



2026 Biannual Forum — first session

June 3, 2026

Welcome!

Thank you for being here.

We will allow time for guests to join and will begin in a moment.

We expect the meeting to last approximately 90 minutes.

The meeting is also being conducted via Webex. A recording will be posted on the Peoples Gas YouTube page and website.

Peoples Gas is excited to share updates on our **Pipe Retirement Program** strategy and roadmap for retirement of just over 1,000 miles of cast- and ductile-iron natural gas mains that are under 36 inches in diameter.

Our values

Safety first

Every decision we make — scope, schedule and spend — will be grounded in risk reduction.

Transparency and cost-effectiveness

The Pipe Retirement Program will be a world-class capital program: disciplined planning, clear controls, transparent reporting.

Community and partnership

This work creates Illinois jobs, supports local and diverse suppliers, and minimizes neighborhood disruption through tight coordination with our city partners.

Safety message — Central Shop facility orientation



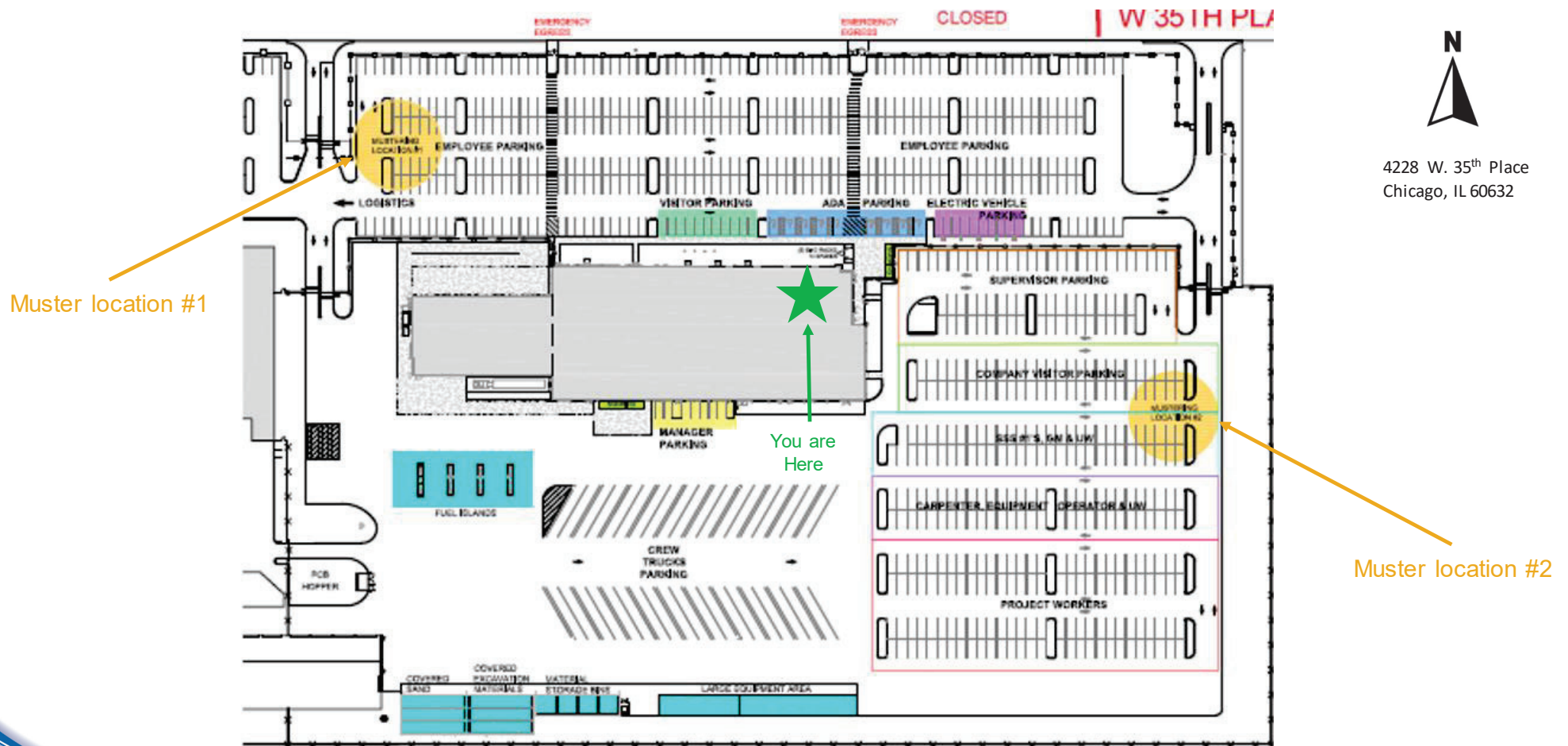
4228 W. 35th Place
Chicago, IL 60632

- Nearest Fire Alarm Pull
- Nearest Extinguishers
- Nearest AED
- Nearest Eyewash Station
- Tornado designated areas
- Escape Routes
- Locations of Rally Points (next Slide)



Nearest Hospital:
Mount Sinai Hospital
1500 S. Fairfield Ave.
Chicago, IL 60608

Safety message — Central Shop orientation — evacuation



4228 W. 35th Place
Chicago, IL 60632



Welcome

Maria Bocanegra

President
Peoples Gas and North Shore Gas

PEOPLES GAS® | NORTH SHORE GAS®

Moderator and presenters

Moderator

Leighton McCoy, vice president — PRP operations and PRP executive

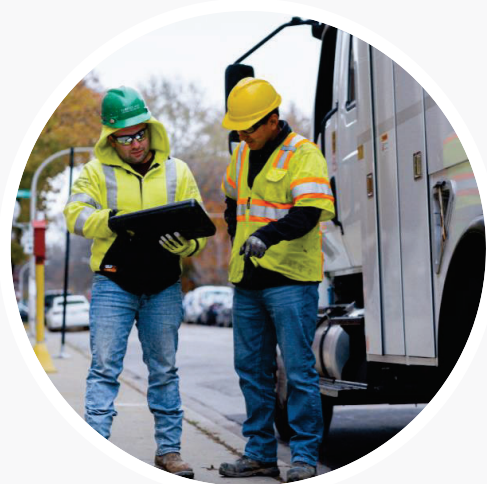
Presenters

Polly Eldringhoff, vice president — operational performance and PRP executive

Jerry Dickson, PRP program manager

Tom Aridas, vice president — local affairs and community relations

Eric Stall, PRP development and planning manager



Agenda

1. PRP — a new approach
2. Project estimating and contingency management
3. Prioritization of piping systems/JANA
4. Update on 2026 construction
5. Community relations and customer communications
6. Safety monitor update
7. Looking ahead
8. Q&A session

Introduction: Leighton McCoy, P.E.

Vice President — Pipe Retirement Program Operations

- Licensed professional engineer
- 30+ years of infrastructure and utility experience
- Former VP — technical services at Dominion Energy
- Multistate replacement program experience
- PSMS/pipeline integrity/GIS/damage prevention
- Ohio Pipeline Infrastructure Replacement Program (bare steel)
- Risk-informed planning experience

PRP construction approach—initial operational focus areas

Opportunities and challenges

- Aggressive long-range targets requiring rapid ramp-up
- Workforce availability constraints impacting customer-facing work
- Production assumptions
- Enhanced alignment between schedule, budget, engineering and execution capacity
- Significant external scrutiny requiring continued transparency and predictability

Actions taken

- Aligned forecast for 2026 as planning assumptions evolve
- Shifted focus toward executable delivery commitments
- Aligned planning to secured workforce capacity
- Increased emphasis on field productivity validation
- Established ramp-up strategy designed for long-term delivery

Why 2026-2027 are critical years

2026-2027 focus areas — evolution, learnings, execution

- Providing useful, real-time data based on actual work
- Establishing sustainable production capability
- Stabilizing workforce and contractor performance
- Affirming field productivity assumptions
- Improving coordination with external and internal stakeholders through all project phases
- Building a scalable execution model for long-term success.

Focused on disciplined execution and long-term sustainability.

