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ATTORNEY GENERAL MADIGAN, CITIZENS UTILITY BOARD CALL FOR LOWER DELIVERY RATES FOR COM ED CUSTOMERS

Ask ICC to Reject Rate Hike Request and Lower Current Delivery Rates

Chicago — Attorney General Lisa Madigan and the Citizens Utility Board (CUB) Tuesday asked the Illinois Commerce Commission (ICC) to deny a Commonwealth Edison Company (ComEd) request for a \$396 million increase in the rates it charges to deliver electricity. Instead, they requested the ICC reduce the rates paid by ComEd's customers by \$45.4 million. They were among other government and consumer groups, as well as the ICC's own staff of experts responding this week to ComEd's June 30 rate hike request.

Madigan and CUB filed expert accounting reports with detailed analyses which reject many of ComEd's proposals to collect more money for specific utility expenditures, including ComEd's request to increase its authorized profit level from 10.3 percent to 11.5 percent. Madigan and CUB, instead, have asked the ICC to limit the utility's approved profit level to 8.94 percent, which would reduce ComEd's rate hike by \$157.4 million.

"In this challenging economy, it is outrageous for ComEd to request increased rates to boost company profits at the expense of families who are struggling," said Attorney General Madigan. "Consumers deserve fair, affordable electricity rates, and I will continue to fight to achieve that goal."

"Our studies provide hard evidence of what ComEd customers already suspected - the company doesn't need or deserve a big rate hike from consumers," said David Kolata, executive director of the Citizens Utility Board.

Chief among the cuts Madigan and CUB jointly called for is \$67 million in connection with depreciation on utility infrastructure used to deliver electricity to its customers. The legality of this cut to ComEd's rates was recently upheld in a September 30, 2010 Illinois Appellate Court decision, in which the Attorney General successfully argued that the ICC had wrongly rejected a similar cut in ComEd's 2008 rates. The court agreed with Madigan and ruled that the ICC needs to recalculate the 2008 rates using the accounting method advocated by the Attorney General and other consumer advocates, including CUB. ComEd has asked the court to reconsider that decision. If the company's appeal fails, ComEd customers could see further rate reductions in the future.

Attorney General Madigan also submitted to the ICC detailed economic and demographic information on the economic downturn's impact on ComEd's customers and their inability to shoulder another rate hike. Other expert testimony filed on behalf of the Attorney General criticized ComEd's rate increase request for overstating many spending categories, especially the company's plans for capital investment.

"In these very tough economic times, it's unfair for ComEd to expect customers to bear one rate increase after another," Madigan stated, noting the appellate court's recent ruling that the company's 2008 increase of \$273.5 million was excessive.

Madigan's analysis notes that the company has represented more modest investment goals to federal regulators and Wall Street analysts than it presented in its ICC rate hike proposal and the company should not be permitted to raise rates for investments it may never make. Madigan added that ComEd's proposal "consistently overstated its costs by using accounting methods that we found inappropriate." Other reductions to the ComEd rate hike proposed by Madigan's experts include \$16.8 million for incentive compensation expenses, \$12.5 million for the company's working capital account and \$6.7 million for rate case litigation expense.

The cost of electric power itself has declined since 2008 and is obtained for residential and small business customers through the Illinois Power Agency. The cost of electric power is not being considered in this case before the ICC.

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