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## ComEd is behind 'consumer' warning; Critics blast the utility for its obscured role in bid to stop rate freeze

**BYLINE:** By Crystal Yednak, Tribune staff reporter.

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The commercial, in a foreboding tone, suggests that the lights may go out in Illinois if an electricity rate freeze is extended.

"We don't need a California-style energy crisis in Illinois," cautions a voice representing Consumers Organized for Reliable Electricity.

It may sound like the campaign of a grass-roots consumer group, but it is not.

Consumers Organized for Reliable Electricity gets most of its money from ComEd. CORE, as it is known, is a group of organizations and executives, many with ties to ComEd or the utility industry.

But ComEd's name is nowhere to be seen as the voice-over raises the specter of the disaster to come if the Illinois legislature extends the freeze on electricity rates next week. The commercial has been running on television stations around the state in recent weeks, and full-page ads have been placed in newspapers.

ComEd executives said they haven't kept secret their connections to CORE and that the group's members have a 1st Amendment right to express their opinion.

But some legislators and consumer advocates say the group's name gives viewers and readers a false impression about who is behind the ads.

Lt. Gov. Pat Quinn has filed complaints with the Illinois Commerce Commission about the commercials, arguing that the company should be forced to put its name on the ads. An administrative law judge with the commission has ordered an investigation of the financial ties between ComEd and CORE.

Quinn said the ads give the appearance that a grass-roots group is behind them. "It's corporate money trying to hoodwink the public," he said.

Lobbying under the names of organizations that sound like grass-roots groups is a common tactic in Washington, D.C., and throughout the states. CORE registered with the state as a lobbyist for ComEd in 2005, records show.

ComEd President Barry Mitchell said in an interview that the company has given almost \$10 million to CORE since its inception in 2005.

CORE spokeswoman Avis LaVelle said ComEd is CORE's primary source of funds, but she could not provide numbers. The organization was formed amid discussions about what would happen in Illinois once a decade-long electricity rate freeze expired this month.

Last fall, with the approval of the Illinois Commerce Commission, ComEd signed contracts to purchase power from suppliers. ComEd says it is bound by those contracts and the prices they set. For ComEd residential customers, the contracts mean an increase in their electricity bills of almost 25 percent.

The issue is expected to be raised next week in Springfield by House Speaker Michael Madigan (D-Chicago), who wants to extend a rate freeze. Senate President Emil Jones (D-Chicago) opposes Madigan's plan, instead proposing a limit on annual rate increases.

#### \$1.4 billion shortfall feared

The stakes are high. Consumers will see the steep increases in their bills next month unless the legislature takes action. But ComEd says if lawmakers extend the rate freeze, the company will be forced to pay more for power than it can charge consumers, causing a shortfall of \$1.4 billion this year and spelling doom for the company.

LaVelle said CORE is primarily led by the utility companies but includes other entities that have a "real understanding about what was about to take place in Illinois as we reached the end of deregulation."

"It doesn't matter what you sell. If you have to buy it for more than you're allowed to charge for it, you will soon go out of business," LaVelle said.

In its ads, CORE lists the directors of some community organizations as members. But the ads do not mention how the organizations are entwined with ComEd.

Phillip Jackson, the executive director of the Black Star Project, which works to eliminate racial gaps in academic achievement, is listed in the ad. Not listed is the fact that ComEd is a financial sponsor of Black Star.

Jackson said he is personally involved in CORE, but that ComEd's support of Black Star is unrelated. He said he believes rate increases are necessary because costs have gone up in every area over the last 10 years. "In context, when you look at everything else--medical costs, housing, food, education--this increase is fair," Jackson said.

Juan Rangel, the head of the **United Neighborhood Organization**, known as UNO, is also a member of CORE. Exelon is a financial sponsor of UNO. Rangel did not return telephone calls about the matter.

The ads also list Deborah Sawyer, the head of Environmental Design International, as a member of CORE. Sawyer acknowledged that her firm had done work for ComEd but said the amount was negligible and had nothing to do with her opposition to further rate freezes.

