



## Panel staff wants cut in Ameren rate plan

Tuesday, April 1, 2008 11:06 PM CDT

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SPRINGFIELD — The Ameren Illinois utilities' bid for electric and gas rate hikes worth \$247 million is getting a lukewarm response from experts who have spent months picking through the companies' accounts.

The professional staff, working for state regulators who must decide the issue, has recommended reducing that \$247 million to just \$47 million, which would be the total overall increase, after some staff-recommended rate decreases are deducted.

The full breakdown reads like this:

-- AmerenIP had requested an electric delivery rate increase of \$139 million and gas delivery rate hike of \$56 million. The staff recommendation was \$52 million for power and \$20 million for gas.

-- AmerenCIPS wants a \$31 million electricity hike and a \$15 million increase in gas delivery fees. Staff said it should instead cut prices by \$2 million for power while increasing gas rates by only \$3 million.

-- AmerenCILCO wanted a \$10 million electricity rate hike and actually proposed cutting its gas rates by the equivalent of \$4 million. The staff recommendation was slashing electricity rates by \$12 million and extending the gas rate cut to \$14 million.

The battle over what consumers should pay, however, is far from over.

The Illinois Commerce Commission, which regulates power and gas delivery rates for AmerenIP, AmerenCIPS and Ameren CILCO, won't make its decision until September, and that will follow hearings and a recommendation from a presiding judge.

The Ameren utilities, which insist they need the extra money to maintain the electric and gas delivery systems and fund upgrades to ensure reliable service, now will file their response to the staff recommendations. Then will come courtroom-style hearings, involving lawyers cross-examining witnesses, before the commission rules.

But that can be appealed by the companies back to the commission itself and, if frustrated again, the utilities can pursue legal action.

"So we're still kind of early in the process right now," said commission spokeswoman Beth Bosch.

She said the staff recommendations don't necessarily carry any special weight and are considered along with public testimony and the views of consumer watchdog groups.

and other interested parties, but the staff's conclusions are no snap judgments. They didn't put pen to paper until they had plowed through the utilities' financial records, digesting heaps of complex accounting paperwork in a process that began in November when the utilities filed their rate requests.

"And we're talking reams and reams, boxes of paper," Bosch added. "They basically open their books to us. The staff's accountants and financial analysts' job is to sort through everything the utilities have proposed and figure out what's acceptable in the rate case and what isn't."

News of the staff recommendation was given a cautious welcome Tuesday by the Citizens Utility Board, a consumer watchdog.

"It's an encouraging sign, and it shows what we've been saying all along: The Ameren utilities don't deserve or need a big rate hike," said David Kolata, CUB executive director.

"But there is still a long way to go, and we are urging consumers to keep the pressure up, to call the ICC and send them e-mails, because that is the only way we're going to stop these rate increases."

Ameren Corp., the parent company of the Illinois utilities, also emphasized it was early in the process and its arguments weren't weakened because the commission staff didn't like them.

"This is just one step in a long road," Ameren spokesman Leigh Morris said. "And as we said when we first filed our case, we have a very strong case and we have a very significant need. We will continue with the process that will not conclude until the end of September, when the full commission issues its decision."

But there are going to be other significant battles to fight along the way. While analyzing the utilities' rate requests, the commission staff also gave a thumbs-down to several other proposals.

These ranged from "cost recovery mechanisms" charging more to recoup the costs of bad debts and infrastructure improvements, to changing the way the utilities charge for the delivery of natural gas. A proposal that would factor the costs of executive bonuses into rate requests also was rejected.

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