



Nicor to seek rate increase as profit slips

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Naperville-based Nicor Inc. said Friday it's planning to file for a delivery rate hike in the coming months after posting lower profits during its fourth quarter.

The parent company of Nicor Gas, a state-regulated natural gas utility, said it has been squeezed by higher operational and maintenance costs and intends to seek the increase before the Illinois Commerce Commission.

"We may file for rate relief sometime during the first half of 2008," Nicor spokeswoman Annette Martinez said.

Nicor said Friday its earnings are being pressured by rising costs and offered a sour forecast.

They're expecting higher operating and maintenance costs, said Matthew Coffina, utility analyst with Chicago-based Morningstar Inc.

Filing for a rate increase before the commission isn't good for consumers or for the shareholders, said Coffina.

"It's best if they could avoid the ICC altogether and just hold down their costs," he said. "After all, the ICC could re-evaluate their rates and risk having them lowered."

Chicago-based Citizens Utility Board spokesman Jim Chilsen said Nicor is still a profitable company, which remains under investigation by the state involving questionable accounting practices that allegedly cheated consumers of about \$190 million.

"If necessary, we'll fight an increase every step of the way," Chilsen said. "We'll fight for every penny that's not justified."

For the fourth quarter, Nicor posted net income of \$55.5 million, compared to \$58.3 million in the same period in 2006. Operating income of \$77.2 million, or \$1.22 earnings per share, compared to \$91 million, or \$1.29 earnings per share, last year.

Earnings reflected lower operating results in gas distribution and other energy-related ventures and lower corporate operating income, partially offset by better results with Nicor's shipping business, Tropical Shipping.

For the full year, Nicor posted net income of \$135.2 million, compared to \$128.3 million in 2006. Operating income was \$206.5 million, or \$2.99 earnings per common share, compared to \$202.5 million, or \$2.87 a share, the year before.

Nicor shares closed at \$36.36, down \$1.04.