

January 5, 2026

Advice No. 1941

BY eTARIFF

Ms. Stephanie Cook
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

Re: The Peoples Gas Light and Coke Company
III. C.C. No. 28; Proposed General Increase in Rates

Dear Ms. Cook:

Enclosed for filing with the Illinois Commerce Commission on January 5, 2026, to become effective February 19, 2026, are copies of the tariff sheets listed below of The Peoples Gas Light and Coke Company's ("Peoples Gas" or "PGL") Schedule of Rates for Gas Service (III.C.C. No. 28). The following tariff sheets effect a general increase in rates and include other revisions to the service classifications, riders and terms and conditions of service included in Peoples Gas' Schedule of Rates for Gas Service.

Seventeenth Revised Sheet No. 5
(Canceling Sixteenth Revised Sheet No. 5)

Eighteenth Revised Sheet No. 7
(Canceling Seventeenth Revised Sheet No. 7)

Eighteenth Revised Sheet No. 9
(Canceling Seventeenth Revised Sheet No. 9)

Eighteenth Revised Sheet No. 16
(Canceling Seventeenth Revised Sheet No. 16)

Thirteenth Revised Sheet No. 20
(Canceling Twelfth Revised Sheet No. 20)

Twenty-sixth Revised Sheet No. 28
(Canceling Twenty-fifth Revised Sheet No. 28)

Fifteenth Revised Sheet No. 59
(Canceling Fourteenth Revised Sheet No. 59)

Twenty-third Revised Sheet No. 140
(Canceling Twenty-second Revised Sheet No. 140)

Eighth Revised Sheet No. 151.1
(Canceling Seventh Revised Sheet No. 151.1)

Pursuant to 83 Illinois Administrative (“Ill. Admin.”) Code Part 255, Peoples Gas submits its Supplemental Statement, which provides an explanation of the nature, purposes, and reasons for the proposed changes in the Schedule of Rates.

Pursuant to 83 Ill. Admin. Code §285.111(a), Peoples Gas submits the materials and information called for by the Commission’s Standard Information Filing Requirements (83 Ill. Admin. Code Part 285). Peoples Gas is providing information to the Directors of the Financial Analysis Division and of the Safety & Reliability Division (formerly the Energy Division) in accordance with the Standard Information Filing Requirements.

In accordance with 83 Ill. Admin. Code §285.111(b), certain portions of the information called for by the Standard Information Filing Requirements are confidential and/or proprietary and Peoples Gas has so designated this material and is submitting it separately from the remainder of the materials. In accordance with 83 Ill. Admin. Code §285.112(b), with respect to such designated confidential and/or proprietary information, Peoples Gas intends to seek a protective order under 83 Ill. Admin. Code §200.430 no later than the first status hearing in the proceedings in this matter, and asks that such designated information not be released except as authorized by law.

In accordance with 83 Ill. Admin. Code §286.20(a), Peoples Gas submits for filing its direct testimony and attachments in support of the proposed general increase in rates. Peoples Gas’ submission consists of fourteen direct testimonies numbered sequentially and designated NSG-PGL Ex. 1.0 through NSG-PGL Ex. 14.0, with attached exhibits for each witness numbered as subparts to the witness’ testimony (e.g., NSG-PGL Ex. 2.1P). Peoples Gas provided the required copies to the Director of the Financial Analysis Division.

Ms. Stephanie Cook
January 5, 2026
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In accordance with the provisions of 83 Ill. Admin. Code Part 255, concurrent with this filing, Peoples Gas has posted public notice in a public and conspicuous place in its offices. Peoples Gas will also cause notice of the instant filing to be published in a secular newspaper in accordance with the provisions of that Part.

Peoples Gas is also sending copies of this letter to the Director of the Financial Analysis Division. Peoples Gas will provide additional copies at the request of Staff and the Chief Administrative Law Judge.

