



**CITIZENS UTILITY BOARD**  
Fighting for Illinois Consumers

**Illinois PIRG**



**Environmental  
Defense  
Fund**

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**CONSUMER ADVOCATES URGE REGULATORS TO CUT NICOR'S RECORD RATE HIKE BY MORE THAN HALF; DECRY EXCESSIVE PROFITS, WASTEFUL EXECUTIVE BONUSES**

**CHICAGO**—Nicor Gas' bid for a record-breaking \$308.6 million rate hike is rife with excesses and should be slashed by more than half, according to testimony submitted to state regulators by the Citizens Utility Board (CUB), Illinois PIRG, Environmental Defense Fund (EDF), and other consumer advocates.

CUB warned the Illinois Commerce Commission (ICC) that more than \$111 million in the rate hike proposal – including a lavish profit rate for Nicor shareholders and wasteful spending on executive bonuses – doesn't pass legal muster and should be rejected. When the Illinois Attorney General's recommendations are taken into consideration, the requested cuts surge to nearly \$153 million, according to testimony filed by the state's chief legal officer. And that total still doesn't account for all of the reductions identified by other parties in the case.

Nicor's proposal would represent the largest rate hike for a gas utility in Illinois history.

“This testimony exposes Nicor's bald-faced attempt to capture exorbitant shareholder profits—an all-too-familiar theme for the utility's customers who have already suffered from exorbitant rate hikes in recent years,” said CUB Executive Director Sarah Moskowitz, who urged Nicor customers to sign a petition against the rate hike at [CUBActionCenter.com](http://CUBActionCenter.com). “We urge the ICC to stand up for Nicor customers and slash the utility's request for a record rate hike.”

This is Nicor's fifth rate-hike request since 2017. Between 2017 and 2024, the utility has raised delivery rates by 114 percent, totaling \$747 million, and its parent, Southern Co., has raked in \$25.2 billion in profits.

“It's time for Nicor to move beyond business-as-usual practices that have already more than doubled its rates in under a decade,” said Illinois PIRG Director Abe Scarr. “By considering alternatives to new fossil fuel infrastructure, Nicor can maintain system integrity while reducing rate increases and facilitating the transition to safer, cleaner energy.”

“In 2023, the Commission warned Nicor it would need to plan for a gas system that meets Illinois decarbonization goals. Two years later, that change is not happening fast enough,” said EDF Senior Attorney Curt Stokes. “EDF, along with our allies, has filed testimony charting a better course. It is our hope that Nicor will take our suggestions seriously and update its plan; if not, we will ask the Commission to order them to.”

Experts sponsored by Illinois PIRG and EDF analyzed Nicor's proposals and asked the Commission to reduce planned gas-pipeline spending by more than \$80 million, because Nicor failed to adequately consider alternatives such as repairs or “non-pipeline alternatives” like targeted electrification.

EDF and Illinois PIRG made a similar critique of Nicor's spending on gas transmission pipelines in its 2023 rate case. Notably, Nicor responded by more robustly considering alternatives to transmission pipe replacement. In seven of nine transmission projects, Nicor chose an alternative to pipe replacement, saving customers at least \$33 million.

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A similar reduction in distribution pipeline replacement spending now would better align with Illinois' carbon-reduction goals.

### **Details of the Case**

In January 2025 Nicor Gas filed for a \$308.6 million increase (**Docket No. 25-0055**). Nicor has said the hike would increase average gas bills by about 9 percent, or about \$7.50 a month or \$90 a year.

CUB and the Illinois Industrial Energy Consumers (IIEC) group partnered to commission expert analysis by Chris Walters and James Leyko, of Brubaker & Associates, Inc., a Missouri-based consulting firm that specializes in utility regulation. Through testimony filed May 1, CUB made several recommendations that would result in reducing the proposed rate hike by \$111.5 million. The recommendations include:

**Return on Equity.** Nicor is asking for an excessive increase in its “Return on Equity” (ROE)—or profit rate for shareholders—from about 9.51 percent to 10.35 percent. Instead, CUB argues for a more reasonable 9.45 percent ROE. This alone would reduce the rate hike by \$47.2 million. In the rate-setting process, ROE is the most important component of a utility’s “rate of return,” which is the rate at which the utility recovers the cost of financing physical assets, such as gas meters, pipes and gas-storage fields.

