



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

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**CUB CALLS ON ICC TO REJECT RECORD RATE HIKE FOR PEOPLES GAS
AFTER AGENCY OFFICIAL RECOMMENDS BIG INCREASE FOR UTILITY**

Regulators Have Opportunity to Exercise Tighter Scrutiny Over Peoples; Stop Business-As-Usual Abuses That Have Left Consumers Battered by Soaring Costs

An administrative law judge for the Illinois Commerce Commission (ICC) has issued a “proposed order” recommending that the ICC approve a record-high \$350 million rate hike for Peoples Gas, awarding the company the vast bulk — 87 percent — of the \$402 million increase it has sought from regulators. The recommended rate hike would shatter the previous state record for a gas utility – \$240 million granted to Nicor in 2021 – by \$110 million.

The ICC is expected to rule on the rate hike proposal in November or December, but the recommendation by the administrative law judge represents a glaring warning of the hardships Chicago families face if regulators don’t favor a more equitable outcome. Under the proposed order, annual average costs for Peoples’ customers would surge by an estimated \$120. This would compound the impacts of the soaring surcharges the utility has assessed on its customers over the past decade to bankroll its wasteful pipe-replacement program.

As the Commission prepares to rule on the rate hike, Peoples has tallied six consecutive years of record profits. Meanwhile the fixed costs for the average consumer – meaning the amount they pay before ever consuming a trace of gas to heat their homes and cook their food – has increased exponentially to approximately \$50 a month. As a result, nearly 20 percent of Peoples customers were more than 30 days behind on the bills as of August, and the highest rates of debts have been concentrated in ZIP codes with predominantly lower-income Black and Brown populations.

In response to the Friday, Oct. 6, proposed order by the ICC administrative law judge, the Citizens Utility Board made the following statement:

At a time when Peoples Gas has recorded six straight years of record profits, and the spiraling costs of its fixed monthly charges have left nearly one in five of its customers floundering in debt, ICC Commissioners have the opportunity to police against a grossly unfair and record-setting \$402 million rate hike the company has requested.

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As part of that careful oversight, the ICC should reject this latest recommendation by the agency's administrative law judge, which would amount to business-as-usual for Peoples. It would inflict crippling new costs on embattled Chicago families, exacerbate racial inequities afflicting Black and Brown customers, and reward Peoples for a disgraced pipe-replacement program that auditors have faulted for habitual waste and mismanagement.

The time has come to hold Peoples Gas accountable for its decade-long spending spree on the discredited pipe-replacement initiative. The projected cost of the program has skyrocketed from an original estimate of \$2 billion to a staggering \$11 billion, while the resulting fixed costs on the average Peoples bill has ballooned to about \$50 per month. And now Peoples wants a record rate hike so that it can fling more money down this black hole, with expenditures on pipe-replacement accounting for about half of the \$402 million increase it is seeking from the consumers.

We urge Commissioners to exercise this authority and draw the line on Peoples' relentless profit-mongering. In the interest of affordability, racial equity, and accountability, it should deny the company's record rate hike.

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The Citizens Utility Board (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.