



# CITIZENS UTILITY BOARD

## Fighting for Illinois Consumers

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### CUB APPLAUDS ICC FOR HOLDING THE LINE ON PEOPLES GAS, AS REGULATORS THWART UTILITY'S RENEWED BID FOR INFLATED SPENDING ON PIPE REPLACEMENT

**CHICAGO**—Last November, the Illinois Commerce Commission (ICC) reduced Peoples Gas' proposed rate hike by about \$100 million and ordered the utility to pause its controversial and financially bloated pipe-replacement program – known as the System Modernization Program (SMP) – pending further review to determine whether it could substantiate the need for \$265 million in 2024 investments it proposed for the initiative.

*The ruling appeared to stagger Peoples Gas, which had become accustomed to habitually increasing charges on customer bills to pay for a pipe-replacement program with an estimated price tag that had ballooned from about \$2 billion to \$11 billion and come under widespread criticism for reckless spending. Earlier this year, the utility asked the ICC to restore \$145 million of the \$265 million in pipe-replacement expenditures that regulators had halted. This would have increased customer rates by about \$7.9 million.*

*On Thursday, the ICC rejected all but a small fraction (\$1.6 million) of Peoples' request. In response, Sarah Moskowitz, Executive Director of the Citizens Utility Board (CUB), issued the following statement:*

We commend the Illinois Commerce Commission (ICC) for rejecting a six-month onslaught of scare-mongering and misinformation that Peoples Gas and its allies hurled at regulators in the hopes of pressuring them to restore much of the controversial pipeline-replacement program's 2024 spending.

With today's decision, the ICC reaffirmed that utilities should be prohibited from charging customers for expenditures they can't justify. This is the fundamental principle of public accountability that regulators upheld last year when they instituted a moratorium on investment in Peoples Gas' System Modernization Program (SMP), an initiative rife with mismanagement and cost overruns.

But rather than heed this principle and comply with the ruling, Peoples Gas instead attempted to coerce the ICC into restoring \$145 million in spending on the disgraced SMP by exaggerating how much of the pipe-replacement work qualified as an "emergency" safety repair.

The ICC saw through the smokescreen. As regulators know, Peoples Gas is already legally required to administer emergency pipeline repairs, and last year's ruling halting SMP expenditures did not in any way change that mandate. Today, the ICC unanimously approved only an additional \$28.5 million dollars "out of an abundance," while rejecting the bulk of the spending Peoples sought to make under the false pretense of an urgent safety need.

With this decision, the ICC again displayed the kind of regulatory scrutiny needed to protect Illinois consumers from excessive costs. And to be sure, Peoples customers still desperately need the ICC to demand even more accountability of Peoples Gas. Even with today's ruling, Chicagoans remain engulfed in an affordability crisis wrought by the Peoples' indiscriminate spending on pipe-replacement. As of April 30th, Chicagoans were more than \$109 million in debt to Peoples Gas, as the fixed monthly costs of heating bills flirted with the \$50 mark before customers used a trace of fuel.

We urge the Commission to continue to police Peoples Gas and all utilities with this same scrupulous eye.

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**The Citizens Utility Board (CUB)** is celebrating its 40th anniversary as 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. In 2024, CUB is celebrating its 40th anniversary of consumer advocacy work. For more information, call CUB's Consumer Hotline at 1-800-669-5556 or visit CUB's award-winning website, [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org).

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