

Why has the Village begun studying an alternative to ComEd?

ComEd's service to Hinsdale four times worse than average

The reliability of electrical service in Hinsdale is substandard and continues to decline. According to data supplied by ComEd, power outages in 2005 were up 36% over 2004. On average, Hinsdale residents experienced 4.56 interruptions in service per year versus ComEd's system-wide average of 1.2 interruptions per year per customer.

Potential for greater cost control

Due to the rapidly changing nature of the electric utility industry nationwide, the 10-year rate freeze in Illinois expiring, and an anticipated 24% increase in residential rates, the Village has decided to explore the idea of a publicly-owned and operated power system.

Goals of Exploring Alternatives to ComEd

Improving the reliability of electrical service is of the utmost importance for the Village. There are several means to reach this goal with consideration of municipal ownership and operation one potential approach.

Secondarily, the Village would strive to deliver electrical service at the lowest possible rate. It is expected that the price to residential consumers would be at or below the ComEd rate.

Additional Potential Benefits

Expected cost savings realized by the Village could be directed to the system-wide replacement and burial of overhead lines over an approximately 10-year period. The Village could also elect to use cost savings to more aggressively pay down debt associated with the acquisition of the system.

Area Communities Successes with Public Power

Several Chicago area municipalities have public electrical power systems, including Naperville, Winnetka, St. Charles, Geneva, and Batavia. Several of these communities are of similar size and characteristics and have reportedly improved the reliability of their electrical power systems and achieved cost savings.

First Step: Preliminary Review

Due to the complex nature of utility provision, few firms specialize in evaluating electric power infrastructure and public ownership. After careful review of proposals from several nationally-recognized firms, the Village selected Latham and Associates to conduct a preliminary feasibility study. Latham and Associates has successfully assisted more than 30 communities in the State of Iowa with similar initiatives.

Feasibility Study

The Village is endeavoring to be prudent with taxpayer money and is dedicated to open and transparent decision-making. Latham and Associates was selected due to their proven track record and their commitment to provide the desired services at the most attractive price. The contract award for the feasibility study was \$25,000.

Initial Assessment

An inspection by Latham and Associates found that approximately 70% of ComEd's electrical distribution system is fully depreciated. In other words, 70% of the system is more than 30 to 35 years old. This aged equipment has neither been updated nor replaced.

When will findings be presented?

Latham and Associates is scheduled to make presentations of their preliminary feasibility study at the January 23rd and February 6th meetings of the Board of Trustees. At this meeting, the Board will determine if a referendum question shall be placed on the April 2007 ballot. Residents are encouraged to attend.

Ongoing Dialogue with ComEd

During the feasibility study and any subsequent inquiry into municipal ownership and operation, the Village will be committed to ongoing dialogue with ComEd to address concerns related to the reliability of, and investment in, its existing system.

How is the Village proceeding?

Over the next few months, the Village will constantly keep residents informed via a variety of methods, including its web site, the local newspapers, a series of informal neighborhood meetings, and a larger public forum.

What a Potential Referendum Question Would Address

The upcoming referendum is designed to simply get the pulse of the community as it pertains to *considering* Village-ownership and operation of the electric power infrastructure.

What the Referendum Question Would Not Address

The referendum question is not designed to determine if the Village should receive final authority to own and operate the electric power infrastructure but rather to *study* the issue of publicly owning, maintaining, and operating its electrical power system.