going to talk today, I appreciate
19 the opportunity to talk about the value and benefits of
20 renewable energy. I'm going to submit written comments
21 that have, reference specific studies and specific
22 quantifiable benefits. I won't try to deal with that
23 right now because of time limits.

24 It's important for me to emphasize that
25 GLREA puts basically efficiency first. This needs to be

1 a top consideration in our state energy policy and
2 utility planning. But I am the Renewable Energy
3 Association. Let me talk about seven specific benefits
4 related to renewable energy.

5 First, renewable energy resources are
6 cleaner than fossil fuels, and many studies have been
7 done to verify this and quantify this. James Clift
8 talked about the study that was done for Michigan
9 Environmental Council, and there's been many, many
10 studies, and this needs to be taken into account.

11 Renewable energy, energy efficiency also
12 can be a least cost, no-regrets insurance policy related
13 to catastrophic consequences from climate change. A lot
14 of times in the discussion about climate change, we don't
15 think in terms of the value of efficiency in renewables,
16 regardless of your perspective on climate change, the
17 risk is so great, but let's have a little insurance,
18 because the possibilities are so catastrophic.

19 The price of renewable energy resources
20 are declining. James showed the chart which showed that
21 our wind contracts are declining, the cost of solar
22 systems, PV, have been declining since 2008, hardware
23 costs are predicted to continue to go down. The State of
24 Michigan, Steve's office, I'd like to congratulate them
25 on the initiative they're taking to reduce the soft costs

1 of PV systems, permitting costs and those sorts of costs,
2 which can also have a significant impact. So we are
3 seeing declining costs for renewable energy resources,
4 technology is getting better, they're achieving economies
5 of scale, and we can expect that this will continue in
6 the future. I don't think you could say the same thing
7 about fossil fuels; fossil fuel prices have always been
8 volatile. If I learned one thing being in the energy
9 field over the years is that if you have an energy cost
10 prediction, the only thing that you can really predict
11 about it is that it's going to be wrong basically.

12 Renewable energy resources help provide a
13 more diverse and, consequently, more reliable electric
14 system. And let me quote the author Cervantes on this:
15 It is the part of a wise man to keep himself today for
16 tomorrow and not to venture all his eggs in one basket.
17 I was actually kind of curious where that came from, all
18 the eggs in one basket, and I think it's common wisdom
19 that applies to whether you have a stock portfolio or an
20 electric generation portfolio.

21 Renewable energy resources provide a
22 price hedge against volatile and unknown future fossil
23 fuel prices, and there has been some research done by the
24 federal government to quantify this.

25 Distributed renewable energy resources

1 can avoid or defer investments in the distribution system
2 and provide jobs in Michigan, and there a strong public
3 support for renewable energy resources. Proposition 3
4 was defeated, but apparently it was because most of the
5 no votes didn't want the mandate to be in the
6 Constitution, but the polling after the election
7 indicated that 73 percent of the no votes actually
8 support a greater use of renewable resources.

9 Thank you for this opportunity.

10 STEVE BAKKAL: Our next three speakers
11 are Wayne Appleyard, I'm not sure if this is Jane or Jon
12 VanCamp, and Jessica Yorke.

13 WAYNE APPELYARD: Good afternoon, all.
14 My name is Wayne Appleyard, I'm the chair of the Ann
15 Arbor Energy Commission.

16 We just completed a Climate Action Plan
17 for the City of Ann Arbor, and it's available online at
18 a2energy/climate, and I suggest you look at that.
19 There's certainly a lot of things that go into that that
20 include energy conservation and renewables, and it's
21 important to move forward on that.

22 I'm going to try and shorten my
23 presentation here so I get done in time.

24 First of all, fossil fuels, as other
25 people have said, contribute to climate change. An

1 example, last year the State of Michigan lost over \$223
2 million to a fruit loss, and they predicted this week at
3 the Climate Action Assessment meeting down in Ann Arbor
4 that those kinds of events are going to become more
5 common.

6 Fossil fuels are susceptible to large
7 price fluctuations. Don't be taken in by the low cost of
8 natural gas today, it's due to inflated predictions of
9 oil, the oil and natural gas industries. With the
10 fracking boom, it's temporary, prices will go up, it's
11 just a matter of time. All -- most of this natural gas
12 and fossil fuel, other fossil fuels come from out of the
13 state, so we're currently sending about \$20 million out
14 of the state every year. With a multiplier effect, that
15 comes out to almost \$100 million that could be spent in
16 this state if it was not sent outward. So it's a major
17 detriment to our economy to continue to use fossil fuels.

18 Energy efficiency and conservation
19 programs can dramatically reduce energy costs and keep
20 that investment within the state. The ILSR has reported
21 that we have 550 million -- megawatts of unsubsidized
22 solar, commercial solar potential in the state right now,
23 and that the residential solar production of smaller
24 systems could reach grid parity by 2022 if we introduce a
25 time-of-use rate.

1 The major hurdle of these investments are
2 up-front costs, since the energy is free. I urge you to
3 look at creating a state clean energy bank and a
4 community solar program in order to reduce that up-front
5 cost and make it allowable for more people to use it
6 within the state.

7 And the Energy Commission will be sending
8 to you more in-depth information, including all the
9 backup information for the facts. Thank you very much.

10 JON VanCAMP: Hello. My name is Jon
11 VanCamp. I'd like to thank -- only my close friends call
12 me Jane, but that's all right. I'd like to thank
13 Mr. Chairman and Mr. Director for letting me speak. I'd
14 like to also thank honored lawmakers and, of course, my
15 fellow citizens for being here today.

16 I'm speaking to you primarily -- I'm an
17 intern for the Sierra Club, by the way, but I'm speaking
18 to you primarily as a student and as the son of an over
19 20-year DTE worker. And I'm here to show my support for
20 clean energy, energy efficiency, and an economic recovery
21 that can go along with this for Michigan.

22 We know that opening new renewable
23 sources such as wind can cost less money overall for us
24 here in Michigan than, say, opening a new coal plant.
25 Renewables can provide cost stability through long-term

1 fixed contracts, not to mention it doesn't have the
2 negative effects on public health such as emissions that
3 we get from coal.

4 Michigan, in my opinion, is falling
5 behind in the clean energy race. There are almost 30
6 other states ahead of Michigan in the renewable and
7 energy efficiency market. States such as Illinois, for
8 example, has a higher standard which has played a long
9 role in reducing electric energy prices for their state,
10 which total about 176 million.

11 Michigan gets, as other people have said,
12 a lot of coal from other states; it gets 60 percent of
13 its coal imported from other states, costing the state
14 about 1.7 billion, and providing other jobs -- or jobs
15 for other states.

16 Renewable energy has provided the state
17 with over 20,000 jobs and created 5 billion in economic
18 activity for the state.

19 So as a student, I see a lot of my peers
20 leaving the state; I would very much not like to leave my
21 home, but that may be required in the future if we don't
22 see an economic turnaround. I believe a key to the
23 economic turnaround in the state and across the country
24 is going to be the green revolution, so-called green
25 collar jobs. Now with our president signaling that he

1 wants to take strong action for this initiative, I think
2 this is a golden opportunity for Michigan to step up and
3 lead the country and show that we're economically viable
4 and this is the place to be in the United States of
5 America.

