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MADIGAN REACHES \$18.5 MILLION SETTLEMENT WITH PEOPLES GAS FOR MISLEADING CONSUMERS ABOUT ITS COSTLY ACCELERATED MAIN REPLACEMENT PROGRAM

Attorney General Madigan Continues to Probe Costly Program to Hold WEC Energy Group and Peoples Gas Accountable for Delivering Affordable & Safe Service to Illinois Consumers

Chicago — Attorney General Lisa Madigan today announced two settlements with Peoples Gas Light and Coke Company (Peoples) and its parent company, Integrys Energy Group, which is owned by WEC Energy Group Inc. (WEC), totaling \$18.5 million to resolve an Illinois Commerce Commission (ICC) investigation and Madigan's own investigation into Peoples' misleading statements about the cost of its Accelerated Main Replacement Program (AMRP).

The settlements stem from petitions filed last year by Madigan and the Citizens Utility Board (CUB) with the ICC following a shocking audit report that found Peoples' AMRP could cost consumers \$8 billion, an estimate the company now admits it withheld from the ICC in a hearing in advance of the ICC's approval of its 2015 merger with WEC. Prior to its merger with WEC, company executives estimated the cost of the program at \$4.5 billion.

"This settlement will benefit Peoples' customers who were misled about the true cost of this expensive project," Madigan said. "I will continue to fight to overhaul the program, which still threatens the affordability of Peoples' gas service. Peoples Gas' customers already pay some of the highest utility rates in the Midwest, and they should not bear the burden of an unjustified and overpriced program."

The first \$11 million settlement resolves Madigan's investigation into WEC, Peoples and Integrys. The companies will pay \$10 million to Peoples' customers and an additional \$1 million to reconnect low-income customers whose service was recently shut off and forgive outstanding debt for these customers, who are hardest hit by soaring utility costs. The settlement is subject to the ICC's approval. Consumer refunds should begin no later than 90 days following the ICC's approval.

The second \$7.5 million settlement was reached by Madigan, ICC staff, and CUB with WEC, Peoples and Integrys and resolves the ICC's investigation. In this agreement, the companies will pay \$4.5 million to the state and \$3 million to Peoples' "Share the Warmth" fund, a program that provides heating grants to limited and fixed-income households. The settlement is also subject to the ICC's approval.

Madigan and CUB are continuing to pursue their request to the ICC that it restructure the controversial and costly AMRP and start from scratch.

"I want to acknowledge the hard work and commitment of the ICC staff in resolving these issues, subject to Commission approval, fairly and equitably," said Cholly Smith, Executive Director of the Illinois Commerce Commission. "This agreement sends a message to both utilities and consumers that the ICC will hold utilities to the highest standard of transparency and integrity to protect consumers."

Madigan's investigations are being handled by Bureau Chief Jeanne Witherspoon and Assistant Attorneys General John Wolfsmith, Christopher Kim and Leigh Richie for Madigan's Special Litigation Bureau. The ICC case is being handled by Bureau Chief Janice Dale, Assistant Bureau Chief Karen Lusson and Assistant Attorneys General Ron Jolly and Sameer Doshi for Madigan's Public Utilities Bureau.

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