

CUB, Cook County Urge ICC to Reject ComEd Auction, Studies Show Plan Would Raise Rates, Hurt Illinois Economy



Website

CHICAGO, June 9 /PRNewswire/ -- The Citizens Utility Board (CUB) Thursday urged state regulators to reject a ComEd plan to use a power auction to purchase and price electricity for residential consumers beginning in 2007, a plan that could raise rates for the typical ComEd customer by \$145 a year and lead to the loss of 9,000 jobs in the company's northern Illinois service territory.

CUB and the Cook County State's Attorney on Wednesday presented expert testimony to the Illinois Commerce Commission (ICC) urging the agency to reject the plan. The Illinois Attorney General's Office filed similar testimony in the case.

According to the joint study conducted by CUB and Cook County, the ComEd auction plan would be a windfall for the company's parent company, Exelon, producing increased revenues of over \$1 billion. But it would be a disaster for ComEd customers, who, by the company's own admission, could see an initial rate hike of 20 percent. A 20 percent increase would cost the typical residential customer \$145 a year.

It also would wreak havoc on the northern Illinois economy. According to the analysis, prepared by Synapse Energy Economics, a rate increase of that magnitude would lead to the loss of 9,000 jobs.

"Exelon is earning record profits and its stock price has more than quadrupled in recent years," CUB Executive Director Martin Cohen said. "There is simply no excuse for approving a process that will stick consumers with huge, unwarranted rate hikes."

Residential electric rates have been frozen since 1997, when the state restructured the electric industry and mandated a 20 percent rate cut for consumers. But that rate freeze expires at the end of next year.

The 1997 law also allowed ComEd and other utilities to either sell their power plants or transfer them to unregulated affiliates, which ComEd did in 1998 and 1999. The utility is now a distribution company that purchases power from its sister company, Exelon Generation.

Since then, Exelon's profits have skyrocketed, with the company earning a record \$1.9 billion in 2004.

After the rate freeze ends, ComEd wants to use a wholesale auction, similar to one used in New Jersey, to purchase power for customers. And it wants the ICC to rubberstamp the electricity prices the auction produces, without any review of whether the rates are just and reasonable, as required by Illinois law.

Customers in New Jersey have seen average rates increase by more than 20 percent since the auction was imposed.

"ComEd has presented a very narrow proposal that only serves the company's self interest," Cohen added. "The ICC needs to examine all the options and do what's best for the public interest."

The testimony filed by CUB and Cook County urges the ICC to reject the auction as proposed by ComEd and to open a new case to examine other options for purchasing power in 2007. The ICC is expected to decide the current case by the end of January.

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 about CUB and its efforts to protect consumers over the last 20 years, call CUB's Consumer Hotline at 1-800-669-5556 or visit <http://www.CitizensUtilityBoard.org> .

SOURCE Citizens Utility Board

Web Site: <http://www.CitizensUtilityBoard.org>

Issuers of news releases and not PR Newswire are solely responsible for the accuracy of the content.

Terms and conditions, including restrictions on redistribution, apply.

Copyright © 1996- 2005 PR Newswire Association LLC. All Rights Reserved.

A **United Business Media** company.