

New deal for electric rate relief

Long-term agreement will expire Friday if governor doesn't sign plan

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SPRINGFIELD - A new long-term agreement has been negotiated to try to keep future electricity costs as low as possible for Ameren Illinois customers, Attorney General Lisa Madigan's office said Monday.

But unless Gov. Rod Blagojevich this week signs into law a \$1 billion electric rate relief plan, the deal is to expire Friday, said Susan Hedman, senior assistant attorney general. Even if the new deal takes effect, it would be \$16 million more expensive than called for in a previous agreement that expired Aug. 3, she said.

Still, it would be cheaper than the terms of a second agreement, which replaced the first one and expired last Friday. That deal would have been \$27 million more expensive than the one that died Aug. 3.

The swing in prices "demonstrates the volatility of the market," Hedman said. "We were very fortunate to lock in a price that expired Aug. 3 that was a low price, and now the market is very volatile."

The latest agreement was reached Friday. It would let the Ameren Illinois utilities buy a portion of their electricity from Ameren Energy, a power generator, at locked-in prices for five years. St. Louis-based Ameren Corp. is the parent of both companies.

Part of the \$1 billion electric rate relief deal, which lawmakers overwhelmingly approved and sent to the governor last month, called for the long-term contracts.

One involves the Ameren companies, and the other is between Commonwealth Edison and its parent company, power generator Exelon. The ComEd/Exelon contract has a different expiration date: Sept. 5. ComEd officials earlier had mistakenly said it would expire Sept. 3.

Blagojevich, whose office wasn't involved in negotiating the \$1 billion rate-relief plan, has said he needs time to examine the complicated legislation and ensure it's the best deal for consumers.

"We need to do a careful review of this bill," spokeswoman Rebecca Rausch said Monday.

In an Aug. 4 letter to Madigan's office, Blagojevich adviser Marty Cohen said the "side agreements" concerning long-term power needs for Ameren customers "should never have included false deadlines that fail to adequately protect consumers."

The \$1 billion rate-relief plan on the governor's desk surfaced after months of negotiating among various parties, including lawmakers, utility company officials and Madigan's office.

One component of the rate-relief agreement will reduce the size of the rate increases that Ameren and ComEd customers experience for the next few years, even though they still will be paying more than they did in 2006.

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