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Ameren rate hike plans draw regional ire

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St. Louis, MO — The region's largest utility says its latest rate hikes would cost families less than 50 cents a day.

Opponents object to the amount and timing of the proposals, which come just a few months after the last increases.

Ameren has filed rate hike requests of \$402 million with the Missouri Public Service Commission and \$226 million with the Illinois Commerce Commission.

Rulings are not expected until May or June 2010. The utility serves 1.2 million customers in the two states.

Ameren says the increases are needed to pay for what it says are higher fuel prices, financing costs and reliability improvements.

Ameren President Warner Baxter said the requests are driven by customer desire for improved reliability and by rising costs.

"We know these rate increases create hardships for some of our customers, especially during this difficult economic period," Baxter said in a statement.

"As a result, we are taking pro-active steps to reduce costs, launching energy efficiency initiatives and providing several energy assistance programs to help customers with their energy costs now and in the future."

Baxter said Ameren's rates are "among the lowest in the nation" but that they "simply do not reflect the investments we have made and the costs we are incurring to deliver safe, reliable power to our customers."

Baxter also said federal and state regulations for renewable energy and cleaner air will "continue to drive up energy costs."

Ameren has "reduced certain planned expenditures in 2009" to cut costs and is looking at additional measures, Baxter said.

"Over the next two years, we are currently targeting to reduce certain expenditures in excess of \$150 million below 2008 levels," he said in the statement. "However, we will not tighten our belts at the expense of providing safe, reliable service to our customers."

Agencies that work with people who have trouble paying their utilities say the requests are poorly timed.

"There's still a lot of need out there," said Janice Robinson, a deputy director with the North East Community Action Corporation. "It's unreal. The economy is really playing heck with the low-income and middle-income."

NECAC provided \$1.5 million for utility assistance to more than 5,400 households in 12 Northeast Missouri counties last winter, up from \$1 million for around 3,000 households the previous year.

Summer energy assistance this year has gone to 1,720 households, up from 945 in 2008.

Robert Clayton III, a Hannibal native, is chairman of the Missouri Public Service Commission.

He can't discuss specifics of the Ameren case, but said the utility "carries the burden to prove the expenditures are prudent and reasonable to be included" in a rate increase.

Clayton said the panel would conduct a "complete and thorough audit" of Ameren to make sure a rate hike is justified.

Public hearings will be held and staff will make a recommendation on whether commissioners should approve the proposal.

Patrick Deignan, a communications assistant with the Citizens Utility Board in Illinois, promises the consumer advocacy group will "fight every penny that's not justified."

"Ameren wins the prize for worst timing," Deignan said. "They're already back at the table asking consumers for more."

The Missouri request won't directly affect customers in Hannibal, Palmyra and other cities that get power through local utilities that buy electricity wholesale.

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