2026-2027 Ramp-Up Strategy

Phase 1

Stabilize (2026)

- Secure workforce
- Establish production assumptions
- Improve predictability
- Build execution credibility

Phase 2

Scale responsibly (2027)

- Expand sustainable production
- Improve productivity
- Stabilize workforce
- Improve restoration oversight
- Increase coordination efficiency

Phase 3

Sustained delivery (2028-2035)

Production aligned to

- Remaining CI/DI inventory
- Regulatory approvals
- Workforce capacity
- Demonstrated performance

What will not change

- **Safety** remains the foundation of every decision.
- **Union workforce** remains central to program success.
- **Workforce development and training** remain critical priorities.
- **Transparency** and **accountability** will guide execution.
- **Community coordination** and **restoration performance** remain priorities.

Continuous improvement of cost estimating and contingency management

Polly Eldringhoff

PEOPLES GAS®



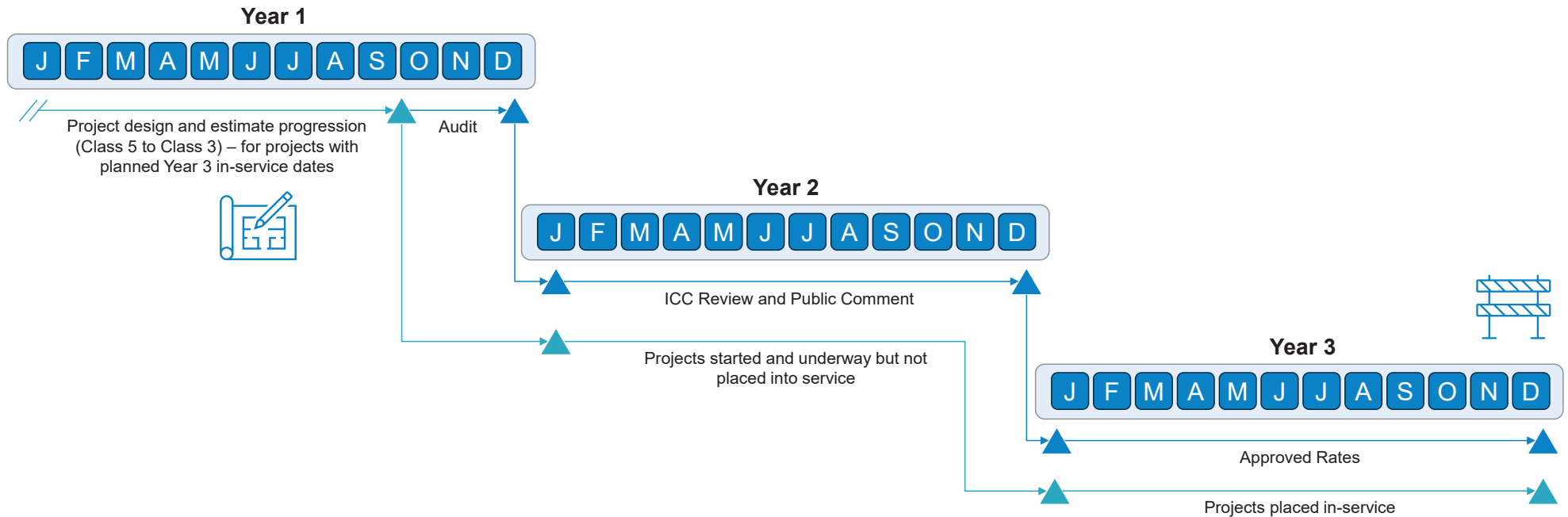
PRP refinement: estimating and contingency approach

We use a disciplined, structured approach to develop project estimates and manage uncertainty:

- Advances project designs before commitment
 - Designs are developed early to support the regulatory process, budgeting timelines, and execution readiness
- Applies industry best practices
 - Estimates follow AACE International standards for accuracy and consistency
- Explicitly accounts for uncertainty
 - All estimates include contingency for known risks and variability
- Governs how contingency is used
 - Clear controls define when, why and how contingency can be allocated

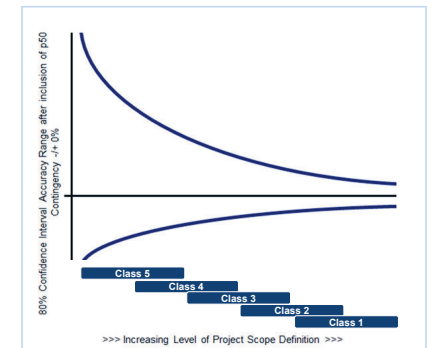
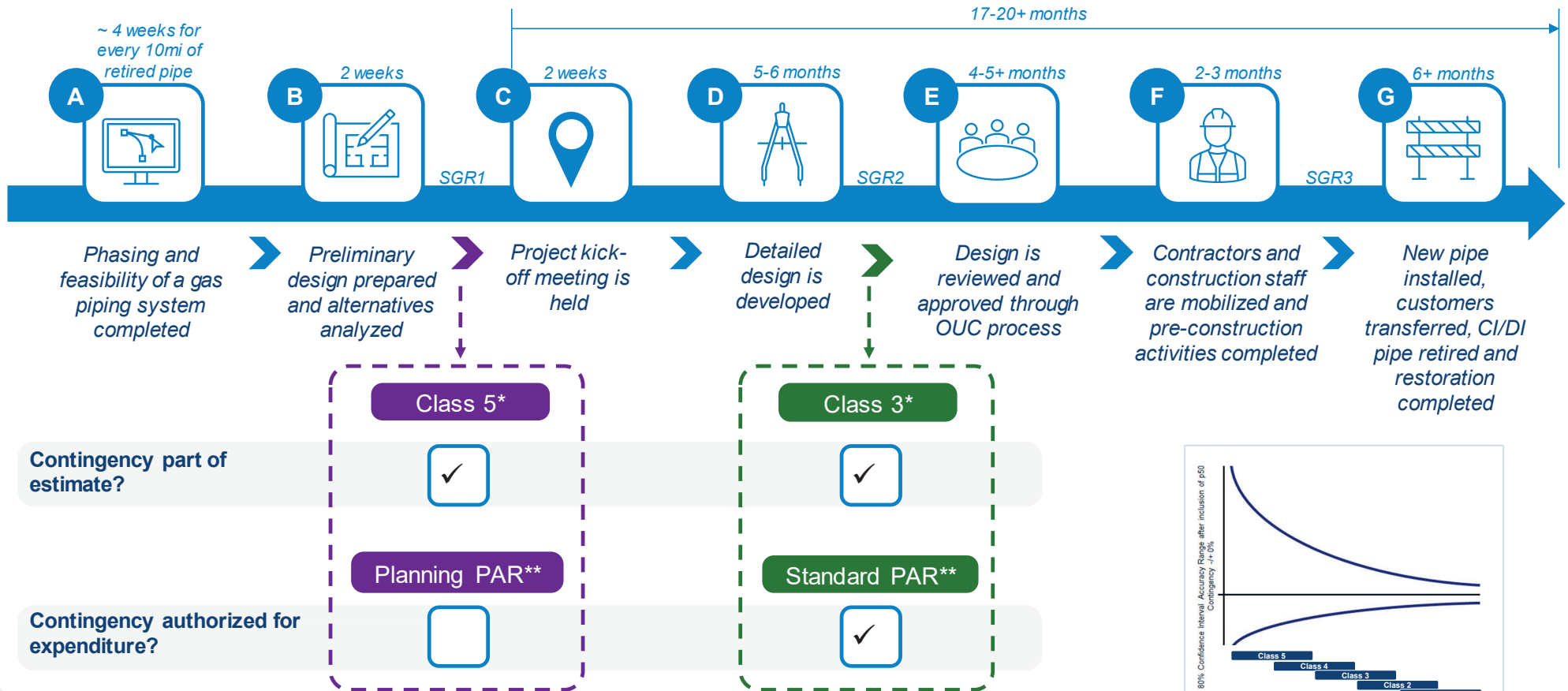
PRP design development and estimating process timelines

Why projects take time: disciplined development



Delivering a project requires a multi-year process:
~ 12 months – planning and design
Engineering, permitting, coordination and approvals
6+ months – construction and restoration
~18 months lead time before placing pipe into service

Estimating, contingency and authorization: How estimates and contingency evolve over the project life cycle



