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ComEd Pulls \$500M Offer To State Critics Slammed Deal That Would Have Locked In Rate Hike For 4 Years

CHICAGO (CBS) — ComEd is nixing a proposal to give the cash-strapped state \$500 million in exchange for guaranteed future profits on electric rates. The company said it was clear there wasn't enough support for their proposal in Springfield, so they would not pursue it any further.

The offer came as Gov. Pat Quinn and legislative leaders have been trying to complete a state budget and plug a \$13 billion deficit before the expected adjournment of the Illinois General Assembly Friday.

ComEd had said it's a good deal, but others said it sounds more like a bribe. And late Wednesday afternoon, ComEd pulled the plug on its proposal.

"It has become clear that there is not enough support in Springfield to continue pursuing this course. We acknowledge and respect the concerns many public officials have and will move on," ComEd spokeswoman Tabrina Davis said in an e-mail.

ComEd had also faced heavy criticism from Illinois residents and consumer watchdogs, who saw the idea as a bad deal for ComEd customers. Many called it little more than a bribe.

In tough times, a cash-strapped Chicago earned more than \$1 billion to hand over its parking meter business to a private firm for 75 years.

Chicagoan Paris Jones said that controversial deal was all about getting a lot of money for city government, not what was best for Chicago residents.

"That's what this is all about, right? Big bucks and revenue, not the consumer."

As for ComEd's idea, Jones said it seemed more like one of those deals cooked up behind closed doors.

And Chicagoan Brad Dovalina called the proposal "a scam."

Others compared it to a bribe. One woman told CBS 2 News that "they're being slick; because when people are desperate, isn't that how loan sharks get involved in people's lives?"

In reality, there was nothing closed-door about ComEd's proposal. It had offered the cash-strapped state \$500 million in exchange for an 8 percent rate hike, locked in for 4 years.

ComEd and its parent company, Exelon, also offered a pledge to commit \$1 billion over the next decade to projects that they estimated would create 2,000 new "green" jobs in the state.

But Jim Chilsen, spokesman for the Citizens Utility Board, a utility watchdog group, said, "plain and simple, this is a bad deal for Illinois consumers."

CUB blasted the plan because it would also largely remove the Illinois Commerce Commission from determining the need for future rate hikes.

"This would make unprecedented changes to the state's regulatory system. It would basically strip the Illinois Commerce Commission to fairly set rates," Chilsen said.

Illinois Attorney General Lisa Madigan had also criticized the proposal, calling it an "effort to lock in unjustified profits."

CBS 2's Vince Gerasole and The Associated Press contributed to this report.

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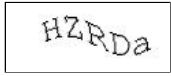
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