



On second thought, ComEd pulls \$500 mil. offer to state

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A day after offering to help the financially strapped state with a \$500 million payment in exchange for a rate hike, ComEd late Wednesday changed its mind.

The state-regulated utility pulled its offer after concerns were raised about consumer protection and how the deal would be construed.

"In last few days ... it has become clear that there is not enough support in Springfield to continue pursuing this course," ComEd said in a statement. "We acknowledge

and respect the concerns many public officials have and will move on."

Reacting to ComEd's original proposal, ethics and consumer experts said Wednesday it wasn't necessarily wrong to help bail out the beleaguered state. But the deal appeared to create a different type of tax that would force electricity customers to foot the bill for the \$500 million.

On Tuesday, Exelon Corp.'s ComEd, which has operations in Oak Brook, proposed giving the state about \$500 million in exchange for locking in a rate increase for four years. ComEd also said the deal could lead to \$1 billion in investments to improve its system reliability and efficiency.

"It would have provided funds to a state in turmoil, provided more than 2,000 jobs, invested more than a billion dollars in grid modernization and infrastructure improvements," ComEd said in the statement. "It also would have provided customers with rate stability while preserving the right to choose market-based rates. No customer would have been required to pay above market rates."

Still, experts didn't think ComEd was wrong to offer money to the very state that regulates it and decides its future rate increases.

Since the money would be for the state coffers, and not an individual politician's pocket, the ComEd proposal seemed more like a creative tax than an ethical issue, said Timothy Feddersen, director of social enterprise at Northwestern University's Kellogg Program in Evanston.

"Corporations often engage with governments through lobbying firms to connect to politicians and make campaign contributions," Feddersen said. "It's then up to the politician to act as a representative of the people. But no politician or individual is getting the money. It's going to the government instead. Politicians won't stand to profit or lose from this (ComEd deal)."

But introducing the offer just days before the end of the legislative session on Friday likely would not have provided enough time for review. And Gov. Pat Quinn, a longtime consumer advocate who helped to create the Citizens Utility Board, wouldn't commit on the offer.