



Nicor profit leaps, still seeks rate increase

Daily Herald

Tuesday, August 05, 2008

Shares of Naperville-based Nicor Inc. jumped Monday after the natural gas holding company said its second-quarter profit leapt 61 percent, results that surpassed an analyst's expectations.

The stock closed at \$41.28, up \$1.88 or about 5 percent.

The holding company for Nicor Gas had reported profit of 64 cents a share for the period, well above the 28 cents a share analysts polled by Thomson Financial expected, on average.

"These strong results actually surprised me," David Rewcastle, an analyst at Argus Research Co., said.

Natural gas prices — which have risen in recent months — generally take a negative toll on demand, he said.

Nicor reported net income of \$28.9 million, or 64 cents per share, for the second quarter, compared with \$18 million, or 40 cents per share, during same period last year.

Revenue climbed 26 percent to \$699.8 million, from \$556.9 million in the year-ago period.

Additionally, Nicor said Monday it will begin negotiations on its rate contract with the Illinois Commerce Commission, which regulates utilities. The company is set to ask for a 9.2 percent rate of return, up from the current 8.9 percent.

Rewcastle said the company should implement decoupling, a balancing tool providing a credit when it's colder, even though customers use more gas, but also levying a charge when it's warmer and customers use less gas. In February, Peoples Gas and its sister company, North Shore Gas, asked the ICC to allow them to use decoupling.

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.

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