Please acknowledge the Commission's receipt of these materials by providing a file-stamped copy of this transmittal letter and supplemental statement.

Sincerely,



Debra Egelhoff

Manager, State Regulatory
Compliance & Advocacy

Enclosures

The Peoples Gas Light and Coke Company

SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 2

**Service Classification No. 1
Small Residential Service**

The following rates are available to any customer who takes service through a single meter for one or two dwelling units only. Gas service is not available hereunder for use in alternation with or as standby or supplement to other sources of energy.

“Sales Customers” are customers who take service solely under this Service Classification. “Transportation Customers” are customers who take service under this Service Classification and under Rider CFY.

“Heating Customers” are customers who use gas as their principal source of space heating requirements. “Non-Heating Customers” are customers who do not use gas as their principal source of space heating requirements.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

*

Customer Charge

The monthly Customer Charge shall be as follows:

Non-Heating Customers	\$17.36
Heating Customers	\$29.36

*

Distribution Charge

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

Non-Heating Customers	127.602 cents
Heating Customers	56.387 cents

Storage Charge

For Sales Customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For Transportation Customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Date Issued: JANUARY 5, 2026
Asterisk (*) indicates change.

Date Effective: FEBRUARY 19, 2026

The Peoples Gas Light and Coke Company

SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 2

**Service Classification No. 2
General Service**

The following rates are available to any customer who consumed an average of 41,000 therms per month or less except those eligible for service under Service Classification No. 5 of this rate schedule. The Company shall assess eligibility at two-year intervals, or more frequently based on evidence of changed usage, and shall consider usage data from the most recent preceding twenty-four month or two calendar years in making this assessment. If the customer does not have usage data for the most recent twenty-four month or two calendar year period, the Company's assessment of the customer's eligibility shall be based on usage at the same or a similar premises and for a similar type of customer.

"Sales Customers" are customers who take service solely under this Service Classification. "Transportation Customers" are customers who take service under this Service Classification and under Rider CFY, FST or SST.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**

The Customer Charge shall be a monthly charge based on meter class as follows:

<u>Meter Class</u>	
1 (Up to 700 cubic feet per hour)	\$46.63
2 (Over 700 and no more than 3000 cubic feet per hour)	\$131.43
3 (Over 3000 cubic feet per hour)	\$358.33

* **Distribution Charge**

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

<u>Therms Taken in any Month</u>	
For the first 5000 therms	39.231 cents
For all over 5000 therms	22.798 cents

Date Issued: JANUARY 5, 2026
Asterisk (*) indicates change.

Date Effective: FEBRUARY 19, 2026

The Peoples Gas Light and Coke Company

SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 3

**Service Classification No. 4
Large Volume Demand Service**

The following rates are available to any customer who uses an average of over 41,000 therms per month. The Company shall assess eligibility at two-year intervals, or more frequently based on evidence of changed usage, and shall consider usage data from the most recent preceding twenty-four month or two calendar years in making this assessment. If the customer does not have usage data for the most recent twenty-four month or two calendar year period, the Company's assessment of the customer's eligibility shall be based on usage at the same or a similar premise and for a similar type of customer.

“Sales Customers” are customers who take service solely under this Service Classification. “Transportation Customers” are customers who take service under this Service Classification and under Rider FST or SST.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Demand Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Demand Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**
The monthly Customer Charge shall be \$2,080.77.

* **Demand Charge**
The monthly Demand Charge shall be 164.165 cents per therm of Billing Demand.

* **Distribution Charge**
The Distribution Charge shall be 10.062 cents per therm for all gas delivered in any month.

Storage Charge

For Sales Customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For Transportation Customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Date Issued: JANURY 5, 2026
Asterisk (*) indicates change.

Date Effective: FEBRUARY 19, 2026

The Peoples Gas Light and Coke Company

SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 2

**Service Classification No. 8
Compressed Natural Gas Service**

The following rates are available to any customer for gas to be used only as compressed natural gas to fuel a vehicle and who shall agree during the term of a written contract with the Company: (1) to exclusively use gas delivered hereunder in the equipment specified in its contract, and (2) not to voluntarily discontinue and renew service under this service classification within a consecutive twelve-month period.