6 So thank you very much. Have a wonderful
7 day.

8 JESSICA YORKO: Good afternoon. I'm
9 Jessica Yorke from the Ingham County Health Department,
10 and I coordinate our Environmental Justice Program.

11 I am going to share with you some
12 highlights from a forward to a recent report by the NAACP
13 entitled Public Health Impacts of Coal-Fired Power Plants
14 in Michigan. I collaborated with our health officer,
15 Renee Canady, on this forward in the fall, and I want to
16 touch on a few points here.

17 Our department oversees primary care
18 services, community-based home visitation, and a variety
19 of programs designed to prevent chronic disease and
20 advanced health equity. A growing body of literature
21 identifies adverse childhood experiences that lead to
22 life-long negative health effects. Children remain
23 especially vulnerable to environmental and other
24 exposures. A lifecourse prospective drives us to find
25 ways to position children for healthy childhoods as a

1 strategy to ultimately promote healthy adults. Promoting
2 healthy individuals and communities requires adequate
3 access to healthcare services, but equally as important,
4 it requires attention to social and environmental
5 benefits and protections.

6 Good health is not attained -- obtained
7 exclusively through robust healthcare systems, nor is it
8 attained solely through a focus on improving health-
9 related behaviors. While access to healthcare and
10 attention to healthy behaviors are important, these
11 things do not occur in isolation from the other factors
12 in people's lives; for example, access to education and
13 employment, safe and healthy homes and communities,
14 transportation, food and recreation are all factors which
15 impact public health outcomes.

16 We work diligently in Ingham County to
17 create more equitable access to environmental benefits
18 and protections because we know that inequitable access
19 contributes to disparities in morbidity and mortality
20 that we observe both locally and nationally.

21 I will also highlight a little bit of the
22 research in the report. The report shows that unhealthy
23 levels of air pollution in Michigan are causing a variety
24 of serious concerns about people's health and quality of
25 life. A recent analysis shows the state's nine oldest

1 coal-fired power plants and that pollution associated
2 with 68,000 cases of asthma exacerbation and 180
3 premature deaths in Michigan each year. Another point I
4 want to mention is that the health costs of energy status
5 quo in our state lead up to well over one billion per
6 year in Michigan.

7 So in closing, I would ask as you move
8 forward in this exploration of our energy options in the
9 state that we make health a factor in our decisions. We
10 currently do not consider people's health in our energy
11 decisions for the most part, and we must. Thank you very
12 much.

13 STEVE BAKKAL: Our next three speakers
14 are Carol Simon, Mike Linsea and Lois Robbins. If you
15 can all come up to the stage, and Carol, you can up to
16 speak. Thanks.

17 CAROL SIMON: Hi, everyone. My name is
18 Carol Simon, and I live in north Oakland County.

19 And as so many people who have come
20 before me today have explained in great detail, I agree
21 and I also support clean renewable energy. John Sarver,
22 Wayne Appleyard, others, they've explained it much better
23 than I can, and the previous speaker, I think it is very
24 important for Michigan health and jobs as well.

25 There is a concern with some people that
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1 renewable energy is not going to supply enough for our
2 needs. One thing we can do about that is reduce our
3 needs. I would like to ask the Michigan legislature to
4 pay some attention possibly to education on efficiency
5 and energy conservation. This would be the low-hanging
6 fruit, not really energy audits, although energy audits
7 are a great thing, too, but they're more expensive. This
8 would be pretty inexpensive education, like solar hot
9 water, regulating your temperature at home, you know,
10 changing your usage so that in peak hours you're using
11 less, you know, using your windows, insulating your
12 windows well, also in having adequate insulation in the
13 home, things like that, put it in detailed plans. And
14 there already is a model for this in the Michigan Energy
15 Demonstration Centers, which have been developed by the
16 Michigan Energy Office. We would just like to see
17 this -- I would like to see this kind of education more
18 in the schools and universities so that people know in
19 detail what they can do at home by themselves without an
20 expensive energy audit. If funding is a problem, perhaps
21 a network of volunteers could be developed. And again,
22 we would just like the legislature to consider this
23 possibility. This could reduce energy usage and save
24 people a lot of money who need it right now. Thank you.

25 MIKE LINSEA: Hello, everyone. Thank you

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1 to the MPSC for putting this on.

2 My name is Mike Linsea, I'm the owner of
3 Solar Winds Power Systems, which represents green boots
4 on the ground. We're out of west Michigan.

5 And one thing I wanted to bring up, there
6 have been a lot said about solar; I really think we need
7 to raise the debate on solar. Utility scale wind that's
8 going on, I applaud them for doing that, but who was kind
9 of cut out on this is homeowners and small businesses,
10 industrial and commercial.

11 A great attribute that's not really been
12 talked about, and that's peak shaving with solar
13 electricity. And we just did a study over in Kalamazoo
14 where we had a commercial account that got from Consumers
15 Power, got their 15-minute peak demand rate readout for
16 the whole year, we overlaid that with our peak production
17 of solar, and it almost laid out one-to-one as far as the
18 peaks for demand in the summertime for air conditioning
19 exactly match the time of day that we were maximizing our
20 solar contribution. That, to me, is one facet.

21 One thing I wanted to mention is about
22 Germany. Germany had a flash this last summer of
23 actually doing 50 percent of their load with renewable
24 energy. Germany has 20 percent of the world's solar
25 operating. And they look at Michigan as having much more

1 sun than they do by the, by all the studies with the
2 National Renewable Energy Labs, it shows that we have
3 much more sun than they do in Germany. Germany would
4 really give a lot to have more sun like we do. So solar
5 is very viable in Michigan. Solar does work in Michigan.

6 I want to make another statement here
7 about I have a friend that's in the math a lot more than
8 I am and quantified in the last 35 years with the net
9 metering program, we finally reached 1,000 customers net
10 metering back into the grid with renewable energy. For
11 that thousand people, for those thousand companies or
12 thousand people net metering, it represents in the
13 thousandths of a percent of our load in the state,
14 meaning if we keep going the way we're going, somewhere
15 in the next thousand years or so we may have everybody
16 using, you know, more electricity -- or producing more
17 electricity with PV.

18 I was a solar energy major back in the
19 '70s, and I spent 35 years in corporate because we
20 couldn't make money doing it on business. We had
21 professors at Grand Valley at that time that, guys that
22 I'm sure now are gone, they were older professors at the
23 time, we talked about 1977 having a war on energy, and
24 this war on energy, if we got serious and treated energy
25 like an enemy, we would be energy independent by 2010.

1 I've had to watch that through my whole life and look
2 book and go, gees, if I went back to the class and talked
3 to them, they'd wonder what went wrong and all this and
4 long story.

5 The point is, we do have a long way to go
6 yet, especially for individuals. And with this peak
7 shaving, we talked about brownouts and things like that,
8 solar can directly contribute with a smart grid. There
9 is no smarter grid than producing power on your roof or
10 in your front yard and pumping it into your house, number
11 one.

12 Number two, that contribution, when you
13 buy a solar system, they last 40 to 50 years, the solar
14 panels do. The inverters are the weak link in the chain,
15 they'll last about 20 years and have to be replaced,
16 they're only about 8 percent of the cost of the project.

