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ComEd offers state \$500 million, but deal could lead to higher electric rates

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May 4, 2010

BY [DAVE MCKINNEY](#) Springfield Bureau Chief

SPRINGFIELD — Commonwealth Edison extended Illinois an unexpected \$500 million budgetary lifeline today, but the company's offer has the state's top utility watchdog worried that consumers will be stuck paying higher electricity rates under the deal.

Gov. Quinn was non-committal when asked about the utility's 11th hour offer as he and top Democrats try to cobble together a budget heavily reliant on borrowing before a planned legislative adjournment Friday.

"I'm not going to sign onto something where I don't know what's in the bill," Quinn told reporters in Chicago. "You don't jump into the swimming pool unless there's water there. You have to make sure you're paying attention."

A confidential draft of Commonwealth Edison's legislative proposal began circulating in Springfield this afternoon in which the utility and its corporate parent, Exelon, touted the deal as a "public/private partnership to inject a stream of jobs, create the foundation for the energy future and provide an additional source of funding for public needs."

A ComEd spokeswoman said the proposal is "mutually beneficial."

Beyond the offer of \$500 million in cash, the plan seeks a guaranteed profit rate of 10.3 percent and a cap on residential rates, which the company says will "stabilize" rates. ComEd also pledges not to file an unspecified rate increase request with the Illinois Commerce Commission during the second quarter of this year and to make \$1 billion in capital investment during the next decade.

But David Kolata, executive director of the Citizens Utility Board, fears the cap will lead to above-market rates being locked in for four years.

Kolata said Commonwealth Edison intends to pass along an 8-percent increase in rates to consumers on June 1. If the state agrees to lock in that price hike, he said, consumers could be deprived of lower prices that are anticipated on the open energy markets from which Commonwealth Edison would profit in the last three years of the deal.

"We need to be careful before moving forward with this," Kolata said. "You're changing the entire history of regulation in Illinois and locking in above-market prices. It has profound implications, and to do that in just a few days would be very, very concerning."

A spokesman for House Speaker Michael Madigan (D-Chicago) said he was unfamiliar with the company's proposal.

"I have no way of making any comment one way or another, so we'll see what tomorrow

brings," Madigan spokesman Steve Brown said.

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The views expressed in these blog posts are those of the author and not of the Chicago Sun-Times.

rjm0928 wrote:

Bend over and grab your ankles Illinois customers of ComEd. You are going to have to brace yourselves for some immediate 'rate fore play' before you get the full lunge into your wallet for the next 20 years.

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besensible wrote:

Is it just me or is this in reality just a blatant and flat out bribe? Really! But instead of going to one of our politicians as would normally be the case the money goes to the "state". If it looks like a duck, quacks like a duck, it must be a duck. Or in this case a bribe.

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p chow wrote:

Com Ed is EVIL. YOU think they are looking out for OUR interests?? A multi-billion dollar company. They think they are Nicor jr. Com Ed is ARROGANT. Throwing their money around like a rich daddy telling the kid what to do. God help everyone if Quinn bites on this.

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senorswank wrote:

Like Nancy Regan says "Just Say NO!"

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taxpayer too wrote:

ComEd got this extra cash from me. After improperly billing me for over six months and then realizing their own mistake, ComEd had the gall to charge me late fees because of their own billing blunder!!! When I challenged the charges, they had the audacity to tell ME that I should have called THEM to point out the billing error!!!!

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pats fan wrote:

if Illinois agrees to this then everyone needs to move to Indiana, Wisconsin, or Iowa. ComEd has ripped off the public for years and years. We already over pay and if the State agrees to this we will WAY over pay for the next 5 years. All reports show that power costs are expected to drop a lot in 2011 -2012 time frame. ComEd is a sneaky company. We need someone else to buy power from. I HATE ComEd. Bad service is their motto.

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mij wrote:

Hmmmmmmmmmm. Governor Quinn has to give it thought. It means

the residents have over paid a bundle and they want to give some back
so they can get another increase. Of course Quinn will say well state
needs \$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$

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