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**MADIGAN ASKS FOR INVESTIGATION INTO PEOPLES GAS AND CALLS FOR RESTRUCTURING OF ITS COSTLY MAIN REPLACEMENT PROGRAM**

**Chicago** — Attorney General Lisa Madigan today announced her office has filed two petitions with the Illinois Commerce Commission (ICC) in response to a shocking audit report that found Peoples' Accelerated Main Replacement Program (AMRP) could cost consumers an astronomical \$8 billion, an estimate the company may have withheld from the ICC in attempting to secure approval of its recent merger with Wisconsin Energy Group.

One petition asks the ICC to investigate whether Peoples violated the Public Utilities Act by withholding the exorbitant \$8 billion cost estimate from the Commission and to impose appropriate penalties. Peoples did not reveal the existence of this estimate to the ICC during the merger proceeding or in public statements made by Peoples and Integrys executives in response to questions from the Commission earlier this year. The second petition asks the ICC to open an investigation into the restructuring of the controversial AMRP, encouraging the Commission to "start from scratch."

"This project is a disaster that raises serious questions about the safety, reliability and affordability of Peoples Gas service," Madigan said. "The shocking report from the ICC's auditors is a call to action to completely reexamine the Accelerated Main Replacement Program and immediately address whether Peoples Gas executives misled consumers."

An expert in the Attorney General's office determined that at a cost of \$8 billion, AMRP would cost every Peoples residential heating customer an average of nearly \$7,700 over the remaining life of the project. Peoples' customers already pay some of the highest natural gas rates in the Midwest.

Liberty Consulting Group's audit, dated September 30, 2015, called Peoples' AMRP a "out-of-date and out-of-touch" program that should be completely restructured. Liberty was engaged by the ICC in 2013 to conduct a two-phase audit of the AMRP, after ICC Staff reported serious concerns with management of the AMRP, including a lack of cost controls.

Bureau Chief Janice Dale, Assistant Bureau Chief Karen Lusson, and Assistant Attorneys General Ron Jolly and Sameer Doshi are handling the petitions for Madigan's Public Utilities Bureau, which represents the people of Illinois on public utilities matters and advocates for adequate, efficient, reliable, environmentally safe and least-cost public utility services.

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