



Nicor wants rate hike to offset non-payment of bills

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Mounting bad debt is one of the major reasons Nicor Gas is seeking a delivery rate increase, Nicor Chief Executive Officer Russ Strobel said Thursday.

Bad debt -- or customers not paying their bills for various reasons -- was \$53 million in 2007. The company expects that to increase to between \$58 million to \$60 million by the end of this year.

"With the sluggish economy, bad debt expense has increased so much, that this item alone has had a significant negative impact on our bottom line," Strobel told shareholders during their annual meeting in Chicago.

"At the same time, Nicor Gas' other costs of doing business have also increased due to things such as capital investments in technology and our gas infrastructure."

Nicor is seeking a delivery rate hike of about \$140 million. It would add \$4.60 to a customer's monthly bill, he said.

The company announced its intention last week and plans to file the request by Wednesday before the Illinois Commerce Commission, which regulates the natural gas utility. The 11-month process could produce a decision by March.

Strobel said the company is doing "everything it can" to hold down costs.

But that doesn't hold much traction for the Citizens Utility Board, a Chicago consumer watch dog group.

"A rate hike is never good news, but this is really bad timing as consumers struggle under natural gas and rising gasoline prices," said CUB spokesman Jim Chilsen. "Strobel and his team will have to justify every penny."

Attorney Ralph Goren of Chicago, a Nicor shareholder at the meeting, asked the board to consider spinning off its other businesses, such as Tropical Shipping.

"They just said thank you," Goren said. "They're a very immovable corporate board."