

Consumers Power: state's quiet partner

By Tim Richard
staff writer

YOU SEE Jim Blanchard, the shovel-carrying governor, and Doug Ross, the articulate Commerce chief, in the groundbreaking photos.

But in the background — perhaps invisible — is someone from Consumers Power Co.

"We are the private sector interface with industry as Doug Ross is in the Commerce Department," said Robert A. Sieghart, director of CP's economic development services. "If you have (an economic project) that's very confidential, you go to the private entity — us."

CP is Michigan's largest utility, serving two-thirds of the 9 million residents with natural gas, electricity, or both. In Oakland and most of the Wayne suburbs, it distributes natural gas.

LOOKING AT the news, one thinks of CP being hassled by attorney general Frank J. Kelley over the Midland plant or rate increases. Actually, said Sieghart, CP has a good working partnership with government at all levels.

They get together in "community growth alliances" or CGAs. A new tool in Michigan, CGAs are set up on at least a countywide basis to provide "one stop shopping" for developers.

The partners are educators (particularly community colleges), local government, financiers, real estate agents, unions and, of course, the power company.

"Of 38 CGAs in the state, 32 are in Consumers Power's markets," said Sieghart.

"A CGA provides us a resource everywhere in the state. It gives us an agency to gather information — on sites, buildings, community profile, wage rates. There is a computerized site net program that lists 2,000 properties for sale or lease with 90 percent accuracy."

"The University of Michigan is putting community profiles into its mainframe computer. Anyone authorized can pull data out."

"IT'S THE RIGHT program, at the right time. It's unique. No other state has such information-sharing resources."

"We — our company, Detroit Edison and the Southeast Michigan Council of Governments — were working on this when the CGA program came along. Michigan Bell put \$5,000 into each CGA."

He credited Carol Hoffman, deputy Commerce director, along with legislative staffers and educators, for putting together the CGA program in 1984.



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JACKSON COUNTY, where Consumers Power has its headquarters, has the first official CGA in the state and the first CGA videotape. Thirty such videotapes are planned, Sieghart said. Oakland and Wayne counties are due for such CGA films.

"It gives you a chance to see what you would read. The visual impact is much quicker," he said.

The Jackson prototype opens with a testimonial from the county's most famous entrepreneur, former Southfield auto dealer Roger Penske, now head of Michigan International Speedway.

The following sections illustrate: locations in relation to auto plants, acreages of some sites, factory scenes of the most prominent labor kills, railroad lines, water wells, CP's special rates for developing companies, and community college training facilities.

It closes with "quality of life" scenes — parks, housing, the 92 lakes and the community orchestra belting out Tchaikovsky's Fourth.

Consumers Power produced the film and picked up the tab.

IN EACH REGION, CP has trained a staff person as coordinator for economic development.

In the Metro region, that's Charles Heiney Jr., who works out of the Livonia office. After studying chemical engineering at Purdue, Heiney joined CP in 1956 and has been in industrial marketing ever since.

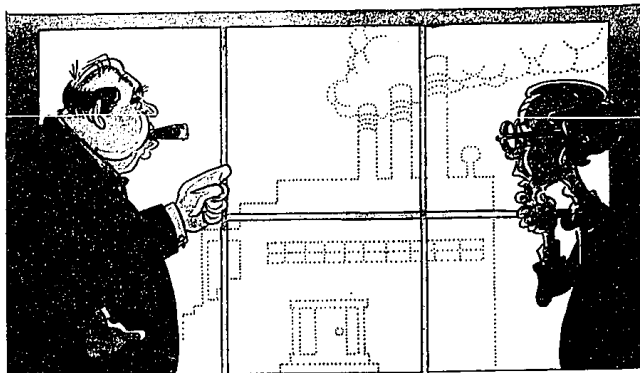
"I call on auto plants and large industries with 5,000 square feet, such as machine shops," Heiney said.

In a recent case, a company official called to say his firm would consolidate two existing operations in one and build a bigger plant. It needed a rate on gas.

