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## CUB, ICC staff want proposed Peoples Gas rate hike slashed

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The Citizens Utility Board and staff of the Illinois Commerce Commission have urged deep reductions in a proposed \$161.9 million rate increase for Peoples Gas.

In reports made public Thursday, the ICC staff drew the harder line, saying Peoples deserved \$36 million. CUB, a nonprofit consumer group, said the utility should get \$48.3 million.

Peoples, which serves Chicago, and suburban affiliate North Shore Gas filed for rate hikes in February. That started a review process expected to finish next January with a ruling by the full ICC.

Rod Sierra, a spokesman for Peoples, said the company will reduce its rate hike request because certain costs have declined since February, including the price of natural gas. But he said the company still needs to fund repairs to a 4,000-mile system.

Peoples has until July 8 to respond to the objections. The Illinois attorney general's office and the City of Chicago also submitted statements opposing its rate proposal, which Peoples said in February would cost the average residential customer an extra \$12 a month.

The commission's staff said the utility should reduce expenses for operations, maintenance and executive pay while lowering rates of return for investors, said ICC spokeswoman Beth Bosch.

The criticism was along the same lines as CUB's. The consumer group said Peoples was aiming for a 12 percent return on shareholder equity, which it said is too high for a utility usually seen as a low-risk investment.

"We're very pleased with the findings of the ICC staff," said CUB spokesman Jim Chilsen. "We think it strengthens our case."

North Shore Gas requested a \$21.9 million increase, with CUB calling for an \$11 million hike and the ICC staff endorsing \$10 million.

Both utilities are part of Integrys Energy Group Inc.

### Mortgage rate climbs

The average rate for a 30-year fixed-rate home mortgage jumped to 5.59 percent this week from 5.29 percent last week, leading to a slowdown in refinancing activity, Freddie Mac said

Thursday.

On Wednesday, the government was forced to lift the yield on 10-year Treasury notes to 3.99 percent to lure buyers at an auction.

**Contributing:** *AP*

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