



Citizens Utility Board

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CUB: PROPOSED AMEREN ILLINOIS RATE CUT SHOULD BE DOUBLED

An electric rate cut that Ameren Illinois has proposed for 2017 should be doubled, to a decrease of about \$30 million, according to expert testimony commissioned by the Citizens Utility Board (CUB) and an industrial customers group.

On Friday, CUB asked consumers to visit www.CitizensUtilityBoard.org, where they can send a message to the Illinois Commerce Commission (ICC), the state's utility regulator, urging it to approve a larger decrease.

"We are glad that Ameren Illinois has proposed a rate cut for its customers, but our expert testimony shows that customers deserve double the decrease," CUB Executive Director David Kolata said. "We're going to do everything we can to make sure customers get a fair rate cut."

The ICC is considering Ameren's proposal to cut delivery rates by \$14.4 million, a decrease that would take effect on Jan. 1, 2017. Delivery rates, which take up about a third to a half of Ameren electric bills, are determined annually by formula, under a state law to help pay for high-tech upgrades to the power grid. Ameren's proposed decrease means the revenue it is gaining has caught up with the cost of the upgrades.

CUB hopes the decrease is a sign that the upgrades are starting to benefit consumers. This summer, an expert analysis commissioned by the consumer group and a group called the Illinois Industrial Energy Consumers (IIEC), which represents large manufacturers, showed the rate cut should be even larger.

Michael Gorman, an expert from Brubaker & Associates, Inc., a Missouri-based consulting firm that specializes in utility regulation, pinpointed inflated costs in Ameren Illinois' proposal and recommended an additional \$15.5 million reduction—for a total rate cut of about \$29.9 million.

Gorman explained that Ameren Corp., the parent company, uses an affiliated services company to perform the day-to-day administrative tasks for all companies under the Ameren umbrella. Ameren Illinois, the electric utility, shares these administrative costs with its sister companies, and requests that a certain portion of the costs be included in delivery rates.

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However, Gorman argued that back in 2013, Ameren Corp. divested itself of a generation business, and that should have brought down administrative costs for Ameren Illinois. Instead, the costs went up.

Gorman also argued that the administrative costs were unreasonably high, and that the parent company should be shifting more of those costs from Ameren Illinois to a transmission affiliate.

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

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