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Peoples, North Shore Gas seek rate hikes

By Sandra Guy

Business Reporter/sguy@suntimes.com

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Natural-gas customers could face rate hikes in early 2012.

Peoples Gas and North Shore Gas are seeking the rate increases to cover rising expenses in delivering natural gas at a time of declining sales.

The Peoples Gas increase, if approved, would amount to \$9 a month, or \$108 a year, for a typical residential customer, while the North Shore Gas request would translate into \$3 a month, or \$36 a year, the utilities said. The utilities filed their requests separately with the Illinois Commerce Commission.

The natural-gas delivery expenses account for 40 percent of a Peoples Gas customer's bill. The rest comprises the cost of natural gas (50 percent) and state and local taxes and other adjustments (10 percent). For North Shore Gas customers, the delivery costs make up 30 percent of a customer's bill, with 60 percent coming from the cost of natural gas and 10 percent from state and local taxes and other adjustments.

Will Evans, Jr., president of North Shore Gas, said declining sales and a shrinking customer base have cut into the company's revenue.

"During the economic slowdown, the company's overall costs have continued to rise," Evans said in a press 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."

The rate increases, if approved, would come on top of rate hikes that went into effect in early 2010. Those hikes raised bills by \$48 a year for Peoples Gas customers and \$66 for North Shore customers.

David Kolata, executive director of the Citizens Utility Board consumer watchdog group, said Tuesday that CUB “will be taking a hard look” at the new rate-hike requests to make sure that consumers “don’t pay a penny more than they should.”

The rate-hike request process takes 11 months, so CUB is expected to respond in detail by late spring, Kolata said.

Consumers could face yet another rate increase if plans to build two plants that produce gas from coal — one on Chicago’s Southeast Side and the other downstate — get the go-ahead from Gov. Pat Quinn. Utilities would be required to buy synthetic gas from those plants, and that could raise rates by more than \$100 a year for Chicago customers and as much as \$200 a year for North Shore customers, Kolata said.

“Those projects are a ticking time bomb for natural-gas price increases,” Kolata said.

Peoples and North Shore Gas are subsidiaries of Integrys Energy Group.