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## ComEd rate hikes likely as smart-grid bill advances

By: Paul Merrion May 27, 2011

(Crain's) — Legislation to modernize the state's electric grid and install energy-conserving smart meters in homes is advancing in Springfield.

After postponing a vote yesterday, the House Public Utilities Committee late Friday passed a bill that likely would lead to rate hikes so Commonwealth Edison Co. and Ameren Illinois can recover the multibillion-dollar cost of upgrading their delivery systems over the next decade.

The vote was 21-0, with two voting "present."

Gov. Pat Quinn and Illinois Attorney General Lisa Madigan, as well as consumer groups, remain opposed to the legislation, which was attached to a Senate-passed bill to expedite a vote by the upper chamber if the bill passes the full House. The Illinois General Assembly is heading into a weekend of work before its May 31 adjournment.

Sources watching the bill closely said floor amendments and a final House vote are expected tomorrow.

"Today's decision by the House Public Utilities Committee to pass the revamped rate hikes legislation (Senate Bill 1652) is a bad move for Illinois consumers," said Bob Gallo, Illinois senior state director of the American Assn. of Retired Persons (AARP), in a statement. "ComEd and Ameren can give their automatic rate hikes legislation a new name and a new number, but the reality is that Senate Bill 1652 is still about higher electric rates for consumers and more utility company profits."

The latest version of the bill, released yesterday, dropped the idea of automatic rate hikes in advance of any regulatory review and added provisions to draw support from environmental groups and other interests.

"The bill's becoming something of a Christmas tree," said Howard Learner, president and executive director of the Chicago-based Environmental Law and Policy Center, which opposes the bill. "Clearly at this point ComEd doesn't have the votes, but that could change in two minutes," he said about an hour before the bill cleared the committee.

Originally, the bill would have allowed ComEd and Ameren Illinois to raise rates and get approval afterward from the Illinois Commerce Commission. Now, it would shorten the normal 11-month approval process for rate hike requests to 8.5 months and set in law a specific return on equity for the utilities, rather than letting the ICC decide what kind of profit is reasonable.

The bill "legislatively locks in unnecessarily high profits," said ICC chairman Doug Scott, in a statement.

"In that delicate balance between the companies and the ratepayers, this bill makes the ratepayers bear the burden; not just residential customers, but businesses as well, which may affect their own decisions.

There is a better way to do this.”

A ComEd spokeswoman noted in an email that the bill was modified to provide that the ICC “needs to find the smart meter deployment beneficial before we can move forward.”

She said that the legislation would create an ICC process with stakeholder input for approval of the smart-meter program before any type of installation would begin.

ComEd announced late Friday that despite a 7% rate hike approved by the ICC on May 25, the average monthly residential bill will actually drop \$1.30 in the Chicago area starting June 1. That's because the rate hike applies only to the cost of delivering power, about a third of the total cost to ratepayers. The cost of the electricity itself, which accounts for the other two thirds, is passed through without any markup, and market prices for power are currently low.

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