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Ameren seeks \$226 million rate increase in Illinois

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Less than a year after Ameren Corp. got approval to raise rates in Illinois, the company returned to state regulators seeking a \$226 million annual revenue boost to pay for improvements to electric- and gas-distribution systems.

Ameren's utilities — AmerenIP, Cilco and CIPS — filed for separate electric and gas rate increases Friday. The amount of the increases would vary by utility. But AmerenIP customers would be the hardest hit.

A typical AmerenIP residential gas and electricity customer who uses 10,000 kilowatt-hours of electricity and 785 therms of natural gas a year would see their annual utility bills go up by a combined \$162. Rates for Cilco and CIPS customers would go up by smaller amounts.

St. Louis-based Ameren will provide customers with specific estimates of the proposed rate increase in August bills.

"We recognize that any rate increase will be cause for concern," Scott Cisel said in a statement. "However, be assured that our proposed rate increases are necessary to provide the essential financial resources to meet our obligations to our customers."

More than three-fourths of the increase will go to pay for improvements to build, operate and maintain local electric grid and the utilities' gas delivery systems, said Craig Nelson, a vice president for Ameren's Illinois utilities. The company also faces higher borrowing costs to help pay for those improvements as its credit ratings are below investment grade and borrowing money is generally harder following last fall's meltdown on Wall Street.

Ameren's Illinois utilities reported first-quarter profit of \$25 million compared with \$18 million in the same period of 2008 as a result of electric- and gas-rate rate increases totaling \$161 million in September.

Still, the utilities aren't earning the allowed return on equity — or profit — approved by regulators last year.

Ameren is seeking returns on equity ranging from 11.75 percent to 12.25 percent for its electric utilities and 11.25 percent to 11.60 percent for its gas utilities, according to a Securities and Exchange Commission filing. The utilities were authorized to earn a return of 10.65 and 10.68, respectively, in the ICC's September decision.

"The ink is barely dry on Ameren's \$160 million rate hike, approved just last year, and the company is back at the table, asking state regulators for a new \$226 million increase," David Kolata, executive director of the Chicago-based Citizens Utility Board said in a statement.

CUB is still in the process of appealing the rate increases approved last year, spokesman Jim Chilsen said.

The increases being sought by Ameren cover only cost of delivering energy, which makes up about a third of customers' bills. The rest reflects the cost of electricity and natural gas and taxes. Ameren's Illinois utilities have 1.2 million electric customers and 850,000 natural gas customers across the southern two-thirds of the state.

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