CITIZENS UTILITY BOARD
Fighting for Illinois Consumers

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CUB URGES NORTH SHORE GAS CUSTOMERS TO SPEAK OUT AS WATCHDOG FINDS MILLIONS IN OVERCHARGES IN PROPOSED RATE HIKE

CHICAGO — North Shore Gas' proposed $14.4 million rate hike includes padded profit margins, excessive executive bonuses and overstated cost estimates and should be cut by about 55 percent, at least, the Citizens Utility Board (CUB) said Thursday.

CUB has filed expert testimony with the Illinois Commerce Commission (ICC) urging regulators to reject the bulk of North Shore Gas' rate-hike request, filed in January (**ICC Docket No. P2026-0066**). The increase would raise bills by an average of about $5 to $6 a month, the company said.

"North Shore Gas customers are already stretched thin, and now the company wants them to cover costs that have no business showing up on their bills," CUB Executive Director Sarah Moskowitz said. "Our analysis shows that this rate hike should be slashed because it is littered with padded profit margins, excessive executive bonuses, and overstated cost estimates. We urge North Shore customers to join the campaign against this rate hike and make their voices heard before the ICC rules on this case."

While regulatory law allows utilities to recoup costs they can justify to regulators, CUB says much of what North Shore Gas is asking for falls short of that standard. Core areas where CUB is urging regulators to shrink the rate hike include:

- **$3.8 million reduction in return on equity (ROE) and capital structure.** North Shore Gas has padded the rate hike with an excessive ROE, or profit rate for shareholders, of 10.1 percent. CUB argues it should be reduced to 9.45 percent, at least. The company also has a problematic "capital structure" (basically how it finances infrastructure projects). Reducing the ROE and the capital structure would cut the rate hike by $3.8 million.

- **$1.5 million reduction in incentive compensation for corporate executives.** Money generated from the rate hike would be funneled into the pockets of North Shore Gas' executives for reaching profit goals that have no consumer benefit. CUB argues that if the utility wants to reward its executives, it should look to the shareholders of its parent company for the money — not ratepayers. This would reduce the increase by $1.5 million

- **$1.1 million reduction in overstated depreciation.** CUB recommends the ICC reject North Shore Gas' overstated asset depreciation rates — which assume its pipes and other infrastructure wear out faster than they actually do — in favor of a more realistic estimate of the expected useful life of that infrastructure. This would reduce the increase by more than $1 million.

CUB recommended about $1.5 million in additional reductions. In total, the consumer group is arguing to reduce North Shore Gas' proposed rate hike by at least $7.9 million, or nearly 55 percent.

CUB is urging North Shore Gas customers to take action before the ICC rules on the case later this year:

- File a **public comment with the ICC** opposing the rate hike.
- Sign CUB's **petition against the rate hike** at **CUBActionCenter.com**.

The ICC is expected to rule on the case around November. North Shore Gas serves more than 165,000 customers across 54 communities in Chicago's northern suburbs.

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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.