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## CUB, Illinois AG seek to slash proposed Ameren-Illinois rate increase

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A pair of Illinois consumer advocates is urging utility regulators to disallow most of Ameren's proposed \$225.6 million electric and natural gas rate increases.

The Citizens Utility Board and Illinois Attorney General made their recommendation in testimony with the Illinois Commerce Commission earlier this week. It was largely based on an econometrics study suggesting Ameren's Illinois utilities' 2008 operating and maintenance expenses are excessive compared with other investor-owned utilities.

The report by consultants Power System Engineering Inc. compared the actual operating and maintenance expenses incurred by Ameren's Illinois utilities — AmerenIP, CIPS and Cilco — with predicted costs of 115 other utilities from 2005 to 2007.

Chicago-based CUB said it also identified an additional \$47 million in proposed cuts to Ameren's rate request, and the number could go higher, CUB spokesman Jim Chilsen said.

"We're going to fight to reduce it as much as possible," he said.

Ameren declined to comment on the report. "We believe that it's a sound rate case and the facts and figures that we have presented to the ICC are accurate and reflect our true costs," spokeswoman Victoria Busch said.

One key area of disagreement between Ameren and consumer groups is the utilities' return on equity, or profit. CUB contends that Ameren also overstated expenses for storm damage and its 2004 acquisition of Illinois Power Co.

Ameren filed for the rate increase in June. The ICC is expected to issue a

ruling next spring.

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