

# CHICAGO SUN-TIMES

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## **Editorial: Our demand for power supply should rule in marketplace**

The cost of gas and electricity takes such a chunk out of family budgets, the very thought of a rate increase puts people in a foul mood. So when Frank Clark, president of ComEd, says politics is behind efforts by the governor, the Illinois attorney general and other officials to put the kibosh on an energy procurement plan that will result in higher electric costs, he's only stating the obvious. No one has ever called for rate increases on the campaign trail.

Lawmakers behind the General Assembly's 1997 move to reduce electric rates by 20 percent and freeze them for nearly a decade, on the other hand, made political hay out of a law that has resulted in ComEd customers paying significantly less for electricity than people in New York, Boston and Los Angeles. But there is only so much gold at the end of a rainbow, and now that the end to the freeze is in sight, ComEd is preparing for life in a deregulated, market-based system.

ComEd was a notoriously inefficient supplier of electricity under the regulatory environment that prompted the Legislature to act. Customers suffered far too many outages and had to put up with poorly performing nuclear plants noted for frequent shutdowns. Under the restructuring legislation, ComEd sold off its nuclear and coal plants to become a transmission company. That means that, beginning in 2007, ComEd must go to the marketplace to buy electricity for its customers.

ComEd has invested \$3 billion in its distribution system and recently asked the Illinois Commerce Commission to approve a 6 percent rate increase for residential users to reflect the costs of maintaining and upgrading its transmission infrastructure. With the expiration of its energy supply contract at the end of 2006, ComEd proposes acquiring electricity through an auction monitored by the ICC. ComEd acknowledges electricity costs could increase at a double-digit pace.

Gov. Blagojevich says the ICC lacks the authority to approve the plan and threatens to fire its members if they OK it. The Citizens Utility Board claims that rate increases are not ruled by the market alone but must be approved by the ICC, though CUB says the law is ambiguous. ComEd says the ICC's role is to ensure that the auction is transparent and honest. What's more, to win approval of the plan, ComEd is offering to make sure that rates through 2010 don't exceed what they were in 1995.

People certainly deserve good service at a reasonable price. But they also deserve a reliable power grid and a dependable supply of electricity. As the 1990s' power crisis in California demonstrated, a retail rate cap can fatally hurt the ability of a utility buying power in an unregulated wholesale market to keep up with demand. Clark says a continued freeze could downgrade ComEd's credit rating to junk status, making it difficult to purchase energy at reasonable prices and maintain transmission lines. ComEd shouldn't be prohibited from acting in its own best interest -- especially if, in the end, it also will be in ours.