



Sen. Sue Rezin

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LRB103 05572 AWJ 69932 a

1 AMENDMENT TO SENATE BILL 1131

2 AMENDMENT NO. _____. Amend Senate Bill 1131 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Public Utilities Act is amended by
5 changing Sections 8-205 and 9-210.5 as follows:

6 (220 ILCS 5/8-205) (from Ch. 111 2/3, par. 8-205)

7 Sec. 8-205. Termination of a utility service.

8 (a) Termination of gas and electric utility service to all
9 residential users, including all tenants of mastermetered
10 apartment buildings, for nonpayment of bills, where gas or
11 electricity is used as the only source of space heating or to
12 control or operate the only space heating equipment at the
13 residence is prohibited:7

14 (1) on any day when the National Weather Service
15 forecast for the following 24 hours covering the area of
16 the utility in which the residence is located includes a

1 forecast that the temperature will be 32 degrees
2 Fahrenheit or below; or

3 (2) on any day preceding a holiday or a weekend when
4 such a forecast indicated that the temperature will be 32
5 degrees Fahrenheit or below during the holiday or weekend.

6 (b) If gas or electricity is used as the only source of
7 space cooling or to control or operate the only space cooling
8 equipment at a residence, then a utility may not terminate gas
9 or electric utility service to a residential user, including
10 all tenants of mastermetersed apartment buildings, for
11 nonpayment of bills:

12 (1) on any day when the National Weather Service
13 forecast for the following 24 hours covering the area of
14 the utility in which the residence is located includes a
15 forecast that the temperature will be 90 degrees
16 Fahrenheit or above;

17 (2) on any day preceding a holiday or weekend when the
18 National Weather Service for the following 24 hours
19 covering the area of the utility in which the residence is
20 located includes a forecast that the temperature will be
21 90 degrees Fahrenheit or above during the holiday or
22 weekend; or

23 (3) when the National Weather Service issues an
24 excessive heat watch, heat advisory, or excessive heat
25 warning covering the area of the utility in which the
26 residence is located.

1 (c) Termination of water utility service to a residential
2 user, including a tenant of a mastermetersed apartment
3 building, for nonpayment of bills is prohibited:

4 (1) on any day when the National Weather Service
5 forecast for the following 6 days covering the area of the
6 utility in which the residence is located includes a
7 forecast that the temperature will be 32 degrees
8 Fahrenheit or below;

9 (2) on any day when the National Weather Service
10 forecast for the following 6 days covering the area of the
11 utility in which the residence is located includes a
12 forecast that the temperature will be 90 degrees
13 Fahrenheit or above; or

14 (3) when the National Weather Service issues an
15 excessive heat watch, excessive heat warning, or heat
16 advisory covering the area of the utility in which the
17 residence is located.

18 (Source: P.A. 103-19, eff. 1-1-24; revised 1-2-24.)

19 (220 ILCS 5/9-210.5)

20 (Section scheduled to be repealed on June 1, 2028)

21 Sec. 9-210.5. Valuation of water and sewer utilities.

22 (a) In this Section:

23 "Disinterested" means that the person directly
24 involved (1) is not a director, officer, or an employee of
25 the large public utility or the water or sewer utility or

1 its direct affiliates or subsidiaries for at least 12
2 months before becoming engaged under this Section; (2)
3 shall not derive a material financial benefit from the
4 sale of the water or sewer utility other than fees for
5 services rendered, and (3) shall not have a member of the
6 person's immediate family, including a spouse, parents or
7 spouse's parents, children or spouses of children, or
8 siblings and their spouses or children, be a director,
9 officer, or employee of either the large public utility or
10 water or sewer utility or the water or sewer utility or its
11 direct affiliates or subsidiaries for at least 12 months
12 before becoming engaged under this Section or receive a
13 material financial benefit from the sale of the water or
14 sewer utility other than fees for services rendered.

15 "District" means a service area of a large public
16 utility whose customers are subject to the same rate
17 tariff.

18 "Large public utility" means an investor-owned public
19 utility that:

20 (1) is subject to regulation by the Illinois
21 Commerce Commission under this Act;

22 (2) regularly provides water or sewer service to
23 more than 15,000 customer connections;

24 (3) provides safe and adequate service; and

25 (4) is not a water or sewer utility as defined in
26 this subsection (a).