"Sales Customers" are customers who take service solely under this Service Classification. "Transportation Customers" are customers who take service under this Service Classification and under Rider CFY, FST or SST.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**
The monthly Customer Charge shall be \$461.42.

* **Distribution Charge**
The Distribution Charge shall be 17.788 cents per therm for all gas delivered in any month.

Storage Charge

For Sales Customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For Transportation Customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Contract with the Customer

The initial term of the contract shall be for an initial term ending the first April 30 after service commences and after the initial term shall automatically renew for one-year periods upon expiration of the initial term and each one-year extension. The Company or the customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice.

The Company and the customer may agree in the contract for the Company to install compression facilities on the customer's premises, and the contract shall provide for the Company's recovery of such facilities' cost through a monthly charge.

Date Issued: JANUARY 5, 2026
Asterisk (*) indicates change.

Date Effective: FEBRUARY 19, 2026

**Issued by Theodore Eidukas, Vice President – Regulatory Affairs
200 East Randolph Street, Chicago, Illinois 60601**

The Peoples Gas Light and Coke Company

TERMS AND CONDITIONS OF SERVICE

Page 3 of 17

Deposits – continued

Beginning September 15, 2021, except in the case of tampering, deposits shall be waived for those customers meeting the low income eligibility criteria under 220 ILCS 5/8-201.7(b). Except in the case of a customer qualifying as low income, as indicated in this section, the Company shall also use a credit scoring system as one of the methods to determine whether it shall bill a deposit to a residential service applicant. A deposit shall be billed if the applicant's credit score is below the predetermined minimum.

A deposit may be assessed to a non-residential service applicant if the: (1) applicant was previously disconnected for non-payment of bill amounts to the Company for the same class of service, (2) applicant failed to pay final bill owing to the Company for the same class of service, (3) applicant has history of late payments or no credit history with the Company, or (4) Company has proof that applicant has previously benefited from tampering with the Company's services and facilities.

* **Service Reconnection Charges**

When the Company has discontinued service to any customer as provided in this rate schedule or pursuant to any applicable regulations as to natural gas service, before restoration, the Company shall collect a reconnection charge. The reconnection charge shall be \$141.00 except that (1) where service has been discontinued by removing the meter, the reconnection charge shall be \$282.00, and (2) where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, the reconnection charge shall be \$750.00. Each customer shall receive an automatic waiver for the first reconnection charge of \$141.00 in any calendar year where service has been reconnected at the meter.

For any customer whose service is discontinued at the customer's request, reinstatement of service within twelve months shall be provided at a charge of \$141.00, plus the Customer Charges applicable during the period of service discontinuance.

For any customer whose service has been discontinued because of the customer's failure to allow the Company or its authorized agents to have access to the customer's premises for the purpose of inspection of metering equipment, service pipe and all other equipment relating to the Company's service, the reconnection charge shall be \$141.00, except where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, in which case the reconnection charge shall be \$750.00.

Included in any reconnection charge is the relighting of a maximum of four gas appliances per account. Any additional gas appliances to be relit shall be done at a charge of \$13.00 per appliance. This provision and charges shall apply regardless of any automatic reconnection charge waiver.

Date Issued: JANUARY 5, 2026
Asterisk (*) indicates change.

