

COMPLIANCE FILING:
LONG-TERM GAS INFRASTRUCTURE PLAN
Docket Nos. 23-0068/23-0069 (cons.)

North Shore Gas Company and
The Peoples Gas Light and Coke Company

July 1, 2024

Contents

I. INTRODUCTION	3
II. PLAN DEVELOPMENT	5
III. OUTLINE OF THE NORTH SHORE AND PEOPLES GAS PLAN	5
A. EXECUTIVE SUMMARY	5
B. BASELINE AND REGULATORY DRIVERS	5
C. ASSESSMENT OF DRIVERS AND DEMAND AND SUPPLY ANALYSIS	7
D. METHODOLOGY AND PLANNING	7
E. PREFERRED PORTFOLIO AND ALTERNATIVES	9
F. CONCLUSION	10
G. APPENDICES	10
IV. METHODOLOGY FOR ASSESSING POTENTIAL RESOURCES	10
V. TIMING AND EXTENT OF PUBLIC PARTICIPATION	11
VI. CONCLUSION	12

I. INTRODUCTION

This Long-Term Gas Infrastructure Plan Workplan (“Workplan”) is filed by North Shore Gas Company (“North Shore”) and The Peoples Gas Light and Coke Company (“Peoples Gas”) (collectively, the “Companies”) pursuant to the Illinois Commerce Commission’s (“Commission”) November 16, 2023 Final Order in Docket Nos. 23-0068/23-0069 (cons.) (“Order”). The Order requires the Companies to submit a Long-Term Gas Infrastructure Plan (“Plan”) that identifies the Companies’ proposed capital investments over a five-year period on or before July 1, 2025. Order at 120. To ensure compliance with that directive, the Order further mandates that the Companies first submit a Workplan for how the Plan will be developed by July 1, 2024. The Workplan must address: (1) the contents of the Plan, (2) the method for assessing potential resources; and (3) the timing and extent of public participation. *Id.*

The Plan is to be filed every two years beginning July 1, 2025. Per the Order, the Plan must include at a minimum:

1. List of proposed system expenditures and investments, including analysis of infrastructure needs and detailed information on all planned projects within the action plan;
2. Demonstration that each project or program plan complies with all applicable Commission rules and jurisdiction requirements, such as safety and reliability, among others;
3. 5-year action plan of investments with a longer-term planning horizon analysis where applicable;
4. Estimated total cost and annual incremental revenue requirement of the proposed action plan;
5. Explanation for the pace of each project or program, including reasoning as to why the project or program cannot be deferred to future years;
6. Comparative evaluations of resource procurements and major capital investments;
7. Distribution mapping that identifies areas of constraint and risk, location of planned projects, pressure districts served by each project, and locations of environmental justice communities;
8. Description of lowest societal cost gas distribution system investments necessary to meet customer demand and comply with public policy objectives;
9. Demonstration that the program or project will minimize rate impacts on customers, particularly low-income and equity investment eligible communities;

10. Scenario and sensitivity analysis to test robustness of utility's portfolio and investments under various parameters;
11. Publicly filed workpaper documenting all inputs and assumptions with limited use of confidentiality; and
12. Summary of stakeholder participation and input and an explanation of how the Company incorporated stakeholder engagement. *Id.* at 119-120.

The Plan will describe the proposed capital investments of North Shore and Peoples Gas for their distribution (including services and metering), transmission and storage assets over the next five years. The Companies' proposed capital investments will address the safety and reliability needs within each company's service territory. Given the often long service life of utility infrastructure, many of capital investments' useful lives will extend beyond the initial Plan's planning horizon of 2026-2030.

The Plan will further discuss the regulatory drivers for the proposed capital investments including the Pipeline and Hazardous Materials Safety Administration's ("PHMSA") requirements under 49 CFR Part 191 and 192, reconfirmation of transmission piping under the Maximum Allowable Operating Pressure ("MAOP") rule (49 CFR Part 192.624 and Part 192.607), the Distribution Integrity Management Plan ("DIMP), and the Transmission Integrity Management Plan ("TIMP"). Further, the Plan will discuss safety and reliability programs related to the replacement of aging infrastructure, such as the Safety and Modernization Program ("SMP") which, among other things, has focused on the replacement of cast and ductile iron mains ("CI/DI") as directed by the Commission's final order in Docket No. 16-0376 and the Commission's order on rehearing in Docket No. 18-1092. The Commission may also issue direction regarding the structure and pace of the SMP program in Docket No 24-0081.

