

Crain's Chicago Business
January 30, 2006

Article: Don't Lose Your Head Over Higher Electricity Prices
By: Lee Walker

"If you can keep your head when all about you are losing theirs . . . yours is the earth," wrote Kipling. This seems to me to be as good a rule today as it has ever been.

All of Illinois seems to be losing its head over the decision last week by the Illinois Commerce Commission (ICC) to allow Commonwealth Edison Co. and the Ameren companies — Central Illinois Public Service, Central Illinois Light Co. and Illinois Power — to conduct a joint auction to buy electricity.

The result, as almost every newspaper pointed out in boldface headlines, will almost surely be an increase in ComEd consumers' electricity bills.

Gov. Rod Blagojevich is already grandstanding, calling the plan "unfair and unwise." Illinois Attorney General Lisa Madigan is vowing to appeal the ruling. The Citizens Utility Board is complaining that the auction will lead to "windfall" profits for ComEd and its parent company, Exelon Corp.

To keep our heads on this one, we have to read beyond the headlines.

Yes, prices are likely to go up — 15% to 25%, according to some estimates. But that increase comes after nearly a decade of price caps, so the increases are really not all that surprising. Moreover, those price caps come on top of a 20% rate cut. Had we allowed the market to set electricity prices all along, we would have paid for the pending increase in very small doses over nine years.

Nobody likes paying more to keep the lights on. But if we want to make sure they come on at all, we have to make sure our utility companies are profitable. Otherwise, we'll end up with rolling blackouts and an energy crisis like our brothers and sisters in California.

Moreover, we should want ComEd, a major employer in this state, to profit as much as possible — so long as it is doing its part to ensure it is providing customers the lowest price possible for electricity, which is state law. Thousands of workers depend on the company's profitability.

ICC Commissioner Robert Lieberman commented, "The elephant in the room today is that whatever the commission does, electricity prices are going up." While the politicians, wannabes and media are losing their heads over higher prices, the rest of us should commend the ICC for not bending to political pressure.

New ICC Chairman Charles Box and his board obviously put election-year politics aside to make a tough but necessary and correct decision. They should be applauded for doing so.