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Heiney's work may be scouting for vacant sites or empty buildings. It may be pretty technical stuff like presenting prices on natural gas air conditioning for a hotel going up along the I-495 or I-275 freeways, or for the enclosure of Wonderland Mall in Livonia. CP offers special incentive gas rates to attract business (see related story on this page).

CP's ECONOMIC effort has two divisions — one for retention and expansion of local companies, the other to recruit outside firms. Sieghart is "Mr. Inside," the one who works on retention.



MARVIN TEEPLES/artwork

In each region, Consumers Power Co. has trained a staff person as coordinator for economic development. The work may be scout-

ing for vacant sites or empty buildings or presenting prices on natural gas air conditioning.

"Oakland County," Sieghart reported, "is in the process of a retention effort" after winning such sites as GMF Robotics and the Saturn headquarters.

"There's a lot of international work. Mazda (which located in Flat Rock) opened up a lot of doors to Japan. There's a lot of visibility here for Japanese auto suppliers."

"Eighty percent of the total

growth in the state is right here around Detroit," he said.

CP IS better known outstate, however, for its development work.

"Economic development started with the railroads in the 1800s," Sieghart said. "They sold land to those who would use rail freight. Naturally, that led over to us."

"We bought a large amount of

land — we were the state's third largest holder. In 1950 we formed an area economic development department. That's how we got started — 37 years ago."

He added, "We're putting together something on Supercollider," the proposed federal atom-splicing laboratory that Gov. Blanchard is seeking. The site would be in Monroe and Lenawee counties.

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Special gas rates aiding expansion

Consumers Power Co. offers special special incentive gas rates to attract business, boasting that several industrial firms saved more than \$500,000 in 1986.

"The Michigan Public Service Commission (which approved the rates) believes these rates play a significant role in encouraging business and job growth in the state," said Bill Long, who chairs MPSC.

AFM CORP. of Sterling Heights didn't even know about the special rate until CP's marketing people told them.

"In 1986, we saved more than \$7,000 with the incentive gas rate," said Oscar Stefanutti, president of the auto transmission parts firm. In

May 1986, AFM consolidated four plants into a new 90,000-square-foot facility. AFM's payroll is 340 employees.

Presently, 17 customers are on the natural gas "economic development rate D," which can save a customer between 7 and 10 percent below standard rates.

"WE OFFERED these rates with the specific intention of promoting economic activity in Michigan," said Richard J. Subbrook, CP's director of economic development.

CP offers incentive rates for metal melting firms and for farm irrigators. The utility also offers a natural gas incentive rate to customers who can also burn oil in their plants.

Utility has new holding company

Shareholders of Consumers Power Co. have approved its board of directors' recommendation to reorganize the company into a new holding company, CMS Energy Corp.

The holding company will have two subsidiaries:

- Consumers Power Co., which will continue providing electric and natural gas service as a regulated utility.
- CMS Enterprises Co., which will oversee the company's non-utility business.

THE NAME of the new holding company reflects the company's broader involvement in the overall energy business, said William T. McCormick Jr., chairman and CEO. It also adopts the company's current New York Stock Exchange trading symbol, CMS.

"The utility business is changing dramatically, becoming more competitive, and we need the flexibility a holding company will provide to respond to this new climate and take

advantage of new opportunities in the energy business," McCormick said.

The company's "principal priority will remain providing reliable, cost-competitive electric and gas service throughout Michigan."

The non-utility enterprises will have an increased flexibility to use various financing techniques suitable for non-utility operations without impacting the capital structure or credit of Consumers Power, McCormick said.

COMMON STOCKHOLDERS will become shareholders in CMS Energy on a "share-for-share" basis. No exchange of stock certificates is necessary.

The articles of CMS Energy, approved by shareholders, also allow it to issue up to 250 million shares of common stock. Previously, the limit was 125 million shares. The additional shares could be used for stock splits or acquisitions.