17 So we're forced to a business model of
18 our payback that is very small. If they want a
19 five-year, eight-year, nine-year payback max, well, if we
20 were treating them like a power plant that is installed,
21 they have a 40-year schedule, that, if you would allow
22 that to go with solar, our return on investment would go
23 through the ceiling, because we're looking at the payoff,
24 say, at nine years; well, that's giving no credit
25 whatsoever to another four decades of almost free power

1 or very low cost power. It is an energy hedge, you're
2 buying energy decades out. And in Germany that's doing
3 almost half theirs, if there is a major problem with the
4 supply of fossil fuels or other generation, they have
5 the -- they can back up on the renewables and lean
6 against it and help keep the costs down.

7 And thank you very much for taking the
8 time to listen to me.

9 LOIS ROBBINS: Hello. My name is Lois
10 Robbins. I became involved in local environmental issues
11 when I was an educator for Phase II Strong Water
12 Management. That's not what I'm going to be talking
13 about, though.

14 My request is that as you develop our
15 energy plan, that you would please think as long range as
16 possible. And as an example of that, I would like to see
17 more attention given to distributed power, which I only
18 heard one brief touch on that by John Sarver, and with
19 more localized power generation and net metering, and I
20 understand, I just learned that there's some kind of a
21 three-percent cap on that that maybe should be removed.

22 I don't think this is on anyone's radar,
23 and maybe it should be. And I understand that the power
24 companies will probably not be very comfortable with this
25 idea, but as their role evolves into one of managing the

1 flow, I think they'll feel better about it. This idea of
2 distributed power will address concerns for environmental
3 stewardship, it will be affordable over the long run, and
4 it will be more reliable. And as an illustration, I want
5 to just offer up Superstorm Sandy where there still are
6 hundreds of people who do not have power from that storm.
7 If it were more localized, they probably would.

8 And one other thing about it is that it
9 would I believe be more secure, safer from cyber attacks,
10 which hasn't come up as far as I know.

11 Thank you.

12 STEVE BAKKAL: Thank you. Our next three
13 speakers are Kevon Martis, Emily Eiffert, and Roger Cope.
14 If you could come up front.

15 KEVON MARTIS: Thank you. I appreciate
16 the opportunity to share with you a couple thoughts. My
17 name is Kevon Martis, I'm the director of the Interstate
18 Informed Citizens Coalition of Blissfield, Michigan. We
19 represent people living inside the wind turbine
20 developments all across the state, and we are asked by
21 people inside those developments repeatedly the same
22 question: Why are we being asked to live this way? What
23 is the benefit to our community for these projects?

24 Now, you asked me, what's a reliable
25 source for information about alternative energy and its

1 efficacy in displacing carbon-based energy production,
2 and a number of the comments made tonight or this
3 afternoon were premised on the fact that coal is bad and
4 wind can replace it. Well, the question that we'll need
5 to answer as we look at policy going into the future is
6 at what ratio can wind displace that. Well, let's ask
7 the AWEA board member, E.On Energy, who also operates the
8 German utility grid, a large portion of it, and they also
9 construct wind turbines in the United States. Their
10 study in 2005 says: "As wind power capacity rises, the
11 lower availability of the wind farms determines the
12 reliability of the system as a whole to an ever
13 increasing extent...as a result, the relative
14 contribution of wind power to the guaranteed capacity of
15 Germany's supply system up to the year 2020 will fall
16 continuously to around 4 percent. In concrete terms,
17 this means that in 2020, with a forecast wind power
18 capacity of over 48,000 megawatts, only 2,000 megawatts
19 of traditional power production can be replaced by these
20 farms."

21 Assuming EON isn't being too generous to
22 wind, and many of the people on my side of the wind issue
23 think I'm nuts to suggest that they could replace base
24 load production at all, but assuming EON isn't too
25 generous, by their own reckoning, wind plants can at best

1 replace coal plants at a ratio of 24 parts wind to 1 part
2 coal. This reality has profound implications for
3 Michigan energy policy. It also has profound
4 implications for environmental economic policy.

5 Using EON's data, if we intended to use
6 wind alone to replace Detroit Edison's Monroe coal plant
7 of 3,000 megawatts, we would need to build 72,000
8 megawatts of wind capacity. That equals 40,000 Vestas
9 V-100 industrial turbines. In Michigan, these currently
10 cost about \$4 million each, for a grand total of \$160
11 billion. This does not include also equally earth-
12 shattering sums for new transmission, and it also
13 discounts the human and wildlife cost of such massive
14 wind deployment that it would require. We would have to
15 build one turbine in every square mile in the Lower
16 Peninsula to replace that 3,000 megawatt plant using
17 EON's number.

18 Imagine, \$160 billion worth of wind
19 turbines to replace only one coal-fired plant. If we are
20 intent upon cost-effectively reducing emissions while
21 maintaining our competitive edge as a manufacturing
22 state, is there a way to get a bigger return on such a
23 massive investment? Yes. In fact, several of the local
24 utilities have talked about it today.

25 \$160 billion could build a 160 gigawatts

1 of combined-cycle gas turbine generation. That's eight
2 times Michigan's average generating capacity from coal,
3 gas, nuclear, renewable generating plants combined. That
4 would be enough to replace every coal-fired power plant
5 in Michigan, Ohio, Wisconsin, Minnesota, Illinois,
6 Indiana, Pennsylvania, New York, Kentucky, West Virginia
7 and Missouri, thereby slashing their pollutants by half.
8 Further, if we spent that same sum on new nuclear
9 generation, we could permanently close every coal plant
10 in Michigan, Ohio, New York, reducing those states' coal
11 emissions to zero.

12 There is no such thing as wind by itself,
13 it must always be paired in Michigan with fossil fuel,
14 and the ratio in Michigan is roughly three parts fossil
15 to one part wind. Wind is a ridiculously expensive way
16 to reduce emissions. We need explore other options.

17 Thank you.

18 EMILY EIFFERT: Hello. My name is Emily
19 Eiffert, and I'm a student at the University of Michigan.

20 I'm graduating this May, so I'm
21 considering places to live, and one of the things I'm
22 really looking for is a place to start a family, and I
23 don't want to start a family where the health isn't going
24 to be good for my children. But by increasing our
25 renewable energy in our future energy policy, it will

1 give us a chance for a healthier life for my children,
2 which I would love to have, and protect our Great Lakes,
3 which Michigan is known for.

4 Our dirty, outdated coal plants emit
5 dangerous levels of mercury, sulfur dioxide, arsenic,
6 which all lead to heart disease, childhood asthma, lung
7 disease and premature death. The research is out there.
8 Like we can't keep saying we're going to research and not
9 make these policies.

10 Our future generations, like me, our
11 decisions we make right now will impact our future
12 generations, and I urge our decision makers to consider
13 the health of my future generations and Michigan's
14 generations to come in our state energy policy. Thank
15 you.

16 ROGER COPE: My name is Roger Cope, I'm
17 the chairman of a company called Astraeus Wind Energy. I
18 will tell you that when I retired, I was the president of
19 the largest machine tool company in America, third
20 largest in the world, and every time I would sit down in
21 a meeting like this and someone would say the word
22 environmental, my mind would click off. Imagine my
23 dismay when Jim Clift gives half my speech. Very, very
24 disconcerting.

25 Let me give you guys a little wake-up

1 call about the State of Michigan, which we all love. In
2 Washington and California, our coasts, we are referred to
3 to this day in published documents, as well as just about
4 every speech we hear, as The Rust Belt.

