



**Written Testimony of Abe Scarr, Director, Illinois PIRG
before the City of Chicago Committee on Environmental Protection and Energy
Subject matter hearing on Peoples Gas' Pipe Retirement Program (PRP)
updates and its rate increase filing before the Illinois Commerce Commission**

March 3, 2026

Chairperson Hadden, Vice Chairperson Knudsen, honorable members of the committee, thank you for the opportunity to submit written testimony.

My name is Abe Scarr and I am the Director of Illinois PIRG. [Illinois PIRG](#) is an advocate for consumers, advancing solutions to problems that affect our health, our safety and well-being. For years, we have been watchdogging Peoples Gas' pipe replacement program, conducting independent [research](#), educating the public and decision makers, and directly intervening in rate cases and other regulatory proceedings. We appreciate the ongoing interest of Chairperson Hadden and the Committee in issues that have profound impacts on Chicagoans.

Introduction

My testimony makes three points:

1. Despite an order from the Illinois Commerce Commission (ICC) to implement reforms to its pipe retirement efforts, Peoples Gas' proposed Pipe Retirement Program (PRP) is more a continuation than a break from its past efforts.
2. Peoples Gas' replacement-first approach costs too much, won't meet the ICC's 2035 pipe retirement mandate, and threatens to lock Chicago into paying for unnecessary fossil fuel infrastructure through the end of the century.
3. A safety-first approach, built upon a valid, transparent risk methodology could cost less, better achieve public safety goals, and facilitate rather than frustrate Chicago's transition to cleaner, safer energy to heat our homes.

The Committee should note Peoples Gas' rate case, [ICC Docket No. 26-0065](#), has just begun. In the coming months, our experts and those presented by ICC staff, the Office of the Attorney General, the City of Chicago, CUB Illinois, the Environmental Defense Fund, the Environmental Law and Policy Center, and others will develop the factual record further. If members of the Committee, or the Committee as a whole wish to continue monitoring the rate case, there will be significantly more facts and analysis available by mid-summer.

1. The PRP is more of a continuation of than a break with previous efforts

Peoples Gas has known of specific risks associated with an inventory of small diameter cast and ductile iron gas mains since 1980. It began its accelerated pipe replacement program in 2011. Since that time, the program has been beset by mismanagement, delays, and cost overruns. It has been the subject of an [audit](#) and two investigations. Peoples Gas has rebranded the program three times, including its most recent rebrand as the Pipe Retirement Program.

While there have been numerous changes to the program since acceleration in 2011, some elements have been consistent:

- Peoples Gas has retired CI/DI pipe by replacing it with new plastic pipe;
- Peoples Gas has combined pipe retirement work with “system modernization” work, primarily converting from low to medium pressure¹; and
- Peoples Gas has conducted its work through multiple sub-programs including proactive “Neighborhood” work, a collection of reactive programs, and “high pressure” work necessary to facilitate medium pressure conversions.

In November 2023, the ICC paused the program, then called the System Modernization Program (SMP), and opened an investigation. That investigation, [ICC Docket No. 24-0081](#), concluded in February 2025. The investigation’s [Final Order](#), among other things:

- ordered the retirement of all cast and ductile iron (CI/DI) pipe under 36 inches in diameter by the end of 2034;
- found that “using a broadly defined program approach like SMP has slowed retirement of hazardous, leak-prone CI/DI pipe”;
- made clear that it expects Peoples Gas to “risk rank and prioritize projects appropriately, ensuring that the retirement of CI/DI pipe remains paramount.”and
- initiated workshops on Peoples Gas adoption of the JANA risk methodology and on the opportunity to pursue non-pipeline alternatives (NPAs).

In a November 2025 [order](#) regarding PRP reporting , [ICC Docket 16-0376 on reopening](#), the ICC reiterated “its directive on CI/DI pipe was *retirement*, not replacement.”

The ICC directed changes to Peoples Gas’ approach to pipe retirement. While not ruling out replacement or medium pressure conversions, the ICC expects Peoples Gas to no longer default to wholesale pipe replacement nor to systematically combine risk reduction work with system upgrades.