* In accordance with ACEI best practices
 **PAR = Project Authorization Request



Standard and widely accepted practice in capital construction

- ✓ Core tool for risk management
- ✓ Protects projects from cost and schedule overruns for known unknowns
- ✓ Acts as a safety net to prevent small issues from becoming large overruns
- ✓ Transparently controlled, planned and monitored to ensure it's used as intended

Contingency — What it is and what it is not

Best practice used in the management of construction projects

Construction projects involve complex planning, multiple stakeholders and are inherently subject to risk, stemming from, for example:

- Site conditions
- Design changes
- Access to private property

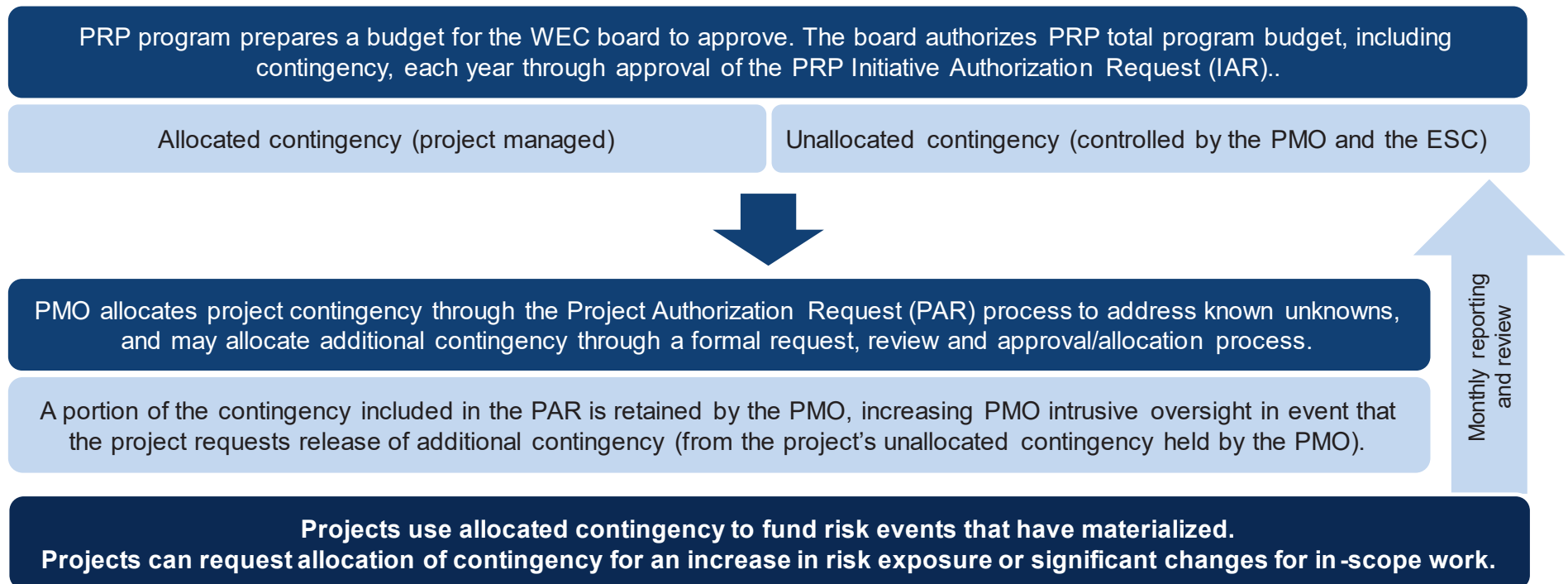
Contingency is a planned financial allowance to address:

- Risk events that come to be (design evolution, adverse site condition, etc.)
- Increase in quantity and/or price for in-scope materials, equipment and/or labor

It is **not** intended to serve as automatic spending authority and does not represent a commitment that forecasted costs ultimately be incurred.

Contingency levels are often higher in early-stage estimates and reduced as project progresses in the design and construction lifecycle.

Governance and oversight: Contingency is managed through multiple layers of control

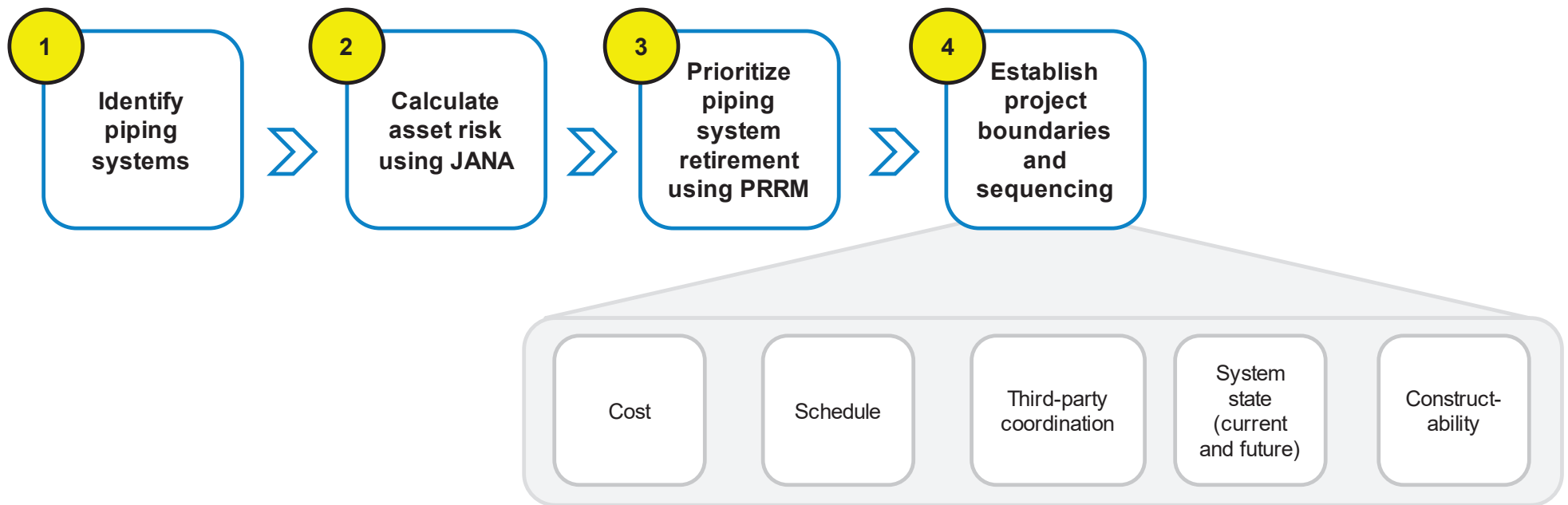


Progress made towards prioritization of gas piping systems informed by results of the JANA model

