



January 10, 2018

MADIGAN CALLS ON FERC TO ENSURE TAX SAVINGS GO TO CUSTOMERS, NOT REGULATED UTILITIES

Chicago — Following the reduction of the federal corporate tax rate, Attorney General Lisa Madigan and a bipartisan coalition of 17 state attorneys general, state agencies, and consumer advocates today called on the Federal Energy Regulatory Commission (FERC) to take immediate steps to ensure that public utility companies do not receive a major windfall at the expense of their customers.

In a letter sent to FERC, Madigan and the coalition request that an investigation be opened into whether the current rates for federally regulated utilities – including electric, natural gas and oil companies – are justified following the recent passage of the new federal tax law that reduces the corporate tax rate from 35 to 21 percent.

“The Commission needs to act now to ensure that ratepayers in Illinois and around the country do not end up overpaying for their utilities,” Madigan said.

The coalition is specifically concerned about the impact the new federal tax law has on the level of corporate income tax expenses that are incorporated into a public utility’s rates and the amount of money that utilities are holding in reserve to pay future tax bills. The letter requests that FERC act as quickly as possible to make any necessary changes to utilities’ rates to ensure that customers’ bills are reduced. The letter also calls on FERC to set an immediate date to refund utility customers for any over-collection resulting from delays.

As the coalition notes in the letter, FERC has experience in adjusting customers’ rates to reflect a reduction in federal income taxes. In 1987, FERC allowed electric utilities to file for rate decreases after the corporate tax rate went from 46 to 34 percent.

The letter states in part:

“We call on the Commission to use its experience and expertise, with stakeholder input, to determine appropriate procedural mechanisms to discover information about the scope of over-collections at issue, the types of voluntary rate reductions or refunds that can be implemented by the Public Utilities in an expedited manner under existing Commission rules and precedent, and the best way to ensure that customers are not harmed by any delay in making the appropriate changes.”

Joining Madigan in sending today’s letter are the attorneys general of California, Connecticut, Kentucky, Maryland, Massachusetts, Nevada, New York, North Carolina, Rhode Island, Texas and Virginia, as well as the Connecticut Office of Consumer Counsel, the Florida Office of Public Counsel, the Maine Office of the Public Advocate, the New Hampshire Office of the Consumer Advocate, the Rhode Island Division of Public Utilities and Carriers, and the Vermont Department of Public Service.

The letter is available [here](#).

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