5 Now, the reason that my partner, Jeff
6 Metts, and I got interested in this business is because
7 being in the machine tools, we looked at the technology
8 used to manufacture the wind turbines and the blades
9 they're on and noticed that it was about 70 years old.
10 Most of you probably don't realize that wind turbines
11 were really developed by NASA in the early '70s when we
12 had our first oil embargo and everybody panicked about
13 how we were going to generate electricity. And if you
14 think of that, it's the inception really of wind power in
15 this country. And by the way, Astraeus Vestas in Denmark
16 bought that technology when the embargo was lifted and we
17 forgot all about it.

18 Our competitiveness here in the United
19 States is basically slipping. It's about 20 percent more
20 expensive to manufacture in the U.S. compared to our
21 industrial competitors in the world. And
22 manufacturing -- yet manufacturing has probably the
23 highest multiplier effect of any other sector of the
24 economy. As you can see up there, for every dollar spent
25 in manufacturing, about \$1.50 additional is added to the

1 economy.

2 And in the State of Michigan, in spite of
3 the fact -- I don't know how many of you are businessman
4 and how many of you do strategic planning, but one thing
5 you never want to do is concentrate yourself in one
6 particular area, and here we are in Michigan, the
7 automotive world leads our life everyday, it's all we
8 think about, it's where our economy we think is
9 generated, et cetera, et cetera. But we have an
10 opportunity here now to really move into an area that I
11 think is going to grow, in fact, most of us think is
12 going to grow, and I'm really talking about renewable
13 energy, mainly in the area of wind, but it also impacts a
14 lot of other things, such as plastics, such as machining,
15 such as foundries. There's just a lot of industry that
16 we can bring here to Michigan if we step forward.

17 This chart is -- I did not generate this
18 information, in fact, I'm told by a very knowledgable
19 source and friend of mine that, for example, this City of
20 Holland 4.6 cents per kilowatt hour cost is just for the
21 first year and is not for the lifetime of their contract,
22 so take some of this information as maybe not all that
23 accurate.

24 But basically if you look at these costs
25 of the all-in cost of electricity today and you find that

1 wind is somewhere around six cents, five cents, four
2 cents, pick a number, it's still a darn good number
3 considering the fact the technology is basically 70 years
4 old. That's what you've got to remember.

5 Remember also, the cost of fuel to
6 generate power in the State of Michigan flows out of the
7 state. So when we buy natural gas, we buy coal, we buy
8 oil, we buy anything that we use to power these
9 generators, it's leaving the state. And if you look at
10 the published studies, you'll find that during our recent
11 recession, which continues and continues, the states that
12 provided these fuels didn't have the same problems that
13 we did.

14 The assets required to generate power in
15 the State of Michigan also come from out of the state.
16 So the turbines, the blades, all these things are
17 manufactured someplace else and brought here, so that's
18 our investment money. Everybody talks about the
19 investment going into these things; well, guess what, the
20 assets may be here, but the money went someplace else.

21 So in conclusion, ask yourself this
22 question: Who's going to benefit from a transition from
23 coal-fired energy to more modern sources? You notice I'm
24 not talking about saving the trees or anything, I'm
25 talking about money, I'm talking about jobs, I'm talking

1 about who's going to benefit from all of this. And
2 basically our move to be able to bring that manufacturing
3 within our state is going to benefit the people of the
4 State of Michigan. Thank you.

5 STEVE BAKKAL: Moving right along, our
6 next three speakers are Dawn Fleming, Susan Harley, and
7 Catherine Ottarson. Please come up to the first row,
8 and, Dawn, please come up to the stage.

9 DAWN FLEMING: Hello. My name is Dawn
10 Fleming, and I want to thank you and also thank the
11 Governor for this opportunity to speak today. I am a
12 citizen of Michigan and a mother, and I hope someday to
13 be a grandmother.

14 And I just want to make a few brief,
15 general points. I don't have any statistics or anything,
16 but considering the Governor's three points of
17 reliability, affordability, and environmental
18 stewardship, it is clear that we must end our dependency
19 on fossil fuels and we must begin investing in solar and
20 wind. There's no doubt that these sources, solar and
21 wind, are the best for the environment. And renewables
22 will become more reliable and more affordable only if we
23 begin investing in the research and development of these
24 sources. When we do start building and investing in
25 those sources, the reliability and the affordability will

1 increase.

2 Also, as previously noted, if we consider
3 the environmental costs and the health costs when we're
4 looking at affordability, it's obvious that wind and
5 solar become a much more competitive choice. So when
6 deciding on these factors, we need to make sure that the
7 environmental and health costs are considered as part of
8 the affordability aspect in comparing the sources.

9 Also, as previously noted by other
10 speakers, the predictability of the costs of the
11 different sources, the wind and solar has a more
12 predictable, stable projection into the future, whereas
13 we when we have a dependability on coal, we don't really
14 know what the costs are going to be in the future,
15 especially if there are going to be any kind of like
16 federal taxes or fees imposed on the use of those kind of
17 fuels.

18 Although the initial investment may be
19 high, and increases in rates may, you know, initially
20 occur, over the long run solar and wind will be less
21 expensive than burning fossil fuels, because the sources
22 of the energy are actually free, and so once you made the
23 investment in the hardware, eventually the costs will
24 come down.

25 I also just want to make another brief

1 comment on something that really wasn't discussed in too
2 much detail, and that is that I would encourage, when
3 you're making this decision, to please put a moratorium
4 on fracking natural gas until it can be definitively
5 proven to be safe and that it will not harm our most
6 valuable resource in Michigan, which is our water. And
7 if you look at the Governor's three points of
8 reliability, affordability, and environmental
9 stewardship, if the environmental impacts are completely
10 unknown, then really we should not even be considering
11 fracking or natural gas from fracking as even competitive
12 or, you know, to be considered, because you'd have one
13 whole factor that you can't even measure.

14 Thank you very much.

15 SUSAN HARLEY: Good afternoon. My name
16 is Susan Harley, and I'm the Michigan Policy Director for
17 Clean Water Action. Thank you so much to Governor
18 Snyder, the MPSC and others for hosting this very
19 important public discussion today.

20 I am here representing over 250,000
21 Michigan members, and our members are concerned about
22 pollution, climate change, and preserving our state's
23 natural resources.

24 With record heat waves and extreme
25 weather that decimated 90 percent of Michigan's apple and

1 cherry chops, we can not wait to put in place policies
2 that will lower dangerous pollution. We appreciate that
3 these energy forums are taking place, but Clean Water
4 Action feels that we have had plenty of time for
5 discussion; it is now time for quick action to reduce
6 dangerous pollution that is putting our health, our
7 harvests, our environment, and our economic future at
8 risk.

9 Just last month Clean Water Action
10 hard-working canvass collected over 1,200 handwritten
11 letters to Governor Snyder calling on him to take bold
12 leadership on promoting policies that will grow clean
13 energy and energy efficiency investments.

14 Our members are very concerned about
15 saving money on their utility bills, and that's why they
16 strongly support increasing the state's renewable energy
17 standard to at least 25 percent by the year 2025. Our
18 members also want to see stronger requirements for
19 utilities to save money in energy by increasing the
20 energy efficiency standard to at least 2 percent per
21 year. Energy efficiency is the cheapest source of
22 energy, and we should be doing everything that we can to
23 maximize those investments.

