



FOR IMMEDIATE RELEASE:
March 3, 2020

CONTACT: Vikki Ortiz, AARP Illinois, 312-458-3609
Jim Chilsen, CUB, 312-513-1784
Abe Scarr, Illinois PIRG, 312-983-2789

COALITION URGES GENERAL ASSEMBLY TO REIN IN RECKLESS GAS UTILITY SPENDING, END ABUSIVE SURCHARGE ON HEATING BILLS

A coalition of consumer, community, and environmental advocates on Tuesday called on the Illinois General Assembly to eliminate a natural gas surcharge it approved years ago, because the controversial fee helps major utilities sidestep the regulatory process, automatically raise heating bills, and force many customers into financial crisis to cover billions of dollars in reckless utility spending.

At a State Capitol news conference, AARP Illinois, the Citizens Utility Board (CUB), the Environmental Law & Policy Center (ELPC), Illinois PIRG, and Community Organizing and Family Issues (COFI) urged the General Assembly to pass the Heating Affordability & Utility Accountability Act (House Bill 5247/Senate Bill 3497). Sponsored by state Rep. Joyce Mason and state Sen. Ram Villivalam, the bill would end the “Qualified (or Qualifying) Infrastructure Plant” (QIP) surcharge on Peoples Gas, Nicor Gas and Ameren Illinois gas bills in 2021.

"This legislation is about stopping unnecessary gas heating bill hikes and restoring appropriate, traditional oversight to gas utilities," said state Rep. Mason, the bill's lead sponsor. "The utilities are abusing the special permission the General Assembly gave them, leading to unjustified increases in home heating bills, so it's time to take that special permission away and restore utility accountability."

“We're facing a home heating affordability crisis in our state, and we need to address gas bill increases on our families with a sense of urgency,” said state Sen. Ram Villivalam, the bill's Senate sponsor. "It's important that legitimate safety investments continue, but with appropriate oversight and better consumer protections."

Illinois' major utilities have launched expensive, accelerated and mismanaged pipe-replacement projects, which they fund through delivery charges on gas bills. In 2013, the General Assembly allowed them to add the QIP charge to bills. This regulatory shortcut allows utilities to recover certain costs more quickly and outside a standard Illinois Commerce Commission (ICC) rate case proceeding.

The utilities claim the surcharge is a necessity to pay for the pipework. While everyone agrees old pipes should be replaced, consumer advocates point out that the utilities are already legally obligated to do so, and they did it for decades without slapping customers with an extra charge.

-more-

At the news conference, consumer advocates argued the utilities have abused the QIP charge, using it to cover unnecessary, wasteful work—gold-plating of the gas delivery system—and then leave customers on the hook for their spending spree. There are red flags of reckless spending at each utility.

Peoples Gas: The utility’s projected cost for its capital program has skyrocketed from about \$2 billion to \$11 billion, and an analysis by the Illinois Attorney General’s office estimated that gas bills could double over the next 20 years. Many customers are already having a hard time affording their bills: Peoples Gas reportedly saw a 54 percent jump in uncollectible bills in 2019. As for the QIP charge, last year customers reportedly paid an average of \$107 on the fee (up \$30 from 2018), and the Attorney General’s office has warned it could jump to \$750 by 2040.

Nicor Gas: Even though the state’s biggest gas utility has already replaced its old cast iron pipes, it still plans to spend more than \$1.6 billion in the next two years. Nicor’s aggressive capital spending plan has contributed to more than \$260 million in rate hikes over the last two years.

Ameren Illinois: The utility claimed it would spend \$330 million on capital projects, but it’s already spent more than \$466 million. Even though it has finished replacing cast iron pipes, the utility recently filed for a \$102 million rate hike before the ICC.

“With 1.7 million members across the state, AARP Illinois has heard heartbreaking stories from older adults who say the costs of their utility bills are forcing them to make difficult choices between paying their gas bills, or paying for other necessities like food, clothing or necessary medication,” said Bob Gallo, AARP Illinois State Director. “We are committed to demanding transparency and accountability from utility companies so that Illinois older adults and their families can stay in the homes they love.”

“This surcharge gives Illinois’ major gas utilities a faster way to put more of our money in their pockets,” said Bryan McDaniel, CUB’s director of governmental affairs. “In effect, it allows the utilities to treat customers like their own personal ATM machine.”

"It's past time to restore utility accountability in Illinois," said Abe Scarr, Illinois PIRG Director. "We didn't give the gas utilities a blank check, and we can't afford to waste money on upgrades we don't need, especially when we could be investing that money on cleaner, safer energy to heat our homes."

The coalition fighting for the bill includes Illinois PIRG, AARP Illinois, the Environmental Law and Policy Center, CUB, Community Organizing and Family Issues (COFI), Action Now, LUCHA, the National Association of Consumer Advocates (NACA), Housing Action Illinois, the Center for Changing Lives, the Heartland Alliance, the Chicago Coalition for the Homeless, Environment Illinois, Faith in Place Action Fund, Blacks in Green, the Northwest Side Housing Center, the Brighton Park Neighborhood Center, Chicago Physicians for Social Responsibility, One Northside, and the Jane Adams Senior Caucus.

###