The remaining sections of this Workplan are organized as follows:

- Section II: Current State Assessment
- Section III: Demand and Supply Analysis
- Section IV: Infrastructure Needs Assessment
- Section V: Planning Process
- Section VI: Implementation Plan
- Section VII: Alternatives Considered

- Section VIII: Risks and Mitigation
- Section IX: Environmental and Social Considerations
- Section X: Conclusion

Lastly, the Companies have included Appendices at the end of this Workplan, which provide further information on the Workplan's content.

II. PLAN DEVELOPMENT

After the submittal of this Workplan as a compliance filing in Docket Nos. 23-0068/23-0069 (cons.), the Companies will continue to develop the formal Plan to be filed on July 1, 2025. An assessment of the current state of the Companies' capital infrastructure programs will occur along with an assessment of gas infrastructure capital needs and capital budgets for 2026-2030 and potentially beyond. Those needs and plans will be presented to interested stakeholders and feedback will be sought. The Companies expect to have initial discussions with stakeholders in 2024. The Companies expect that more substantive presentations of the Plan to stakeholders will begin soon after the Commission's issuance of a final order in Docket No. 24-0081 in early 2025, since the Plan is likely to be influenced by the Commission's decision in that docket. In addition, the Companies will solicit public feedback on the Plan. Public and stakeholder feedback will be evaluated and incorporated, as applicable, into the Plan. A final version of the Plan will be filed on or about July 1, 2025.

III. OUTLINE OF THE NORTH SHORE AND PEOPLES GAS PLAN

Below is a proposed outline of the Plan to be submitted by July 1, 2025. Separate plans will be developed for North Shore and Peoples Gas. Based on stakeholder and public feedback, changing circumstances, and new information, the Plan, including its organization and contents, may change over time.

A. EXECUTIVE SUMMARY

The Executive Summary will provide a brief overview of the Plan, the factors considered in its development, and the goals of the Plan. The Executive Summary will also provide the listing of attachments.

B. BASELINE AND REGULATORY DRIVERS

This section will discuss several baseline topics for review. First, each Company will discuss the overall goals of its operation and gas infrastructure plans, focusing on safety and reliability, affordability, sustainability, and environmental goals. Second, this section will present the current state of each Company's service territory, the overview of infrastructure assets including distribution, transmission, metering and

storage, and a discussion of ongoing capital programs. Next, there will be a discussion of the Company's regulatory requirements and drivers.

1. Goals

- Safety and Reliability
- Affordability
- Sustainability/Environmental goals

2. Current State: North Shore/Peoples Gas statistics re: customer counts, class, sales, and transportation

- Service territory map
- Mapping of areas associated with constraints, materials and risk along with mapping of environmental justice communities.

3. Resource base (each Company)

- Main and material
 - Transmission
 - Distribution
- Services
- Meter (Advanced Metering Infrastructure ("AMI"), Automated Meter Reading ("AMR"), and other)
- Peoples Gas-owned storage
- Pipelines serving North Shore/People Gas
- Ongoing infrastructure programs
- Current rate base and utility plant in service (e.g., Form 21 data)
- Current gas supply program (resource mix)

4. Regulatory requirements driving infrastructure plan

- Obligation to serve and the regulatory compact
- Future of SMP (including direction received in Docket No. 24-0081)
- Direction received in Future of Gas proceeding
- Energy Efficiency plan
- Other (tentative/future filings)
- PHMSA requirements (MAOP, DIMP, TIMP, future LDAR, future Medium Pressure Rule)
- Municipal requirements
- Regulatory scenarios concerning emerging technologies
- Environmental requirements

C. ASSESSMENT OF DRIVERS AND DEMAND AND SUPPLY ANALYSIS

This section will discuss the factors that may change natural gas demand and provide a sales forecast considering potential upward and downward pressures on gas sales and an assessment of future natural gas resource mixes.