1 "Next rate case" means a large public utility's first
2 general rate case after the date the large public utility
3 acquires the water or sewer utility where the acquired
4 water or sewer utility's cost of service is considered as
5 part of determining the large public utility's resulting
6 rates.

7 "Prior rate case" means a large public utility's
8 general rate case resulting in the rates in effect for the
9 large public utility at the time it acquires the water or
10 sewer utility.

11 "Utility service source" means the water or sewer
12 utility or large public utility from which the customer
13 receives its utility service type.

14 "Utility service type" means water utility service or
15 sewer utility service or water and sewer utility service.

16 "Water or sewer utility" means any of the following:

17 (1) a public utility that regularly provides water
18 or sewer service to 6,000 or fewer customer
19 connections;

20 (2) a water district, including, but not limited
21 to, a public water district, water service district,
22 or surface water protection district, or a sewer
23 district of any kind established as a special district
24 under the laws of this State that regularly provides
25 water or sewer service;

26 (3) a waterworks system or sewerage system

1 established under the Township Code that regularly
2 provides water or sewer service; or

3 (4) a water system or sewer system owned by a
4 municipality that regularly provides water or sewer
5 service; and

6 (5) any other entity that is not a public utility
7 that regularly provides water or sewer service.

8 (b) Notwithstanding any other provision of this Act, a
9 large public utility that acquires a water or sewer utility
10 may request that the Commission use, and, if so requested, the
11 Commission shall use, the procedures set forth under this
12 Section to establish the ratemaking rate base of that water or
13 sewer utility at the time when it is acquired by the large
14 public utility.

15 (c) If a large public utility elects the procedures under
16 this Section to establish the rate base of a water or sewer
17 utility that it is acquiring, then 3 appraisals shall be
18 performed. The average of these 3 appraisals shall represent
19 the fair market value of the water or sewer utility that is
20 being acquired. The appraisals shall be performed by 3
21 appraisers approved by the Commission's Executive Director or
22 designee and engaged by either the water or sewer utility
23 being acquired or by the large public utility. Each appraiser
24 shall be engaged on reasonable terms approved by the
25 Commission. Each appraiser shall be a disinterested person
26 licensed as a State certified general real estate appraiser

1 under the Real Estate Appraiser Licensing Act of 2002.

2 Each appraiser shall:

3 (1) be sworn to determine the fair market value of the
4 water or sewer utility by establishing the amount for
5 which the water or sewer utility would be sold in a
6 voluntary transaction between a willing buyer and willing
7 seller under no obligation to buy or sell;

8 (2) determine fair market value in compliance with the
9 Uniform Standards of Professional Appraisal Practice;

10 (3) engage one disinterested engineer who is licensed
11 in this State, and who may be the same engineer that is
12 engaged by the other appraisers, to prepare an assessment
13 of the tangible assets of the water or sewer utility,
14 which is to be incorporated into the appraisal under the
15 cost approach;

16 (4) request from the manager of the Accounting
17 Department, if the water or sewer utility is a public
18 utility that is regulated by the Commission, a list of
19 investments made by the water or sewer utility that had
20 been disallowed previously and that shall be excluded from
21 the calculation of the large public utility's rate base in
22 its next rate case; and

23 (5) return their appraisal, in writing, to the water
24 or sewer utility and large public utility in a reasonable
25 and timely manner.

26 If the appraiser cannot engage an engineer, as described

1 in paragraph (3) of this subsection (c), within 30 days after
2 the appraiser is engaged, then the Commission's Executive
3 Director or designee shall recommend the engineer the
4 appraiser should engage. The Commission's Executive Director
5 or designee shall provide his or her recommendation within 30
6 days after he or she is officially notified of the appraiser's
7 failure to engage an engineer and the appraiser shall promptly
8 work to engage the recommended engineer. If the appraiser is
9 unable to negotiate reasonable engagement terms with the
10 recommended engineer within 15 days after the recommendation
11 by the Commission's Executive Director or designee, then the
12 appraiser shall notify the Commission's Executive Director or
13 designee and the process shall be repeated until an engineer
14 is successfully engaged.