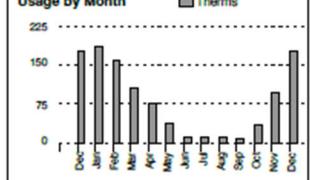
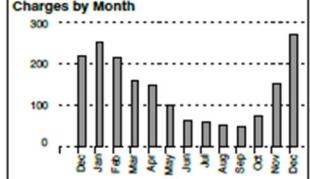
Date Effective: FEBRUARY 19, 2026

ILL. C. C. NO. 28
 Twenty-sixth Revised Sheet No. 28
 (Canceling Twenty-fifth Revised Sheet No. 28)

The Peoples Gas Light and Coke Company

TERMS AND CONDITIONS OF SERVICE

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PEOPLES GAS®		Customer Service 866-556-6001 24-Hour Gas Emergencies 866-556-6002 En Espanol 866-556-6003 TDD Line 866-556-6007																																	
peoplesgasdelivery.com																																			
Bill Date 01/04/2026	Account Number 0123456789-00001	Next Meter Read Date 01/30/2026	Amount Due \$270.97																																
Customer Name HELEN J CUSTOMER Service Address 5678 MAIN ST CHICAGO IL 60601-1000		Activity Since Last Bill 12/02/2025 Previous Balance \$154.80 12/22/2025 Payment Received -\$154.80 Balance \$0.00 Total Current Charges \$270.97 Total Current Balance \$270.97																																	
Gas Service Rate 1 - Small Residential Heating Meter P9999999 Actual Reading 12/30/2025 6874 Actual Reading 11/30/2025 -6717 Total Gas Use 157 CCF 157 CCF x 1.001 BTU = 165 Therms		Account Summary Bill Period: 12/01/2025 to 12/30/2025 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Dec</th> <th>Nov</th> <th>Dec</th> </tr> </thead> <tbody> <tr> <td>Billing Days</td> <td>30</td> <td>29</td> <td>30</td> </tr> <tr> <td>Avg Temp</td> <td>30°F</td> <td>48°F</td> <td>34°F</td> </tr> <tr> <td>Heating Deg Days</td> <td>1090</td> <td>502</td> <td>936</td> </tr> <tr> <td>Cooling Deg Days</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Therms Used</td> <td>165.0</td> <td>96.4</td> <td>69.1</td> </tr> <tr> <td>Avg Therms / Day</td> <td>3.8</td> <td>2.0</td> <td>3.1</td> </tr> <tr> <td>Utility Gas Cost</td> <td>\$0.41</td> <td>\$0.34</td> <td>\$0.32</td> </tr> </tbody> </table>			Dec	Nov	Dec	Billing Days	30	29	30	Avg Temp	30°F	48°F	34°F	Heating Deg Days	1090	502	936	Cooling Deg Days	0	0	0	Therms Used	165.0	96.4	69.1	Avg Therms / Day	3.8	2.0	3.1	Utility Gas Cost	\$0.41	\$0.34	\$0.32
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Gas Charge 165.0 Therms at \$0.40630 \$67.04 Energy Efficiency Program 165.0 Therms at \$0.01320 \$2.18 Environmental Charge 165.0 Therms at \$0.00760 \$1.25 UEA - Gas Cost Adjustment 3.38% of \$67.04 \$2.27 Volume Balancing Adjustment 165.0 Therms at \$0.17760 \$29.30 Tax Cost Adjustment -\$0.11 Low Income Discount Adjustment 30 Days at \$0.37 \$0.37		Taxes Chicago Municipal Tax 8.24% of \$246.45 \$20.31 State Tax 0.1% of \$246.45 \$0.25 State Gas Revenue Tax 165.0 Therms at \$0.024000 \$3.96 Subtotal: \$270.97 Gas Service Total: \$270.97																																	
Messages View your bill online anytime in My Account. Visit our website to sign up. Struggling to pay your bill? There are several energy assistance programs available to eligible customers. To learn more, visit our website or call.																																			
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PEOPLES GAS®		Page 1 of 1																																	
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HELEN J CUSTOMER 5678 MAIN ST CHICAGO IL 60601-1000		<input type="checkbox"/> I want to pledge \$1 per month to the Share the Warmth program, which helps pay energy expenses for those in need. I've added \$1 to my payment.																																	
Peoples Gas PO Box 6050 Carol Stream IL 60197-6050		0123456789003001 2000012342																																	

Date Issued: JANUARY 5, 2026
 Asterisk (*) indicates change.

