

Utility eyes Midland alternative

By Joanne Maliszewski
staff writer

Although the Michigan energy customer will pay for the controversial and still incomplete Consumers Power Co.'s Midland nuclear power plant, utility officials have developed a plan which they believe will cost customers less than abandoning the facility.



Consumers Power's new chief executive officer, William McCormick, explained how the utility can utilize its Midland plant.

Consumers corporate chief William McCormick is betting that costs to the consumer in the long run will be far less if the Midland nuclear power plant is converted to an all-electric, gas-combined plant, than if it is totally abandoned.

He told executives of the Suburban Communications Corp. Wednesday that customers would pay an estimated 21-22 percent rate increase over two-four years to convert the controversial nuclear plant to an electric-gas plant.

THE NEW chief executive officer has taken to the hustings in a campaign to convince the public that his utility company has changed its way and developed a plan which will get the company out of the financial soup and, at the same time, provide the state's energy needs for the future.

Customers would pay an 18-percent rate increase over two years — 9.6 percent in the first year, 8.6 percent in the second — if the plant is abandoned.

The Consumers' rate request, which is on file with the Public Service Commission (PSC), would recover \$3 billion of the plant's total \$4.1 billion cost. Stockholders will absorb the remaining \$1 billion, McCormick said.

"If we abandon the plant we will pursue that rate request," McCormick said, adding the firm would need a larger fraction of cost recovery in the first year to keep the financially ailing firm healthy.

THE RATE request that's on file with the PSC asks for less from customers than what McCormick estimates will be asked for plant conversion. But with abandonment, customers would be faced with additional costs — beyond the rate request — to add to the firm's energy capacity to meet what company officials expect will be an increase in energy consumption within the next 10 years.

"Customers would be better off finishing the plant, than abandoning the plant," McCormick said.

By converting the Midland plant to either a coal or gas plant, Consumers can meet the need for additional capacity, McCormick said. The cost of con-

verting one of two existing energy facilities within the Midland plant would be about \$5.5 million.

political standpoint, nuclear is still a hot potato in the state of Michigan.

"ABANDONMENT (though is not a good option for the state. We have seen significant growth in electricity sales with additional growth (expected) in the next 10 years. We are pretty convinced we're going to need additional capacity by the mid-1990s."

In November 1985, McCormick commissioned a study on what to do with the Midland plant and what the future holds for both Consumers and the state. Although the study is incomplete, McCormick said he expects to release the findings — particularly the decision on whether to abandon Midland or convert it to another use — sometime in April.

"It (Midland) represents 45 percent of our assets and in my judgment a great asset for the state of Michigan," McCormick said. "We either have to finish it and get on with it or write it off and get it behind us."

BASED ON the study's still incomplete finding, company officials estimate that Michigan is experiencing a 1.9 percent growth in the use of energy each year. The study is showing, McCormick said, that as Michigan's economy improves, energy consumption grows proportionately. Available energy capacity would greatly aid the state in attracting new business, he added.

Economic growth in Michigan is occurring at a 2.2-2.3 percent rate a year, based on the Consumers study. With energy consumption growing at 1.9 percent annually, then over the next 10 years, Consumers will be forced to increase its capacity by 20 percent, McCormick said.

Without adding to its current energy capacity, Consumers would be faced with a negative energy reserve by the year 2000. Reserves are a necessary ingredient in the energy business, McCormick said, simply because on any given day, a percentage of the company energy capacity is not in use. Energy companies recommend a 20-25 percent reserve capacity to maintain reliability, he said.

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