



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

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STATEMENT FROM CUB EXECUTIVE DIRECTOR DAVID KOLATA ON PEOPLES GAS \$402 MILLION RATE HIKE

CHICAGO, IL-- Today Peoples Gas is expected to file for a \$402 million rate-hike request. As part of the rate-hike filing, Peoples is expected to roll the \$207 million the utility is currently collecting from the Qualified Infrastructure Plant (QIP) surcharge--a fee that averages about \$15 a month and helps fund the utility's controversial System Modernization Program (SMP)--into regular delivery rates. The legislatively approved QIP surcharge has been a key reason for the rapidly rising bills Chicago residents have suffered in recent years, and we call on the General Assembly to eliminate it once and for all.

The City, Illinois Attorney General's Office and CUB will challenge this excessive rate hike on behalf of residents, and we urge the Illinois Commerce Commission to take action to stop these increases and protect all customers.

For years, the Attorney General's office, the City and consumer advocates have shared a deep concern about Peoples Gas' poorly managed System Modernization Program (SMP). Specifically, the infrastructure program impacts natural gas affordability among Chicago consumers -- as natural gas supply prices have already been at painfully high levels for about two years. Peoples Gas' rate hike is grim news for Chicago consumers who have suffered for years under the expensive SMP program and who now face a historically expensive winter heating season. This enormous rate hike makes a bad situation worse for too many people who are making difficult decisions on how to pay for heat, food, medicine and rent. These price increases are particularly irresponsible when, on average, about one out of four residential customers already cannot afford to pay their monthly bills on time.

Peoples Gas has made record profits for its shareholders while forcing its customers to pay for a mismanaged pipeline replacement program that is behind schedule and over budget. But despite the years of mismanagement and overspending, Peoples Gas is back at the table asking for higher rates that will lead to higher profits. Enough is enough.

While this rate-hike request is grim news, it also should raise awareness of a promising opportunity for Illinois consumers. We call on all state officials, including the Illinois Commerce Commission (ICC) and the General Assembly, to take advantage of this opportunity and develop strong policy to help Illinois consumers transition to cleaner and more affordable energy sources. Gas is expensive, unhealthy and unsustainable. There are better ways to heat our homes--and Illinois has all the tools it needs to give consumers better access to these alternatives. We can do this.

Background:

- On Friday, Jan. 6, Peoples Gas filed for a record \$402 million rate hike--a roughly 59 percent increase in delivery rates. Its sister company, North Shore Gas, filed for an \$18.5 million, or



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about 19 percent, increase. The Illinois Commerce Commission (ICC) will rule on the request after an 11-month rate case.

- This increase impacts delivery rates, which take up about a third to a half of gas bills. It's what Peoples and North Shore charge customers to cover the costs of delivering gas to homes—plus a profit. Note: If approved, the increases would raise delivery charges by about \$142 per year for Peoples Gas and about \$72 per year for North Shore customers.
- In 2013, the General Assembly allowed Peoples Gas, Nicor and Ameren to add the Qualified Infrastructure Plant (QIP) surcharge to bills. This regulatory shortcut allows utilities to recover certain costs more quickly and outside a standard ICC rate case proceeding. On Peoples Gas bills the surcharge now exceeds \$15 for an average household. The surcharge expires at the end of 2023, and CUB is advocating that the charge not be extended. Under the workings of the QIP, if Peoples Gas gets a rate hike, nearly \$200 million that it is collecting now for the QIP would be transferred to regular delivery rates.
- Warning: Even customers who pay an alternative gas supplier still pay Nicor's delivery charges. So customers should beware of any sales representative who says they can avoid the rate hike by going with an unregulated supplier. All customers would pay these higher rates.
- Customers having trouble paying their bills should contact their utility to find out about assistance available and the Low Income Home Energy Assistance Program (LIHEAP), 1-877-411-9276.
- Peoples Gas is the gas utility for Chicago residents. North Shore is a sister company to Peoples Gas, serving 163,000 customers in Chicago's northern suburbs. WEC Energy Group, which made \$1.16 billion in profits over the first 9 months of 2022, is the parent company of both utilities. In October, Crain's Chicago Business reported that Peoples Gas has set earnings records in each of the last five years.

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CUB is Illinois' leading nonprofit utility watchdog group. 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 \$20 billion by helping to block rate hikes and secure refunds. For more information, call CUB's Consumer Hotline at 1-800-669-5556 or visit CUB's award-winning website, www.CitizensUtilityBoard.org.

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