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For Immediate Release:

MAYOR, CITY LEADERS CALL ON IL LAWMAKERS TO REIN IN RECKLESS GAS UTILITY SPENDING

Advocates call for an end to abusive surcharge on heating bills

Chicago Mayor Lori Lightfoot, members of the city council, and a coalition of consumer, community, and environmental advocates on Thursday called on state legislators to demand transparency and accountability over reckless spending passed on to consumers by Peoples Gas and other gas utilities in Illinois -- spending that has led to a home heating affordability crisis in Chicago.

“Utility bills that our low income residents can’t afford are forcing Chicagoans to make impossible choices,” said Mayor Lori Lightfoot. “It’s driving many of them, particularly our senior citizens, out of their homes. Chicago must do better.”

At a City Hall news conference, the city and state leaders, joined by representatives from AARP Illinois, Illinois PIRG, the Citizens Utility Board (CUB), the Environmental Law & Policy Center (ELPC), and Community Organizing and Family Issues (COFI) urged state legislators to pass a bill aimed at ending surcharges forced on consumers and restoring utility accountability.

“I want people who helped build this city to be able to age in place and to live without constantly worrying about the next utility bill,” Lightfoot said.

Peoples Gas has been using the surcharge to recover costs for its mismanaged pipe replacement program, driving heating bills to unaffordable levels for an increasing number of Chicagoans. In 2019, Chicagoans fell \$60 million behind on their heating bills and Peoples Gas sent out over 300,000 disconnection notices.

“My constituents are already struggling to pay for basic living expenses, like rent, food and healthcare,” said Ald. Byron Sigcho-Lopez (Ward 25). “They cannot afford to take on added costs, especially ones that are being passed on to them unknowingly by greedy utility companies only interested in making a profit on the backs of hardworking Chicago residents.”

The city and state leaders 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.

“Chicago residents who work long hours to make ends meet are the backbone of this city. They shouldn’t also carry on their backs the cost of a modernization program that has run amok at the expense of safety and affordability,” said Ald. Susan Sadlowski-Garza (Ward 10).

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 that old pipes should be replaced, consumer advocates contend that the utilities are already legally obligated to do so, and they did it for decades without slapping customers with an extra charge.

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.

Peoples Gas’ 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 saw a 54 percent jump in uncollectible bills in 2019. In 2018, one in seven Peoples Gas customers got a disconnection notice. As for the QIP charge, last year customers reportedly paid an average of \$104 on the fee (up \$30 from 2018), and the Attorney General’s office has warned it could jump to \$750 by 2040.

Similar problems exist with suburban gas utility Nicor and downstate gas utility Ameren.

“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.”

“The Peoples Gas pipe replacement program is a mismanaged, poorly designed, bad deal for Chicago,” said Abe Scarr, Illinois PIRG Director. “We didn’t give Peoples Gas 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.”

In addition to the groups mentioned above, the coalition fighting for the bill includes Illinois 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.

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