Jon Czarnecki

PEOPLES GAS®

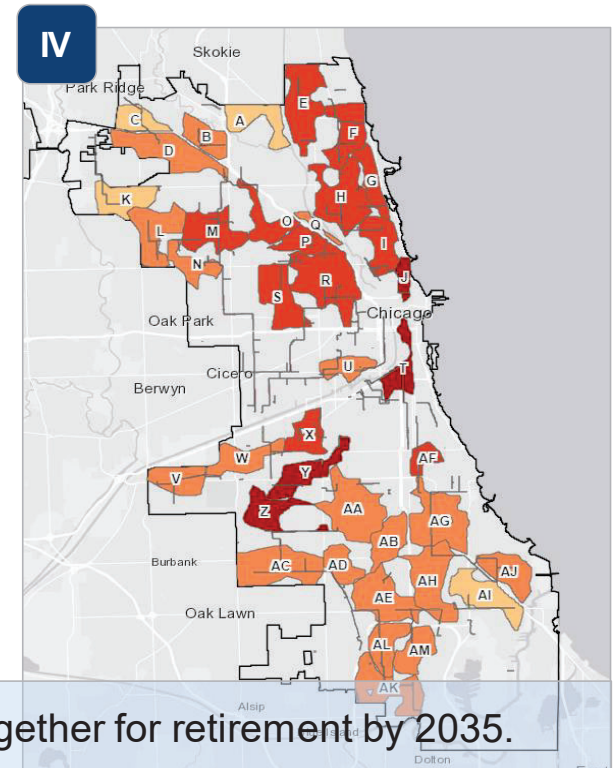
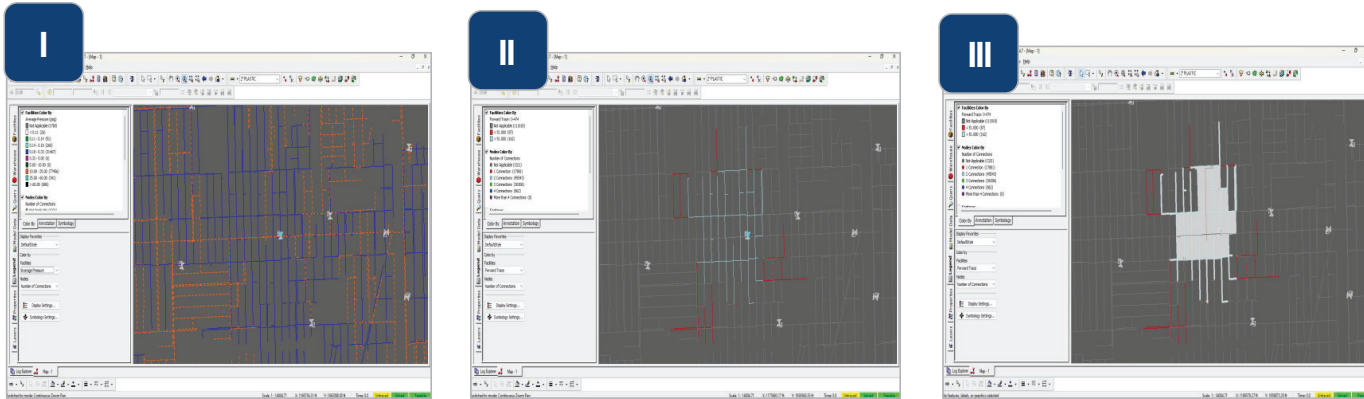
PRP uses a multistep process to identify, prioritize and sequence retirement of at-risk CI/DI pipe



Starting point: identification of piping systems

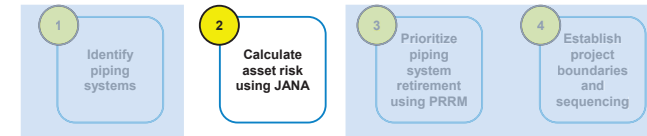
- 1 Identify piping systems
- 2 Calculate asset risk using JANA
- 3 Prioritize piping system retirement using PRRM
- 4 Establish project boundaries and sequencing

System-based approach that uses system flow capacities to focus on the safety and reliability of the system, before and after retirement



Piping systems are a way to safely and effectively bundle these assets together for retirement by 2035.

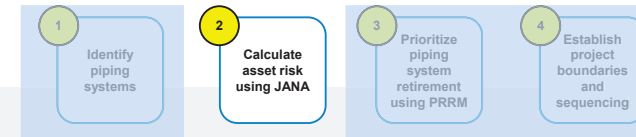
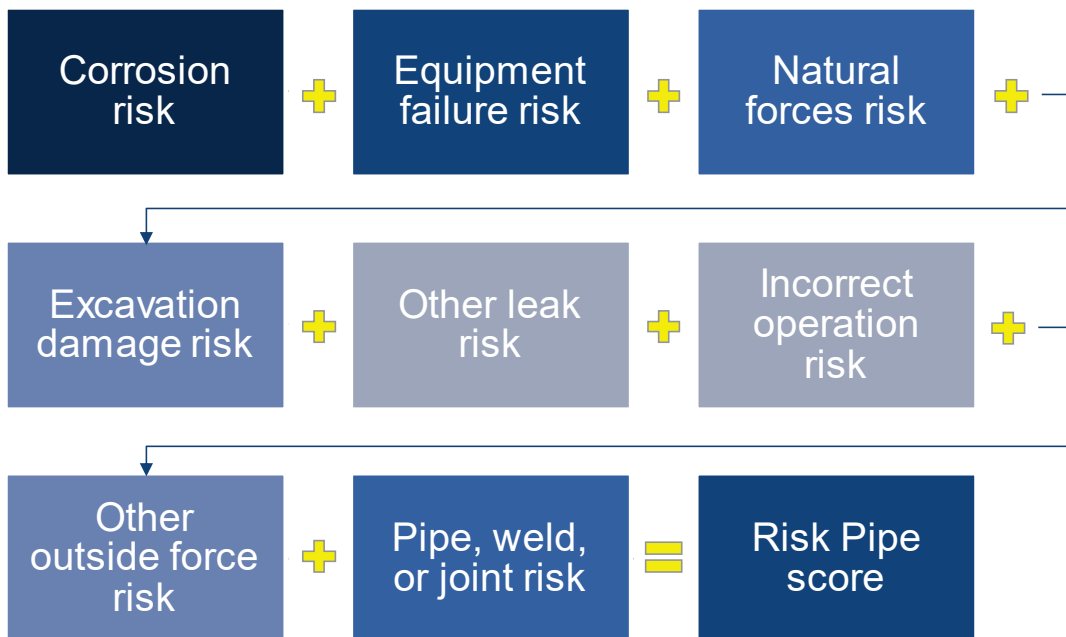
JANA: calculates the risk of each asset



- JANA applies PHMSA best practice
 - “Probabilistic risk models are considered a best practice for supporting all decision types” (Page 26 PHMSA white paper Feb. 1, 2020)
- Probabilistic risk modeling and software
- Predictive models
 - Empowers gas pipeline operators to take actions to reduce risk within in their specific and unique systems.
- Utilized by approximately 28 other gas utilities throughout the United States

JANA: calculates the risk of each asset

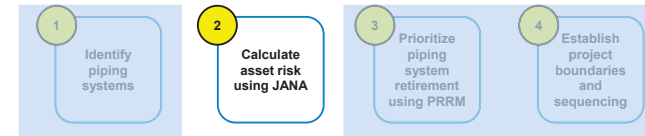
Utilizes PHMSA (Subpart P) Threat Categories



List of asset attributes used to configure the risk model

- Asset length (example value: 50 ft.)
- Asset size (example value: 6 in.)
- Material kind (example value: cast iron)
- Joint type (example value: bell and spigot)
- Asset install date (example value: 01/01/1861)
- Leak history (example value: pipe, weld, or joint failure/grade-2 leak)
- Location category (example value: category 7)
- Operating pressure, pressure brand (example value: 12 iwc, low-pressure)
- Earth movement potential (example value: EMP-4)

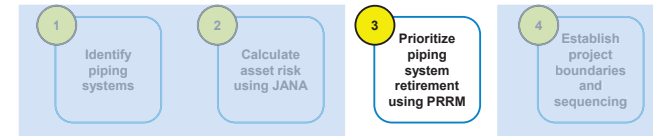
JANA: calculates the risk of each asset



Mitigated risk = overall risk – outcome risk

- Overall risk: current-state total risk
 - Outcome risk: remaining risk after PRP has taken action
 - **Mitigated risk: total risk reduction achieved by PRP**
-
- By utilizing a probabilistic risk model, we can accurately determine a mitigated risk value for each asset within the distribution system.
 - By dividing the mitigated risk value of an asset by the length of the asset, you normalize its risk across assets (mitigated risk per foot).
 - The JANA risk model provides a mitigated risk per foot score for each asset in the distribution system.
 - The larger mitigated risk per foot score of assets are higher priority.

Prioritize piping systems using PRRM



Priority Risk Reduction Method (PRRM) prioritizes piping systems using the average mitigated risk per foot value of the largest risk CI/DI assets within each piping system.

Riskiest 1% within each piping system is utilized

Method basis

- Exclusively use risk associated with CI/DI <36"
- Target the retirement of the riskiest CI/DI <36" assets
- Assign a risk value to each piping system based on aggregated asset risk scores

How do we prove it's effective?

