



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

For Immediate Release

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CUB STATEMENT ON NICOR GAS RATE HIKE

The Illinois Commerce Commission (ICC) has voted 5-0 to give Nicor Gas a \$137.1 million rate hike. We are pleased that Nicor did not get the \$208.5 million that it originally requested, but we believe the company was granted an exorbitant profit rate for shareholders and received a higher rate hike than it needed or deserved. This is bad news for Nicor customers at the height of the winter heating season. The Citizens Utility Board (CUB) plans to file a petition for rehearing to challenge the rate hike and reduce it as much as possible.

Background:

*On March 10, 2017, Nicor Gas filed for a \$208.5 million delivery rate hike. Due in part to the work of consumer advocates, the request was reduced to \$166 million over the course of the case. On Wednesday, Jan. 31, 2018, the ICC voted 5-0 in favor of a \$137.1 million increase.

* CUB plans to challenge the ruling by filing a petition for rehearing in the case. Among other things, CUB will argue that the Commission approved an improper averaging methodology used in an agreement between Nicor and ICC staff, which generated a Return on Equity (ROE), or profit rate for shareholders, of 9.8 percent. CUB argued that a 9.15 percent ROE was more reasonable.

*The ICC said the rate hike, which is expected to take effect beginning Feb. 8, will increase average residential bills (for customers using 1,095 therms a year) by about 21 percent, or about \$2 a month. This increase will impact delivery rates, which take up about a third to a half of gas bills. It's what Nicor charges customers to cover the costs of delivering gas to your home—plus a profit.

***Warning:** Even customers who pay an alternative gas supplier still pay Nicor's delivery charges. So customers should beware of any sales representative who says you can avoid the rate hike by going with an unregulated supplier. All customers would pay these higher rates.

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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