1. Discussion of Demand Drivers
 - a. Non-pipeline alternative effects on demand
 - i. Energy Efficiency
 - ii. Electrification
 - iii. Other
 - b. Growth
2. Five-Year Gas Sales Forecast (2026-2030)
 - a. Baseline analysis
 - b. Alternative scenarios for gas sales forecast
 - c. Long-Term Sales forecast (20 years)
3. Supply Analysis (2026-2030)
 1. Projected natural gas resource mix
 2. Peak day resource mix
 3. Alternative fuels (RNG, certified gas, hydrogen, etc.)
 4. New physical/interconnection (*i.e.*, pipeline interconnections, new pipeline storage) expected 2026-2030

D. METHODOLOGY AND PLANNING

This section will discuss the framework used to develop the Plan along with methodology used for capital project evaluation. This section will also discuss how public and stakeholder feedback is incorporated into the Plan.

1. Capital budgeting methodology
 - a. General capital planning discussion and budgets
 - i. Baseline
 - ii. Future regulatory requirements (2026-2030)
 - iii. Alternative sales and regulatory scenarios for capital planning
2. Capital project review and methodology for selection.
 - a. Assessment of general capital spending on capital projects (*e.g.*, historical spend as a guide to budgeting for a group of capital resources)

- b. Assessment of project specific needs based on particular drivers (*i.e.*, safety and reliability, regulatory requirements, etc.)
- c. Capital forecasting, planning, expenditures
 - i. Approaches to consideration and approval of projects
 - 1. Process for approvals
 - 2. Contracting activities
 - ii. Project Types – Distribution and Transmission
 - 1. Neighborhood SMP – aging of leak-prone aging distribution mains (primarily cast and ductile iron) and services
 - a. Drivers related to neighborhood projects include replacement related Neighborhood Ranking Index and DIMP program
 - b. Replacement of leak-prone aging distribution also allows for moving meters outside customer premises as mains can be transitioned to medium pressure
 - 2. System Improvement – reliability and non-neighborhood leak repair
 - a. Drivers include DIMP program along with identification of pressure and leak issues
 - 3. Public Improvement – Governmentally directed facility relocation and replacement
 - 4. High Pressure
 - a. Support of medium pressure transition (PGL)
 - b. Support of reliability
 - 5. Emergency/Short-Cycle – unplanned work related to leaks and other causes
 - iii. Project Types – Peaking, Storage and Transmission
 - 1. Storage projects
 - 2. MAOP projects
 - 3. Peaking projects (*e.g.*, LNG, LP)
 - iv. Gate Station/Interconnection
 - 1. Improvement of existing stations to maintain reliability and safety
 - 2. New gate station – potential for new pipeline interconnections
 - v. AMI/Metering Program

- d. Safety, Reliability and Compliance Drivers – programs/projects undertaken to meet these goals and reasoning
 - i. DIMP
 - ii. TIMP/MAOP
 - iii. Other regulatory (e.g., LDAR, ICC)
 - iv. SMP-driven
 - v. System Improvement
 - vi. Public Improvement
 - e. Efficiency and Optimization
 - i. Energy Efficiency plan
 - ii. Alternative resources
 - f. Customer-Driven
 - i. Capacity expansion
 - ii. New customers
 - g. Impact of overall capital plan on Total Revenue Requirements and rates
3. Method of incorporating stakeholder and public participation into the Plan
 4. Methodology for cost analysis

E. PREFERRED PORTFOLIO AND ALTERNATIVES

This section will lay out the specific projects chosen, the justification for why a particular project or class of projects was chosen, potential alternatives to that project or projects, and provide cost analysis. Below is a brief outline of the information that will be provided concerning selected projects and alternatives.

1. Project description and type (e.g., Storage, Transmission, Distribution) and subtype as applicable (e.g., System Improvement, Public Improvement)
2. Project mapping and discussion of area(s) served by the project
3. Project justification and assessment
 - a. Regulatory
 - i. Utility regulatory requirements (e.g., ICC, FERC, PHMSA)
 - ii. Municipality or other driver that requires capital project (e.g., movement of utility facilities in the right of way related to various governmental needs)
 - b. Safety/Risk
 - c. Reliability/Risk
 - d. Affordability/rate impact

- e. Sustainability and environmental impact including, as applicable, assessments of emission effects.
 - f. Social and responsibility impacts
 - g. Stakeholder and community input particular to a project
 - h. Constructability/Timeline
 - i. Other
4. Alternatives considered
- a. Project alternatives
 - i. “Do nothing” during planning period
 - ii. Alternative project designs or alternative projects to meet safety, reliability, regulatory, risk, and cost needs
 - 1. Non-Pipeline alternatives
 - 2. Alternative technologies
 - b. Ranking and assessment

F. CONCLUSION

Concluding remarks summarizing the findings and rationale for the preferred portfolio. Outline next steps associated with the Plan.

