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Critics say credit meltdown could boost Ameren bills even further

BY MIKE FITZGERALD
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While metro-east Ameren customers digest the news that their electric and gas bills will shoot up by \$162 million -- between \$2 and \$18 per month for Ameren IP and CIPS customers -- here's something else for them to consider:

The credit meltdown on Wall Street will likely boost their Ameren bills even further, some consumer experts say.

Why?

Because the rising cost of borrowing money -- a byproduct of tighter credit -- will encourage Ameren to pay for expensive equipment upgrades and the launch of new programs through surcharges tacked onto ratepayer bills, predicted Scott Musser, an AARP Illinois spokesman.

By going the surcharge route, Ameren will be appearing before the Illinois Commerce Commission with plans for a system upgrade and say, in effect, "We want you to greenlight it so we can go ahead and charge our customers now," Musser said. "Make them pay for everything, and then we'll figure out afterwards how well it worked."

Ameren has no current plans for attaching new surcharges, or rate riders, onto its customers' bills, said Leigh Morris.

"Any talk about future rate cases is speculative," Morris said. "We don't have any rate cases filed, so there's nothing on the table."

That could change soon, according to Musser.

Musser cited past statements by Gary Rainwater, the CEO of Ameren Corp. -- the St. Louis-based parent of Ameren Illinois -- to shareholders and analysts pledging that the energy giant will be seeking more rate increases in the years ahead.

"Rainwater's promised that they'll be back in again" before the ICC, said Musser, who noted the \$162 million rate increase is \$85 million less than what Ameren had originally requested.

"Will they go after the rest of the \$247 million they didn't get this time?" he asked.

Ameren Illinois also dropped its requests for three rate riders in the months before the ICC issued its decision last week to raise Ameren gas and electric delivery charges, Morris said.

Even so, late last month Standard & Poor's lifted Ameren Illinois' credit rating to investment grade from junk bond in anticipation of the ICC ruling to raise Ameren customer rates.

In boosting the utility's credit rating, the Standard & Poor's analyst noted the absence of any political interference or opposition to Ameren's latest rate increase -- a far cry from the fierce political firestorm that greeted Ameren's 2006-2007 rate request, which ended up doubling and even tripling some customers' bills.

Chris Thomas, the policy director for the nonprofit Citizens Utility Board, which is appealing the rate increase granted to Ameren, said he wouldn't be surprised if Ameren seeks more surcharges, also known as rate riders, from the ICC.

Ameren and other utilities like rate riders because they represent "a very creative way for the company to raise rates without having to go before regulators asking for a rate hike," Thomas said. "Riders in a sense leapfrog the regulatory process."

Contact reporter Mike Fitzgerald at mfitzgerald@bnd.com or 239-2533.

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