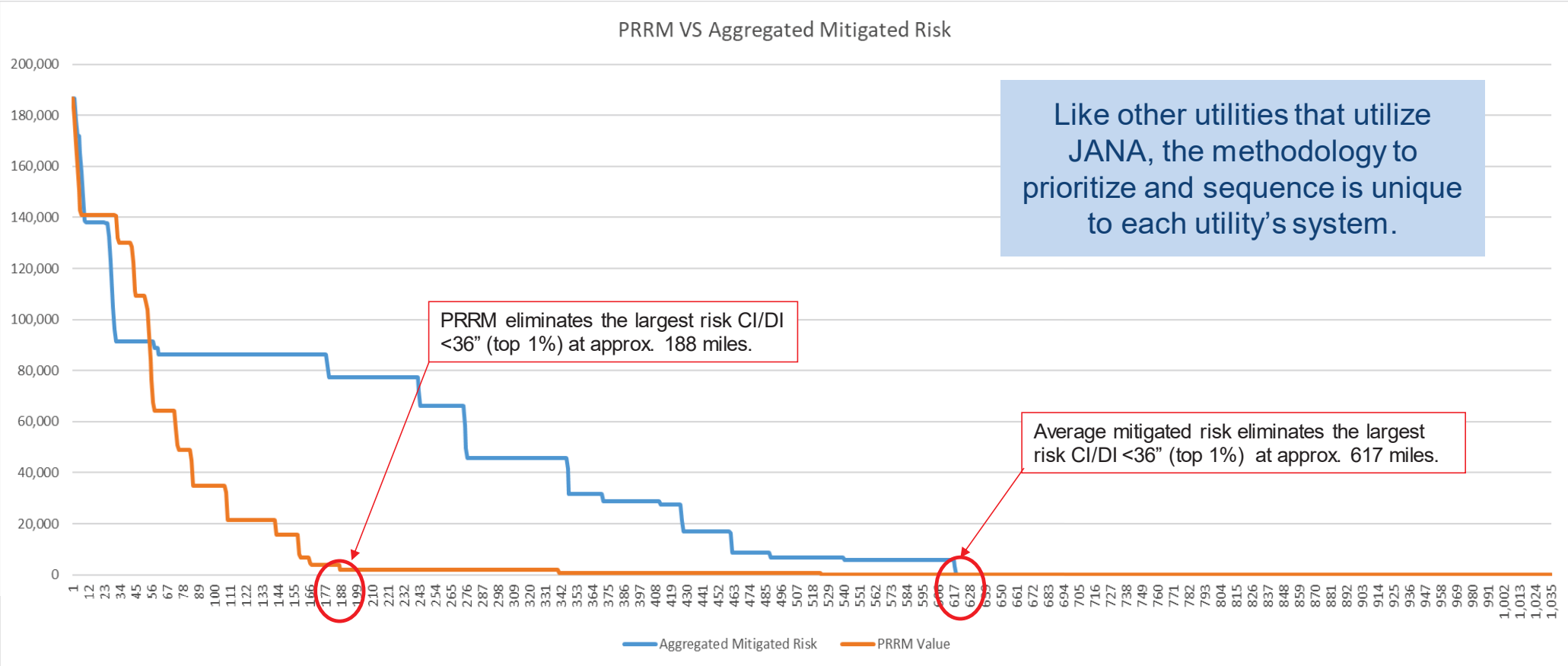
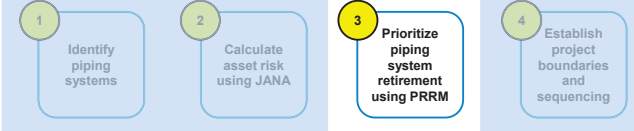
- Measuring the amount of risk reduction on a per-mile basis enables us to compare prioritization methods.
- Using the PRRM, we see a substantial decrease in the number of miles that will need to be retired before the largest risk CI/DI assets are removed from service as we work through the piping systems compared to other methods.

Why does it work?

The PRRM ensures that the largest risk CI/DI assets are being prioritized at the piping system level.



Priority Risk Reduction Method (PRRM) — example (Peoples Gas)



It's important to understand that

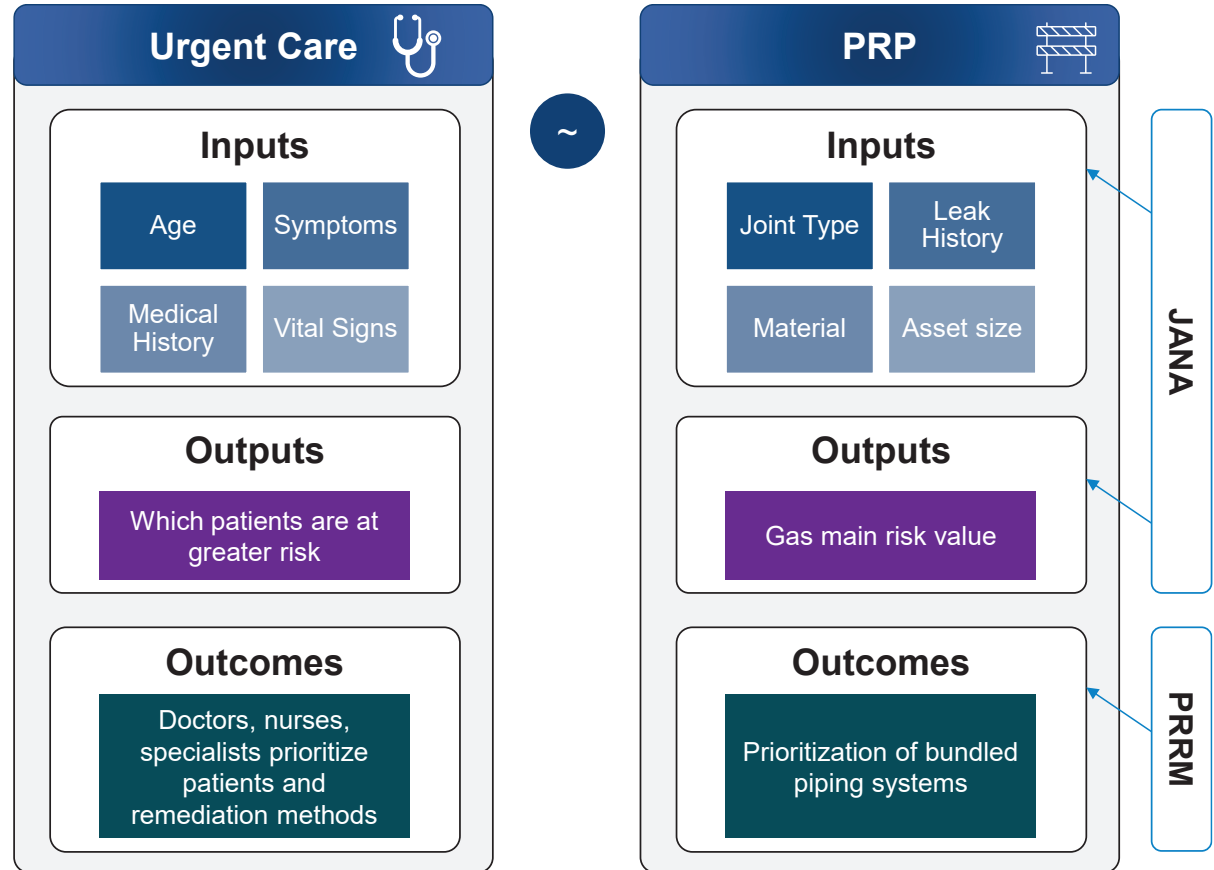
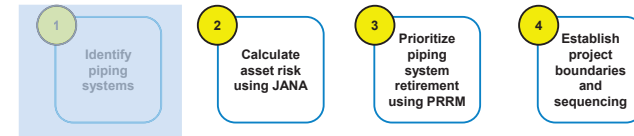
JANA is not:

- A capital plan
- A scheduling tool
- Knowledgeable of where other third-party work is occurring

JANA is:

- A probabilistic risk model that aligns with PHMSA best practices
- Used to calculate the risk of assets unique to the Peoples Gas distribution system

