



November 11, 2010

ATTORNEY GENERAL MADIGAN FINDS DOWNSTATE UTILITY UNFAIRLY CHARGED RESIDENTS***Investigation Leads Cairo Public Utility to Lower Residential Rates for Natural Gas***

Chicago — Attorney General Lisa Madigan today announced downstate Cairo Public Utility (CPU) will lower its natural gas rates as a result of an investigation by her office into the unusually high bills incurred by residents of the southern city. The lower gas rates will bring significant savings to consumers as the winter heating season begins.

Madigan launched her investigation last year into CPU in response to requests from residents and the Concerned Citizens for the Recovery of Cairo. The Attorney General found gas bills were unusually high, in part because the totals in the bills included higher portions of the utility's overhead costs than that of neighboring utilities. The investigation also found that the utility unnecessarily applied a surcharge of 5 to 8 percent in years when CPU income exceeded its costs. Because CPU is a not-for-profit, its revenues should not exceed its costs on a regular basis.

As a result of Madigan's investigation, CPU officials agreed to lower rates beginning with November bills for residents and small businesses to \$1.19 per gas unit down from the price of \$1.39 and a recent high of \$1.79. The Attorney General's Office found that the new, lower price would still adequately cover the utility's natural gas and operational costs.

"Our focus was to determine whether Cairo Public Utility was charging fair prices to consumers and efficiently running its business in a way that protects consumers from unnecessarily high prices," Attorney General Madigan said. "Based on the results of our investigation, Cairo Public Utility has made the right decision to lower prices just in time for the cold winter months when consumers see their highest gas bills. The bills that consumers receive should fairly and accurately reflect the costs for the utility to do business."

Based on her investigation, Madigan has also recommended that CPU:

- Retain a qualified, independent expert to determine the costs that industrial users impose on its system to ensure those users pay a fair share of the utility's costs of operation.
- Reduce its overhead costs.
- Eliminate the surplus and adjustment surcharge in any year when CPU's revenues exceed its costs. Madigan also questioned why the surcharge for residential and small commercial customers was based on an amount of natural gas that included large amounts used by large industrial users that do not pay the surcharge.

The Cairo Public Utility investigation is part of Madigan's continued work to protect consumers from unfair utility bills and hold utilities accountable for rate hikes and fees.

Senior Assistant Attorney General Susan Satter and Assistant Attorney General Michael Borovik handled this investigation for Madigan's Public Utilities Bureau.

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