#### Ties to ComEd not mentioned

The heads of a number of business organizations are also listed in the ads as CORE members. But, again, the ads do not mention how ComEd and its parent company, Exelon, are intertwined with the business organizations.

For instance, the ads list as a CORE member David Vite, the president and CEO of the Illinois Retail Merchants Association. But the ads do not note that ComEd is also one of hundreds of members of the Illinois Retail Merchants Association.

In an interview, Vite said he joined CORE not because of ComEd but because the group opposes an extension of the rate freeze.

"Why can't a group of people get together and say what they believe on issues?" Vite said. "The last thing we want to have happen, as did happen in California, is to have ice cream in our grocery stores melting on the floor because we don't have reliable electricity."

ComEd or Exelon are also members of CORE participants including the Illinois Manufacturers' Association, the Chicagoland Chamber of Commerce and World Business Chicago.

Jerry Roper, the head of the Chicagoland Chamber of Commerce, said he believes it's a shame that ads have to be run to defend a business approach to energy. "In order to retain and attract companies, we need a reliable energy source," he said. "Any company that agrees to hold their prices for 10 years at the same level I think should be celebrated in this state."

LaVelle said that ComEd belongs to some of the chambers and associations that make up CORE because ComEd is a major company in Illinois.

Links with utility are defended

"It's wrong to suggest that every entity that is part of CORE owes some allegiance" to ComEd, she said.

"By having had a working relationship--if that is the case, to the extent some of them have--that means they have a deeper understanding of what the company does, so they don't take a position from ignorance of what this company is and what it means to the state of Illinois," she said.

Mitchell, the president of ComEd, said the utility supports many community organizations financially. Because ComEd serves all of northern Illinois, "every single one of these entities is a customer of ours, so you can't find anyone who is not a customer," Mitchell said. "Just because that link may exist doesn't mean they aren't acting independently."

Mitchell also took issue with arguments that the ads should disclose ComEd's financial ties to CORE.

"Every organization that runs ads and performs activities doesn't put a disclaimer with respect to all their funding sources," he said. "That's a violation of the 1st Amendment."

State Rep. George Scully, chair of the House Electric Utility Oversight Committee, said ComEd has the right to express its opinion. But "Commonwealth Edison does not have the right to participate in an organization which is fraudulently representing itself to be a consumer rights group," he said.

Quinn said ComEd has attached its name to positive ad campaigns in the past. "But when they want to scare people, it's this fake consumer group they've organized," Quinn said.

David Kolata, executive director of the Citizens Utility Board, said the name of the group is "clearly intended to try to hide the truth that ComEd is the company paying for these ads."

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Links between ComEd and CORE

Commercials sponsored by Consumers Organized for Reliable Electricity suggest that extending an electricity rate freeze set to expire this

month could result in an energy crisis in Illinois. ComEd has donated almost \$10 million to CORE's campaign.

A television advertisement sponsored by CORE (illustrated)

CORE'S ADVISORY COMMITTEE

Some members who have ties to ComEd or its parent company, Exelon

Greg W. Baise, president and CEO, Illinois Manufacturers Association--ComEd is 1 of 3,000 members.

John T. Hooker, senior vice president, legislative & external affairs, ComEd.

Phillip Jackson, executive director, the Black Star Project --ComEd is a sponsor of the Black Star Project.

Donald P. Jacobs, Ph.D., dean emeritus, Kellogg School of Management--Former member of ComEd's board of directors.

Paul O'Connor, executive Director, World Business Chicago --Exelon's CEO is on the board of directors.

Juan Rangel, CEO, **United Neighborhood Organization** --Exelon is a major sponsor.

Cesar Santoy, executive director, Hispanic American Construction Industry Association --Exelon is a member.

Deborah Sawyer, president and CEO, Environmental Design International--Company has had ComEd as a client.

Source: Consumers Organized for Reliable Electricity  
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