

Household Economics in the City of Chicago and Natural Gas Bills

Office of Illinois Attorney General

Lisa Madigan

March 10, 2016

Thousands of Chicago Ratepayers Live At or Below Poverty Levels

34% of PGL customers live below 150% of federal poverty limits

2016 Federal Poverty Guidelines	
Household Size	Income Level
1	\$11,880
2	\$16,020
3	\$20,160
4	\$24,300
6	\$32,580

Source: U.S. Dept. of Health & Human Services, <https://aspe.hhs.gov/poverty-guidelines>

Thousands of Chicago Ratepayers Live At or Below Poverty Levels

34% of PGL customers live below 150% of federal poverty limits

Median Household Income by Income Quintile: City of Chicago					
Total Pop Median	Lowest	Second	Third	Fourth	Highest
\$47,408	\$8,679	\$26,256	\$48,164	\$80,605	\$197,372

- **133,000 households earn under \$10,000**
- **200,000 households earn under \$15,000**
- **390,000 households earn under \$30,000**

Source: American Community Survey (2014: 5-Year data), Tables B19001, B19013, B19081

Thousands of Chicago Ratepayers Live At or Below Poverty Levels

34% of PGL customers live below 150% of federal poverty limits

Total Population by Ratio of Income to Federal Poverty Level (2014): Chicago							
Under 50%	50 – 74%	75 – 99%	100 – 124%	125 – 149%	150 – 174%	175 – 184%	185 – 199%
274,122	312,597		162,772	153,624	182,652		69,193
10%	12%		6%	6%	7%		3%

Source: American Community Survey (2014), Table B17002

Thousands of Chicago Ratepayers Live At or Below Poverty Levels

47.6% of PGL customers are at income levels below 80% of AMI

Household Size	Chicago-Naperville-Joliet, IL HUD Metro Area Area Median Income Limits (2015)					
	50%	60%	80%	100%	120%	140%
1	\$26,600	\$31,920	\$42,600	\$53,200	\$63,840	\$74,480
2	\$30,400	\$36,480	\$48,650	\$60,800	\$72,960	\$85,120
3	\$34,200	\$41,040	\$54,750	\$68,400	\$82,080	\$95,760
4	\$38,000	\$45,600	\$60,800	\$76,000	\$91,200	\$106,400
6	\$44,100	\$52,920	\$70,550	\$88,200	\$105,840	\$123,480

Source: U.S. Department of Housing and Urban Development, Office of Policy Development & Research; David Baker, Energy Resources Center

PGL Customers Need Financial Assistance

In a recent 12-month period...

- 230,000 PGL accounts received disconnection notices
- 77,000 PGL accounts actually disconnected
- 78,000 PGL accounts entered into deferred payment agreements
- 80,000 PGL accounts enrolled in LIHEAP

but LIHEAP enrollments do not tell the full story:

- In 2014, only 20% of eligible low-income IL pop enrolled in LIHEAP
- PIPP served only 5% of eligible low-income population

Sources: ICC Docket Nos. 14-0224/0225 (cons.), AG Exhibits 10.2, 10.3;

<http://www.liheapch.acf.hhs.gov/dereg/states/illinois.htm>;

Roger Colton, 2014 Illinois Home Energy Affordability Gap,

http://www.homeenergyaffordabilitygap.com/03a_priorYearAffordability/03a_affordabilityData13.html

