



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

FOR IMMEDIATE RELEASE:

Friday, April 24, 2020

CONTACT: Jim Chilsen

(o) 312-263-4282, (c) 312-513-1784

CHICAGO RESOLUTION CALLS OUT EXCESSIVE SPENDING BY PEOPLES GAS

The Chicago City Council on Friday passed a resolution urging Illinois leaders to protect the City's residents from rapidly increasing heating bills caused by a "troubled" Peoples Gas pipeline-replacement program.

The resolution calls on Gov. J.B. Pritzker and the Illinois General Assembly "to restore necessary oversight of this troubled program, and take adequate action to protect Peoples Gas customers and the public interest."

Consumer advocates, such as Illinois PIRG, AARP Illinois and the Citizens Utility Board (CUB), applauded the City Council's move. Those groups warn that Chicago could be headed for a widespread heating-affordability crisis if something is not done to reform the mismanaged Peoples Gas System Modernization Program. The controversial program, funded by the utility's customers, is replacing aging cast-iron gas pipes underneath the city.

"CUB thanks the Chicago City Council for passing this important resolution," said Bryan McDaniel, CUB's director of governmental affairs. "Peoples Gas is supposed to provide safe and reliable service without bankrupting its customers. We hope today's resolution helps pass legislation in Springfield that will protect consumers from rapidly escalating gas bills."

In 2013, the General Assembly allowed gas utilities in the state to add the Qualified Infrastructure Plant, or QIP, surcharge to consumer bills to more quickly recover pipe-replacement and other infrastructure costs by side-stepping the regulatory process and automatically raising heating bills.

Consumer advocates support the Heating Affordability & Utility Accountability Act (HB 5247/SB 3497). It would end the surcharge effective Jan. 1, 2021, and increase oversight on utility spending. Everyone agrees pipes should be replaced, but consumer advocates point out that the utilities have done such work for decades without hitting customers with a surcharge.

The Peoples Gas program has been accused of mismanagement for years. One review showed projected pipe-replacement costs had 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 jump of more than 60 percent in the amount of uncollectible bills in 2019. But the QIP charge keeps going up. Last year, customers reportedly paid an average of \$107 on the fee (up \$30 from 2018).

CUB is Illinois' leading nonprofit utility watchdog organization. Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, CUB has saved consumers more than \$10 billion by helping to block rate hikes and secure refunds over the years. For more information, call CUB's Consumer Hotline at 1-800-669-5556 or visit CUB's award-winning website, www.CitizensUtilityBoard.org.

###