

Peoples Gas seeks rate hike

By: [Steve Daniels](#) February 15, 2011

(Crain's) — Just a year after securing a nearly \$70-million rate hike, Peoples Gas is asking for another one.

The Chicago natural gas utility filed Tuesday with the Illinois Commerce Commission for a \$125-million rate increase that would add about \$108 annually to the average household heating bill, which now averages about \$1,080. The previous rate hike, approved a little over a year ago, added about \$48 annually.

In addition, Peoples' sister company serving many of the northern suburbs, North Shore Gas, is filing for an increase, which would increase its customers' average household heating bill by about \$36 per year. Their average customer pays about \$1,300 a year.

Peoples said costs are increasing while revenue has declined because of the recession.

"During the economic slowdown, the company's overall costs have continued to rise," Peoples President Will Evans Jr. said in a release. "Our expenses associated with maintaining the system and our investment in the delivery system have also continued to rise, along with a wide range of back-office administrative costs."

David Kolata, executive director of Chicago-based consumer watchdog group Citizens Utility Board, said the group would hire experts to review the filing and ensure the utility doesn't get "a penny more" than it's entitled to.

"It's the worst possible time for a rate hike, given consumers are still struggling," he said.

Peoples emphasized that in 2010 it took several significant cost-cutting steps, including layoffs and one-week furloughs for employees.

The commission has 11 months to rule on the rate request, meaning any increase wouldn't take effect until January 2012.

Read more: <http://www.chicagobusiness.com/article/20110215/NEWS11/110219918/peoples-gas-seeks-rate-hike#ixzz1G2O48IEh>

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