



CITIZENS UTILITY BOARD

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STUDY SHOWS BIG JOB LOSSES EXPECTED FROM ELECTRIC RATE HIKES, CUB URGES LAWMAKERS TO ROLL BACK COM ED, AMEREN INCREASES

Armed with data showing that over 20,000 Illinois jobs could be lost as a result of the ComEd and Ameren rate hikes that hit this year, the Citizens Utility Board (CUB) Monday called on state lawmakers to roll back the increases and reinstate a rate freeze that expired in December.

The rate hikes, which took effect Jan. 2, are wreaking havoc on the pocketbooks of millions of consumers across the state. And a new CUB study, released Monday, confirms the higher power prices also will have a devastating effect on the Illinois economy, with some 20,431 jobs lost.

“The dramatic and unfair impact of these rate hikes on consumers has been well documented, with many customers reporting their electric bills have doubled and even tripled,” CUB Executive Director David Kolata said. “But the rate hikes also pose a very real threat to the health and prosperity of the Illinois economy, a threat our state simply can’t afford.”

The rate hikes are the result of a controversial reverse power auction pushed by ComEd/Exelon and Ameren to set electric rates beginning this year. Under the companies’ plan, approved by the Illinois Commerce Commission (ICC), the utilities are allowed to charge customers whatever price the auction produces, no matter how high.

In September, the first auction resulted in an average 26 percent rate hike for ComEd customers and a 40 to 55 percent increase for Ameren customers. However, because of the rate structure adopted, many customers are seeing their bills soar even higher.

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According to the companies' own data, the combined rate hikes will drain \$2.3 billion out of the Illinois economy. The CUB study, conducted in conjunction with Synapse Energy Economics Inc., of Cambridge, MA, uses the results of a state-of-the-art economic model to calculate the effects of such a massive transfer of wealth on state employment.

The model shows that Illinois will lose one job for every \$116,121 in higher electric prices, resulting in a loss of approximately 20,431 jobs across the state.

"These rate hikes are transferring money out of the hands of working families, who spend money at Illinois businesses, and putting it in the pockets of utility shareholders," Kolata added. "Everyone loses but the big utilities."

Kolata noted that both utilities posted record profits under the old rates and stand to reap windfall profits with the rate hikes. In 2005, Exelon, the parent company of ComEd, earned a record \$2.1 billion, while Ameren posted record profits of \$628 million. Both companies have predicted 2007 profits will hit record levels as well.

CUB has embarked on a two-pronged campaign to roll back the rate hikes. The organization has appealed the increase before the Illinois Appellate Court, arguing it illegally guts state oversight of electric prices. And CUB is urging the Illinois General Assembly to roll back the rate hikes and freeze prices at last year's level.

CUB has launched the Don't Get Shocked Action Campaign to rally support for the rate freeze. The campaign is asking consumers to contact their state legislatures and oppose the rate hikes and to attend a new round of public hearings being held across the state by the Illinois Senate.

The first such hearing will be Tuesday, Feb. 20, at 1 p.m., in the East St. Louis Center of Southern Illinois University-Edwardsville, 601 James R. Thompson Boulevard, Room 1007, in East St. Louis. At the hearing, members of the public will have a chance to voice their opposition to the rate hike to their state senators. Future hearings have been slated tentatively for Peoria, Chicago and Waukegan.

CUB is a nonprofit statewide utility watchdog organization created by the state legislature to represent the interests of residential and small-business utility customers. For more information on the organization's efforts to protect consumers, call the CUB Consumer Hotline at 1-800-669-5556 or visit www.citizensutilityboard.org

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