24 In addition to saving money by investing
25 in clean energy and energy efficiency, our members want

1 to grow jobs in the state and stay competitive in this
2 burgeoning industry. Michigan's clean energy sector
3 supports over 20,000 jobs and \$5 billion in annual
4 economic activity.

5 But right now 30 other states have better
6 clean energy standards than Michigan, and we can not
7 continue to fall behind. In addition to wind turbines
8 and solar panels, Michigan can lead the nation in the
9 manufacture of advanced batteries and other energy
10 storage technologies, especially those that would be
11 deployed with distributed energy, thereby solving our
12 reliability issues.

13 Right now Michigan gets 60 percent of its
14 electricity from coal, which sends \$1.7 billion a year to
15 other states, while causing dangerous pollution, like
16 arsenic, mercury, soot, lead, just to name a few. In
17 Michigan, residents are bearing the high cost of our
18 addiction to dirty energy. Our coal plants are some of
19 the dirtiest in the nation, including the DTE Monroe
20 plant that we heard about just a bit ago. That one plant
21 emits over 700 pounds of mercury every year: Mercury, a
22 potent neurotoxin bioaccumulates in fish, and right now
23 we already have fish advisories in all of our Great Lakes
24 as well as our inland lakes and streams.

25 We look forward to working with the
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1 Governor's office and legislators as we move forward with
2 a clean energy future for Michigan. Thank you.

3 STEVE BAKKAL: I had called up Catherine
4 Ottarson, I'm not sure if she's still here.

5 Okay. Move on to our next three
6 speakers, Lillian Cusumano, Jeff Metts, and Joseph Hess.
7 Thank you.

8 LILLIAN CUSUMANO: Good afternoon. Thank
9 you very much for opening up this forum. My name is
10 Lillian Cusumano.

11 And the public should be aware that we
12 have discovered all public utility commissions and
13 utility companies are committed to using instruments that
14 measure only peak voltage, half of the wave form, not
15 peak-to-peak voltage which is required to find the full
16 measurement of dirty electricity and radio frequency
17 currents. We are currently using antiquated
18 measurements.

19 The utility must use due diligence and
20 prudent avoidance to adverse health effects, safety,
21 security, liability and affordability factors, and for
22 long-term goals, especially when we are implementing new
23 programs.

24 I commend the gentleman who spoke from
25 Lawrence Tech, and I can appreciate his goals, and I

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1 think it's important for us to consider when we're making
2 these new programs available that we consider the health
3 issues when we're implementing these programs.

4 Policy decisions must weigh and balance
5 these health effects and safety standards when we're
6 speaking with reliability, infrastructure, and cost
7 effectiveness. The Texas Senate at this current time is
8 evaluating numerous issues of grave concern.

9 I want to thank you for this opportunity
10 to speak to you.

11 JEFF METTS: Thank you, Steve and John.
12 I appreciate you having me come in here and get a chance
13 to listen and talk.

14 I'd just like to start out, sometimes we
15 don't get it all right. I mean I think that it would
16 surprise you sometimes how wrong we actually do get it.
17 Ken Olson, who is the president and chairman and founder
18 of Digital Equipment Corporation in 1977 said: There is
19 no reason for anyone that would want to have a computer
20 in their home. Thomas J. Watson, chairman and CEO of
21 International Business Machines, you may know them better
22 as IBM, said the following: I think there's a world
23 market for maybe five computers.

24 It's different than we think. My partner
25 talked a little bit earlier about how do you make things

1 better. We're looking at technology in wind right now
2 that's 70 years old. I heard a gentleman get up say this
3 won't work because of this and that. Of course if we
4 leave 70 year old stuff, if we all drove a 19 whatever
5 car today, it probably wouldn't run as well as the
6 Cadillac we have in the garage either.

7 So we've done a lot of things to try to
8 make some improvements in this area, and we've done them.
9 We've taken technologies that were heretofore just did
10 not exist, and because of wind energy, it's allowed us to
11 move into other arenas -- where is the other -- it's
12 allowed us to move into other areas that we can make some
13 changes in, not only our energy forums, but other things.
14 We've teamed up with Astraeus, MAG, Dow, AKSA, which is a
15 company out of Turkey, Oak Ridge National Labs and Eaton
16 Rapids Castings, and these have all produced things
17 because of wind that are going to be used in other
18 arenas. And I'm trying to talk real fast because --

19 But what we're looking at is
20 lightweighting. All right. We need to learn how to
21 lightweight, not just in what we're doing in energy, but
22 we need to be able to get into this automotive market.
23 That they want 47, 48, 49 miles to the gallon here very
24 shortly. Mild steel as we know it is going to disappear,
25 and we better come up with some other things, and a lot

1 of this stuff comes through what we've done in trying to
2 make technologies better in energy.

3 So I'm going to talk to you about a
4 little bit different things than just energy and what's
5 happening. Let me go back here, for instance. If you
6 look at the weight of steel, and I come over here to
7 carbon fiber, I'm less than 70 percent I improved that
8 weight, that weight part right there. If I can take an
9 automobile, and this right here is a Ford Focus hood that
10 we've been working on, and we're using some of this
11 lightweighting capability that we've learned through
12 making blades for wind technology, then now we can start
13 to do these same things in the automotive industry that
14 we love here in Michigan and we don't want to get rid of
15 it, we just want to make it better. So those are some of
16 the things that we're trying to work on today.

17 What we can do now is we can form these
18 products, we can put them in a standing machine, I can
19 make body panels, I can make hoods, I can make all kinds
20 of things, and I can do it with the same type of
21 technology that we're using today to better improve blade
22 technology, as in wind turbines, and I heard that we
23 needed 4 million of them to equal one of these or
24 whatever. Well, guess what, I can now, I have the
25 capability on the machines that we have built and

1 automation that we have put together to use different
2 types -- she's making me hurry -- to use different
3 technology in lightweighting and different technology in
4 strengthening that I can now use different geometries,
5 create a blade, and get 32 percent more energy out of
6 that same blade. And if I just went around through all
7 of these turbines today and replaced them with the blades
8 and increase the energy output that you're getting today
9 out of your turbines by 32 percent, what would that do?
10 These are some things to think about.

11 What are these technologies? Somebody
12 said, that I just read it earlier, I don't know if we're
13 going to need computers or not. Well, anybody here that
14 doesn't have one or anyone here doesn't carry one in
15 their pocket? This is what we've got to think like.
16 What do we get because we go? What do we get because we
17 start to improve things? What do we get because we've
18 walked into a new energy market and we say, guess what,
19 we're going to improve what we're doing, we're not going
20 to use 70 year old technology? What if do we do do those
21 things, what will get for it? That's what we need to be
22 understood.

23 My time is concluded.

24 JOSEPH HESS: Now that's a hard act to
25 follow.

1 My name is Joseph Hess. I am a retired
2 professor of internal and family medicine at Wayne State
3 University and the University of Utah. I'm here as a
4 long-time supporter and representative of the Union of
5 Concerned Scientists, an organization which has been
6 involved in promoting the science and science-related
7 public policy for a number of years.

8 As a medical profession, my remarks will
9 be directed toward the public health and healthcare
10 economic implications of energy policy. The health
11 implications are complex, and the details are
12 continuously being refined by the research community.
13 But there are well-documented broad trends in
14 understanding the health and economic consequences of
15 widespread use of fossil fuel as energy sources and the
16 potential for reducing those negative consequences by
17 accelerating the transition to cleaner, less polluting
18 sources of energy.