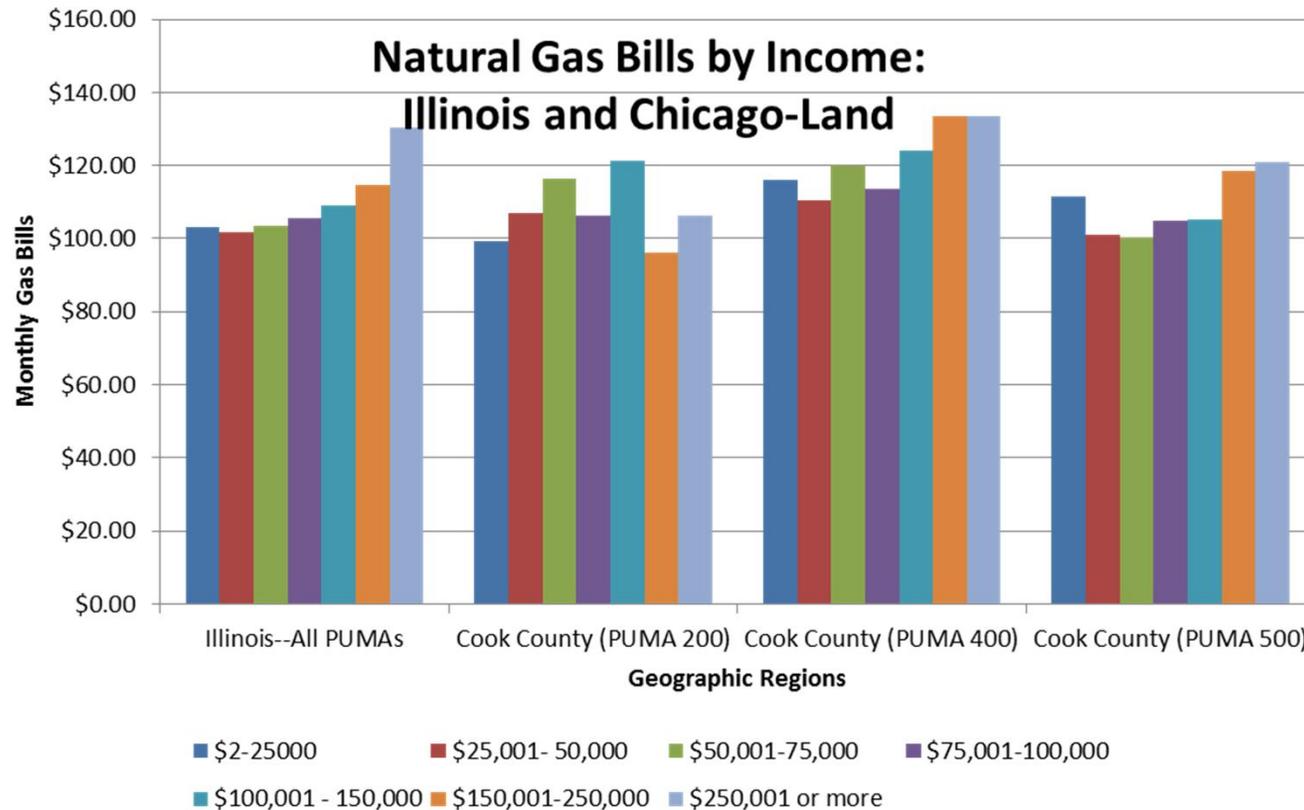
PGL Customers Need Financial Assistance

PGL's Rule 280.180(h) filing for 2014-15 winter

- 14,077 accounts disconnected for non-payment as of Sep. 15, 2014
- 10% (1,413) reconnected by Mar. 31, 2015
- Of 1,393 deferred payment agreements made by Mar. 31, 2015, **79%** in default

Source: ICC Clerk's Office

Low-Income Customers Use Plenty of Gas



Source: ICC Docket Nos. 14-0224/0225 (cons.), AG Exhibit 10.0, at 7;
U.S. Census Bureau Public Use Microdata

AMRP and Ratepayer Pocketbooks

**PGL's 2030 New Management
Target Case Would Collect
\$580 per year, at peak, from
residential heating
households.**

Source: PGL February 23, 2016 presentation

PGL's Customer and Usage Charges Are The Highest in Illinois

Illinois Natural Gas Utilities: Residential Base Distribution Rates, 2016				
	Heating		Non-Heating	
Rates	Customer Charge	Distribution Charge (per therm)	Customer Charge	Distribution Charge (per therm)
Ameren Illinois	\$21.35	\$0.14807	These utilities do not distinguish "heating" and "non-heating" rates.	
MidAmerican	\$15.97*	\$0.07664		
NICOR Gas	\$13.55	\$0.0485		
NSG	\$24.26	\$0.11138	\$16.09	\$0.08547
PGL	\$30.20	\$0.19477	\$16.81	\$0.14964
* Basic Service Charge plus Meter Class 1 Charge.				

