



# CITIZENS UTILITY BOARD

208 S. LaSalle St. Suite 1760 • Chicago, IL 60604

---

**FOR IMMEDIATE RELEASE (DECATUR)**

**CONTACT:** Pat Clark

Feb. 19, 2007

312-263-4282

## **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 more than 20,000 Illinois jobs could be lost as a result of the Ameren and ComEd 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,” Rob Kelter, CUB senior counsel, 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 Ameren and ComEd/Exelon 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.

"As expected, the excessive increases in electric bills are having negative effects on the Illinois economy," state Rep. Bob Flider (D-Mt. Zion) said. "The more money employers spend on

*--more--*

utility bills the less capital they have to pay and retain employees. The rate hikes have proven to be bad for small businesses and bad for working families. I appreciate CUB's work to prepare this study and agree with its conclusions that to save jobs and help local families make ends meet, we must roll rates back as quickly as possible."

State Rep. Naomi Jakobsson (D-Urbana), added, "We have been warning for some time that local residents would witness a drastic increase in their power bills if the freeze on electric rates was not extended. Now warnings have become reality and the economic consequences are already quite serious - both for families that are forced to stretch tight budgets even further and for employers who may have no choice but to let workers go. CUB's study must be taken seriously and it is incumbent on legislators and the governor to act quickly to prevent its predictions from coming true."

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

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," Kelter added. "Everyone loses but the big utilities."

Kelter noted that both utilities posted record profits under the old rates and stand to reap windfall profits with the rate hikes. In 2005, Ameren posted record profits of \$628 million, while Exelon, the parent company of ComEd, earned a record \$2.1 billion. 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

*--more--*

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](http://www.citizensutilityboard.org).

###