Written Testimony of Saad Siddique,
ELPC Economist and Energy Analyst

Chicago City Council Committee on Energy and the Environment
Hearing on the People's Gas Rate Hike
2/27/26

Chair Hadden, Vice Chair Knudsen, Honorable Members of the Committee on Environmental Protection and Energy,

My name is Saad Siddique. I am an energy analyst with the Environmental Law & Policy Center, and I have degrees in both economics and mechanical engineering. The Environmental Law & Policy Center is the Midwest's leading environmental legal advocacy organization. We work on energy issues in several states and leverage that experience in our work here in Illinois. Thank you for the opportunity to submit written testimony.

This is an important issue because Chicago families need a gas system that is safe and reliable, but they cannot afford to pay for unnecessary construction that locks in higher bills and stranded assets for decades. I am urging the Council to ensure that Peoples Gas uses the lowest cost, least disruptive tools available within a focused, safety-first plan that aligns with the Illinois Commerce Commission's ("ICC") recent order for People's Gas' Pipe Retirement Program.

I. Peoples Gas Aging Infrastructure: Investment Background & Strategy

In Peoples Gas' last rate case (Docket No. 23-0068/69), the Commission concluded that the Company's System Modernization Program ("SMP"), as managed, did not provide a clear least-cost path to address leak-prone cast-iron and ductile-iron ("CIDI") mains and was driving unsustainable bill impacts for Chicago customers. In response, the Commission directed Peoples Gas to pause[i] the SMP and opened an investigation. At the conclusion of the investigation, the Commission ordered a restructured Pipe Retirement Program ("PRP"), with a specific requirement to "retire all CIDI pipe under 36 inches in diameter by 2035".[ii] The order's focus is narrow but critical: retire roughly 1,000 miles of remaining CIDI mains under 36 inches by January 1, 2035, prioritizing the highest-risk pipe segments.[iii] This is a safety and pipe retirement mandate to remove brittle, leak-prone mains, not an authorization to expand gas infrastructure through pipe replacements or broader system upgrades.[iv] The Commission also directed Peoples Gas to "work with stakeholders to study the feasibility of Non-Pipeline Alternatives ("NPA") on its distribution system," recognizing that Chicago's dense, CIDI-heavy territory makes it suited to consider alternatives that avoid main replacement where feasible.[v]

I participated extensively in both the Peoples Gas Pipe Retirement Program ("PRP") stakeholder workshops and the Commission's NPA workshops. Other stakeholders and I were disappointed to observe that Peoples Gas did not present serious, concrete plans for the reasonable evaluation or incorporation of non-pipeline alternatives into its pipe retirement planning. In the PRP workshop process, Company representatives repeatedly deferred substantive NPA questions to the ICC's dedicated non-pipeline alternatives workshop series; yet, in the NPA workshops, Peoples Gas then declined to engage meaningfully on non-pipeline alternatives design and screening, citing its failure to retain an external NPA consultant during the workshop timeline and redirecting several key topics to the separate ICC "Future of Gas" forum instead.

Collectively, this pattern suggested a reluctance to undertake the rigorous, transparent non-pipeline alternatives analysis that the ICC envisioned as a complement to the mandated CIDI pipe retirement schedule. Further, in its recent rate case filing, Peoples Gas describes a "typical" PRP project as including retiring a main and installing a new medium-pressure main—indicating both a plan to continue "replacement first" and to combine safety work with pressure work.[vi] It seems that, despite clarity from the Commission that it issued a retirement mandate, not a replacement mandate, Peoples Gas intends to replace most of the mains.

II. Risks of an All-Replacement Strategy

A "replace everything" approach that does not fully integrate non-pipeline alternatives or targeted rehabilitation creates three risks. First, it risks driving customer bills higher than necessary to keep the system reliable. A multi-billion-dollar replacement program, financed through rates and spread over a shrinking customer base, will drive substantial bill increases; as some customers electrify in response to higher gas prices or building-performance policies, remaining customers, disproportionately low- and moderate-income households, shoulder a larger share of fixed costs, exacerbating affordability and equity concerns.[vii]

Second, it risks creating stranded-assets, meaning that we will unnecessarily delay the transition from gas heat to electric heat as we attempt to meet climate goals. New mains are typically depreciated over 60-plus years, yet state climate policy, local electrification, and market trends point toward declining gas usage well within those assets' lives.[viii] "When high-cost infrastructure serves fewer customers than assumed, new investment shifts unrecovered costs onto remaining ratepayers, who then have even stronger incentives to leave, creating a cycle of higher bills for the remaining customers."[ix]

Third, laying new pipes conflicts with decarbonization goals. Continuing to pour capital into long-lived gas assets without rigorously considering alternatives locks in emissions and will limit investments in thermal networks, electrification, and energy efficiency that better align with the City and state climate targets. For Chicago, this is not an abstract tradeoff: it is a choice between loading billions of dollars of gas-infrastructure costs onto residents or deliberately managing down portions of the gas network where feasible, while still addressing leak-prone mains and maintaining safe, reliable service.

