CUB*Facts*

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Helpful information for Illinois utility consumers from the Citizens Utility Board

# Understanding Your Budget-billing Plan

**What is a budget-billing plan?**

Each natural gas utility is required by Illinois law to offer a "budget-billing plan," also called a "budget payment" or "budget" plan. Budget-billing plans allow customers to even out their monthly bills, paying more than they would in the summer and less in the winter. Such plans can help consumers minimize their bills during the winter, but it's important to read the fine print so you understand exactly what you're agreeing to when you sign up.

**How does a budget-billing plan work?**

Budget-billing plans DON'T reduce the amount customers pay to heat their homes. Rather, they spread the payments out over a certain period, usually a year. Utilities consider such factors as the total amount a customer paid for natural gas usage the year before, projected gas prices and weather conditions to come up with an estimated monthly budget amount.

The utility will continue to take monthly meter readings to determine a customer's actual usage and at the end of the designated budget-billing period, the company will compare estimated and actual usage. At this "settlement" time, if actual usage is greater than the estimated usage, the customer will be billed for the difference or that amount will be rolled over into the next year's bills.

Some utilities will allow you to pay off that difference through deferred payment plans lasting four to 12 months, while others may demand immediate payment. If actual usage is less than the estimated amount, then the customer gets a credit. Upon request by the customer, some utilities may pay that credit by check. Also, some utilities pay interest on the credit.

**Will a customer's monthly bill ever change under a budget-billing plan?**

Yes. Budget-billing plans do not necessarily protect you from bill fluctuations. If the price of natural gas changes dramatically or if your actual usage is much higher than the estimated amount, utilities may change your monthly payment so you don't have a large debt at the end of the budget-billing period.

For example, under Ameren IP's "budget-billing plan," the utility reviews a customer's monthly bill every fourth and eighth month, and if the bill increases or decreases by at least $3 from the estimated amount, the utility will adjust the bill to keep the customer's payments evened out. Peoples Gas reviews a customer's account each month, and will change the monthly installment if your payment needs to change by at least 25 percent. Smaller changes will be adjusted every six months.

**How is Nicor Gas' budget-billing plan different from other utilities' plans?**

Nicor is the only major utility in the state that charges budget-billing customers interest on an unpaid balance. Nicor and other utilities pay interest on credit balances accrued by customers, but Nicor is the only company that charges interest on the unpaid balance.

See the back page for more information on the budget-billing plans of major Illinois utilities.

**What is CUB?**

CUB is a nonprofit, nonpartisan, statewide watchdog organization that fights for utility customers across Illinois. Since 1984, CUB has saved Illinois customers more than $10 billion by blocking rate hikes and securing customer refunds. If you have any questions or complaints about your phone, natural gas or electric bill, call CUB's Consumer Hotline at 1-800-669-5556.

| Company | Term of plan | Other Details |
|---|---|---|
| **Nicor Gas (budget plan)** | 12 months, beginning when you join | Billing amount reviewed every 4 months and will adjust monthly billing amount if actual bill varies by 7.5 percent or more from the projected budget amount. Credit or debit can be rolled over onto future bills. Pays interest on credit, **but Nicor is the only major utility in the state that charges interest on unpaid balances.** That rate is set at 1.65 percent for the remainder of 2008, but changes quarterly. |
| **Peoples Energy (budget payment plan)** | 12 months, beginning when you join (You can automatically join simply by paying a budgeted amount listed on your bill.) | Billing amount reviewed monthly. A new monthly billing amount will be calculated if your payment needs to change by 25 percent. Smaller changes adjusted every six months. At "settlement" time, you are re-enrolled automatically and existing credit or debit is rolled into your monthly amount for the next year. Interest paid on credit at a rate of 3.5 percent. That rate is determined by the ICC and changes each year. No interest charged on unpaid balance. |
| **AmerenIP (budget-billing plan)** | 12 months, beginning when you join | Monthly billing amount reviewed every fourth and eighth months. Amount may be adjusted if actual usage is at least $3 more than estimated usage. Credit or debt accrued on plan is spread out over next year's bills. Doesn't pay interest on credit or charge interest on debit. |
| **AmerenCILCO (budget-billing plan)** | 12 months, beginning when you join | Monthly billing amount reviewed every fourth and eighth months. Amount may be adjusted if actual usage is at least $3 more than estimated usage. Credit or debt accrued on plan is spread out over next year's bills. Doesn't pay interest on credit or charge interest on debit. |
| **MidAmerican (budget-billing plan)** | 12 months, beginning when you join | Customer can choose to have monthly billing amount reviewed on a quarterly, semi-annual, or annual basis and increases if there is a change in actual usage by at least 10 percent and $10. Any debit or credit accrued on the plan is, upon your request, spread out over next year's bills. Credit, upon your request, can be paid by check. Doesn't pay interest on credit or charge interest on debit. |
| **AmerenCIPS (budget-billing plan)** | 12 months, beginning when you join | Monthly billing amount reviewed every fourth and eighth months. Amount may be adjusted if actual usage is at least $3 more than estimated usage. Credit or debt accrued on plan is spread out over next year's bills. Doesn't pay interest on credit or charge interest on debit. |
| **AmerenUE (budget-billing plan)** | 12 months, beginning when you join | Monthly billing amount reviewed every fourth and eighth months. Amount may be adjusted if actual usage is at least $3 more than estimated usage. Credit or debt accrued on plan is spread out over next year's bills. Doesn't pay interest on credit or charge interest on debit. |