G. APPENDICES

The appendices to the Plan will provide additional detail, assumptions, description of inputs and methodologies. Appendices will provide, subject to potential change:

1. Sales forecast and demand analysis
2. Scenario discussion
3. Capital project assessment methodology
4. Alternatives analysis

IV. METHODOLOGY FOR ASSESSING POTENTIAL RESOURCES

Capital projects will be assessed based on considerations of safety, reliability, risks, sustainability, and regulatory requirements. The Companies use the following general process for assessing capital projects.

Project need is initially identified based on the safety and reliability of the system. A feasibility study is conducted to assess technical, financial, and operational viability. A proposed project will then advance through the Companies’ established governance structure, beginning with the creation of a Project Authorization Request (“PAR”). The

PAR is a detailed document that outlines the scope, total project cost, underlying rationale, expected benefits, and alternative approaches. This request is reviewed and evaluated by senior leadership, which considers factors such as organizational priorities, resource availability, and potential risks before granting approval to proceed.

V. TIMING AND EXTENT OF PUBLIC PARTICIPATION

Peoples Gas and North Shore is committed to collaboration and transparency throughout the development of the Plans. The Companies will create and implement an engagement plan that will lead to the capture and consideration of feedback, insight and perspective from key stakeholders. The following outline captures the Companies initial stakeholder engagement plan, however, it is expected that this plan will evolve ahead of our initial July 2025 Plan filing.

Stakeholders:

1. The Companies will reach out to the following stakeholders groups:
 - a. Stakeholders participating in the Companies' various pending proceedings, such as the Staff of the Illinois Commerce Commission, the Attorney General, the City of Chicago, and the Citizens Utility Board and others
 - b. City, county and state government representatives and community leaders
 - c. Public interest groups, including consumer, environmental and community advocacy groups
 - d. Industrial, manufacturing, and other customer-interest groups
 - e. Labor unions
 - f. Other Illinois gas and electric utility companies
Other miscellaneous groups
2. Concerted efforts will be made to ensure engagement with diverse groups including underserved and vulnerable communities by connecting with the alderman offices and advocacy groups that provide energy assistance. A separate group meeting may be held to ensure their feedback and insights are captured.

Process:

1. A website will be created where the Companies will post meeting locations and links, as well as meeting materials, such as agendas, presentations, and recordings.
2. The Companies will seek feedback that will be summarized, used to inform future meetings, and incorporated into the planning process, as appropriate. If feedback is given on a topic or issue unique to a small group a breakout meeting may be scheduled. Feedback will be gathered:
 - a. during the meetings in the form of live interactive questions;
 - b. through surveys issued after each meeting;
 - c. using a feedback form accessible through the Companies' websites.

Meetings:

The Companies will first share preliminary, high-level outlines for the Plan and will proceed to more detailed discussions of the draft Plan when a draft is available. As previously stated, the Companies’ Plan will be informed by the Commission’s decision in Docket No. 24-0081 in early 2025.

A draft schedule is presented below. This schedule is subject to change based on feedback and experience throughout the engagement plan:

When	Who	What
2024 Q3	Stakeholders	Review Workplan and pose questions to help shape future stakeholder engagement meetings through a survey
2024 Q4	Stakeholders	Review/respond to the survey. Present Companies’ planning process and required analyses.
2025 Q1	Open Invitation – reach out to all parties who intervened in the rate case (and community leaders)	Present the Workplan and Companies’ planning process to all. Incorporate feedback from meetings held in 2024. Presentation of scenarios, analysis, and preliminary projects.
2025 Q2	Open Invitation	Meeting 1: Present the final Plan. Meeting 2: Present updates, if needed.

VI. CONCLUSION

The Companies appreciate the opportunity to provide an outline of the Plan that will integrate stakeholder and public feedback, regulatory requirements and capital planning to meet the safety and reliability needs of the Companies’ customers. The Companies will work with stakeholders to receive feedback on the Plan over the course of the next year.