

AG Madigan vows to fight ComEd automatic rate hike

By: [Steve Daniels](#) February 11, 2011

(Crain's) — Illinois Attorney General Lisa Madigan has come out in opposition to legislation backed by Commonwealth Edison Co. that would provide for automatic annual electricity rate hikes.

The bill, introduced earlier this week by state Rep. Kevin McCarthy, D-Orland Park, allows for ComEd and other utilities that commit to major infrastructure improvements over a long period to increase their rates annually to reflect their costs.

The Illinois Commerce Commission — which for decades has reviewed utilities' rate requests in an exhaustive, 11-month process before increases can be imposed on ratepayers — would be relegated to an after-the-fact review to ensure the costs weren't egregious.

"We have some serious concerns about the proposal in its current form and are strenuously opposed to it," a spokeswoman for Ms. Madigan wrote in an e-mail. "It will seriously harm consumers. We expect this to be a hard-fought issue."

(When times got tough for ComEd parent Exelon Corp. in the past, it turned to its utility to lobby Illinois lawmakers for relief. Times are tough again. Read Crain's premium content: "[ComEd revives automatic rate-hike scheme](#)")

ComEd attempted to gain legislative approval for a similar proposal in the waning days of the General Assembly's regular session last May, but it was tied to an offer of \$500 million to help close the state's massive budget deficit. Lawmakers summarily rejected it after it was criticized as a bribe.

This time, ComEd showed its hand early and offered to negotiate with consumer groups and other interested parties on areas of concern. The Citizens Utility Board is opposed to the bill in its current form, saying it would allow rates to rise with only minimal regulatory scrutiny, but says it's open to discussion.

The attorney general's quick move to oppose the bill shows that ComEd has an uphill climb to win backing. State legislative leaders have been non-committal so far.

The utility is selling the legislation as a jobs-creator that will modernize the area's electric grid. It says electric rates would increase 2.2% annually on average over the next decade. The Illinois Chamber of Commerce is supporting the measure.

"First, there are direct customer benefits to this legislation that can be precisely quantified, such as the dollar benefit to customers in terms of higher levels of quality of power, reduced outages and the efficiencies that come with a more automated grid," ComEd said in a statement. "Customers will also have more control to manage their energy use and save money. Second, there are indirect benefits that impact the entire state's economic outlook such as increased tax revenues, job creation and economic competitiveness."

The state's other utilities have taken a low profile on the measure. Peoples Gas parent, Integrys Energy Group, is said to be supportive. Downstate electric utility Ameren Corp. backs the ideas in the bill, but is not lobbying for it. Suburban gas utility Nicor Inc. is focused on its pending sale to an Atlanta-based utility.

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