19 Coal as an energy source is a prime
20 example. Coal has been a mainstay for generating
21 electricity for nearly two centuries, but it is only in
22 the last 50 to 75 years that high-quality research has
23 documented the complex mix of toxic pollutants released
24 into the surrounding air, water, and coal ash holding
25 reservoirs. These byproducts include carbon dioxide,

1 carbon monoxide, nitric oxide, mercury, radioactive
2 elements, and particulate matter which can be inhaled and
3 damage lung tissue, and many others.

4 The documented personal health
5 consequences of these pollutants are equally diverse and
6 growing. They include aggravation and possibly causation
7 of a wide variety of health problems, including asthma,
8 bronchitis, emphysema, chronic obstructive pulmonary
9 disease, heart disease, some types of cancer, and others.
10 A similar scenario applies to petroleum-based energy.
11 They contribute to the even broader health consequences
12 of our changing climate.

13 The healthcare economic impact of fossil
14 fuel pollution-related illnesses and disabilities runs
15 into the millions each year in Michigan, and billions
16 nationally. Quantified estimates of costs should be
17 requested from the Michigan Department of Community
18 Health, the Centers for Disease Control, and health
19 policy research centers. But the point is, that in a
20 time of increasing urgency to control healthcare costs,
21 transitioning from fossil fuels to cleaner energy
22 sources, such as wind, solar, and biofuels, has the
23 potential for reducing the upward pressure on state and
24 national healthcare budgets. At the same time, it will
25 do more to protect the health of our people when combined

1 with the job-creating and economy-expanding benefits of
2 clean energy manufacturing. It is a win-win opportunity
3 for Michigan.

4 In summary, I would urge all involved in
5 setting energy policy for the State of Michigan to factor
6 into the equation the potential savings in healthcare
7 costs from accelerating the transition to cleaner energy
8 sources. Thank you very much.

9 STEVE BAKKAL: Our next three speakers
10 are Rebecca Hammond, Dominic Cusumano, and Tyrone
11 Stephens. Please come up to the front.

12 REBECCA HAMMOND: My name is Rebecca
13 Hammond, I'm from Ferndale. I'm here with some friends
14 from Sierra Club, but I'm here mostly as a private
15 citizen and as a military wife, which is one of the main
16 things I am.

17 My husband retired about six years ago,
18 and he served in war three times. One of the main things
19 I like to think that he fought for isn't just the people,
20 the government, or a way of life, but the land. Some of
21 the practices by which we extricate fossil fuels, if
22 foreign countries did them, we would consider them an act
23 of war.

24 If we want an energy policy without
25 regrets, well, we don't have that with coal. The Monroe

1 plant that's been mentioned a couple times. I happen to
2 have visited a town called Rawl, West Virginia, which is
3 where part of the coal for that plant comes from. That
4 town in West Virginia is a small (inaudible) town far to
5 the west part of the state. It's had their water ruined
6 by having spent water from coal mining pumped into old
7 wells to dispose of, because practicing like coal mining
8 and fracking ends up with a lot of dirty water and they
9 have to do something with it, and it's a problem. All
10 the wells in Rawl are ruined, everybody there has a large
11 water tank in their front yard, and the coal company is
12 supposed to go through weekly and fill those with water;
13 they do not do this. They don't do it because they don't
14 have to. They've been ordered by the court to do it, but
15 it doesn't end up happening. It's just being fought and
16 fought and fought. So we think coal is bad because coal
17 is bad.

18 Mountaintop removal and the gouges that
19 are made in the plains in the west we should empathize
20 with here in Michigan. We do not like the idea of our
21 water being messed with, we don't like the idea of people
22 looking at our Great Lakes and thinking they're sort of
23 big storage tanks, that they can be put in tanks and
24 taken elsewhere to the southwest where people don't
25 really appreciate it. This is very much what we're doing

1 to other landscapes.

2 So I think coal, with a mercury, we have
3 mercury warning in every river and lake in Michigan, this
4 affects the amount of fish we eat. Anybody who fishes
5 knows you can't eat the amount of fish that you would
6 like to. It's going to -- if we ween ourselves off coal,
7 we're still going to be cleaning this up for a long time.

8 Acid rain in the northeast, dead lakes,
9 dead forests there, and the long-term health problems.
10 We have regrets from coal already, we're going to have
11 regrets from fracking. It needs huge amounts of water.
12 We're in a draught now, and we have historic low levels
13 of Lakes Michigan and Huron, historically the lowest
14 levels ever measured, and they're supposed to go lower.
15 Two wells in northern Michigan being fracked, one just
16 used 21 million gallons, one just used 16 million
17 gallons, and as I've researched this for quite a long
18 time as a volunteer, I've never read of these amounts
19 before. This water is going to come from somewhere and
20 we're going to notice it. The water is contaminated with
21 something like 640 chemicals, and we have no right as
22 citizens to know what they are. The companies are
23 allowed to keep this a secret.

24 What do they do with this water? Well,
25 you may know that in (inaudible) Ohio, it was pumped into

1 deep injection wells that caused the first recorded
2 earthquakes ever known there. So what are they doing now
3 that that's illegal? They're pouring it down storm
4 drains and getting caught, and so it's going into the
5 (inaudible) River and into the Ohio River.

6 And what they've done in northern
7 Michigan, they called it a brine, they've sprayed it on
8 our roads to de-ice. They've been made to stop this, but
9 all this contaminated water has to go somewhere.

10 Our native (inaudible) here in Michigan,
11 the remnants that are left, saying that we should think
12 of the seventh generation, and I sometimes don't even
13 think we're thinking of the next generation. We're each
14 here on this planet for just the blink of an eye. If we
15 want a no-regrets policy, it seems like we should not use
16 more than our own share and we should make sure that
17 there's no destruction left behind us for just our
18 everyday way of lives or what our businesses need. Thank
19 you.

20 DOMINIC CUSUMANO: Thank you. My name is
21 Dominic Cusumano. I'm -- if you were to tell me a year
22 ago that I would be standing here, I would tell you that
23 you were crazy.

24 I am here to communicate about the
25 situation that's occurred out there a lot of people

1 aren't aware of called Smart Meters. We have -- we're
2 currently being sued in Oakland County Circuit Court
3 because a Smart Meter was installed on our home. My wife
4 got sick, we asked Detroit Edison to remove the meter,
5 they said that they wouldn't remove it and there was
6 nothing they could do about it no matter how sick my wife
7 was. We turned around and we replaced the meter and they
8 sued us in circuit court. We've been fighting them for
9 over a year in circuit court. And I'm here to tell you
10 about what the essence of the Smart Meter is.

11 Stimulation of tissue is illegal. We are
12 not dead tissue. The FCC's test that is used for
13 justification of the deployment of the Smart Meters is
14 called the specific absorption rate for human exposure.
15 What it is, it's a Styrofoam head that's full of gel and
16 a thermometer is stuck in the top of it, and it has a
17 cell phone attached to the side of it. It only records
18 the heat that is transmitted from the cell phone to the
19 gel inside the head. Smart Meters only take into
20 consideration -- the studies that the Smart Meters are
21 being relied on by Detroit Edison only takes into
22 consideration the meter itself that's installed on the
23 house; it does not take into consideration the antennas,
24 the collectors, the transmitters that were conveniently
25 left out of the studies.

