What is HB 14?
House Bill 14, also called the “Energy Infrastructure and Modernization Act,” is a legislative proposal pushed by Commonwealth Edison. CUB and the Illinois Attorney General’s office oppose the bill, as written.

Who is sponsoring the bill?

What would HB 14 do?
There are three key components to the bill. It would…

1) Allow ComEd automatic yearly rate increases based on a formula that guarantees the company a “return on equity” (also called in media reports the “profit margin,” or the profit rate for shareholders). CUB’s preliminary analysis shows that the proposal could cost consumers $1.15 billion, at a minimum, over the next decade.

2) Require ComEd to make a $2.6 billion investment in the electric grid over the next 10 years.

3) Allow all other electric and gas utilities the chance for automatic rate hikes if they make similar investment promises.

Why does CUB oppose the bill?
CUB is hopeful that ComEd would be open to adding significant consumer protections to the bill, but the consumer group cannot support the proposal, as now written.

The current version would essentially gut the regulatory system that’s been in place for nearly 100 years and replace it with one with much less oversight and automatic, yearly rate increases. ComEd, along with Illinois’ other gas and electric utilities, would be able to sidestep the current 11-month review process, which allows consumer advocates like CUB, the Illinois Attorney General’s Office, and AARP, to do a thorough examination of the case and protect consumers from unfair increases. Instead, rate hikes could be approved in as little as 45 days.

ComEd is promising to invest $2.6 billion to modernize the power grid. Isn’t that a good thing?
The one component of the bill that CUB finds promising is the $2.6 billion investment in our power grid. CUB supports investment in the electric grid, if done right, and is cautiously optimistic about using smart grid technology to reduce costs for consumers and make the electricity system more efficient. CUB hopes to work with legislators to improve the bill in a way that would protect rate-payers.

State law already requires ComEd to keep its power lines in top working order, and the regulatory process is designed to guarantee that ComEd cover its costs—and make a healthy profit.

Isn’t the 100-year-old regulatory process in need of reform?
CUB has always worked to reform and improve the regulatory structure, and is open to discussing chang-
es. But there’s a difference between changing the system, and gutting it.

**When would rates increase?**
It would depend on when a utility elects to take up the formula rate outlined in the legislation. If the legislation passes as is, rates could increases as early as 2011.

**What rates would be increased?**
Rate hikes would affect “delivery charges”—what customers pay the utility to deliver power to their homes. ComEd is supposed to pass the cost of the electricity itself directly onto consumers, with no markup.

**Isn’t ComEd already asking for a rate hike?**
Separate from this legislation, ComEd is asking state regulators for a $354 million rate hike. CUB and the Illinois Attorney General’s Office argue that customers actually deserve a $40 million rate reduction. Any increase, if approved, would be tacked on to rate increases tied to HB 14. The Illinois Commerce Commission (ICC) is set to decide the case this spring.

**What can I do?**
Call your state legislators and ask them not to support HB 14, as written. CUB is working in Springfield to improve the bill, and will keep consumers updated on how they can help.