

FOR IMMEDIATE RELEASE:
May 17, 2023

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As Peoples Gas Rolls in Profits and Pushes for Record Rate Hike, Disturbing New Filings Shine Light on Mismanagement, Stonewalling in Troubled Pipeline Program

Advocates urge Chicagoans to call on ICC to reject rate hike, rein in utility

CHICAGO- New filings with the Illinois Commerce Commission (ICC) reveal a disturbing pattern of mismanagement of the troubled Peoples Gas pipeline-replacement program, with the company not answering basic questions about the program and admitting it hasn't done an overall cost-analysis in nearly a decade.

Peoples Gas made three filings with state regulators this week, as the gas utility pushes for a state-record \$402 million rate-hike request and a seventh straight year of record profits.

“Peoples Gas' response to the Commissioners' questions once again makes clear that the utility's management does not understand and cannot manage its multibillion-dollar, decades-long overhaul of its fossil gas infrastructure,” said Illinois PIRG Education Fund Director [Abe Scarr](#). “The Illinois Commerce Commission should take this opportunity to rein in the utility's out-of-control spending that is driving up gas bills in Chicago.”

“Peoples Gas has raked in six straight years of record profits, while its pipeline-replacement program is chronically behind-schedule and over-budget and is bankrupting a large number of customers,” CUB Executive Director David Kolata said. “And yet the company either can't or refuses to answer questions from state regulators. This stonewalling is a terrible look for the company, and it shouldn't bode well for the utility's record rate hike.”

Consumer advocates encouraged Chicago residents to let the ICC know they are unhappy with the program and the company's \$402 million rate-hike request—what would be the highest gas hike in state history. The company shouldn't get a blank check, they said.

Peoples Gas customers have struggled with rapidly rising gas bills for years, and reckless utility spending through its massive pipeline-replacement program has been the primary cause. Three filings with the Illinois Commerce Commission (ICC) on Monday and Tuesday highlighted how poorly managed the program is, how it has plunged too many customers into crisis and how the utility is stubbornly refusing to change. According to the filings:

- The collective debt of Peoples Gas customers in April was \$134 million— more than any other major utility in the state, and the highest of any utility since monthly reporting started in 2021.
- The utility's quarterly report revealed dismal results for the pipeline-replacement program, marking the 21st consecutive quarter in which the utility was behind schedule. In the first quarter of 2023, Peoples Gas retired less than half (4.2 miles) of its 10.1 mile pipe-replacement goal, and the overall cost of the program was \$10.6 million per mile of retired pipe—more than twice the \$4 million planned.

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- In a third filing, the company either refused to answer or couldn't answer basic questions from state regulators about the pipeline program. Peoples Gas admitted that a 2015 analysis that showed the program costing billions of dollars more than originally budgeted and possibly dragging on until 2040 "provides the last comprehensive study of the overall completion timeline and cost estimate" of the program. At the time of the 2015 estimate, expert auditors expressed concern that "management has prepared an estimate on one basis but plans to manage the program on another basis."

The filings reinforce a pattern of mismanagement that has gone on for years. Launched in 2011, the pipeline project has been behind-schedule and over-budget almost from the beginning, with its projected costs rising from about \$2 billion to as much as \$11 billion. Audits, studies and analyses going back to 2015 have found problems, including the utility's latest filings.

In 2013, Peoples Gas successfully lobbied to help pay for the pipe-replacement program through a ballooning, legislatively approved surcharge on customer bills, known as the "Qualified Infrastructure Plant" or "QIP" charge. Legislators back in 2013 were told the charge would only cost Chicagoans about \$1.14 a month, but in the first few months of 2023, the average Peoples Gas customer paid about \$15 per month, according to the utility's quarterly report.

The program's mismanagement and skyrocketing costs have been hard on customers over the years, leading to today's crisis. Currently, Peoples Gas customers pay about \$50 a month in fixed charges—aside from any gas they use. And the proposed \$402 million rate hike, which the ICC will rule on around December, would make it even worse for Chicagoans, increasing bills by an average of \$11.83 a month, or more than \$140 a year.

But while the program has burdened customers, it's been a boon to Peoples Gas. The utility has pulled in six straight years of record profits, and the utility's parent company has credited the pipeline program for its financial success. WEC Energy Group made \$1.4 billion in profits in 2022.

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