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Peoples Gas customers to pay \$48 more a year

By Steve Daniels

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(Crain's) — In a victory for Peoples Gas, the Illinois Commerce Commission on Thursday granted the Chicago-based natural gas utility a nearly \$70-million rate hike, which will cost its customers about \$48 more a year on their heating bills.

The vote on the hike was 4-0, with Chairman Manuel Flores, who joined the commission two days ago, abstaining.

The amount was below the \$122 million Peoples asked for but slightly above the \$66 million recommended by an administrative judge for the commission. Utilities never get all that they ask for, and some observers expected a commission with two new members appointed by Gov. Patrick Quinn, an ardent critic of utilities, to grant less than the judge urged. ICC staff recommended a \$53-million increase.

In another win for Peoples, the commission agreed to permit the utility to automatically collect from customers — without a traditional after-the-fact review by the commission — the cost above a yet-to-be-specified baseline of replacing aging cast-iron gas pipes. That provision was bitterly opposed by AARP Illinois and consumer watchdog group Citizens Utility Board, which vowed a court appeal if necessary.

It's unclear how much the pipe replacement cost could add to customer bills, although Peoples two years ago estimated it would be about 75 cents per month.

A Peoples spokesman said an updated estimate was not yet available.

"While the companies got less than they asked for, they still got more than what they need or deserve," a CUB spokesman said in a statement. "It's the worst possible time for a rate hike, as Chicago-area consumers struggle to make ends meet in an ailing economy."

A Peoples spokesman said the company was disappointed it didn't get the full amount it requested but understood the commission had to balance the interests of the company with those of consumers.

"We believe our rates have to reflect the costs of doing business today," the Peoples spokesman said.

A spokeswoman for Illinois Attorney General Lisa Madigan said she was concerned about any level of rate increase in today's economy.

"We will carefully review the order to determine our next steps," the spokeswoman said.

Mr. Flores didn't vote on the rate hike even after the governor's office ensured he would be on hand when the Peoples case was considered. Gov. Quinn named the former Chicago alderman to the post Jan. 4, and he was viewed as likely to be less utility-friendly than his predecessor, Charles Box.

In a release, AARP Illinois senior state director Bob Gallo blasted the new appointees of Mr. Quinn.

“On behalf of our 1.8 million Illinois members, we were initially encouraged by the recent appointments of (Mr. Flores) and longtime consumer advocate John Colgan as commissioner. But after the Peoples Gas rate hike decision, we are now concerned. . . .Mr. Colgan and the entire ICC must be accountable and explain to the public why the (ICC) voted unanimously to support a rate hike when consumers are struggling to make ends meet. And Mr. Flores needs to specifically explain to Illinois consumers why he abstained on this vote.”

The rate hike comes less than two weeks before the gubernatorial primary in which Gov. Quinn is being challenged by State Comptroller Dan Hynes.
