



Is natural gas billing plan full of hot air?

Sides split on whether billing change would really help customers

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Homeowners who conserve their use of natural gas could be punished.

Or they could get stable, fair bills.

It depends on who's talking.

Peoples Gas and its sister company, North Shore Gas, said Monday its proposal before the Illinois Commerce Commission aims to change how you are billed for using natural gas. It wants to use a billing technique called decoupling, or a balancing tool. This would offer a credit when it's colder, even though you used more gas. But then it would levy a charge when it's warmer and you used less gas.

The Citizens Utility Board, the city of Chicago, and the Illinois attorney general's office contend decoupling punishes homeowners who conserve natural gas by charging for unused gas. So, even if you use gas-efficient appliances, winterized your home or turned down your thermostat, your bill could still go up if this proposal is approved.

The proposal is scheduled for a vote today before the commission. If approved, decoupling could have an impact on whether other natural gas utilities could apply the same charge.

Naperville-based Nicor Gas is closely watching the Peoples case, Nicor spokeswoman Annette Martinez said.

"We don't have anything before the commission regarding decoupling, but in general we are supportive of a regulation that will allow utilities to encourage more conservation efforts without resulting in negative financial consequences to the companies and provides more stability of earnings for investors," Martinez said.

None of the groups involved could provide a range for potential increases or credits for consumers. However, the attorney general and Citizens Utility Board estimated if this proposal had been in place for the last five years, Peoples would have collected an additional \$218 million.

"People conserve to save money and believe using less gas is better for the environment," said Ben Weinberg, chief of the Illinois attorney general's public interest bureau. "But under this plan, you could lose some of that benefit of being more efficient and, instead, pay more."

Peoples spokesman Rod Sierra explained it differently. "Customers are not billed for gas not consumed," said Sierra. "That wouldn't change with decoupling. The only difference is that in months when it's colder than normal, customers would get a credit. When warmer than normal, they would receive a charge."

Decoupling would make a consumer's bill more stable. Would the bill be higher? "In many cases, yes, but stable," he said.

The proposal is strictly for the cost of delivery of natural gas, a fee regulated by the commission. The

delivery charge is about 20 percent of an overall gas bill for a consumer, Peoples spokesman Rod Sierra said. Another 70 percent is the price of the commodity of natural gas, which has no markup. The rest is taxes.

The proposed change is part of an overall rate increase package for Peoples. The utility submitted its proposal for a rate increase about 11 months ago. The commission administrative law judges who initially reviewed it rejected the plan Nov. 26. But the judges reversed their opinion without explanation Jan. 18 and urged the commission to approve it.

Sierra said decoupling fees are collected in 12 states.