Date Effective: FEBRUARY 19, 2026

Issued by Theodore Eidukas, Vice President – Regulatory Affairs
 200 East Randolph Street, Chicago, Illinois 60601

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 3

**Rider SSC
Storage Service Charge
Applicable to Service Classification Nos. 1, 2, 4 and 8**

* **Section A – Determination of Charges** – continued

SC = Total on and off-system storage capacity that is estimated to be available for service to sales and transportation customers for the 12-month period beginning the May 1 prior to the Annual Recovery Period.

The initial Storage Banking Charge shall be 1.242 cents per therm. The Storage Banking Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(2).

(3) **The Storage Service Charge** shall consist of a Storage Service Charge and a Reconciliation Adjustment which shall be summed together for billing purposes. The Storage Service Charge shall recover the cost of the Company's investment in production and storage and be determined as follows:

$$\text{Storage Service Charge} = ((\text{SRR} - \text{SBCR}) / \text{T}) \times 100 + \text{RA}$$

Where:

SRR = The storage classified revenue requirement in the Company's embedded cost of service study for rates approved in the Company's most recent rate proceeding.

SBCR = The estimated revenues arising from the Storage Banking Charge for the Annual Recovery Period based upon the amount of storage allocated and subscribed by transportation customers as of the most recent May 1 prior to the Annual Recovery Period.

T = The therms estimated to be delivered to sales customers during the Annual Recovery Period.

RA = The amount due the Company (+RA) or due the customers (-RA) as a result of any under or over-collection of amounts under this rider during the previous Annual Recovery Period. The RA shall be determined in accordance with the provisions of Section (A)4 of this rider.

The initial Storage Service Charge shall be 9.440 cents per therm. The Storage Service Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(3).

Date Issued: JANUARY 5, 2026
Asterisk (*) indicates change.

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**Issued by Theodore Eidukas, Vice President – Regulatory Affairs
200 East Randolph Street, Chicago, Illinois 60601**

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 8

**Rider UEA
Uncollectible Expense Adjustment
Applicable to Service Classification Nos. 1, 2, 4 and 8**

Section B – Description of Incremental Uncollectible Adjustments – continued

Customers shall be the sum of the IDUA and the IPUA. If there is an insufficient number of Sales or Transportation Customers or POR Transportation Customers in any service classification, the Company may group these customers and adjustment amounts together under a service type for the purposes of determining an adjustment.

The adjustment amounts shall charge or credit customers for the difference between the Actual Net Write-Off amount, as reported in the Company's Form 21 report to the Commission (Form 21) for the reporting year, and the Uncollectible Accounts Expense amount included in the Company's base rates, amounts billed under Rider UEA-GC of this rate schedule, and the POR Amount, that were in effect for such reporting year. The adjustments shall be included in the fixed charge component during the following twelve-month effective period, beginning June 1 and extending through May 31.

The "Uncollectible Accounts Expense amount for delivery service included in the Company's base rates" shall be:

1. For the period December 1, 2023, through January 18, 2024: \$43,478,000;
2. For the period January 19, 2024, through June 6, 2024: \$43,542,000;
3. For the period June 7, 2024, through February 18, 2026: \$43,597,000; and
4. For the period February 19, 2026, until the date rates filed in a subsequent rate case become effective: \$52,575,839.

The baseline Uncollectible Accounts Expense amount for gas supply service shall be recovered under Rider UEA-GC of this rate schedule. The baseline Uncollectible Accounts Expense amount for POR Supplier Charges for POR Transportation Customers shall be recovered through the POR Amount.

