



ComEd hike is too big, watchdog group charges

Watchdog, attorney general challenge utility's figures

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The Citizens Utility Board on Tuesday said a study shows ComEd understated its income and overstated its expenses to convince the state it needs to get a delivery rate hike of roughly \$361 million.

CUB and the Illinois attorney general's office filed testimony and the study both groups researched with the Illinois Commerce Commission, the agency that regulates ComEd and approves such fee increases.

The advocates aim to cut the proposed fee by about 90 percent, or \$322 million, CUB Executive Director David Kolata said.

ComEd requested the delivery rate hike in October; the ICC is expected to rule on the request in September.

"What our experts found was that ComEd doesn't need such an increase to provide reliable service and earn a reasonable profit for its shareholders," Kolata said. "They're just trying to justify a large increase they don't need."

The power company insists it must continue to invest in a more efficient and modern system to ensure safe, reliable power is available when customers need it, spokeswoman Arlana Johnson said.

Costs are increasing faster than inflation. For example, from 2004 to 2006, transformer costs more than doubled; overhead transmission lines are up 59 percent; underground cable is up 48 percent; and utility poles are up 43 percent, she said.

"We fully intend to prove our case through the (commission's) 11-month process," said Johnson. "By the time that process ends, ComEd will have invested an additional \$1.7 billion in an expanded and more efficient modern system that is not reflected in current rates. This rate case reflects our increased costs, tremendous growth in our service territory and investment in enhanced technology to improve reliability and increase value of our services to customers."

Last October, ComEd asked the commission to boost its delivery rate fees because it needed additional money to modernize and to expand its network, especially in growing suburbs.

The delivery fee is about 35 percent of a total bill. This proposal does not impact the cost of electricity itself, which is passed through to customers without markup.

ComEd has 3.8 million customers. Its service territory includes six of the top 100 fastest-growing U.S. counties: Kendall, Will, Kane, Lake, McHenry and Boone.

If approved this September, ComEd could charge an additional \$6 on an average residential monthly bill of \$75, an 8 percent increase.

In addition to the rate hike, ComEd wants the commission to approve a change in how the utility recovers the cost of storm-related repairs and investments in the new "smart grid" technology. ComEd already collects storm-related costs in rates, Kolata said.

Under the law, it is supposed to recover the cost of such investments after it has been made and deemed reasonable and justified. ComEd wants the commission to allow it to recover those costs automatically through a rider on bills.

Similarly, ComEd wants to use a rider to automatically recover the costs of improved technology to help locate and repair outages on the electric grid.

CUB objects to the plan because it puts all the risks of higher costs on consumers and fails to account for cost savings or increased income that might offset those expenses, Kolata said.