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**CONSUMER ADVOCATES FILE EXPERT TESTIMONY URGING STATE REGULATORS  
TO REJECT PEOPLES GAS RATE-HIKE PROPOSAL**

CHICAGO – Windfall bonuses for corporate executives, inflated profit margins, and continued wasteful spending on its failing pipe retirement program are among the litany of unwarranted costs that should be slashed from a proposed \$200 million Peoples Gas rate hike, consumer advocates said Wednesday.

Advocates led by Illinois PIRG and the Citizens Utility Board (CUB) filed testimony Tuesday with the Illinois Commerce Commission (ICC) urging regulators to cut the controversial rate hike by at least \$137 million, or more than 66 percent. Adding to their arguments of corporate excess by Peoples Gas, testimony filed by the Illinois Attorney General's Office called for wiping out the rate hike entirely, and giving customers a \$4 million rate cut.

The requested relief for ratepayers would ease the financial pinch that more than 800,000 Peoples Gas customers are already experiencing following a decade when their heating bills — and profits for the utility — spiraled largely unchecked.

The watchdogs submitted their testimony as the CEO of Peoples' parent company told investors on Tuesday that the utility could file yearly rate hikes in ensuing years. "I expect more of an annual rate case kind of cadence," WEC energy Group CEO Scott Lauber said, in reference to Peoples Gas' future plans to increase heating bills for Chicagoans, during the company's first quarter earnings call.

A major culprit in these surging costs has been the utility's decades-long project to replace aging iron pipes. In 2025, the ICC ordered Peoples Gas to implement major reforms to better focus the program on safety risk, including ordering the utility to retire around 1,000 miles of iron pipes by the end of 2034. Despite this, experts documented how Peoples Gas is doubling down on its failed, replacement-only approach. An Illinois PIRG witness estimated that Peoples Gas' plan could raise customer bills by an average of \$581 annually by 2035 and ultimately cost customers \$15.2 billion dollars through 2070. Adopting just one of several viable alternatives to replacement could save customers \$2 billion.

"Instead of putting safety first, Peoples Gas is brazenly attempting to stick Chicago with a \$15 billion tab for unnecessary, polluting fossil fuel infrastructure" said Illinois PIRG Director [Abe Scarr](#). "Our expert testimony documents how cost effective alternatives can deliver safer, cleaner energy for Chicago. The Commission should reject Peoples Gas' proposal and enforce the reforms it ordered last year."

"Chicago gas customers have for years borne the burden of the utility's wasteful spending, serial rate hikes, and record profits," CUB Executive Director Sarah Moskowitz said. "Our expert testimony shows that Peoples Gas is determined to continue this pattern unchecked, despite multiple ICC rulings ordering it to rein in reckless spending. We urge the ICC to once again stand up for struggling Chicago families and reject a rate-hike plan bloated with corporate excess."

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While regulatory law allows utilities to recoup costs that they can justify to regulators, most of the expenses proposed in Peoples' rate-hike bid fall woefully short of that standard, consumer advocates say. Core areas where consumers advocates have urged regulators to shrink the rate hike include:

- **\$42.8 million reduction in return on equity (ROE) and capital structure.** Peoples Gas has padded the rate hike with an excessive margin of profit it would collect on its investments. Consumer advocates say the profit margin, known as a "return on equity," should be drastically curtailed, unleashing consumer savings that would be no less than \$42.8 million.
- **\$38.8 million in reduction linked to the problem-plagued pipe retirement program.** Illinois PIRG experts identified multiple problems with Peoples' proposed Pipe Retirement Program, including:
  - Using a non-transparent, flawed methodology to assess safety risk and calculate the cost-effectiveness of pipeline spending;
  - Failing to consider advanced repair and rehabilitation technologies which can achieve the same or greater safety outcomes at significantly lower cost – for example inserting liners inside pipes which eliminate leaks and extend the life of the pipe by over 100 years; and
  - Failing to consider so-called "non-pipeline alternatives" such as decommissioning gas pipes and assisting customers' transition to all-electric homes.

Advocates argue the ICC should make Peoples Gas ability to charge customers for its pipe retirement work contingent on implementing a plan consistent with the ICC's ordered reforms.

- **\$14.4 million reduction in incentive compensation for corporate executives.** Money generated from the rate hike would be funneled into the pockets of Peoples' wealthy executives through the bonuses and other financial compensation. In effect, that practice turns the rate increase into a kind of Trojan Horse that rewards utility bosses with a personal financial jackpot in the guise of serving a public need, CUB argues. CUB has asked regulators to shave \$14.4 million from the proposed rate hike to thwart this unfair transfer of wealth, noting that if Peoples wants to heap largesse on its executives it should hold the shareholders of the utility's parent company accountable for the costs – not ratepayers who, on average, earn a miniscule fraction of the compensation corporate executives amass.

CUB recommended about \$40 million in additional reductions, making the total about \$137 million.

Peoples' quest for another rate hike comes as the utility has raked in record profits in seven of the last nine years. By contrast, about 170,000 Chicago families were mired in debt to Peoples Gas, as of mid-April, according to documents the company filed with the ICC.

The ICC is expected to decide the fate of the proposed rate hike in the late fall.

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For more than 40 years the **Citizens Utility Board (CUB)** has been 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 helped save consumers more than \$20 billion by blocking rate hikes and securing refunds. For more information, call CUB's Consumer Hotline, at **1-800-669-5556**, or visit CUB's website, [www.CitizensUtilityBoard.org](http://www.CitizensUtilityBoard.org).

**Illinois PIRG** is an advocate for the public interest. We speak out for the public and stand up to special interests on problems that affect the public's health, safety and wellbeing.