Section C – Determination of Rate Allocation Factor

Unless determined otherwise in the Company's base rates, a Rate Allocation Factor (RAF) shall apply if different base rates were in effect during the reporting year and shall be determined as follows:

$$RAF_{YA} = \frac{BRR_{YA}}{BRR_{Y(A+B)}}$$

$$RAF_{YB} = \frac{BRR_{YB}}{BRR_{Y(A+B)}}$$

Where:

Y = Reporting Year

A = The portion of the Reporting Year when base rates at the beginning of the Reporting Year were in effect.

Date Issued: JANUARY 5, 2026
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200 East Randolph Street, Chicago, Illinois 60601**

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 1

**Rider UEA – GC
Uncollectible Expense Adjustment – Gas Costs
Applicable to Service Classification Nos. 1, 2, 4 and 8**

Section A – Applicability and Purpose

This rider is applicable to sales customers taking service from the Company under Service Classification Nos. 1, 2, 4 and 8. The Uncollectible Expense Adjustment – Gas Costs allows the Company to recover uncollectible gas cost expenses it incurs.

Sales customer shall mean a customer who takes service solely under a service classification and does not also take transportation service under Rider CFY, FST or SST.

*** Section B – Charge**

Uncollectible Expense Adjustment – Gas Costs

The Uncollectible Expense Adjustment – Gas Costs billed to sales customers shall be determined by multiplying the applicable Uncollectible Factor times the revenues billed under Rider 2, Gas Charge of this rate schedule. The Uncollectible Factors are based on the Commission-approved Uncollectible Accounts Expense amounts and allocations for each applicable Service Classification in the Company's most recent rate case proceeding.

Uncollectible Factor

S. C. No. 1, Small Residential Service Non-Heating	0.0781
S. C. No. 1, Small Residential Service Heating	0.0587
S. C. No. 2, General Service	0.0151
S. C. No. 4, Large Volume Demand Service	0.0003
S. C. No. 8, Compressed Natural Gas Service	(0.0353)

Section C – Terms and Conditions

Subject to Terms and Conditions of Service and Riders to Schedule of Gas Rates which are applicable to this rider. Amounts billed under this rider shall represent the Gas Supply Related Uncollectible Costs (SUR) for the applicable reporting period under Rider UEA.

Date Issued: JANUARY 5, 2026
Asterisk (*) indicates change.

Date Effective: FEBRUARY 19, 2026

The Peoples Gas Light and Coke Company
January 5, 2026

SUPPLEMENTAL STATEMENT
NATURAL GAS
ILL. C.C. NO. 28

Filed with the Illinois Commerce Commission on January 5, 2026

The Peoples Gas Light and Coke Company (“Peoples Gas” or “PGL”), for the reasons discussed briefly below and shown in its submissions, proposes an increase in its rates for gas distribution service. The total amount of the requested revenue increase (the revenue deficiency) is \$202.3 million. The relief requested will affect Peoples Gas’s approximately 884,900 customers.

The Illinois Commerce Commission (“Commission”) last granted Peoples Gas a rate increase that took effect in December 2023 in *North Shore Gas Co., et al.*, ICC Docket Nos. 23-0068/23-0069 (cons.) (Order November 16, 2023; Amendatory Order January 3, 2024; Order on Rehearing May 30, 2024) (“2024 Rate Case”). That rate filing was based on a future test year of calendar year 2024. This rate filing is based on a future test year of calendar year 2027, for rates that are expected to be effective on or before January 1, 2027. The changes that have occurred are attributable to two principal factors.

The first factor, Infrastructure Investment, represents costs associated with the return of and on capital invested to better serve customers since the 2024 Rate Case. A primary driver for this category is Peoples Gas’s ongoing significant investments in its distribution system, with the accelerated retirement of all remaining cast and ductile iron (“CI/DI”) main less than 36” in diameter in its system by December 31, 2034 as its highest

priority, as ordered by the Commission in Docket 24-0081¹.

