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**Illinois Electricity Rates Won't Soar in '08**

CHICAGO (AP) - Electric rate increases are back on the horizon for Illinoisans, but consumer advocates said they don't expect the kinds of jumps that unnerved consumers last year and prompted lawmakers to negotiate a \$1 billion relief package.

The Citizens Utility Board criticized recent regulatory approval of rate increases for electricity delivery, but the consumer watchdog did not think consumers had reason to fear further jarring news on rates - at least in the current year.

"It's possible there could be some smaller increases," CUB Executive Director David Kolata said. "But at this point it doesn't look like there will be any other major increases this year."

That forecast came a day after the Illinois Commerce Commission approved a \$162 million annual rate increase for Ameren Illinois natural gas and electric customers, money it said it will use to pay for infrastructure improvements. The ICC approved the increase, which took effect Oct. 1, after rejecting Ameren's original request for a \$247 million increase.

In September, it approved a \$270 million rate increase for ComEd customers in northern Illinois.

Last year, Illinois consumers' power bills doubled and tripled when a 10-year rate freeze expired.

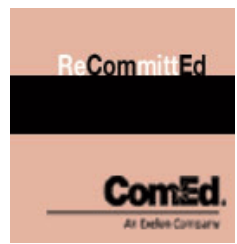
Those increases created a political firestorm, prompting passage one year ago of a relief package designed to soften the blow to consumers. The legislation, signed by Gov. Rod Blagojevich on Aug. 28, 2007, rolled back about half of the increases through rebate checks and bill credits to Ameren and ComEd customers.

The bill also scrapped the old auction system that set the higher rates and created the Illinois Power Agency to negotiate power prices.

The new agency's director, appointed earlier this year, sent his first proposal for electricity purchases to the ICC. The procurement plan is for 2009 and would not affect this year's prices.

"We're trying to smooth out the peaks and valleys in electricity prices," said Mark Pruitt, the IPA executive director. "We're managing risk by gradually stepping into the market, and taking out a lot of the potential for price shock."

Pruitt, who came to the new agency from the University of Illinois at Chicago, where he helped state and local agencies buy power at up to nearly 30 percent savings, wouldn't go so far as to rule out rate increases this year.



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" I don't know what complete assurances anyone ever has in any type of market," he said. "We can't eliminate risk, but we can minimize it."

The IPA is only able to address the cost of the electricity itself, not the cost of its delivery, which accounts for about a third of a residential consumer's bill.

Less-regulated delivery costs are a cause for concern, said another consumer advocate, Scott Musser of AARP Illinois.

" Procurement hasn't been solved completely, but it's more under control," said Musser, citing the 2007 relief package. "But delivery is really where we need to look next."

ComEd spokeswoman Alicia Zatkowski said the utility has no plans to raise rates in 2008. Ameren Illinois doesn't foresee any electricity rate increases either, said its spokesman, Leigh Morris. He noted that some customers would see their electric and natural gas bills decrease under rates approved by the ICC.

Zatkowski defended the most recent rate increases, saying the cost of delivering electricity has risen sharply. The price of overhead wire, for example, soared nearly 110 percent from 2004-06, she said.

Musser praised the establishment of the IPA, as well as Pruitt's appointment, but he said it would likely take the agency a year to get fully up and running.

The agency currently has just four employees, including Pruitt, and its annual budget is a little more than \$1.2 million.

But consumers already stood to benefit from the agency's work, Pruitt said.

"I'd tell Illinois consumers there is someone in an agency and a staff and consultants committed to managing risk on their behalf," he said. "They're not just drifting out there. There's a plan. There's oversight and there's cooperation among multiple stakeholders."

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