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REGULATORY OPINION FAVORS CUTTING AMEREN GAS RATE HIKE BY \$44 MILLION, HALF THE REDUCTION CONSUMERS ARE DUE, WATCHDOGS SAY

Ameren's Push for Hefty Gas Increase Is Dramatically Inflated, According to Opinion Submitted by Regulatory Judges, But Consumer Advocates Urge ICC to Cut Further

A \$128.8 million gas rate hike proposed by Ameren Illinois would shrink by about one-third, under a recommendation pending before the Illinois Commerce Commission (ICC). But consumer advocates said Thursday that state regulators should cut much deeper when they issue a final ruling on the threat of another stinging increase in heating bills that comes as Ameren profits have been booming.

Gas affordability has become such a concern that on Nov. 1, weeks before the ICC's final ruling in the rate case, several advocacy groups plan to hold a forum to discuss a decade of chronic gas rate hikes from Ameren and the future of gas utilities in Illinois. After a summer when Ameren customers also dealt with skyrocketing electricity prices, the utility's proposed increase in heating bills would be its fourth in seven years, exacerbating a pattern that has caused its gas delivery rates to spiral by \$202 million, or 50 percent, during that period. It would also generate another lucrative cash infusion for both Ameren's gas segment and the utility's parent company, which have recorded staggering profit increases of 112 percent and 45 percent, respectively, over the same period.

In the latest development in the gas rate case, an opinion, known as a "Proposed Order," that was submitted to the ICC late last week by administrative law judges advises the ICC to trim \$43.7 million from Ameren's hefty rate hike. Consumer and environmental advocates have collectively urged the ICC to wield a much sharper axe to Ameren's haul, arguing that it should be slashed by the maximum the law permits, roughly \$82 million, at least.

"The regulatory judges' Proposed Order reinforces that Ameren's rate hike is significantly inflated and must be cut, but it still falls short of giving consumers their just due," CUB Executive Director Sarah Moskowitz said. "By accounting for only about half the unwarranted costs Ameren has proposed, we hope this opinion is a catalyst for the ICC to police even harder against the excesses still embedded in this rate hike. With winter looming and the fallout from rising energy prices already afflicting households across Illinois, consumers are depending on state regulators to act as the strongest possible bulwark against Ameren's profiteering."

"We applaud the recommendation to cut Ameren's proposed rate hike by more than \$40 million," said Illinois PIRG Director Abe Scarr. "But utility regulators at the Illinois Commerce Commission can do more to limit the impact of Ameren fourth rate hike since 2018."

"The proposed order takes some steps to hold Ameren accountable to reduce costs for consumers, but we urge the Commission to adopt more affordable and effective approaches that could drive costs down even further," said Curt Stokes, Senior Attorney for Environmental Defense Fund. "Going forward, regulators should prioritize proven, practical solutions like the zonal electrification pilot—not waste funds on ineffective efforts like Ameren's renewable natural gas proposal."

Ameren, which has 816,000 gas customers in Central and Southern Illinois, originally proposed a \$134 million rate hike in January — a sum that has been pared slightly to \$128.8 million in its current filing with the ICC — and

estimated it would cause customer bills to escalate by as much as 13 percent, or \$10 per month. Among the largesse that consumer advocates are seeking to eliminate from the rate hike, chief examples include:

- **Excessive profit rate for shareholders.** Ameren proposed an increase in its “return on equity” (ROE)—or profit rate for shareholders—from about 9.44 percent to 10.7 percent. That would be the highest ROE among Illinois’ major gas utilities, and it would needlessly cost customers \$29.9 million a year. To make matters worse, Ameren’s proposal to spread that wealth across more shareholders, increasing its “equity ratio,” would cost another \$5.8 million a year. That comes out to a total of more than \$35 million.
- **Punishing customer charge.** Ameren proposes to increase its fixed monthly charge by nearly \$5 a month, to \$25.16. This would represent a 24 percent increase in fixed charges, and would give customers less control over their bills and hurt their efforts to use energy efficiency to save money. Consumer advocates argue that the monthly charge should instead be lowered.
- **Wasteful spending.** Consumer advocates allege that Ameren is requesting millions of dollars in customer money for infrastructure projects with bloated, overstated costs that it cannot defend.

The ICC will rule on the rate hike by Dec. 1, at the latest, with new rates taking effect shortly after. The proposed increase would impact delivery rates—what Ameren charges to cover the costs of delivering gas to customers.

"In the Metro-East region, families' utility bills have already risen by about \$200," said Darnell Tingle, Executive Director of United Congregations of Metro-East. "People are being forced to choose between heating their homes and feeding their families. The proposed rate hike reduction is a start but it's not enough. Ameren must do more. We need bold, lasting solutions that put people first."

The East St. Louis event, the Future Energy Forum, is 1 p.m. to 3 p.m. Saturday, Nov. 1, at Southern Mission Missionary Baptist Church, 2801 State St. in East St. Louis. Information on reducing utility bills, including how to apply for energy assistance, will be available, and refreshments will be served.

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Since 1984, the Citizens Utility Board (CUB) has been Illinois’ leading nonprofit utility watchdog group. Created by the Illinois Legislature, CUB represents the interests of residential and small-business utility customers and has helped save consumers \$20 billion. For more info, call CUB’s Consumer Hotline, at 1-800-669-5556, or visit CitizensUtilityBoard.org.

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[United Congregations of Metro-East \(UCM\)](http://UnitedCongregationsofMetro-East.org) was established in 2000 by a coalition of faith-based leaders to address systemic injustices in the Metro-East region. Driven by a vision of equity and commitment to their communities, these leaders created an organization capable of enacting meaningful change. Over the years, UCM has grown to include a diverse network of congregations and community partners, each contributing unique perspectives and strengths to our collective efforts.

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