



CITY OF CHICAGO • OFFICE OF THE MAYOR



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CONTACT:

Mayor's Press Office

312.744.3334

press@cityofchicago.org

**CITY OF CHICAGO RELEASES FINDINGS OF PRELIMINARY MUNICIPAL UTILITY
FEASIBILITY STUDY**

Study finds that municipalization of electric utility is not financially viable

CHICAGO -- Mayor Lori E. Lightfoot and the Commissioner of the Chicago Department of Assets, Information and Services (AIS), David Reynolds, today announced the findings of the study on the feasibility of establishing a municipal electric utility for Chicago residents and businesses. The study was conducted by NewGen Strategies and Solutions, LLC to determine the financial viability of acquiring the distribution assets of the City's incumbent utility provider, Commonwealth Edison Company (ComEd). Officials believe the study's findings show that the development of a City-owned electric utility structure would not be financially feasible.

Initiated in the fall of 2019, the study determined that the average electric delivery rate for a City-owned system would be substantially higher, upwards of 43% higher in its first year, than the average delivery rate for the ComEd system. This increased rate would be primarily driven by the costs associated with severing ComEd's infrastructure within the City from their infrastructure in the balance of their service territory.

"This study is an important step in the City's negotiations towards a new Franchise Agreement. Now that municipalization by the City appears to not be feasible, we can focus on getting the best deal for our residents and ratepayers through a transparent process as we negotiate the future of our Franchise Agreement," said Mayor Lightfoot. "As negotiations move forward, the City will continue to seek sustainable and equitable solutions to the environmental and energy challenges we face."

[The Preliminary Municipal Utility Feasibility Study](#) provides a high-level analysis of the viability of municipalization. The Study includes an in-depth analysis of the costs, benefits and other impacts of creating a municipally-operated utility system for Chicago. The financial model NewGen created for the Feasibility Study considered a number of important factors, including:



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- Estimate of the value of ComEd's assets
- Estimate of the severance costs
- Forecast of the average delivery rate over a 20-year period
- Estimate of start-up, operations and maintenance costs
- Financing costs

“Though the City of Chicago municipalizing the electric utility does not appear to be financially feasible, we will continue negotiating a Franchise Agreement with a laser-like focus on Mayor Lightfoot’s policy objectives of utility affordability, energy and sustainability, equitable economic development, and transparency,” said AIS Commissioner David Reynolds.

Mayor Lightfoot made clear earlier this year that in addition to addressing her administration’s policy goals, the City is committed to ensuring that there will be no new Franchise Agreement with ComEd until the company produces a comprehensive ethics reform plan that rebuilds trust with the City, its residents, and businesses while working to achieve our public policy goals.

NewGen, a management consulting firm specializing in providing economic, strategic, stakeholder, and sustainability services to public and private sector utilities was retained in November 2019 to determine whether or not the City should consider the establishment of a Municipal Electric Utility. More information about NewGen can be found at: <https://www.newgenstrategies.net/>.

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