A real-life comparison



Construction: PRP operations expanding across Chicago

Jerry Dickson

PEOPLES GAS®

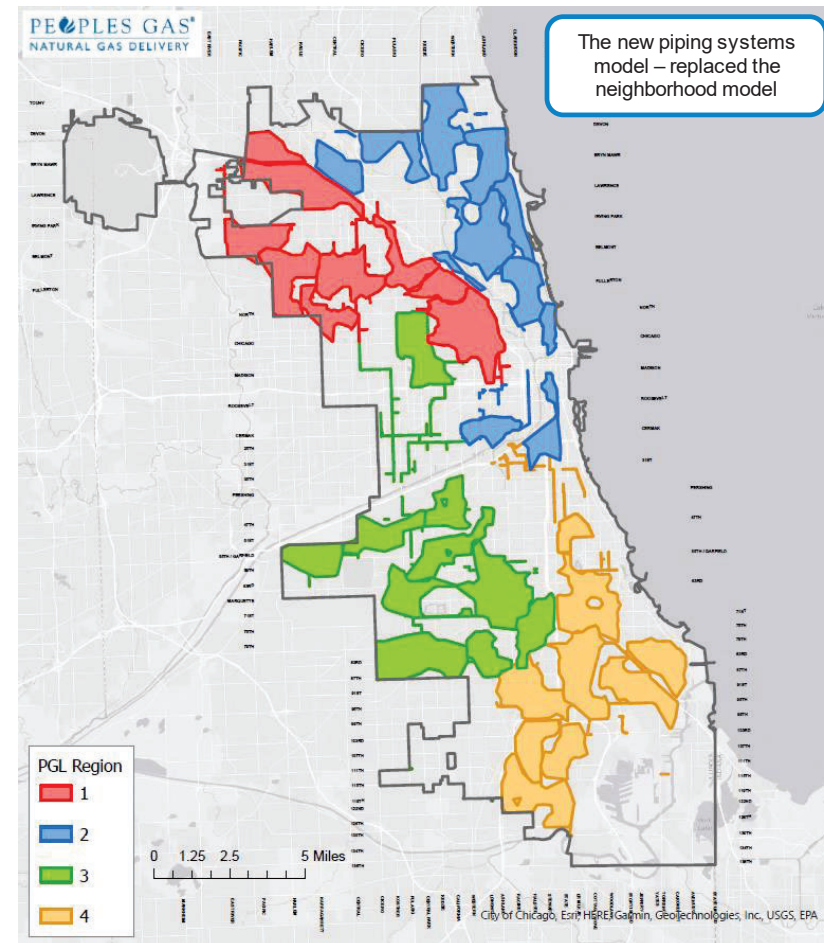
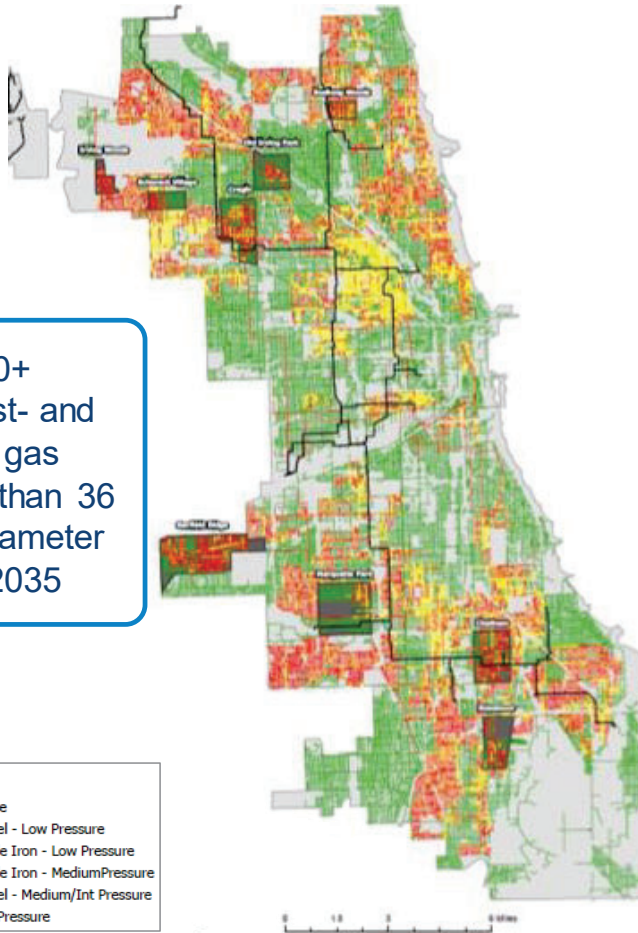


Pipeline Retirement Program — overview

Retire 1,000+ miles of cast- and ductile-iron gas mains less than 36 inches in diameter by Jan. 1, 2035

Gas Main
Material - Pressure

- Plastic & Steel - Low Pressure
- Cast & Ductile Iron - Low Pressure
- Cast & Ductile Iron - Medium Pressure
- Plastic & Steel - Medium/Int Pressure
- Steel - High Pressure



Securing the workforce to execute PRP

PEOPLES GAS®

We Keep Life Moving®



- Developed and established regional management delivery teams to manage PRP projects.
- Project Worker to Utility Worker Program (PW to UW)
 - 4 classes of 15 candidates in 2026 – 10 weeks of training
 - We are currently instructing the 2nd class, with the 3rd class starting after the 4th of July and the 4th starting in September.
- Utility Workers Military Assistance Program (UMAP)
 - 3 classes 25 candidates in 2026 – 6 months of training
 - The first large class of 23 will graduate in the coming weeks.
 - The next class of 24 students started in May.
- Miller and NPL have collectively added 18 crews dedicated to PRP
- Miller Pipeline Green to Gold program

PRP crews scaling across the city

North District

Dedicated Peoples Gas crews
9 Miller crews

- Schorsch Village
- Budlong Woods
- Cragin
- Old Irving Park
- Irving Woods

Central District

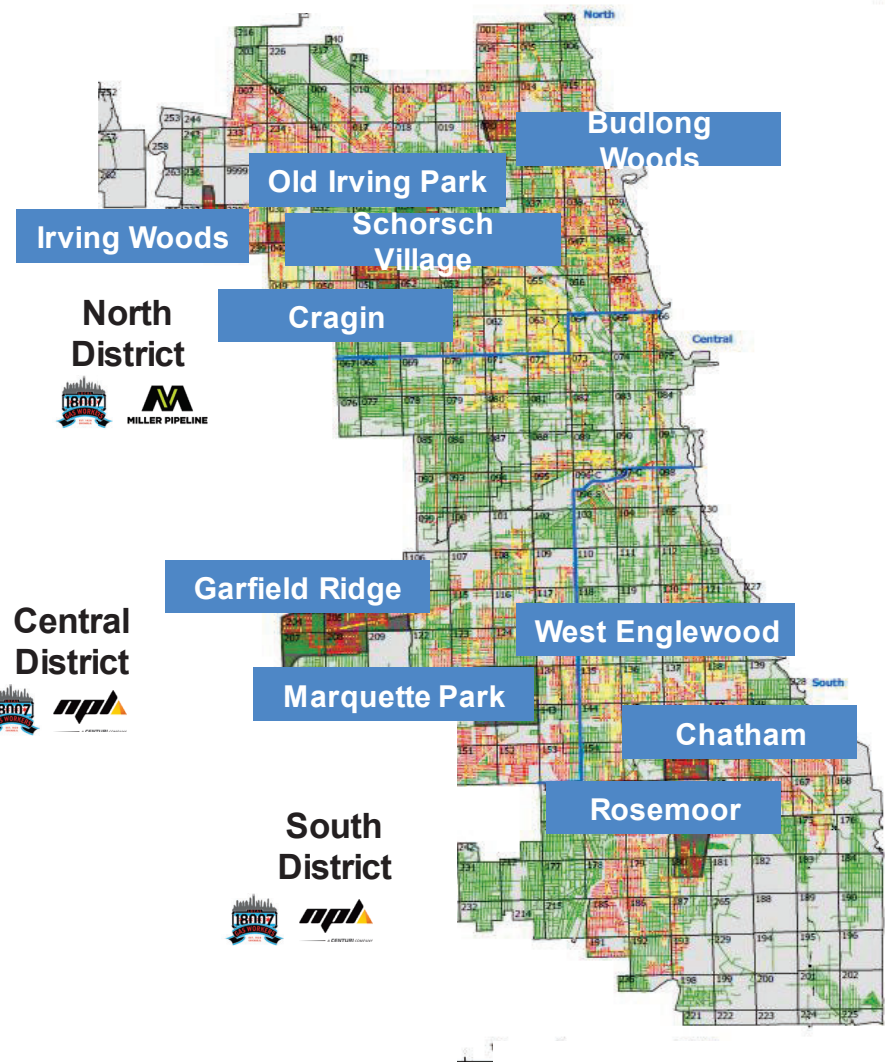
Dedicated Peoples Gas crews
5 NPL crews

- Garfield Ridge
- Marquette Park
- West Englewood

South District

Dedicated Peoples Gas crews
4 NPL crews

- Chatham
- Rosemoor





Starting strong, ramping up

Strategic position

- 2026 is a ramp-up year to establish execution credibility and stabilize workforce performance
- Focus: execution discipline and credibility reset
- Active construction in all legacy projects

Construction activity	2026	2027*
Main installation (mi)	25-69	105
Service installation (ea)	4,000-7,200	11,700
Customer-facing (ea)	4,000-8,494	15,700
CI/DI main retirement (mi)	14-21	53

Note: new mains must be installed before retirement can occur.

