



Making Sense of Your Gas Bill

FACT SHEET

January 2021

Natural gas bills are generally divided into three categories: delivery charges, supply charges and taxes.

Delivery fees, such as the customer charge, cover the cost of getting gas to homes—plus a profit for the utility—and are set by the Illinois Commerce Commission (ICC). The **supply charge** pays for the actual gas. It varies monthly and is set by the market.

Natural gas usage is billed by the therm. One therm is roughly the amount of natural gas needed to run a typical residential furnace for one hour. Your gas meter measures the volume of gas in cubic feet, which is converted to therms on your bill.

Your previous and current meter readings are listed on your bill, and the difference between the two is the gas usage for the current billing period.

Utilities should read a customer's meter at least once every other month. In the months your gas utility doesn't visit your home, it will estimate your usage based on last year's usage for the same month, adjusted for weather.

Check your bill to make sure your usage is not being estimated more than two months in a row. If it is, call the utility, ask why it's not reading the meter, and request an actual reading.

Common Charges on Natural Gas Bills

Distribution charge: The ICC sets the rate your utility charges you for delivering gas through its pipes. Gas usage is converted to therms and multiplied by the rate to come up with the charge. It's also sometimes called the energy charge or the delivery charge.

Storage Service Charge: Peoples and North Shore Gas bills include a separate line item to recover the cost of storing customers' yearly supply of gas. Other utilities roll these storage costs into the distribution charge.

Customer charge: This fee covers a company's fixed service costs, such as billing and meter readings, that don't vary with usage. It's also called the basic service charge or the account charge.

Purchased gas adjustment charge: This is the price per therm you pay for gas. By law, utilities don't make a profit off this charge. They must charge you market price per therm. The ICC doesn't approve the charge in advance, but it does review the charge annually and can order a refund for customers if it finds the utilities weren't using sound business practices to buy gas at a reasonable cost. It is called the cost of gas charge, natural gas cost, gas charge adjustment or gas supply charge.

Environmental adjustment charge: Utilities can charge customers for the cost of cleaning up toxic waste at old gas manufacturing sites. This per-therm charge also is called the environmental charge, the environmental activities adjustment, the environmental activities charge and the environmental recovery charge.

Qualified Infrastructure Charge: This legislatively-approved fee covers the costs of pipe improvements. Also called the "Qualifying Infrastructure Plant Sur-charge" or "Qual Infrastructure Charge."

Volume Balancing Adjustment: This ICC-approved per-therm adjustment provides gas utilities with revenue to cover its delivery costs. The formula for this adjustment ensures that weather extremes and other factors don't result in an over or under collection of gas revenue. As a result, the amount can be either a charge (if gas consumption is lower than expected) or a credit (if gas consumption is higher than expected).

State utility tax: This charge is 5 percent of current charges before taxes or 2.4 cents per therm, whatever is lower. The tax also is called the public utility tax or the Illinois gas revenue tax.

Municipal tax: Municipalities can impose their own utility taxes, but state law caps the amount they can collect. It's also called a franchise tax.

Regulatory tax: This tax helps fund the ICC, which regulates Illinois' utilities. It's also called the Illinois CC assessment, the Illinois gross revenue tax or the utility fund tax.

Efficiency Program: Covers the costs of energy efficiency and on-bill financing programs mandated by the Illinois General Assembly to help homes and businesses save money. Also called Gas Energy Efficiency Cost Recovery and Natural Gas Savings Program.

Customer and Distribution Charges

The chart below summarizes two major charges on your bill that are set by the Illinois Commerce Commission. Keep in mind that these charges don't include the Purchased Gas Adjustment (PGA), which fluctuates monthly based on the market price of gas and can take up 50 percent of your bill or more.

| Company | Monthly Customer Charge* | Distribution Charge (per therm) |
|--|--|---|
| Nicor 1-888-642-6748 | \$18.20 <i>(\$18.37 if you're with an alternative supplier)</i> | 8.38 cents |
| Peoples Gas 1-866-556-6001 | \$33.43 for heating customers <i>(\$32.99 if you're with an alternative supplier)</i> \$16.93 for non-heating <i>(\$16.91 if you're with an alternative supplier)</i> | 19.477 cents for heating customers 14.964 cents for non-heating 3.374 cents Storage Service Charge <i>(0.61 cents if you're with an alternative supplier)</i> |
| North Shore Gas 1-866-556-6004 | \$24.91 for heating customers <i>(\$24.73 if you're with an alternative supplier)</i> \$16.65 for non-heating <i>(\$16.51 if you're with an alternative supplier)</i> | 11.138 cents for heating customers 8.547 cents for non-heating 0.854 cents Storage Service Charge <i>(0.1 cents if you're with an alternative supplier)</i> |
| Ameren IL 1-800-755-5000 | \$19.43 | 31.935 cents |
| MidAmerican 1-888-427-5632 | \$13.16 | 7.664 cents |

*The "Monthly Customer Charge" listed includes small charges that go into state funds to subsidize heating costs for low-income households and for the development of renewable energy and "clean coal technology," as well as an uncollectibles rider.