The second category, Capital Structure, represents the increased overall costs of debt and common equity for Peoples Gas over the levels approved in the 2015 Rate Case. The company's overall cost of capital is the required return on its investment (net of accumulated depreciation) in its utility assets. In order to attract capital for new investments, existing investors must receive a fair and adequate return on their investment.

Without the requested distribution rate relief, Peoples Gas would earn a return on common equity of 5.49% in the 2027 test year, compared to the 9.38% approved in its 2024 Rate Case and its recommended cost of equity of 10.1%.

SUMMARY OF PREPARED DIRECT TESTIMONY IN SUPPORT OF PEOPLES GAS'S FILING

The testimonies of witnesses from within Peoples Gas and its affiliates, including North Shore Gas Company ("North Shore" or "NSG") as well as independent experts support Peoples Gas's filed tariffs. The testimonies submitted with the filing are as follows:

- Theodore Eidukas, Vice President – Regulatory Affairs at WEC Energy Group (NSG-PGL Ex. 1.0), provides an overview of the reasons Peoples Gas and North Shore finds it necessary to request a rate increase at this time.
- Tony Reese, Vice President and Treasurer for WEC Business Services ("WBS") (NSG-PGL Ex. 2.0), presents testimony regarding: (i) the operating income statements for the Companies' 2027 test year; (ii) the Companies' respective revenue

¹ See *Ill. Commerce Comm'n, On Its Own Mtn., v. The Peoples Gas Light & Coke Co.*, ICC Docket No. 24-0081, Final Order (Feb. 20, 2025) ("2024 System Modernization Program ('SMP') Investigation Order"), at 97.

requirements; (iii) rate base and cash working capital; (iv) cost of capital; (v) incentive compensation; (vi) employee benefits costs, including pension and other post-employment benefits costs and pension contributions and assets; (vii) WBS/Integrysts Business Services allocations; and (ix) compliance with requirements imposed in the 2024 Rate Case.

- Polly Eldringhoff, Vice President – Operational Performance and Compliance for Peoples Gas and North Shore Gas (NSG-PGL Ex. 3.0), support Peoples Gas's work under the PRP to retire all CI/DI pipe <36" in its distribution system by December 31, 2034, as ordered by the Commission in the 2024 SMP Investigation Order, and demonstrate that the PRP projects for which Peoples Gas seeks cost recovery are prudent and reasonable.

- Salvador Arana, Vice President – Operations for Peoples Gas and North Shore (NSG-PGL Ex. 4.0), describes the Companies' physical systems and operations and how each company ensures capital expenditures are prudent and reasonable, describes their projected capital investments, and addresses certain major additions to rate base, other than PRP work, for 2027 (including presenting Schedule F-4, which addresses new major capital projects under Part 285 of the ICC's rules).

- Jerome Meissner, Manager – Power Generation Plant Projects for WEC Energy Group (NSG-PGL Ex. 5.0), supports Peoples Gas's investment in the Manlove storage field complex, including the three major capital projects related to Manlove Field that are listed on PGL's Schedule F-4.

- Robert Juidici, Director – Facilities Management for WEC Energy Group (NSG-PGL Ex. 6.0), describes North Shore's investment to significantly upgrade and improve one of its operations facilities, as well as Peoples Gas's investments in the

Shops, and demonstrates how the Companies' capital investments related to those facilities are prudent and reasonable.

- Frank C. Graves, Principal at The Brattle Group (NSG-PGL Ex. 7.0), addresses Peoples Gas's continuing role in the safe and reliable delivery of energy to Chicago customers, and the relative costs and benefits of various non-pipeline alternatives as a means of decarbonizing Chicago's energy delivery network. This testimony complements Peoples Gas's announced plans to retain a consultant in 2026 to create a tool to analyze NPA alternatives to replacement of CI/DI main less than 36" in diameter before decisions are made as to how that pipe will be retired. This testimony demonstrates that the PRP is a no-regrets approach to advancing decarbonization goals, as well as safety and reliability.

