



Understanding Your Budget-Billing Plan

FACT SHEET

August 2019

What is a budget-billing plan?

Illinois gas and electric utilities offer “budget-billing” plans that allow customers to even out their monthly bills. Natural gas customers pay more than they would in the summer and less in the winter, while the opposite is true for electric customers. 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 and cool 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 or electricity usage the year before, projected gas and electric 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 have to pay off that difference.

Some utilities will allow you to add that debt to the next year’s budget-billing amount, while others may demand immediate payment. If actual usage is less than the estimated amount, the customer receives a credit, which may also be rolled over to the next year’s budget-billing amount. 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. For example, 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’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 gas 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 chart for more information on the budget-billing plans of major Illinois utilities.

See chart on the next page.

Company	Term of plan	Other Details
<p>ComEd (budget billing)</p>	<p>12 months</p>	<p>You pay a pre-arranged amount each month based on your energy use during the prior 12-month budget cycle. Your payment amount is adjusted every six months to keep it in line with your actual energy usage.</p>
<p>Nicor Gas (budget plan)</p>	<p>12 months</p>	<p>Billing amount reviewed every 4 months. 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 changes quarterly and is based on the average rate of 13-week U.S. Treasury bills.</p>
<p>Peoples/North Shore Gas (budget payment plan)</p>	<p>12 months (You can automatically join simply by paying a budgeted amount listed on your bill.)</p>	<p>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 determined by the ICC. No interest charged on unpaid balance.</p>
<p>Ameren (budget-billing plan)</p>	<p>12 months</p>	<p>Monthly billing amount reviewed every fourth and eighth months. Amount may be adjusted if actual usage is \$3 more or less than estimated usage. At “settlement” time, you’re charged for that billing period’s usage as well as the difference for the year compared to the amount billed for budget billing. This could be a credit or debit. Ameren doesn’t pay interest on credit or charge interest on debit.</p>
<p>MidAmerican (budget-billing plan)</p>	<p>12 months</p>	<p>Customer can choose to have monthly billing amount reviewed every 3, 6 or 12 months. Any debit or credit accrued on the plan is spread out over the next year’s bills, or, upon request, can be added or subtracted from your current amount due at the end of 12 months.</p>