15 (d) The lesser of (i) the purchase price or (ii) the fair
16 market value determined under subsection (c) of this Section
17 shall constitute the rate base associated with the water or
18 sewer utility as acquired by and incorporated into the rate
19 base of the district designated by the acquiring large public
20 utility under this Section, subject to any adjustments that
21 the Commission deems necessary to ensure such rate base
22 reflects prudent and useful investments in the provision of
23 public utility service. The reasonable transaction and closing
24 costs incurred by the large public utility shall be treated
25 consistent with the applicable accounting standards under this
26 Act. The total amount of all of the appraisers' fees to be

1 included in the transaction and closing costs shall not exceed
2 the greater of \$15,000 or 5% of the appraised value of the
3 water or sewer utility being acquired. This rate base
4 treatment shall not be deemed to violate this Act, including,
5 but not limited to, any Sections in Articles VIII and IX of
6 this Act that might be affected by this Section. Any
7 acquisition of a water or sewer utility that affects the
8 cumulative base rates of the large public utility's existing
9 ratepayers in the tariff group into which the water or sewer
10 utility is to be combined by less than (1) 2.5% at the time of
11 the acquisition for any single acquisition completed under
12 this Section or (2) 5% for all acquisitions completed under
13 this Section before the Commission's final order in the next
14 rate case shall not be deemed to violate Section 7-204 or any
15 other provision of this Act.

16 In the Commission's order that approves the large public
17 utility's acquisition of the water or sewer utility, the
18 Commission shall issue its decision establishing (1) the
19 ratemaking rate base of the water or sewer utility; (2) the
20 district or tariff group with which the water or sewer utility
21 shall be combined for ratemaking purposes, if such combination
22 has been proposed by the large public utility; and (3) the
23 rates to be charged to customers in the water or sewer utility.

24 (e) If the water or sewer utility being acquired is owned
25 by the State or any political subdivision thereof, then the
26 water or sewer utility must inform the public of the terms of

1 its acquisition by the large public utility by (1) holding a
2 public meeting prior to the acquisition and (2) causing to be
3 published, in a newspaper of general circulation in the area
4 that the water or sewer utility operates, a notice setting
5 forth the terms of its acquisition by the large public utility
6 and options that shall be available to assist customers to pay
7 their bills after the acquisition.

8 At the election next following the public meeting and
9 notice required under this subsection, a referendum, subject
10 to the requirements of Section 16-7 of the Election Code,
11 shall be placed on the ballot for all electors within the area
12 where the water or sewer utility operates in substantially the
13 following form:

14 May the (name of large public utility) acquire the
15 (name of water or sewer utility) under the terms of
16 acquisition as published in (name of newspaper) on (date)?
17 The votes shall be recorded as "Yes" or "No".

18 If a majority of the electors voting on the referendum
19 within the service area of the water or sewer utility vote in
20 favor of the referendum, then the acquisition may continue as
21 provided in this Section. If less than a majority of the
22 electors voting on the referendum within the service area of
23 the water or sewer utility vote in favor of the referendum, the
24 Commission shall deny the large public utility's acquisition
25 of the water or sewer utility.

26 (f) The large public utility may recommend the district or

1 tariff group of which the water or sewer utility shall, for
2 ratemaking purposes, become a part after the acquisition, or
3 may recommend a lesser rate for the water or sewer utility. If
4 the large public utility recommends a lesser rate, it shall
5 submit to the Commission its proposed rate schedule and the
6 proposed final tariff group for the acquired water or sewer
7 utility. The Commission's approved district or tariff group or
8 rates shall be consistent with the large public utility's
9 recommendation, unless such recommendation can be shown to be
10 contrary to the public interest.