¹ Medium pressure conversion adds significant time, work, and cost to Peoples Gas’ retirement efforts. For example, converting a section of the gas system to medium pressure involves replacing not only the CI/DI pipe, but also replacing relatively lower risk non-CI/DI pipe that also happens to be low pressure - adding roughly 430 miles of pipe retirement to remaining program scope. System wide medium pressure conversion also requires “high pressure” work to provide adequate gas supply to newly converted portions of the system. Finally, medium pressure conversion impacts the order in which areas of the system are addressed. In the past, this has meant work in areas with greater opportunities for risk reduction were delayed until work in areas with lesser opportunity for risk reduction was completed.

Yet this is what Peoples Gas appears to be doing with the PRP.

The utility claims otherwise. In its rate case [testimony](#), Peoples Gas states “before deciding whether to replace the CI/DI in a piping system, Peoples Gas will evaluate the feasibility and cost-benefit of using potential NPAs instead of replacement.” It also states that it is not taking “an automatic or indiscriminate approach to upgrading to medium pressure in implementing the PRP.”

Other evidence suggests that, despite the inclusion of a new alternatives analysis process, the PRP will continue to default to or at least most frequently select replacement and implement replacement with medium pressure conversion.

Peoples Gas has been slow to incorporate NPAs into its planning. Peoples Gas did not come prepared to the ICC-ordered NPA workshop. The final workshop [report](#) notes:

“Due to the lack of an NPA consultant during Workshops, Peoples Gas was not in a position to propose an evaluation framework or to engage in detailed discussion with stakeholders regarding how NPAs would be incorporated into the company’s PRP. Peoples Gas was also not in a position to engage in detailed discussions regarding full assessment of the seven topics directed by the Commission for discussion in Workshops.”

Peoples Gas has committed to develop a NPA framework by “mid-year 2026.”

In the concurrent reporting docket, Peoples Gas is not [proposing](#) any NPA reporting metrics:

“Peoples Gas is not proposing NPA-specific metrics at this time because the ICC-ordered NPA workshop process only concluded in December 2025, and Peoples Gas is actively working with a third-party consultant to develop its comprehensive NPA framework.”

In its rate case, Peoples Gas witnesses [concede](#) “this rate case application does not include incremental capital spending for pursuing NPAs.”

Adhering to the ICC’s *retirement*, not replacement, directive will require a more proactive approach to NPAs. In the NPA workshop, Illinois PIRG and Groundwork Data [recommended](#) “NPA evaluation begin immediately and proceed in parallel with—not sequentially after—pipe replacement planning.”

Further, Peoples Gas description of a “typical” PRP project indicates it expects most retirement projects to include the installation of medium pressure mains. In its rate case, Peoples Gas describes a typical PRP project as “installing smaller diameter main (enabled by medium-pressure upgrades).”

In order to support CI/DI replacement with medium pressure pipe, Peoples Gas continues to make separate high pressure investments. Included in its rate case application is a project it calls Segment 8 High Pressure Expansion Project, a \$24.2 million, four phase project to install over 6,000 feet of high pressure steel pipe, 310 feet of medium pressure plastic pipe and two high pressure / medium pressure vaults in Chicago's Central Business District. A Peoples Gas witness [includes](#) in justifying the investment:

“By installing Segment 8, [Peoples Gas] creates the necessary backbone of [high pressure] supply that allows for: (1) targeted conversion of vulnerable [medium pressure] and [low pressure] areas to modern [medium pressure] infrastructure ... Segment 8 is a prerequisite for retiring CI/DI main less than 36 inches in diameter because it provides the pressure, capacity, and reliability needed to replace them with new steel and plastic mains, ensuring continued service and ability to achieve the Commission's retirement directive.”

As currently configured, even with a new alternatives analysis in the PRP, Peoples Gas expects the most common outcome of such analysis will be selecting pipe replacement, facilitated by medium pressure conversion. In this manner, the PRP is more of a continuation than a break from the historical program the ICC ordered changes to.