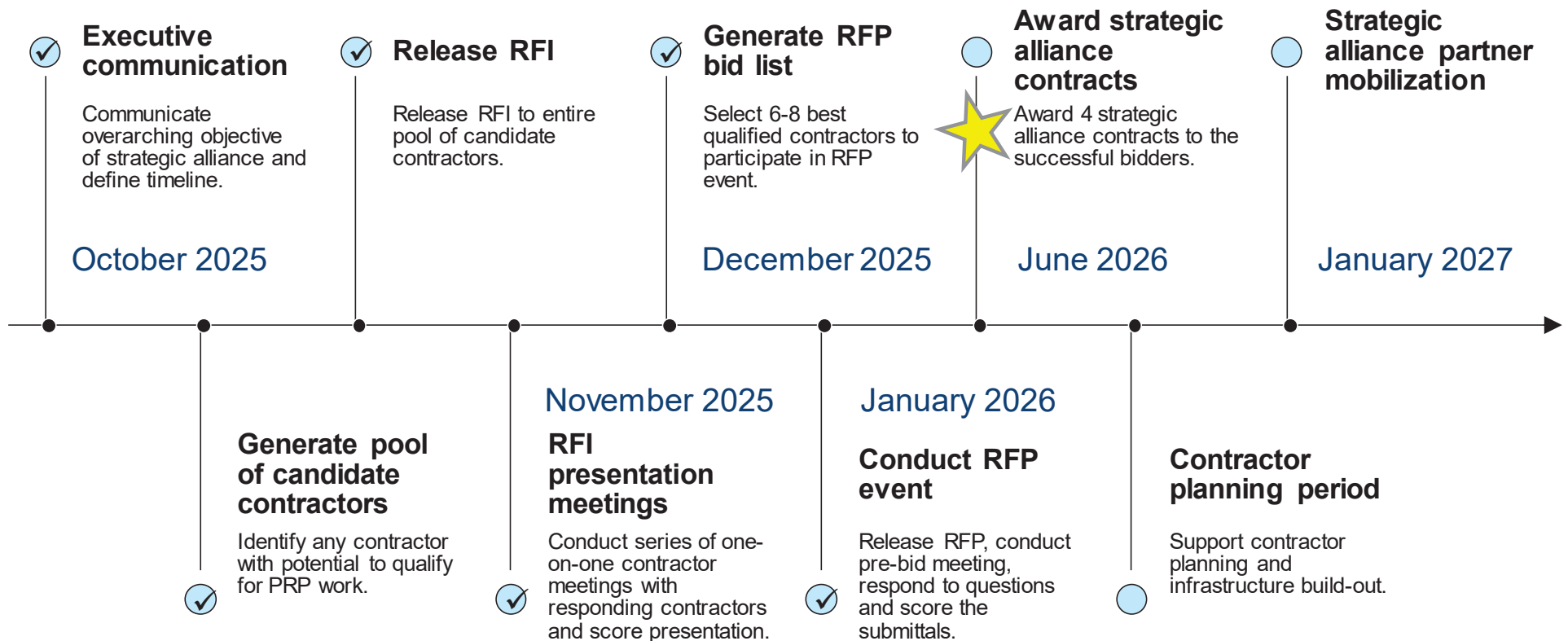
* Estimated

Contractor field oversight

- 1:1 field coordinator* (i.e., inspector)-to-contractor crew ratio
- Compliance Monitor Group (CMG) auditors dedicated to PRP as an independent audit service over the contractors
- SET Environmental providing field audits to ensure SWPP and NPDES compliance
- Safety professionals dedicated to PRP providing field observations
- Damage prevention expert dedicated to PRP

** Training being conducted by PETC staff*

Strategic alliance contracting process



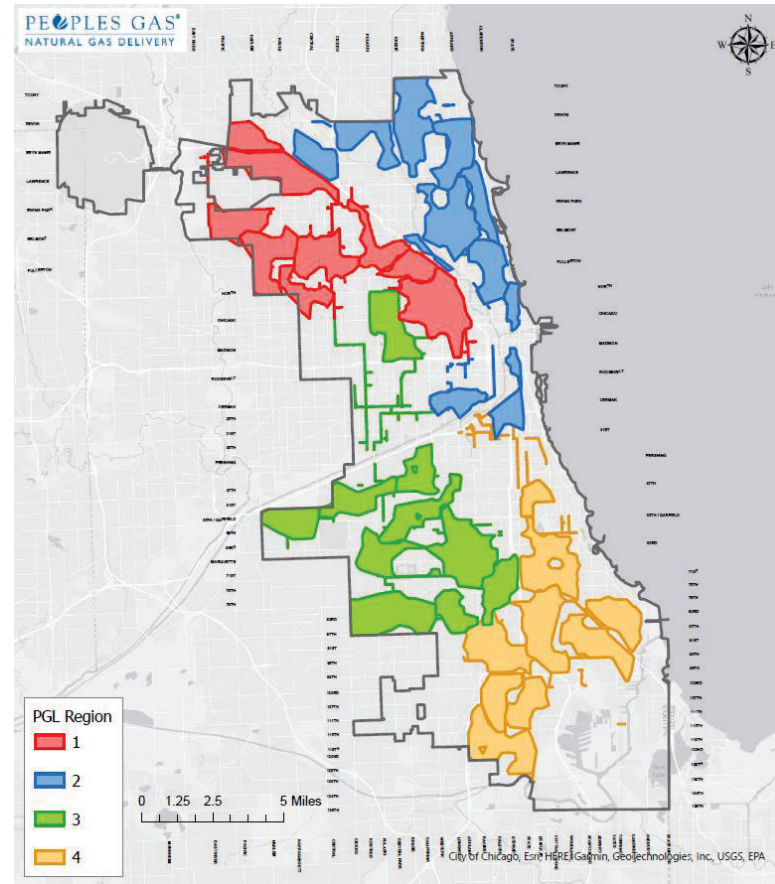
Strategic Alliance current state:

- We are currently evaluating RFP responses and forecasting to make awards in late Q2 to early Q3.
- This RFP broadened pool of potential vendors beyond existing firms.

Strategic Alliance advantages:

- **Leverage contractor capabilities and infrastructure** to optimize material management, including receipt, storage, handling and inventory control.
- **Collaborate in project planning and execution** to achieve shared goals.
- **Integrate delivery teams** to achieve greater capital efficiency in performance of program work.
- **Drive out wasted effort from organization and projects** through efficient processes and effective planning.
- **Promote collaboration**, optimize material management and drive capital efficiency.
- **Integrated** into planning and delivery teams with dedicated geographies and long-term commitments.