**Capital Structure.** CUB’s experts found problems with another key component of the rate of return: “capital structure,” or how Nicor finances infrastructure projects. Nicor has proposed increasing its “common equity ratio”—how much of the utility’s financing comes from issuing stocks—to an exorbitant 54.59 percent. CUB recommends keeping the ratio at its current level, 50 percent, which would reduce Nicor’s proposed rate hike by \$28.5 million.

**Executive Bonuses.** CUB argued that customers shouldn’t pay for bonuses the company gives to executives for reaching financial goals that help enrich shareholders but have absolutely no benefit to customers. Eliminating executive bonuses tied to corporate profit goals would cut Nicor’s proposed increase by another \$18 million.

Other financial adjustments flagged by CUB amounted to about \$17.7 million, for a total recommended reduction of at least \$111.5 million. Those adjustments included Nicor’s questionable forecasts for gas sales and cash working capital, which is the amount of money a utility has available to fund day-to-day operations. In the case of cash working capital, CUB argued Nicor exaggerates the amount of time it will take customers to pay their bills. The utility estimates a 58.83 day collection lag, when the utility gives its customers less than half that time—about 21 days—to pay. Just a five-day reduction in this collection lag would reduce Nicor’s cost of service by millions of dollars.

Meanwhile, experts for EDF and Illinois PIRG made other recommendations, including:

- Lowering the fixed monthly charge customers pay before using any gas from \$19.48 per month to \$18.51 per month. Nicor proposed raising it to \$23.41. Lower fixed charges give customers more control over their bill and reward energy conservation and efficiency.
- Giving customers the option to and incentives to electrify their home rather than replacing their gas service line.

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- Ending Nicor’s TotalGreen pilot program, which invites customers to pay a premium on monthly bills to lower their carbon footprint via carbon offsets and “renewable natural gas” credits of questionable environmental benefit. After two years, only 131 of Nicor’s more than two million customers have enrolled, with administrative costs of over \$2,400 per customer. The program has offset only 750 metric tons of emissions on a system that emitted 24 million metric tons of CO<sub>2e</sub> in 2023.

Separate from its testimony, CUB also shone a light on Nicor’s attempt to make customers bankroll legal fees connected to the utility’s serial rate-hike requests. According to Nicor’s rate-hike filing with the ICC, the utility is attempting to bill consumers for \$6.7 million in “rate-case expense.” Those are the fees charged by the entourage of high-priced, outside lawyers and consultants the utility retains to argue that regulators should permit a rate increase.

If approved, this gambit would represent the fifth time since 2017 that Nicor will have forced consumers to pay for the act of raising their own rates, adding up to a staggering \$26.7 million. CUB is advocating in Springfield for legislation, The Utility Transparency Act, Senate Bill 1275, that would bar utilities from charging customers for this and other expenses that should instead be covered by shareholders.

The ICC is expected to rule on the rate-hike request in November, after an 11-month rate case. The proposed increase would impact delivery rates—what the utility charges to cover the costs of delivering gas to customer homes, plus a profit. Those rates take up about a third to a half of gas bills.

Nicor is Illinois’ largest gas utility, serving 2.2 million residential, public sector and business customers.

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For more than 40 years the **Citizens Utility Board (CUB)** has been Illinois’ leading nonprofit utility watchdog group. Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, CUB has helped save consumers more than \$20 billion by blocking rate hikes and securing refunds. For more information, call CUB’s Consumer Hotline, at 1-800-669-5556, or visit CUB’s website, [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org).

**Illinois PIRG** is an advocate for the public interest. We speak out for the public and stand up to special interests on problems that affect the public’s health, safety and wellbeing.

With more than 3 million members, **Environmental Defense Fund** creates transformational solutions to the most serious environmental problems. To do so, EDF links science, economics, law, and innovative private-sector partnerships to turn solutions into action. [edf.org](http://edf.org)