2. A replacement-first approach costs too much, won't work, and could lock Chicago into unnecessary fossil fuel infrastructure.

Replacement-first costs too much. In recent years, Peoples Gas has spent an average of \$265 million per year on pipe replacement. Now it's planning to spend more than twice that amount every year, around \$535 million every year from 2028 through 2034.

If it does, our gas bills will skyrocket even more than in recent years. If highly volatile gas commodity prices continue their upward trajectory, broader swaths of Chicago will find their home heating bills unaffordable. As of January, 18% of Peoples Gas customers were more than 30 days behind on their bills for a total of \$71 million in utility debt. In eleven zip codes, more than 30% of customers were in debt to Peoples Gas.

Replacement-first won't work. Based on its projected retirement over the next two years, Peoples Gas will need to replace more than 133 miles of pipe per year between 2028 and 20234 to meet the ICC's 2034 deadline. Peoples Gas' recent rate of replacement was less than half of that: 59 miles per year.

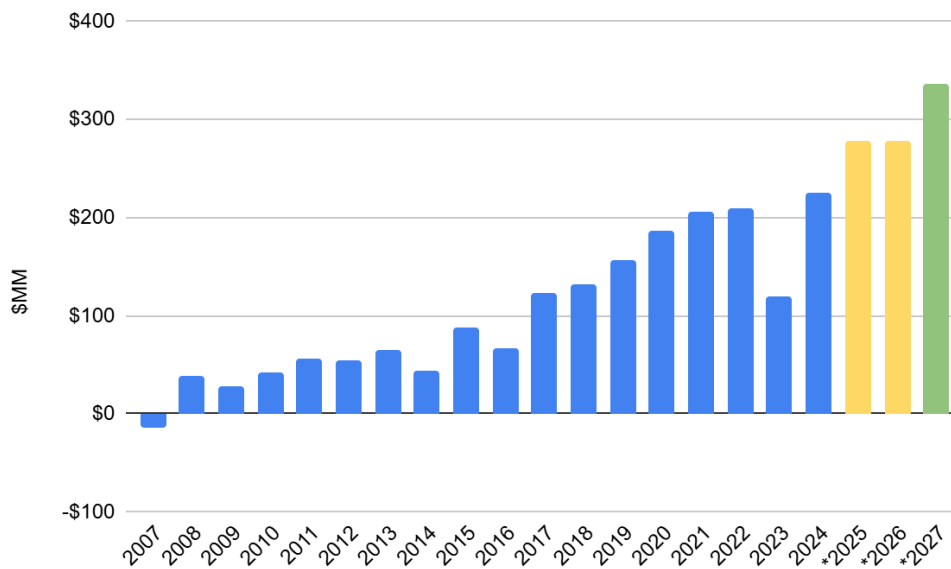
From 2018 through 2023, Peoples Gas fell short of its replacement goals for [23 consecutive quarters](#). Peoples Gas had nine months after the pause on proactive retirement work was lifted in 2025. In that time it [retired](#) 4.1 miles of main, short of its plan to retire 6.2 miles.

Peoples Gas has not shown it can hit its replacement targets; there is no reason to believe it can hit targets twice as high.

Replacement-first will lock Chicago into polluting fossil fuel infrastructure. When Peoples Gas installs a new gas pipe, it recoups its costs from customers over the life of the pipe, which could be 40 to 70 years. By installing more than 1,000 miles of new gas pipes, Peoples Gas would be committing Chicagoans to pay for them until close to the end of the century, past when we should transition to safer, cleaner energy to heat our homes.

Replacement-first has been very, very profitable. Peoples Gas' annual profits have increased by more than 400% since accelerated pipe replacement started. Peoples Gas made record profits in 7 out of the last 9 years, and has credited the PRP as a primary reason why. With its new rate hike proposal, Peoples Gas is asking regulators to authorize \$337 million in annual profits.