Aligning our management structure with our pipeline contractors for a long-term partnership



Proactive key stakeholder engagement continues

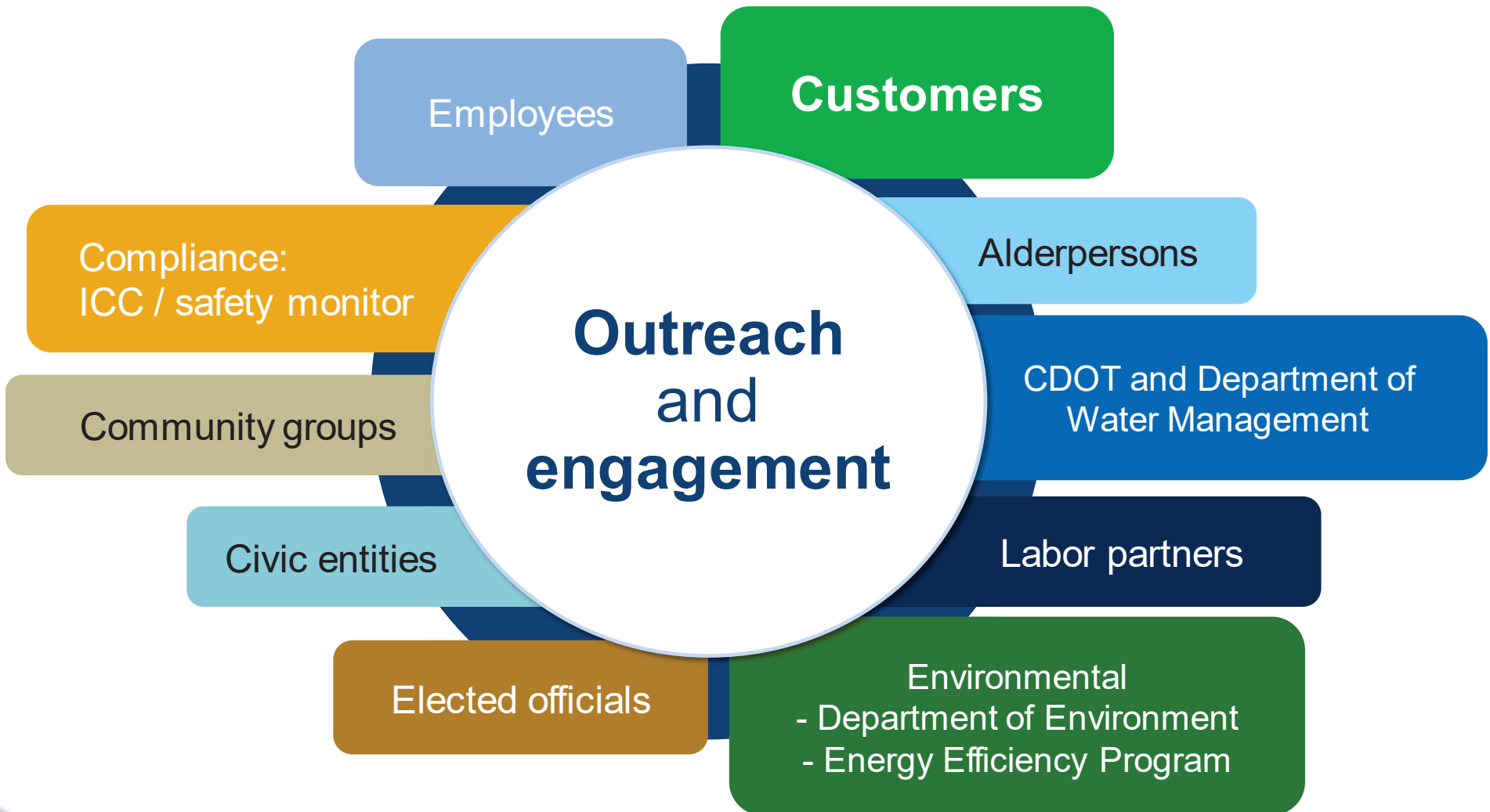
Tom Aridas

PEOPLES GAS®

Community relations and customer communications



Taking a comprehensive approach to listening to and soliciting feedback from our customers and stakeholders to support this historic modernization.



Strategic Stakeholder Outreach

- Top priorities: Listening and responding
- Aldermanic outreach — met with nearly every ward in 2026
- City agencies (CDOT, Department of Water Management, Environment)
- Community engagement (neighborhood groups, chambers of commerce, etc.)
- Foster partnerships across the city to assist with PRP and other Peoples Gas initiatives (e.g., Cook County Land Bank, 211, etc.)

Focused, tailored customer outreach

- Kickoff meeting with aldermanic office
- Informational materials for ward offices, community meetings
- Letters (and follow-ups) to customers (introduction to program, scheduling home visits, reconnection)
- Emails/phone calls

Expanding our engagement efforts

Enhancements for 2026 and beyond

- Strategic approach
- Granular focus — down to the block-by-block level
- Customer access and customer feedback
- Department of Water Management pilot
- Pilot ideas/digital storytelling

Community relations and customer communications

Seeking feedback: Two current surveys

Focus group

(~300 Peoples Gas customers)

Awareness, impressions of PRP

Current 2026 project locations

(hundreds of Peoples Gas customers)

“How are we doing so far?”

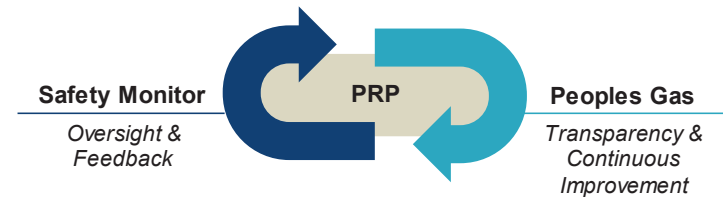
“What is working,
what needs improvement?”

Safety monitor update

Polly Eldringhoff

PEOPLES GAS®

Safety monitor



- Kiefner and Associates Inc. (“Kiefner”) has been contracted by the ICC to provide safety monitoring services for Peoples Gas PRP program.
 - Scope: Conduct data review and analysis, provide field oversight and safety evaluation, participate in meetings, and periodically issue reports to the ICC.
- Kiefner Q1 2026 Quarterly Summary Report (May 7, 2026)
 - No substantive performance issues identified.
 - Strong cooperation and transparency from Peoples Gas.
 - Peoples Gas is making a good-faith effort to implement PRP in line with ICC requirements.
 - Seven observations across PRP focus areas.
 - Peoples Gas will continue to partner with and respond to Kiefner’s feedback accordingly.
 - Peoples Gas remains fully committed to safety and reliability.

Looking ahead

PEOPLES GAS®



Looking ahead: non-pipeline alternatives

- Peoples Gas engaged Charles Rivers Associates to develop an NPA evaluation framework that aligns with the PRP process.
- NPA definition in the context of PRP — a permanent alternative to gas infrastructure that **eliminates** the need to replace CI/DI gas mains <36”, which are required to be retired by 2035 per ICC directive.
- Aligns with commission's statement that Peoples Gas’ “urban, dense service territory, combined with significant CI/DI pipe retirement work, makes it uniquely situated to seriously consider the application of Non-Pipeline Alternatives.”

Looking ahead: non-pipeline alternatives

- NPA model milestones
 - NPA feasibility screening and NPA solution scoping developed
 - Benefit/cost analysis (BCA) model developed
 - Iterations for fine-tuning wrapping up
 - Peoples Gas testing and adoption in progress
- Peoples Gas discussion with ICC staff on how to share with stakeholders
- Phase 2 — NPA scope expansion

Q&A

Leighton McCoy

PEOPLES GAS®

Q&A

We'll be answering audience questions and questions submitted in advance.



Audience first, please raise hands



Submitted in advance

Looking ahead

Next biannual forum:

Late Q3 (date TBD) — virtual meeting

PEOPLES GAS®

Wrap-up and closing comments

Maria Bocanegra

Our values

Safety first

Every decision we make — scope, schedule and spend — will be grounded in risk reduction.

Transparency and cost-effectiveness

The Pipe Retirement Program will be a world-class capital program: disciplined planning, clear controls, transparent reporting.

Community and partnership

This work creates Illinois jobs, supports local and diverse suppliers, and minimizes neighborhood disruption through tight coordination with our city partners.

Questions and feedback

www.peoplesgasdelivery.com/services/pipe-retirement-program

Email: workshop@peoplesgasdelivery.com

Recording of today's meeting will be available at: peoplesgasdelivery.com

PEOPLES GAS®