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Madigan, CUB fight ComEd rate hike

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TRIBUNE REPORTER

February 13, 2008

The Citizens Utility Board and the Illinois attorney general's office oppose an electricity rate hike requested by Commonwealth Edison, amplifying debate about who should pay to expand and modernize the state's power grid.

ComEd argues that the proposed \$361 million increase offsets higher construction costs as it builds a more efficient and reliable network.

But CUB and the attorney general's office filed testimony with the Illinois Commerce Commission on Tuesday saying the utility wants a higher profit margin. Both organizations encouraged the five-member ICC to cut the proposed increase by 90 percent.

"They've made their finances look as bad as they can possibly be to justify the rate increase," said David Kolata, CUB's executive director. "They've understated their income, overstated their expenses."


ComEd estimates the typical residential customer would pay \$6 more on a \$75 monthly bill. Its request would provide the utility with a 10.75 percent profit margin, compared with a current margin of roughly 5 percent.

This would be the third electrical bill increase for ComEd customers in two years, after a new auction to purchase electricity and a rise in delivery charges caused customers' electric bills to jump by an average of more than 25 percent in 2007. The Illinois legislature responded by passing a \$1 billion relief package.

Under the 11-month review process, the ICC has until September to vote on the latest proposal, which pertains strictly to the cost of delivering electricity, and not to buying it. In last year's delivery charge increase, ComEd asked for \$350 million but received approval for \$80 million.

The disagreement between the utility and the consumer advocates is similar to the recent restructuring of charges by Peoples Gas and North Shore Gas that was based on expected rather than actual usage, said Ben Weinberg, chief of the attorney general's public interest division.

The utilities favor restructuring the bills to reflect the costs of developing and maintaining their



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infrastructure, while CUB and the attorney general's office want to ensure that consumers do not spend more than they should for electricity and natural gas.

In a statement, ComEd said the proposed rate hike stems from greater construction costs, with the price of transformers doubling, overhead wire up 59 percent and utility poles up 43 percent between 2004 and 2006.

The company said it will spend \$1.7 billion improving the grid without the benefit of rate adjustments during the 11 months the ICC considers its proposal. CUB claims ComEd padded its rate proposal by \$143 million, saying the company overstated infrastructure investments that are entitled to a state-approved return. In response, a ComEd spokesman said the utility presented a thorough case to justify the increase.

Chicago-based Exelon Corp. owns ComEd. Exelon, the country's largest producer of nuclear power, reported a net income of \$2.73 billion on revenue of \$18.91 billion last year.

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