

ICC Rulings Could End To Business As Usual For Illinois Gas Utilities

by Jim Chilsen

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In a sweeping rebuff of four different utilities, Illinois regulators have sharply curtailed record rate hikes proposed for more than 4 million gas customers across the state, while also blocking most spending on a controversial pipe-replacement program that has fueled a heating affordability crisis for consumers in recent years.

Under the rulings by the Illinois Commerce Commission (ICC) Thursday, customers of Peoples Gas, Nicor Gas, Ameren Illinois and North Shore Gas will still incur a rate increase, putting more stress on already struggling families – a pattern consumer advocates have said they are determined to stifle in coming years. Nonetheless, the decisions significantly limited the size of the rate hikes that the utilities threatened to inflict on consumers, and they collectively signaled that the regulatory climate in Illinois may be shifting decisively in the direction of stronger consumer protections.

In each of the cases, the ICC's reduction to the rate hike exceeded the amount – sometimes by large margins – recommended by the agency's administrative law judges. In all, the rate increases were lowered by about \$240 million as a result of the ICC's actions.

“Rate hikes are never a cause for celebration, and we're dismayed that bills will increase for gas customers throughout Illinois – but we're thankful that the Illinois Commerce Commission demonstrated real resolve to rein in reckless profit-mongering by the state's gas utilities in ways we haven't seen in a long time,” said CUB Executive Director Sarah Moskowitz. “We're hopeful that this ruling sends a signal to the state's utilities that the days of business-as-usual are coming to an end.”

The net impacts of the rulings on the four utilities are as follows:

- **Peoples Gas:** The ICC shrank the utility's record-setting \$404 million rate-hike request by \$101 million, slashing in half the estimated increase on customer bills from \$11.83 monthly to approximately \$6 monthly. They also trimmed profits for the company's shareholders below expectations and prohibited expenditures on its expensive pipe-replacement program, pending further review.

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- **Nicor Gas:** The ICC cut the utility's \$320 million rate-hike proposal by \$97 million and shaved profits for the company's shareholders by a critical margin.

- **Ameren:** In its news release, the ICC said it purged about \$36 million from a proposed \$71.57 million rate hike, a reduction of about 50 percent, while curbing the profits collected by the company's shareholders.
- **North Shore Gas:** The ICC reduced the company's \$16.59 million rate-hike proposal by \$5.57 million.

In recent years, Peoples Gas, Nicor and Ameren have inflated their profits by capitalizing on a controversial mechanism that allowed them to bill consumers directly for money they funneled into controversial pipe-replacement programs. In particular, the out-of-state parent company of Peoples Gas, WEC Energy Group, said the utility's System Modernization Program (SMP) was a major profit driver, helping Peoples rake in six consecutive years of record profits. On Thursday, that spending spree came to an abrupt halt after the ICC instituted a moratorium on the SMP for 2024, pending a comprehensive regulatory review of how Peoples Gas is administering the program.

On Thursday, the ICC also:

- Established a new low-income discount rate, beginning in October 2024, for gas customers whose incomes are up to 300 percent of the federal poverty level. Customers already enrolled in the Low Income Home Energy Assistance Program (LIHEAP) will automatically qualify for this rate.
- Initiated "future of gas" proceedings, requiring the utilities to account for the future of their infrastructure as market trends lead customers to convert from gas to electricity for heating and cooking and state climate goals favor clean energy.

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The Citizens Utility Board (CUB) is 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 CUB's award-winning website, www.CitizensUtilityBoard.org.