III. Why Non-Pipeline Alternatives ("NPAs") Should Come First

To avoid rebuilding every mile of main, the Commission directed Peoples Gas to evaluate non-pipeline alternatives. Non-pipeline alternatives are investments or activities that defer, reduce, or avoid the need to construct or replace gas system infrastructure while maintaining safe, reliable service.[x]

Workshop discussions identified concrete non-pipeline alternatives for Peoples Gas' system, including targeted building electrification, networked geothermal/thermal energy networks, deep efficiency and weatherization, gas demand response, and service-line electrification or decommissioning offers.[xi] Groundwork Data's illustrative analysis of an Irving-Woods-area main showed that electrifying about 160 single-family homes in a targeted segment could avoid roughly $5 million in main-replacement costs, with those savings available to help fund customer-side retrofits.[xii] Where a cast iron segment is hydraulically severable, serves a manageable number of customers, and is scheduled for retirement, it will often be cheaper and less risky to serve those customers with non-pipeline alternatives rather than rebuild the main. This will reduce future operations & maintenance costs, methane leakage, and stranded-asset exposure. For segments that meet engineering and customer criteria, non-pipeline alternatives should therefore be treated as the default whenever a retire-or-replace decision arises.

IV. Cured-In-Place Lining (or "relining") as a Targeted Engineering and Economic Solution

When non-pipeline options are not realistic—for example, if the building layouts are too complex or customers are not ready to switch—Chicago still needs cheaper, less disruptive ways to address leak-prone gas mains rather than digging them up and replacing them. Relining pulls a resin-saturated liner through an existing main and hardens it to create a strong "pipe inside a pipe" that seals leaks and restores the main's strength and pressure performance.[xiii] This method works especially well in the hardest locations, under bridges, rivers, and highways, on busy streets that would otherwise require full curb-to-curb reconstruction, and on big mains where traffic, access, and maintaining gas flow make traditional replacement costly and slow.

Peoples Gas has already shown this approach can work in Chicago at its Canalport project, where lining about 2,000 feet of 24-inch main under interstate ramps, near a school, rail lines, and the river kept gas flowing, cut excavation down to a few pits, avoided major disruption, and shortened the schedule by weeks compared with full replacement.[xiv] Because lining typically costs less per mile than installing new pipe in these difficult locations, and because it avoids the expense of paving, traffic control, and street restoration, it can save millions of dollars on the most expensive segments while still eliminating leaks and improving safety. That combination of lower cost, less disruption, and strong safety performance means Peoples Gas should seriously consider relining wherever the host pipe is sound enough.

V. Cleaner and Least-Cost Approach for Chicago: Non-Pipeline Alternatives and Relining

For the City, the choice is not between non-pipeline alternatives and pipelines, but rather how to deploy each tool to deliver the greatest safety and economic benefit. Where non-pipeline alternatives can retire mains entirely, and where relining can safely extend life at a lower cost.

Conventional pipe replacement should be reserved as the option of last resort, ensuring that the most capital-intensive solution is used only when lower-cost, lower-risk alternatives have been reasonably ruled out.

I recommend that the City urge the Commission to require Peoples Gas to develop its non-pipeline alternatives framework with stakeholders, publish the full framework, apply it openly to all its pipe-retirement projects, and justify its choice of pipe replacement over alternatives.

References/Citations

[i] ICC Docket No. 23-0068/69, Final Order, at 29 (Nov. 16, 2023), https://www.icc.illinois.gov/docket/P2023-0068/documents/344306/files/601245.pdf.
[ii] ICC Docket 24-0081, Final Order, at 99 (Feb. 20, 2025), https://www.icc.illinois.gov/docket/P2024-0081/documents/361580/files/633326.pdf.
[iii] Illinois Commerce Commission, *Non-Pipeline Alternatives Workshops for Peoples Gas Summary*, at 1 (Feb. 11, 2026), https://icc.illinois.gov/docket/P2024-0081/documents/376207/files/659824.pdf.
[iv] ICC Docket No. 23-0068/69, Order on Rehearing, at 48-50, https://www.icc.illinois.gov/docket/P2023-0068/documents/351184/files/614334.pdf.
[v] ICC Docket No. 24-0081, Final Order, at 205 (Feb. 20, 2025) https://www.icc.illinois.gov/docket/P2024-0081/documents/361580/files/633326.pdf.
[vi] ICC Docket No. 25-0065, NSG-PGL Ex. 3.0 Direct Testimony of Polly M. Eldringhoff, at 38:778-788, https://www.icc.illinois.gov/docket/P2026-0065/documents/375324/files/657976.pdf.
[vii] Illinois Commerce Commission, Non-Pipeline Alternatives Workshops for Peoples Gas Summary - *Appendix D: Written Comments Received*, at 54, https://icc.illinois.gov/docket/P2024-0081/documents/376207/files/659829.pdf.
[viii] Building Decarbonization Coalition, *Future of Gas in Illinois*, at 8 (May 2024), https://buildingdecarb.org/wp-content/uploads/BDC-The-Future-of-Gas-in-Illinois.pdf.
[ix] *Supra* note 7, at 103.
[x] *Supra* note 3, at 28.
[xi] Illinois Commerce Commission, *Non-Pipeline Alternatives Workshops for Peoples Gas Summary – _Appendix B: Workshop Presentations*, at 50-51, 124-132, 137-139, 142-143, & 174-183, https://icc.illinois.gov/docket/P2024-0081/documents/376207/files/659826.pdf.
[xii] *Supra* note 7, at 89, 111-113.
[xiii] Progressive Pipeline Management, *Cured-in-Place Lining Comprehensive FAQ*, https://www.progressivepipe.com/cipl-faq (last visited Feb. 27, 2026).
[xiv] *Supra* note 11, at 60-62.