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Electric Company's Lawsuit Would Bring Rate Hike

Wolverine's Challenge To State's Decision On Proposed Rogers City Coal Plant Threatens Clean Energy Jobs, Revives Financial Risk For State

LANSING, MI—A lawsuit filed this week challenging the state's denial of a Clean Air Act permit for a proposed costly and unneeded coal-fired power plant for Rogers City seeks to revisit a decision that ended the threat of a nearly 60-percent electric rate hike for Michigan consumers.

Wolverine Power Supply Cooperative on Wednesday appealed the Michigan Department of Natural Resources and Environment's ("MDNRE") rejection of the company's application for an air permit for its proposed coal-fired power plant in Rogers City. The appeal was filed in the 28th Circuit Court of Missaukee County.

"Wolverine's stubborn quest for an unnecessary coal plant in Rogers City is an outrage," said Jean Veselenak, a Rogers City resident. "We need clean energy jobs and the opportunity to transition to better ways to produce energy, not more rate hikes to support dirty coal. Experts and regulators evaluated this proposed plant and said it was too costly and we don't need it. Rogers City residents agree. Instead of now pursuing a better strategy for consumers, Wolverine officials want to spend their members' money on a lawsuit to convince a judge that they are right and everyone else is wrong."

In evaluating the Wolverine project, the Michigan Public Service Commission found that the proposed coal plant would increase electricity rates for consumers by 59.2% to 20.7 cents per kilowatt-hour, and would cost the average residential customer \$76.95 more every month. Environmental, consumer and energy groups had all opposed the proposed plant.

MDNRE denied the permit in May, stating that there is no need for the proposed power plant and that alternative methods are available that would supply the customers of the four electric cooperatives that make up Wolverine with electricity at a much cheaper rate than the cost of building a new coal plant.

"Despite road blocks and warning signals by major credit ratings agencies across the nation that new coal plants are expensive and likely to be plagued by long-term regulatory and financial problems, Wolverine has continued to support the project," said Anne Woiwode, State Director of Sierra Club of Michigan. "In the face of all these risks, it is unwise to spend Coop member money on developing a risky, expensive and unnecessary coal plant."

Since 2001, 132 proposed coal plants around the country have been cancelled due to rising costs, financial riskiness and the existence of better alternatives. The few new coal plant projects that are moving forward are incurring huge cost overruns. The Peabody Energy Prairie State Plant in Illinois under construction now has doubled in cost, leaving ratepayers on the hook to pay for \$2 billion in cost overruns so far, and similar cost escalations have been experienced in Ohio, Indiana, Wisconsin and other states throughout the country.

"It is common sense that before authorizing a nearly \$2 billion coal plant, MDNRE would evaluate whether there was a need for or better alternatives to that plant," said Shannon Fisk, Senior Attorney for the Midwest Office of the Natural Resources Defense Council. "Wolverine's continued pursuit of an unnecessary, costly and dirty coal plant is not good for ratepayers or Michigan's economy."

In June, Traverse City area ratepayers raised concerns and questions about the cost of the plant during the Cherryland Electric Cooperative's annual meeting. The ratepayers asked the board to fully disclose the estimated costs for participation in the Wolverine coal plant proposal before final decisions were made to appeal the permit decision, but that request was not granted. Ratepayers ran a series of TV and radio ads encouraging Coop members to vote for candidates who oppose the coal plant and support clean

energy options as better, more responsible business. The ads can be viewed at http://www.youtube.com/watch?v=_GtqyhGkMhg

“We don’t need to waste millions on dirty, unnecessary coal plants,” said Faith Bugel, Senior Attorney for the Environmental Law & Policy Center. “The DNRE made the right decision for Michigan’s ratepayers, for Michigan’s workers and for Michigan’s environment.”

Others who challenged the proposed Rogers City coal plant also reacted strongly to news of Wolverine’s lawsuit.

“Wolverine Coops were told that there was no need to spend billions of dollars to build this plant,” said Tom Karas of Michigan Energy Alternatives Project, “but management of these utilities won’t pull the plug on the Rogers City coal plant. They want to gamble with their members’ money. Appealing the state’s decision would only make a bad economic story worse for coop members”

“Wolverine should invest in energy efficiency and energy sources that will serve their member cooperatives better by developing cleaner electricity generation and keeping costs lower,” said Susan Harley, Policy Director for Clean Water Action.