Peoples Gas annual profits since the PRP was proposed in 2007



* '25 & '26 are authorized, not actual, '27 is proposed

Note: Peoples Gas has not announced its 2025 profits yet. Based on its parent company WEC's [reporting](#) on its Illinois segment, we know Peoples Gas' net income will be lower than authorized, due to significant pre-tax charge to 2025 income based on a pending settlement agreement.

3. Safety first: more effective, less expensive

In order to consider all risk mitigation options and make cost-effective project selections that optimize risk reduction, Peoples Gas needs a valid, transparent risk methodology. To date, Peoples Gas [has not been transparent](#) regarding its newly adopted risk methodology, provided by the JANA corporation.

In the 2014 ICC investigation, experts hired by Illinois PIRG [documented](#) mathematical errors in Peoples Gas previous risk assessment methodology. Despite efforts in that investigation, a follow-on JANA workshop process, and ongoing discussions between Illinois PIRG and Peoples Gas, the utility has not answered fundamental questions posed by our experts in order to understand and evaluate JANA. The ICC has made clear it expects transparency regarding JANA, and Illinois PIRG will continue to pursue it in the rate case.

There are viable alternatives to replacement that take less time and cost less, while improving safety just as much, if not more. For example, cured in place lining (CIPL) refurbishes pipes with internal liners that eliminate leaks and can extend the life of pipelines for a century. Written testimony of Saad Siddique from the Environmental Law and Policy Center covers CIPL in more detail.

Targeted electrification is another potential alternative to replacement. In the NPA workshop, Groundwork Data, on behalf of Illinois PIRG, presented an [illustrative NPA analysis](#) of options for a neighborhood in Irving Woods. This analysis showed maintaining existing gas infrastructure while steadily electrifying would be among the least-cost options.

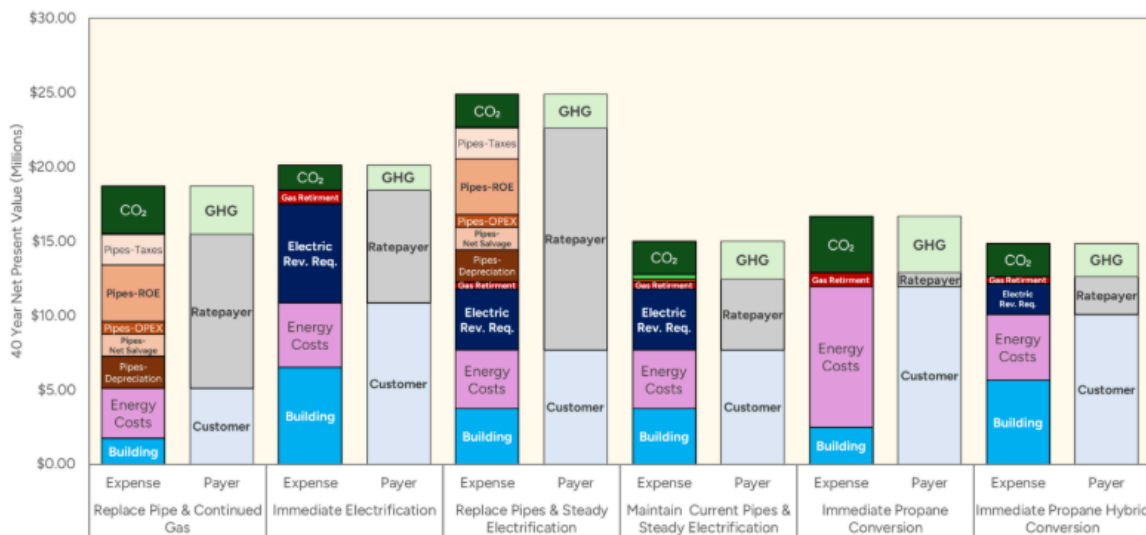


Figure 3. NPV analysis of NPA Management Strategies.

Conclusion

Again, thank you for the opportunity to submit written testimony. I encourage the Committee to continue monitoring the rate hike and the PRP, and for members of the committee to communicate with your constituents and the ICC on these matters. I will be happy to answer any questions.