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ICC approves Ameren rate increase

By **Jeffrey Tomich**

ST. LOUIS POST-DISPATCH

Thursday, Sep. 25 2008

Illinois regulators on Wednesday unanimously approved a \$162 million increase in electric and natural gas delivery rates for Ameren utility customers that takes effect next week.

The impact on customers varies, depending on their utility and how much energy they use. Electric rates for the average AmerenIP customer will go up the most — \$91 to \$110 a year, depending on whether they use electric heat. Meanwhile, rates for Cilco electric customers will remain flat, and that utility's natural gas customers will see annual bills go down as much as \$48. However, most of Ameren's other gas customers will pay more.

The Illinois Commerce Commission's order wasn't available Wednesday afternoon. But Ameren Illinois spokesman Leigh Morris said the new rates will allow the utilities to make promised investments to enhance service reliability.

A chorus of consumer advocates called the increase excessive and planned to challenge the ruling. They include the Chicago-based Citizens Utility Board, state Attorney General Lisa Madigan and the AARP. Such appeals in utility rate cases aren't unusual, but they're rarely successful.

Ameren sought a \$247 million increase in gas and electric rates in November but later reduced its request to \$207 million. An increase was necessary amid rising prices for poles, wire and other equipment needed to maintain and upgrade the electric- and gas-distribution systems, company officials said.

Meanwhile, consumers, also face cost pressures and have no choice but to absorb higher prices. Gasoline is still near \$4 a gallon in the Metro East area, groceries cost more and the financial and housing markets are in turmoil.

"This big rate increase couldn't have happened at a worse time," said David Kolata, executive director of CUB. "It's really tough, and we get calls from consumers every day facing impossible choices" among energy, food and medical

bills.

Wednesday's decision by the ICC represents the second electric rate increase for many Ameren customers in Illinois in less than two years.

In November 2006, the ICC approved a \$97 million rate increase that took effect on Jan. 1, 2007 — the date that the state's retail electric market was fully deregulated. That change also led to steep increases in electricity prices in addition to higher delivery rates.

Despite last year's rate increase, Ameren complained that costs for its Illinois utilities were outpacing its collections from customers. The company's Illinois utilities lost \$10 million between April and June, according to its most recent financial statements.

Ameren's Illinois utilities have 1.2 million electric customers in central and Southern Illinois and 850,000 natural gas customers.

In Missouri, AmerenUE is seeking a \$251 million electric rate increase.

The Missouri Public Service Commission this week concluded 14 hearings throughout AmerenUE's service area. Formal evidentiary hearings are set for November in Jefferson City. A ruling is expected by March.

jtomich@post-dispatch.com | 314-340-8320

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