



# Citizens Utility Board

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## STATEMENT BY CUB EXECUTIVE DIRECTOR DAVID KOLATA ON ICC APPROVAL OF \$10 MILLION REFUND FOR PEOPLES GAS CUSTOMERS

Today, we are happy to report that the Illinois Commerce Commission (ICC) has approved an \$18.5 million settlement in which the parent company of Peoples Gas has agreed to pay a \$10 million refund to Chicago gas customers. We thank the ICC, led by Chairman Brien Sheahan, for its quick approval of this agreement, and we thank Illinois Attorney General Lisa Madigan for her strong leadership in securing this pro-consumer settlement. To date, the pipe replacement program has been a disaster for Chicago customers, so we hope this settlement signals that the new owner of Peoples Gas is serious about fixing this mess. CUB looks forward to working with the Attorney General's Office, the ICC, and the City of Chicago to reform the program and protect consumers from wasteful spending.

### **Background:**

-On Wednesday, May 25, the ICC approved by a vote of 4-1 an \$18.5 million settlement with WEC Energy Group (the parent company of Peoples Gas) that was negotiated by the Illinois Attorney General's Office and CUB.

-The settlement includes a \$10 million gas-bill credit spread out among residential, small business and commercial customers; a \$4.5 million payment to the state, and a \$3 million payment to "Share the Warmth," a program that provides heating bill assistance to low-income customers. The company will provide an additional \$1 million to reconnect low-income customers whose gas was shut off recently. (The \$10 million refund, a total of about \$12 per customer, is expected to be issued in the next 90 days.)

-This settlement resolves investigations on whether Peoples Gas, its former parent, Integrys Energy Group, or its new parent, WEC, violated the Public Utilities Act by not revealing that senior management knew the projected cost estimate of the pipe-replacement program had risen to more than \$8 billion. Consumer advocates argued that gas executives may have hidden the figure out of concern that it would derail regulatory approval of Wisconsin Energy's \$5.7 billion acquisition of the parent company of Peoples Gas. The deal was approved by the ICC.

-Separate from the settlement, consumer advocates are monitoring costs yearly to identify wasteful spending and possibly seek refunds, and are working with the ICC to implement program reforms.

-In 2009, the ICC approved a Peoples Gas plan to replace 2,000 miles of aging gas mains by 2030. Chicagoans pay for the Accelerated Main Replacement Program (AMRP) through their gas bills. An ICC-ordered audit has since confirmed that the project is rife with mismanagement. The latest estimate of projected costs—about \$8 billion—is nearly quadruple the original estimate of about \$2 billion.

Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, the nonprofit utility watchdog group has saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. For more details, call CUB's Consumer Hotline, 1-800-669-5556, or visit CUB's award-winning website, [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org).

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