Sources: Utility websites

While PGL Ratepayers Have Struggled...

Recent PGL rate increases

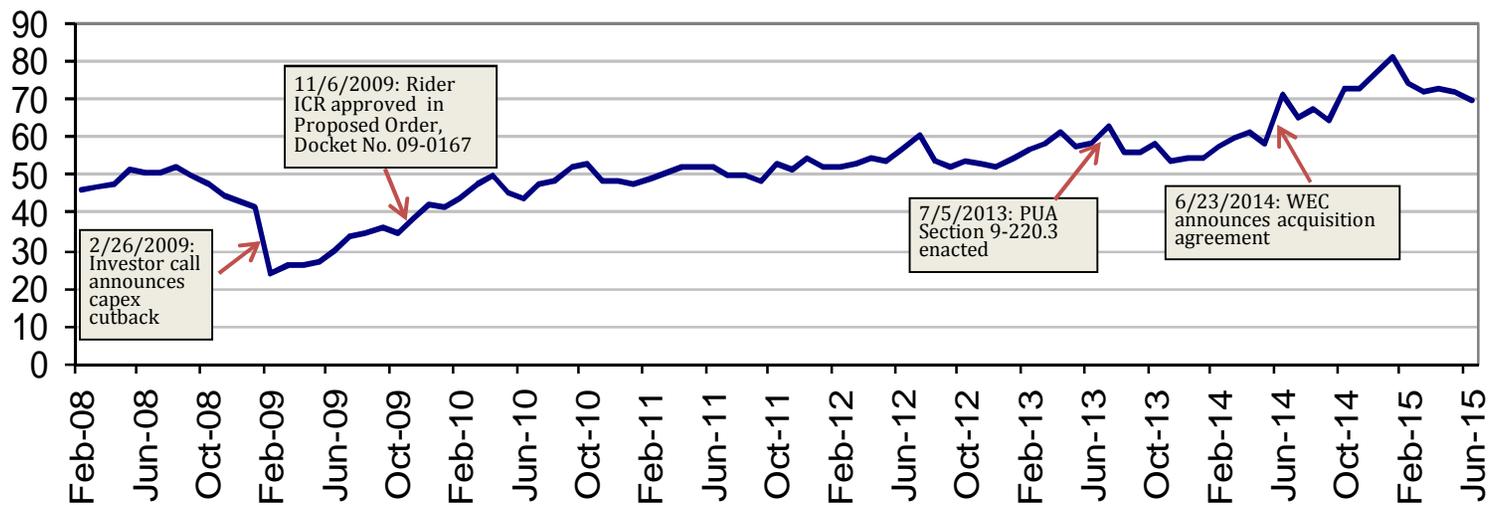
- 2007 case: 18.23% (\$71.2 MM)
- 2009 case: 15.15% (\$69.8 MM)
- 2011 case: 11.39% (\$57.8 MM)
- 2012 case: 10.46% (\$57.2 MM)
- 2014 case: 11.92% (\$71.1 MM)

Cumulative compounded increase: **73.8% over 7 years**

Sources: Final Orders in ICC Docket Nos. 07-0241/0242 (Feb. 5, 2008);
09-0166/0167 (Jan. 21, 2010); 11-0280/0281 (Jan. 10, 2012); 12-
0511/0512 (Jun. 18, 2013); 14-0224/0225 (Jan. 21, 2015)

...IntegrYS Shareholders Have Prospered

IntegrYS Share Price (\$): Up 41% Over 7+ Years



TEG paid 68¢ dividends every* quarter

Source: IntegrYS website (<http://ir.integrysgroup.com/file.aspx?iid=4057067&fid=1500073451>;
<http://ir.integrysgroup.com/divs.aspx?IID=4057067&KeyFndg=131513>)