

Electric rate relief: Did it work?

BY MIKE RIOPELL, The Southern

SPRINGFIELD -- A year ago Thursday, Gov. Rod Blagojevich signed legislation that sent millions of dollars in rebates to electricity customers across the state.

For months at the beginning of 2007, many Ameren customers in central and southern Illinois were hit hard by a spike in their electric bills – the result of an abrupt end to what was a ten-year freeze on power costs. ComEd customers in the northern part of the state were hit, too.

The public outcries were heard by state lawmakers, who let the freeze lapse and eventually were forced by public pressure to come up with an answer of some kind.

The result: Several utility and energy companies paid \$1 billion to immediately send rebates to customers, as well as subsidize their bills in the future. Attorney General Lisa Madigan's office helped negotiate the settlement, lawmakers approved, and Blagojevich signed off on it.

"Public pressure works," said state Rep. John Bradley, D-Marion.

Now, a year later the legislation took effect, energy costs from power and natural gas to gasoline still have consumers worried about their wallets. But Illinois officials hope the legislation at least prevents future spikes in power costs for Ameren and ComEd customers.

Customers

Because of the legislation, money from the \$1 billion settlement is still being applied to Ameren and ComEd customers' bills as credits. Those credits will continue through 2010, reducing customers' costs from what they might have been.

And the measure also ended a particular way utilities bought electricity for delivery to customers, perhaps keeping power bills from rising more, said Citizens Utility Board Director David Kolata.

For those reasons, he said, a year has shown power customers did benefit from the legislation.

"There's no question that electricity customers are better off," Kolata said.

In addition, a new state agency was developed to try to prevent power costs from spiking in the future. In theory, the new Illinois Power Agency could force utilities to buy the least expensive electricity available, therefore making customers' bills more reasonable.

But costs could rise in the future.

Utilities

Shortly after the utility settlement was signed last year, both Ameren and ComEd are in the middle of cases asking the state for the authority to raise the prices they charge for the delivery of electricity.

And so far, both have received a preliminary go-ahead to do so, but for not as much as they wanted.

Ameren, for example asked the Illinois Commerce Commission for the ability to collect \$247 million more from power and natural gas customers.

A preliminary hearing suggested the utility get \$163.5 million. But regulators could rule differently.

Ameren says the extra money is critical to maintaining the wires and pipes key to getting critical power and gas to homes. In the second quarter this year, the three Ameren Illinois utilities lost \$10 million, compared to earnings of \$20 million over the same period last year.

Spokesman Sean Vanslyke said not having more revenue could endanger the reliability of its systems.

"People don't really want to think about us," he said. "They just want to turn their switch on."

Consumer advocates and lawmakers who worked on last year's utility issues have opposed the increases.

"We're not going to lay down and let this thing die," said state Sen. Gary Forby, D-Benton.

Politics

Support for the deal wasn't unanimous by any means last year, with many Republicans saying it didn't quite live up to the hype.

State Rep. Bill Mitchell, R-Forsyth, said he still regularly gets calls from constituents about high power bills.

"They over-sold this thing as a savior," he said. "And of course it was not."

State Rep. Bob Flider, a Mount Zion Democrat and supporter of the plan, said lawmakers had to engage utility companies and try to work something out. Otherwise, rates would have stayed where they were.

"There would have been no deal," he said.

Usage

What everyone agrees on is that using less energy costs less money.

Because of rising rates across the country and an increased interest in global warming, people appear to be seeking out more energy efficient products, said Karen Schneider, a spokeswoman for the federal Energy Star program.

"Those two things are kind of converging," she said.

It follows the similar trend of drivers abandoning gas-chugging SUVs for more fuel-efficient cars.

Schneider said in 2007, people saved \$16 billion on their power bills because of energy efficient products. That's compared to \$5 billion in 2000.