

The Illinois Story

Electrical Oversight Debate

History of Electrical Oversight

- **1997 – Restructuring Legislation Passed**
 - Permitted residential customers to go competitive January 2005
 - Rates discounted and frozen until 2005
 - Role of ICC preserved in setting residential rates for customers choosing to stay with incumbent.
- **2003 Spring – Freeze Extended to 2007**
 - Reason – no competition in residential market
 - Com Ed close to profit ceiling
 - Com Ed pledged not to attempt to raise ceiling

History Continued

- 2003 Spring – Senate refuses to take up AARP procurement proposal
- 2003 Fall – Back-Door Rate Increase
 - Com Ed sought a back-door rate increase
 - Com Ed sought to eliminate oversight of affiliate contracts
 - Com Ed attempts DEFEATED
- 2005 Governor threatens to disband ICC if approve auction

History Continued

- 2005 ICC Approves Reverse Auction
- 2006 Governor moves Director of CUBs name for ICC Chair – rejected by Senate
- 2006 ICC Holds Reverse Auction
- Consumer groups and House Dem Caucus call for Special Session – Gov refuses

Reverse Auction Results

- Reverse Auction resulted in projected double digit increases:
 - Com Ed – 26%
 - Ameren IP – 40%
 - Ameren CILCO – 55%
 - Ameren CIPS – 40%

Attempt to Overturn Auction

- Attorney General files suit
- Speaker of the House and consumer groups call for special session
- House – legislation to extend freeze 3 years
- Senate – legislation to phase in auction results
- Senate refuses to take up freeze legislation
- Auction results take effect Jan. 2007

Implementation of Auction Results

- Ameren
 - Eliminates discounts for electric heat
 - Results in increases of upwards of 200%
 - Markets deferral plan with compounded interest
- Com Ed
 - Eliminates discounts for electric heat – marginal impact – less generous discounts
 - Moves to mitigate impact in first years
 - Markets deferral plan with compounded interest

2007 Initiatives

- 3 Year Freeze Extension with refund – Ameren and Com Ed introduced in House last week
- AARP and IBEW procurement initiatives introduced in House and Senate
- 6 Month Freeze Extension – Ameren only introduced in Senate
- 2006 with x% Increase – Rumor will be introduced in Senate
- Governor silent

Senate Dem Activity

- Senate:
 - Senate Dem's announce 4 town meetings
 - East St Louis site draws 200 angry people
 - Remainder placed on hold
 - Senate Dem's initiate discussions among stakeholders
 - Legislation to freeze rate in Ameren territory introduced – Speaker of House announce he will amend to include Com Ed territory

House Dem Activity

- House:
 - Speaker Holds Press Conference – last week
 - Speaker calls Committee of the Whole – Tuesday
 - Speaker backed legislation to reinstate freeze and extend 3 years plus refund to January 1
 - Freeze legislation expected to pass out of committee later this week and move over to the Senate immediately

Republican Activity

- House and Senate Republican Caucus jointly call on Gov for Special Session
- House Republican Caucus backed Senate Dem phase in proposal fall 2006
- Senate Republican Caucus has been silent until now

Industry Response

- Shut Offs
 - Ameren puts shut-offs on hold
 - Com Ed rebuffs elimination of shut-offs
- LiHeap
 - Com Ed offers increase eligibility from 150% to 200%
- Freeze and Cap on Increase
 - Both utilities refuse to discuss either initiative

Where From Here

- Senator Clayborne discussions continue only Senate members present although House members invited
- House will pass House Dem freeze bill to pressure Senate President to act
- Senate to pass Senate Dem limited freeze bill to protect downstate members (Ameren territory)

Where From Here

- Republicans pressuring Gov to act
- Senator Koehler and Rep Flider – move bills to reform the ICC
 - Koehler initiative calls for election of ICC
 - Flider (AARP) initiatives calls for citizen input on matters before ICC
- Agreement on short term stop gap – potentially only effect Ameren territory
- Auction eliminated and changes made to existing regulation