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Danisha Hall
312-814-3363
dhall@icc.illinois.gov

ICC Takes Action to Suspend AMRP, Calls for a Fresh Start

CHICAGO, IL– The Illinois Commerce Commission today took action to suspend the Peoples Gas (Peoples) Accelerated Main Replacement Program (AMRP) to reevaluate the regulatory treatment of the program through an open stakeholder process. The action applies to the many parts that make up the AMRP, but does not impact Peoples’ ongoing work to modernize and keep its gas distribution system safe.

“Today’s action calls for stakeholders to work together in guiding the Commission as we reevaluate Peoples’ gas system modernization work, and I’d like to thank the Attorney General, Citizens Utility Board, and the City of Chicago for their advocacy and assistance,” said Chairman Brien Sheahan. “While we appreciate the efforts thus far by the new management of Peoples Gas to take positive steps in a short time period, such as identifying new project management efficiencies and improving coordination with the City of Chicago, we have seen the growing cost estimates, delayed progress and overall mismanagement of AMRP, and it’s time to turn the ship around by suspending the program as we know it to exist today. I want to be clear that safety is our foremost concern and while the Commission reevaluates the project, Peoples remains responsible under state and federal law to maintain pipeline safety. The physical work of repairing, rehabilitating, and replacing high-risk pipe cannot come to a halt.”

Gene Beyer, Chief of the ICC’s Public Utilities Bureau, added, “Commission Staff emphasizes that work on the modernization program will not be interrupted while the Commission and stakeholders, including Peoples Gas, review the program’s many parts, including scheduling, cost estimates, responding to audit recommendations, customer notification and coordination, the impact on rates and affordability, and the long-term monitoring plan. At the same time, because the work on the system will not stop, Commission Staff will continue its work with the Company and Liberty Consulting to evaluate the project’s plans and progress.”

The Company’s gas system modernization program focuses on replacing aging natural gas infrastructure in the City of Chicago. The project primarily involves replacing cast and ductile iron gas pipes and facilities in the natural gas delivery system with modern polyethylene pipes to reinforce the long-term safety and reliability of the Peoples Gas system.

Through their Call to Action and Advisory Bulletin issued in 2011 and 2012 respectively, the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration tasked operators of natural gas cast iron distribution pipelines like Peoples with continuing and accelerating the repair, rehabilitation, and replacement of aging and high-risk pipe.

The action resulted from a unanimous vote to adopt recommendations in a Commission Staff Report, which in addition to the suspension, called for the stay or postponement of current and future Commission proceedings relating to Peoples' Rider QIP until the issues addressed in the report are resolved. Rider QIP is a statutory mechanism that, subject to Commission review, allows companies like Peoples to attempt to recover the costs of certain new and upgraded facilities through a capped monthly surcharge on customers' bills. Commission Staff and other interested parties may challenge costs in a QIP proceeding on the basis of whether such costs are reasonable, prudent, and whether the infrastructure is used and in service. The Company currently has one QIP proceeding pending before the Commission (Docket No. 15-0209).

The report also called for Commission Staff to lead a series of workshops open to all interested parties to address stakeholders' near-term and long-term recommendations for a new Peoples Gas system modernization program. The six workshops are set to begin the week of January 11, 2016. Topics will include the scope, pace and cost of a new Peoples' gas modernization program, as well as safety, affordability and other customer considerations.

The workshop process will culminate in a Commission-led policy session, followed by a new Staff Report to be issued on or before May 31, 2016, recommending that the Commission initiate a new proceeding and ultimately issue a Final Order to implement binding requirements for the new program.

A copy of the full Staff Report can be found on the Commission's website by clicking [here](#). A workshop schedule will be posted on the website at a later date.

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The Illinois Commerce Commission's mission is to pursue an appropriate balance between the interests of consumers and existing and emerging service providers to ensure the provision of adequate, efficient, reliable, safe and least-cost public utility services. The Commission pursues this mission through three bureaus: the Bureau of External Affairs, which provides educational information on utility issues for consumers, governmental entities and communities and through its Consumer Services Division, resolves customer/utility disputes and develops rules on utility service and consumer protection; the Public Utilities Bureau, which focuses on financial and operational analysis, policy development, public safety and enforcement activities related to electric, natural gas, water, sewer and telecommunications companies; and the Transportation Bureau, which includes trucking insurance and registration, railroad safety, relocation towing, safety towing and household goods moving company enforcement activities. The ICC's five commissioners are appointed by the Governor and approved by the Illinois State Senate for five-year terms.