1 If these meters were so safe, then
2 doctors in peer-reviewed studies would not say that
3 they're dangerous to children and women that are in
4 pregnancy and are susceptible to the frequencies. These
5 frequencies can cause autism and they cause asthma in the
6 unborn child that's being developed.

7 The other issue is if these meters were
8 so safe, then why do the workers that work on these
9 systems dress up in bomb tech outfits like in Afghanistan
10 while they're working on these towers and on these
11 transmitters.

12 We're working with people around the
13 country as well as here in the state to bring this
14 knowledge to everyone's ability. Thank you very much.

15 TYRONE STEPHENS: Good afternoon. My
16 name is Tyrone Stephens, and I'm from Ann Arbor.

17 I'm an environmental science student
18 that's committed to bettering the environment. I think
19 it's such an important issue that I've committed the last
20 four years to studying the environment; I've committed
21 the rest of my life to bettering it.

22 I'm extremely passionate about renewable
23 energy future and, in particular, solar energy. I
24 believe it was mentioned here earlier today, but we
25 should look at the facts. Michigan actually has larger

1 solar potential than Germany, which is currently the
2 leading solar energy producer in the world.

3 Using more renewable and energy
4 efficiency will reduce pollution and give Michigan
5 cleaner and healthier air and water. I strongly
6 encourage a greater emphasis on solar and other
7 renewables for the future. Thank you.

8 STEVE BAKKAL: Thank you. I think we're
9 right on time. I'm going to announce the last four
10 speakers. Dave Kunkle, LuCinda Hohmann, Anne Woiwode and
11 Connor Meston, if you guys can all come up front. Thank
12 you.

13 DAVID KUNKLE: Hi. I'm Dave Kunkle, I am
14 currently the Energy Programs Director for the Ann Arbor
15 Downtown Development Authority where we have, where I
16 have created and directed a hundred-percent locally
17 funded program for energy conservation for downtown
18 businesses, a \$700,000 program affecting currently 120
19 businesses in downtown Ann Arbor. I also just designed
20 and installed the electric car charging infrastructure in
21 downtown Ann Arbor, a couple of fun projects.

22 I really like this title here that says
23 Readying Michigan to Make Good Energy Decisions because
24 I'm here to encourage you all as we move forward in this
25 process to include energy education as a component of the

1 plan as we move forward. The creation of a new energy
2 plan for Michigan has to have a goal that addresses the
3 importance of any energy education, and that means
4 providing funding for K through 12 public, private and
5 charter school programs, plus a program that targets all
6 Michigan citizens and assists them in making informed
7 decisions on energy use and energy policy.

8 To achieve these goals, I have two ideas
9 to give you. The first comes from the U.S. Department of
10 Energy's New Energy Literacy Program, which is just --
11 whose goal is to help individuals in communities make
12 informed energy decisions. The Energy Literacy framework
13 was developed over the last few years, there was a series
14 of workshops, an extensive review process that involved
15 13 federal agencies, including agriculture, commerce,
16 defense, energy, health, the interior, transportation,
17 the EPA, NASA, the National Science Foundation, on and
18 on.

19 With the Energy Literacy framework now
20 recently completed, that was done in the fall, and in
21 print, the work continues to involve education partners,
22 bring them in on this, and advance energy education
23 around our country with audiences that range from -- and
24 some of us think this is an unfortunate title -- from K
25 to gray. Might be because I'm gray, I don't know.

1 The DOE defines energy literacy as
2 understanding the nature and the role of energy in the
3 universe and in our lives, and the ability to apply the
4 understanding to answer questions and solve problems. An
5 energy literate person can trace energy flows and think
6 in terms of energy systems; they know how much energy
7 they use for what and where it comes from; they can
8 assess the credibility of information about energy; they
9 can communicate about energy and energy use in meaningful
10 ways; they're able to make informed energy and energy use
11 decisions based on the understanding of the impacts and
12 the consequences of energy; and they will continue to
13 learn about energy throughout their lives.

14 The Michigan energy plan should include a
15 mechanism that includes this federal program to make
16 energy literacy available to all the people in Michigan
17 as a service -- and you'll like this -- of the Michigan
18 Energy Office.

19 The second example is the former Michigan
20 Renewable Schools Program. Michigan School Renew -- the
21 Michigan Renewable Schools program was a highly
22 successful two-year \$3.5 million program funded through
23 the Michigan Public Service Commission to educate school
24 officials, maintenance people, teachers and students
25 about the energy use of their facilities. The program

1 helped implement energy efficiency and renewable energy
2 measures at the public, private, charter K through 12
3 schools throughout the State of Michigan by providing
4 energy studies and incentive funding. Starting in 2010,
5 that program provided 67 K through 12 schools in Michigan
6 with technical assistance, incentive funding, and
7 resources for energy education, including tailored lesson
8 plans, web-based monitoring, and program displays. An
9 additional 3.5 million was approved for program
10 continuation in 2011, but was cut off three months into
11 the third year after a discrepancy was found in the
12 enabling legislation which allowed the MPSC to fund the
13 program. The courts ruled the program to be shut down,
14 and the eight full-time jobs in Michigan, and leaving 90
15 schools who had registered to start in the third year
16 without the opportunity to participate.

17 The schools program included an energy
18 efficiency program to implement energy efficiency in the
19 school facilities, a renewable energy program to install
20 demonstration renewable energy systems, including solar,
21 full-level tanks and wind; educational resources provided
22 to teachers with training and resources to make energy
23 efficiency and renewable energy part of the classroom and
24 school community; post-secondary education to inspire the
25 high school students to pursue continuing education and

1 career pathways in energy; and finally, student contests
2 and teacher grants to keep that up.

3 In conclusion, I'd like to say that this
4 energy education component, which nobody else has
5 discussed here, is critical if we're going to make good
6 energy decisions. Thank you.

7 LuCINDA HOHMANN: Hi there. My name is
8 LuCinda Hohmann, I'm the Midwest Campaign Manager with
9 the Union of Concerned Scientists. Thank you very much
10 for the opportunity to speak today and for the process of
11 the next couple of months.

12 The Union of Concerned Scientists, or
13 UCS, is a leading nonprofit science organization with
14 more than 12,000 supporters here in the State of
15 Michigan. UCS is a partnership of scientists and
16 citizens coming together around working for a healthy,
17 safe and sustainable future.

18 Securing a sustainable future for
19 Michigan includes developing a sustainable energy plan,
20 and we applaud the Governor for creating a process that
21 allows for serious public engagement on this topic.
22 Michigan's energy plan and this process must be driven by
23 science, data and credible research. Relying on sound
24 science and rigorous analysis will show that supporting
25 policies to boost Michigan's use of clean energy

1 resources, such as renewable energy and energy
2 efficiency, will help grow Michigan's economy by creating
3 jobs, lowering costs, and improving public health and the
4 environment.

5 Michigan is already a clean energy
6 leader. The state's natural resources, our strong
7 manufacturing base, and a talented workforce position
8 Michigan to reap the economic benefits of growing its
9 clean energy sector. There are more than 240 businesses
10 across Michigan that are part of the wind and solar
11 energy supply chain; these companies represent an
12 important and growing part of Michigan's economy, and
13 together have created more than 10,000 new jobs.

14 However, unless we continue to put policies in place to
15 drive continued investment and growth, Michigan will
16 likely fall further behind other states that currently
17 have stronger clean energy policies.

