

St. Louis Business Journal

Friday, April 30, 2010

Regulators chop Ameren Ill. rate hike request

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The **Illinois Commerce Commission** (ICC) on Thursday approved only \$4.75 million of what initially was a request for \$226 million in additional revenue sought by **Ameren Corp.**'s three Illinois utilities.

The ICC said that in its order, passed by a 3-2 vote, the largest reductions to the company's request were in cash working capital, accumulated depreciation, administrative and operations budgets, rate of return, plant additions, material and supplies, employee benefits, and incentive compensation.

"Our decision limits cost increases for Illinois families and businesses while allowing Ameren to maintain effective and reliable service," ICC Acting Chairman Manuel Flores said in a statement.

The new rates are expected to go into effect in early May.

Ameren's Illinois utilities **had filed a request in June 2009** with the ICC to increase revenue by about \$45 million through an increase in natural gas rates and about \$180.6 million through an increase in electricity rates, or nearly \$226 million total. The company later scaled back that request to **\$130 million**.

The ICC said Thursday that over the course of the commission's review, the company then revised its request again to \$162 million.

As a result of the ICC order Thursday, all Ameren Illinois natural gas customers will have reduced delivery rates, but those rates will vary in each of the company's service areas, the commission said. Delivery service charges comprise about 30 percent of a residential customer's bill.

Several groups had urged regulators to cut Ameren's proposed Illinois rate increase, **including the AARP** and the nonprofit **Citizens Utility Board**. Those opponents cited the ICC's **approval in September 2008** of a \$162 million rate increase for Ameren's Illinois utilities; the company initially had requested \$247 million.

In response to the reduced rate increase, Ameren said it will have to significantly cut its budget, institute a hiring freeze, cut back on contractors and delay or cancel some capital projects planned to boost reliability.

Ameren Corp. is in the process of **reorganizing** its three Illinois electric and gas utilities — **AmerenCIPS**, **AmerenIP** and **AmerenCILCO** — into a single public utility called Ameren Illinois Co. by Oct. 1. The new Ameren Corp. subsidiary will be based in Peoria, Ill. The Ameren Illinois utilities at one point were all separate companies that were acquired by Ameren Corp.

St. Louis-based Ameren Corp. (NYSE: AEE) serves 2.4 million electric customers and 1 million natural gas customers in a 64,000-square-mile area of Missouri and Illinois. It reported revenue of \$7.1 billion in 2009.

Ameren's request and the revenue approved Thursday by the Illinois Commerce Commission

- AmerenCILCO: electricity, requested \$21.6 million; ICC approved \$1.4 million; natural gas, requested \$6.3 million; ICC ordered a 9.2 million reduction.
- AmerenCIPS: electricity, requested \$41.4 million; ICC approved \$16.6 million; natural gas, requested \$7.1 million; ICC ordered a \$3 million reduction;
- AmerenIP: electricity, requested \$72.8 million; ICC approved \$13.5 million; natural gas, requested \$13.1 million; ICC ordered a \$14.6 million reduction.