



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

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CUB URGES ICC TO CUT AMEREN RATE-HIKE REQUEST

The Citizens Utility Board (CUB) on Tuesday pushed back on a recommendation by state regulatory judges that the Illinois Commerce Commission (ICC) grant Ameren Illinois an electric rate hike of \$315 million, saying the judges had overlooked key examples of overspending by the utility.

The Proposed Order, submitted on Oct. 8 by three ICC Administrative Law Judges, granted the utility more than 90 percent of the \$334 million Ameren had requested. On Tuesday, CUB planned to file a brief asking the ICC to take a stronger stance to protect customers from unnecessary Ameren spending.

“The Proposed Order is disappointing, given the fact that CUB had identified roughly \$100 million in overcharges in the utility’s original request,” CUB Executive Director Sarah Moskowitz said. “We urge the five-member ICC to hold Ameren accountable, remove wasteful spending and slash Ameren’s rate hike.”

The ICC is scheduled to make a final ruling on the case (Docket 24-0238) before the end of the year. The five commissioners can follow the proposed order or adjust the rate hike up or down, as they see fit.

This is the latest development in a dramatic series of events dating back to last December, when the ICC slashed the company’s proposed rate-hike request and rejected the utility’s plan for updating the power grid. Commissioners said Ameren had failed to prove that the plan would be affordable for consumers.

Earlier this year, Ameren refiled its grid plan as well as a multi-year plan for raising rates. After some adjustments over the course of the case, Ameren is now proposing to raise rates by \$334 million through 2027.

In August, CUB filed testimony identifying about \$100 million in overcharges in Ameren’s proposed rate hike. CUB identified hundreds of millions of dollars in wasteful or improper spending proposed by Ameren, with a portion to be recovered through the current rate-hike request, and the rest recovered over decades to come. A summary of key parts of CUB’s testimony:

- The Climate and Equitable Jobs Act (CEJA) requires a showing of cost-effectiveness for each project included in Ameren’s grid plan. But Ameren only applied cost-benefit analysis to projects representing roughly one-fifth of total costs, CUB argued. The watchdog proposed to require Ameren to calculate benefits for every project it can and compare that to costs. Projects would only be approved if benefits exceed costs, or if they’re strictly legally or practically required.

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- CEJA requires that delivery service rates be affordable. But Ameren misled about its huge rate-hike request by comparing delivery service rate increases to total electric bills, or even total household energy costs (including volatile heating gas costs). CUB argued that by dividing the relevant number by a larger category of costs, the utility made its proposed rate hike look smaller than it actually was and tried to skirt CEJA. CUB proposed that the ICC compare apples to apples and, if delivery service rates under the proposed grid plans would grow too fast relative to forecasted inflation, decrease Ameren’s rate hike accordingly to slow the rate of spending.
- CUB urged regulators to make utility shareholders, not customers, foot Ameren’s \$2.8 million bill for outside law firms and consultants to argue in favor of the utilities’ grid plans after their first attempt was deemed inadequate by the ICC last December.
- CUB recommended the rejection of three projects totaling more than \$9 million that Ameren insists do not need a cost-benefit analysis because they are necessary. (The utility does not substantiate what this urgent need is.)
- CUB called on the ICC to reject roughly \$23.5 million for six projects in which the calculated benefits do not clearly exceed costs.
- CUB proposed disallowing about \$800,000 in operations and maintenance expenditures the utility has failed to demonstrate it expects to actually incur.

“Under CEJA, the days of spending money first, answering questions later are over,” CUB General Counsel Eric DeBellis said “The law says that electric utilities need to prove their case that each investment of ratepayers’ money is strictly necessary, yields real, tangible benefits to ratepayers that exceed costs, or both. We as consumer advocates are fighting to rein in Ameren as it tries to play fast and loose with consumers’ money.”

Over the last two years, Ameren Illinois’ parent company has made more than \$2.2 billion in profits. In addition to its latest rate increase it received of roughly \$150 million, the Illinois utility has received two other electric rate hikes in recent years: \$57.6 million in January 2022 and \$61 million in January 2023).

Ameren Illinois serves about 1.2 million electric customers in Central and Southern Illinois.

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The Citizens Utility Board (CUB) is celebrating its 40th anniversary as 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 saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. For more information, call CUB’s Consumer Hotline at 1-800-669-5556 or visit CitizensUtilityBoard.org.