- Ann Bulkley, Principal at The Brattle Group (NSG-PGL Ex. 8.0), addresses the market cost of common equity, the Companies' proposed capital structures, embedded costs of long-term debt, embedded costs of short-term debt, and overall costs of capital expressed as a rate of return on their rate base.

- Jared Peccarelli, Manager – Sales Forecasting for WBS (NSG-PGL Ex. 9.0), addresses the Companies' customer demand forecasts and calculation of sales revenues based on that forecast.

- Aaron Nelson, Manager – State Regulatory Affairs for WBS (NSG-PGL Ex. 10.0), describes the Companies' embedded cost of service studies for the 2027 test year, which Ms. Egelhoff relies on to support proposed changes in the Companies' rate schedules.

- Debra Egelhoff, Manager – State Regulatory Compliance and Advocacy for WBS (NSG-PGL Ex. 11.0), addresses and supports the proposed rate designs for

the Companies. She also addresses and supports changes to the Schedule of Rates for Gas Service of North Shore and the Schedule of Rates for Gas Service of Peoples Gas.

- Eric Nicolaus, Manager – Tax Regulatory (NSG-PGL Ex. 12.0), discusses deferred income taxes and net operating losses.
- John Spanos, Senior Vice President – Valuation and Rate Division at Gannett Fleming (NSG-PGL Ex. 13.0), presents the Companies' depreciation studies.
- Sam Addison, Project Specialist 3 for WBS (NSG-PGL Ex. 14.0), presents the lead/lag studies that provide the basis for cash working capital reflected in North Shore's and Peoples Gas's 2027 test year revenue requirements.

SCHEDULE OF RATES FOR GAS SERVICE

Peoples Gas filed proposed changes to its Schedule of Rates for Gas Service, ILL. C.C. No. 28, effecting a general increase in rates and revising other terms and conditions. A complete list of the tariff sheets that have been revised is included in the letter of transmittal submitted with the filing of the tariffs in accordance with 83 Illinois Administrative Code Part 255.

CHANGES TO SERVICE CLASSIFICATIONS, RIDERS, AND TERMS AND CONDITIONS OF SERVICE

The objectives of Peoples Gas's rate design are to (i) recover Peoples Gas's revenue requirement; (ii) align rates and revenues with underlying costs; (iii) send the proper price signals; (iv) provide equity between and within rate classifications; and (v) reflect gradualism considering test year revenue requirements. Peoples Gas's principal proposed changes include the following:

First, S.C. No. 1 propose base rates that comply with the 2024 Rate Case Final Order, limiting recovery of the residential revenue requirement through the customer

charge to 62.28% for residential non-heating customers and 39.06% for residential heating customers. The customer charge for non-heating customers and heating customers will increase. The distribution charge for non-heating and heating customers will increase as a result of decreasing fixed cost recovery through fixed charges. This service classification will continue to be set at cost for both types of customers.

Second, for S.C. No. 2 Meter Classes 1 and 2 the customer charge will decrease, while the customer charge for Meter Class 3 will increase. The distribution charges will increase and will continue to be charged at a declining two-block rate structure. This service classification will continue to be set at cost.

Third, for S.C. No. 4 the customer charge, the distribution charge and demand charge will increase. This service classification will continue to be set at cost.

Fourth, for S.C. No. 8, the customer charge for S.C. No. 8 will increase, while the distribution charge will decrease. This service classification will continue to be set at cost.

Fifth, the storage banking charge and the storage service charge will increase under Rider SSC, Storage Service Charge.

Ms. Egelhoff's prepared direct testimony and accompanying exhibits provide a detailed description of the proposed changes to Peoples Gas's Service Classifications, Riders, and Terms and Conditions of Service. NSG-PGL Ex. 11.4P accompanying Ms. Egelhoff's testimony shows a comparison of Peoples Gas's present and proposed rates.

The Peoples Gas Light and Coke Company



Theodore Eidukas
Vice President – Regulatory Affairs
WEC Energy Group