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Nicor to seek increase in rates

Home gas bills would jump about \$55 a year

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Nicor Gas said Friday it plans to request a \$140 million rate hike from the Illinois Commerce Commission, a proposal that would increase natural-gas bills for its 2.2 million customers in the northern part of the state.

Average residential gas bills would go up \$4.60 a month, or \$55.20 a year, if the requested rates go into effect next spring.

The rate increase would cover the delivery of natural gas rather than the actual cost of the commodity. Nicor said the increase represents about 5 percent of the total bill once gas costs, taxes and delivery charges are included.

Nicor said it plans to file the request at the end of the month. It last applied for a rate case in 2004. Consumer watchdogs said Nicor might not need an increase.

"We haven't seen evidence that they deserve a rate increase and we think consumers have every reason to be skeptical," said Citizens Utility Board Executive Director David Kolata.

The Naperville-based company said the increase will help pay for higher operating costs and allow it to invest in its distribution system.

Last year Nicor earned \$135 million, or \$2.99 a share, on \$3.17 billion in revenues. That was a slight uptick in profits from 2006, but the company expressed pessimism about its profitability improving this year.

"Looking ahead, however, consolidated 2008 financial results are expected to be significantly impacted by lower operating results at Nicor Gas due to continued demand weakness and operating cost pressures," said Nicor Chairman and Chief Executive Russ Strobel. He added that the company's delivery charges are 40 percent lower than the state average and that any rate changes would continue its "long tradition of being a low-cost, high-value provider."

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