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## **ATTORNEY GENERAL MADIGAN TO ICC: NICOR RATE HIKE TOO HIGH, SURCHARGES UNNECESSARY**

### ***Madigan Opposes Utility's Push To Increase Rates for the Average Customer By 31 Percent***

Chicago – Attorney General Lisa Madigan today filed written testimony urging the Illinois Commerce Commission (ICC) to deny rate increase requests from Nicor Gas that would raise the company's revenues by \$140 million and authorize the addition of five separate surcharges to customers' bills, one of which would collect a minimum delivery charge from every customer regardless of how little natural gas the customer actually uses. Nicor's plan to restructure rates would increase the monthly customer charge by 39 percent from \$8.40 to \$13.55. Overall, the utility's rate increase requests would hike gas bills for the average customer by 31 percent.

"During these extraordinarily difficult economic times, many families are already struggling to make ends meet," Madigan said. "Nicor's proposed rate increases could not have come at a worse time. This is not the time to increase Nicor's revenues at the expense of Illinois families."

Today's testimony follows an expert report filed with the ICC on August 27 by a financial expert retained by Madigan's office. That report provided a financial and accounting analysis of Nicor's \$140 million request and concluded that the company overstated its revenue needs by \$86 million. Two other reports submitted by a second expert analyzed the surcharge proposals, called "riders," and explained that the company's stable sales and financial condition made such charges unnecessary.

In a move to charge customers more for conserving energy, Nicor is actually requesting approval of one rider because it claims that energy-conscious customers are reducing their usage of natural gas so much that the subsequent lower payments means the utility is no longer able to cover its fixed costs of doing business. But Madigan's expert analysis undermines Nicor's argument by showing that Nicor's current rates, last increased by the ICC in 2005, have adequately covered the company's fixed costs every year since that decision.

Nicor is also proposing to add riders to its customers' bills to impose separate charges for uncollectible accounts, infrastructure improvements, revenues lost as a result of customer participation in a new energy efficiency program and the gas used by Nicor itself in its daily operations.

In the rate request filed with the Commission last April, Nicor is seeking to recover its costs by raising the per-therm charges it imposes to deliver natural gas, as well as the monthly customer charge. As in many other states, Illinois utilities are permitted to earn a profit only on the delivery of gas. Regulated public utilities do not earn a profit on the natural gas commodity itself, and must pass through, on a dollar for dollar basis, the actual costs of the commodity it purchases on the open market.

Madigan's expert analysis also warned against the unfairness of Nicor's proposed new rate structure because it could force many low-use customers to pay more for gas delivery so that a few high-use customers can pay less. Instead, Madigan's office argues that if the ICC approves any rate hike for per-therm delivery charges, the increased charges should be imposed on an equal, across-the-board basis for all customers.

Assistant Attorneys General Karen Lusson, Janice Dale, Kristin Munsch and Elias Mossos of Madigan's Public Utilities Bureau are handling the case for the Attorney General Madigan's office.

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