



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

For Immediate Release

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**STATEMENT BY CUB EXECUTIVE DIRECTOR DAVID KOLATA ON
ICC'S VOTE TO CONTINUE INVESTIGATION OF PEOPLES GAS PIPE PROGRAM**

Today, the Illinois Commerce Commission (ICC) voted unanimously to hold additional hearings and gather more information on the mismanaged Peoples Gas pipeline-replacement program. Ordering a further investigation is a positive development, and we are pleased with today's decision. On such an important case that matters so much to Chicago gas bills, state regulators must take care to gather all the information they need to make a sound decision on how to improve the program. The pipeline-replacement project is on an unsustainable path that will be devastating to Chicago consumers unless there are significant improvements to the status quo. We have to get this program under control, and CUB looks forward to working with state regulators to hold the company accountable to preserve safety and contain costs.

Background:

-On Wednesday, March 1, the ICC voted 5-0 in favor of additional hearings on the Peoples Gas pipeline-replacement project, or System Modernization Program (SMP). The commission said that it needed more information on the program in order to make final decisions on changing it.

-In 2009, the ICC approved a Peoples Gas plan to replace 2,000 miles of aging cast iron gas mains with leak-proof plastic by 2030. Chicagoans pay for the SMP through their gas bills.

-The program has faced criticism from CUB, the Illinois Attorney General's office, whistleblowers and an ICC-ordered audit that showed the program has been mismanaged and wasteful. The company eventually admitted that customers could be on the hook for \$8-\$10 billion to pay for this program—about four or five times original estimates—and the project is not expected to be done until 2035-40. Illinois Attorney General Lisa Madigan has said that gas bills could double under the program.

-Last May, the ICC approved an \$18.5 million settlement package with WEC Energy Group (the parent company of Peoples Gas) that was negotiated by the Attorney General's Office and CUB. The settlement resolved 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 skyrocketed.

-Separate from the settlement, consumer advocates have been monitoring costs yearly to identify wasteful spending and possibly seek refunds.

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.

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