



# Citizens Utility Board

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## **CUB STATEMENT ON TWO DEVELOPMENTS CONCERNING AMEREN ELECTRIC BILLS**

### **Statement on Ameren's Proposed \$14 Million Delivery Rate Decrease:**

CUB is always happy to hear that customers will be paying lower electricity rates. We will review Ameren's proposal for a delivery rate cut, and we will continue to push Ameren to spend revenue wisely to improve the power grid in a way that maximizes consumer benefits.

### **Background on Proposed \$14 Million Ameren Delivery Rate Decrease:**

-On April 15, Ameren proposed a \$14.37 million rate cut, which would take effect on Jan. 1, 2017.

-Ameren's proposal affects "delivery" rates—what the company charges to deliver electricity to homes.

Those rates take up about a third to a half of a bill.

-Ameren determines electric delivery rates annually by formula, under the "Energy Infrastructure and Modernization Act," passed by the Illinois General Assembly in 2011 to pay for about \$600 million in power-grid upgrades.

-Under the formula rate system, Ameren increased delivery rates by about \$105.8 million in January 2016. The Illinois Commerce Commission (ICC) will review Ameren's proposal for a \$14 million rate decrease in 2017. The ICC will issue a final ruling this December.

### **Statement on Drop in Ameren Electricity Supply Rates:**

After a year-long campaign against a 30 percent increase in electricity prices, CUB is pleased that Ameren customers who pay the company's supply rate will see slightly lower prices on June 1. Although this decrease won't make up for last year's price spike, this is a step in the right direction toward reforming the electricity market so it better protects Ameren customers from unjust increases. CUB thanks the Federal Energy Regulatory Commission (FERC) for making key changes to power market rules, but we continue to call on FERC to order refunds for Illinois seniors and families who were hit with the high prices last summer.

### **Background on Ameren Supply Price Reduction:**

-The Midcontinent Independent System Operator (MISO) is the power grid operator for all or parts of 15 states, including Central and Southern Illinois. It holds a yearly auction to determine "capacity" costs for the next year (June 1-May 31).

-Capacity costs are fees wrapped in electricity prices that ensure power plants produce enough energy when demand is high. In the April 2015 auction, Illinois' capacity cost increased nine-fold to \$150/megawatt-day. That caused a 30 percent increase in Ameren's supply price, beginning last June.

-Illinois Attorney General Lisa Madigan, Illinois Industrial Energy Consumers (IIEC), Southwestern Electric Cooperative, Public Citizen, and CUB called for a probe into the price spike, which led to a windfall for power generators. (Ameren, the regulated utility, doesn't profit off supply rates, because it's not a power generator.)

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-After pleas from Illinois consumer advocates, a Dec. 31 FERC ruling required MISO to make key changes to auction rules. In this spring's auction, capacity costs for Illinois consumers were cut in half, to \$72/megawatt-day.

-Ameren has estimated that this drop in capacity cost means a typical residential customer who uses about 10,000 kilowatt-hours of electricity a year and pays the utility's supply rates could see bills reduced by about \$1.75 per month. However, Ameren's exact supply prices won't be known until closer to June 1.

Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, the nonprofit utility watchdog group has saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. For more details, call CUB's Consumer Hotline, 1-800-669-5556, or visit CUB's award-winning website, [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org).

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