18 In fact, Michigan's investment in clean
19 energy will drop off significantly when the state's
20 current renewable energy and energy efficiency
21 requirements are fulfilled in 2015. So the Union of
22 Concerned Scientists urges the Governor and his team to
23 include an increase of both renewable energy and energy
24 efficiency in its energy plan and to work to implement
25 stronger clean energy policies starting in early 2014.

1 The timing of that is critical so that Michigan's clean
2 energy businesses will have the certainty they need to
3 continue investing and building on the momentum that
4 they've already created.

5 So not only is it critical that Michigan
6 renew its commitment to clean energy development, but the
7 state should aim high in order to reap all the benefits
8 of its ample clean energy resources. In fact, Michigan's
9 current renewable energy standard already lags behind
10 other midwestern states with more ambitious requirements.
11 So while Michigan's current renewable energy standard
12 requires 10 percent renewable energy by the year 2015,
13 Illinois, Ohio and Minnesota all have standards of
14 reaching 25 percent renewable by the year 2030. These
15 are real investments in clean energy, and Michigan should
16 consider similar standards if the state is to remain
17 competitive in this sector. And actually, this year the
18 Minnesota legislature is looking to increase that to 40
19 percent.

20 And finally, increasing our use of
21 renewables and energy efficiency will protect public
22 health and the environment. Michigan has among the
23 nation's oldest coal fleets. As older, uneconomic coal
24 units are retired, there can emerge new opportunities for
25 Michigan to tap readily available and more affordable

1 clean energy alternatives. So let's invest in our future
2 and the health of our families and communities by
3 investing in clean energy, and we can do that with strong
4 renewable energy and energy efficiency policies starting
5 in early 2014.

6 Thank you again so much for this
7 opportunity.

8 ANNE WOIWODE: Good afternoon. I'm Anne
9 Woiwode, I live in Meridian Township. I'm a former
10 trustee from there, I'm also the State Director for
11 Sierra Club.

12 I'm struck that the location of this
13 hearing is in the Library and Historical Museum for
14 Michigan, and if you haven't had a chance to look, it's
15 worth going, because one of the things that you see in
16 the Historic Museum is the technologies that are no
17 longer being used in Michigan, or anywhere, because they
18 have become irrelevant, we've moved on from them. The
19 other thing that you see are resources that have been so
20 thoroughly exploited that they are no longer available in
21 the State of Michigan. There's a gorgeous white pine
22 tree in the middle of the lobby basically, there's also a
23 model of one in the Historic Museum.

24 I wanted to raise the issues of our
25 capacity to look forward when we're talking about new

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1 energy sources and expanding energy sources to be smart
2 about what we're doing, that our -- we need to make sure
3 that when we pursue things such as biomass, that we have
4 in fact sustainable plans for how we make sure those
5 resources are being provided. Currently in Michigan
6 there is a proposal for a biofuels facility in the
7 eastern end of the Upper Peninsula that claims that it
8 will draw all of the sustainable forest harvest from a
9 150-mile radius of that area. I have worked a lot of
10 forest issues over the course of the past 30 years, and
11 this is not a good idea for Michigan, but it's one that's
12 gone ahead with state funding and DOE funding that raises
13 tremendous concerns, because no one has looked at the
14 implications and the trade-offs from that particular
15 choice. If we decide to allow this to go forward to
16 provide what amounts to a miniscule amount of fuel for
17 the State of Michigan, it will have a devastating effect
18 on all other uses of the forest, whether it be the
19 potential for holding carbon and fighting back against
20 climate disruption or providing jobs for other wood-based
21 industries.

22 One of the first groups that contacted
23 Sierra Club after this plant was proposed was one of the
24 wood products industries in the eastern U.P. We do not
25 normally work with them, but they were looking at the

1 same competition for exactly the same product. And that
2 has to be factored in our energy plans for the future.

3 The same applies to wood, biomass that's
4 being proposed as meeting the RPS standards in the State
5 of Michigan. There is room for biomass in Michigan, but
6 there's a need to make sure that it is actually well
7 understood the implications, the trade-offs of that, and
8 what we are getting in exchange; and right now Michigan
9 does not have a way to analyze that, there is no
10 environmental review required for the implications, and
11 the state's forest practice standards do not protect
12 against overharvesting in the State of Michigan.

13 Thanks so much for your time.

14 CONNOR MESTON: Hello, everyone. I'm
15 Conner Meston, and I'm a student at MSU, and I've
16 recently been considering the cost benefits of renewable
17 energy for the State of Michigan.

18 Not even considering the possibility of
19 global climate change, I ask you to think long in the
20 current condition Michigan's public health. As many
21 others have mentioned this afternoon, many of our coal
22 plants are outdated, hurting Michigan's health by spewing
23 mercury and many other toxic chemicals into our air.

24 This is not even considering the costs to our public
25 health by coal ash byproducts and the air pollution that

1 results from the transport of coal. Plus as others have
2 mentioned, much of the money that is spent on coal is
3 flowing right out of Michigan's coffers.

4 So we must also consider, however, the
5 negative sides of natural gas. The pollution of water by
6 numerous unidentified chemicals is unforgivable, and with
7 large natural gas fields beneath the State of Michigan's
8 very Lower Peninsula, the use hydraulic fracturing is
9 increasing with limited protections on the disposal of
10 contaminated water. Natural gas is not an alternative to
11 coal if it means we have to give up our aquifers and risk
12 damaging our public health. And that also means that if
13 people are required to drill even deeper for their fresh
14 water wells, that's a huge cost to the rural residents of
15 Michigan.

16 For those of you who are more concerned
17 with climate change, the release of methane and other
18 greenhouse gases during the process of fracking is
19 actually worse than the overall effects of coal
20 emissions.

21 So if you don't support the further
22 development of wind turbines, I highly advocate for solar
23 panels, in the instance with the example of Germany, to
24 be the best alternative with lower healthcare costs and
25 avoiding the volatile market of fossil fuels.

1 Thank you very much.

2 JOHN QUACKENBUSH: O.K. We are right on
3 time, and I'd like to conclude this with just a brief
4 wrap-up here. I'd like thank all the speakers one more
5 time, because we had them under a time constraint, and I
6 know what it feels like when you have things you want to
7 say and there's a clock, and I think I'd like to commend
8 all the speakers staying right on time. Thank you.

9 We've got many useful insights today, we
10 covered a lot of ground I feel. I'd like to thank the
11 staff of the Michigan Public Service Commission and the
12 Michigan Energy Office who helped provide the logistics
13 for this meeting.

14 Now, if this was my building, I'd invite
15 you all to stay and linger and socialize, but to be able
16 to use this magnificent facility, we did commit to be out
17 the door by 5:00, so please adhere to that. Thank you
18 for coming.

19 The next Michigan Energy Public Forum
20 will be on February 25 in Grand Rapids. And have a happy
21 Valentine's Day.

22 (Proceedings concluded at 4:53 p.m.)

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C E R T I F I C A T E

I, Lori Anne Penn (CSR-1315), do hereby
certify that I reported in stenotype the proceedings held
at the Michigan Energy Public Forum, at the Library of
Michigan, 702 W. Kalamazoo Street., Lansing, Michigan, on
Thursday, February 14, 2013; and do further certify that
the foregoing transcript constitutes a true and correct
transcript of my stenotype notes.

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Dated: February 21, 2013