11 (g) From the date of acquisition until the date that new
12 rates are effective in the acquiring large public utility's
13 next rate case, the customers of the acquired water or sewer
14 utility shall pay the approved then-existing rates of the
15 district or tariff group as ordered by the Commission, or some
16 lesser rates as recommended by the large public utility and
17 approved by the Commission under subsection (f); provided,
18 that, if the application of such rates of the large public
19 utility to customers of the acquired water or sewer utility
20 using 54,000 gallons annually results in an increase to the
21 total annual bill of customers of the acquired water or sewer
22 utility, exclusive of fire service or related charges, then
23 the large public utility's rates charged to the customers of
24 the acquired water or sewer utility shall be uniformly
25 reduced, if any reduction is required, by the percent that
26 results in the total annual bill, exclusive of fire services

1 or related charges, for the customers of the acquired water or
2 sewer utility using 54,000 gallons being equal to 1.5% of the
3 latest median household income as reported by the United
4 States Census Bureau for the most applicable community or
5 county. For each customer of the water or sewer utility with
6 potable water usage values that cannot be reasonably obtained,
7 a value of 4,500 gallons per month shall be assigned. These
8 rates shall not be deemed to violate this Act including, but
9 not limited to, Section 9-101 and any other applicable
10 Sections in Articles VIII and IX of this Act. The Commission
11 shall issue its decision establishing the rates effective for
12 the water or sewer utility immediately following an
13 acquisition in its order approving the acquisition.

14 (h) In the acquiring large public utility's next rate
15 case, the water or sewer utility and the district or tariff
16 group ordered by the Commission and their costs of service may
17 be combined under the same rate tariff. This rate tariff shall
18 be based on allocation of costs of service of the acquired
19 water or sewer utility and the large public utility's district
20 or tariff group ordered by the Commission and utilizing a rate
21 design that does not distinguish among customers on the basis
22 of utility service source or type. This rate tariff shall not
23 be deemed to violate this Act including, but not limited to,
24 Section 9-101 of this Act. In the acquiring large public
25 utility's 2 rate cases after an acquisition, but in no
26 subsequent rate case, the large public utility may file a rate

1 tariff for a water or sewer utility acquired under this
2 Section that establishes lesser rates than the district or
3 tariff group into which the water or sewer utility is to be
4 combined. Those lesser rates shall not be deemed to violate
5 Section 7-204 or any other provision of this Act if they affect
6 the cumulative base rates of the large public utility's
7 existing rate payers in the district or tariff by less than
8 2.5%.

9 (i) Any post-acquisition improvements made by the large
10 public utility in the water or sewer utility shall accrue a
11 cost for financing set at the large public utility's
12 determined rate for allowance for funds used during
13 construction, inclusive of the debt, equity, and income tax
14 gross up components, after the date on which the expenditure
15 was incurred by the large public utility until the investment
16 has been in service for a 4-year period or, if sooner, until
17 the time the rates are implemented in the large public
18 utility's next rate case.

19 Any post-acquisition improvements made by the large public
20 utility in the water or sewer utility shall not be depreciated
21 for ratemaking purposes from the date on which the expenditure
22 was incurred by the large public utility until the investment
23 has been in service for a 4-year period or, if sooner, until
24 the time the rates are implemented in the large public
25 utility's next rate case.

26 (j) This Section shall be exclusively applied to large

1 public utilities in the voluntary and mutually agreeable
2 acquisition of water or sewer utilities. Any petitions filed
3 with the Commission related to the acquisitions described in
4 this Section, including petitions seeking approvals or
5 certificates required by this Act, shall be deemed approved
6 unless the Commission issues its final order within 11 months
7 after the date the large public utility filed its initial
8 petition. This Section shall only apply to utilities providing
9 water or sewer service and shall not be construed in any manner
10 to apply to electric corporations, natural gas corporations,
11 or any other utility subject to this Act.

12 (k) Nothing in this Section shall prohibit a party from
13 declining to proceed with an acquisition or be deemed as
14 establishing the final purchase price of an acquisition.

15 (l) In the Commission's order that approves the large
16 utility's acquisition of the water or sewer utility, the
17 Commission shall address each aspect of the acquisition
18 transaction for which approval is required under the Act.

19 (m) Any contractor or subcontractor that performs work on
20 a water or sewer utility acquired by a large public utility
21 under this Section shall be a responsible bidder as described
22 in Section 30-22 of the Illinois Procurement Code. The
23 contractor or subcontractor shall submit evidence of meeting
24 the requirements to be a responsible bidder as described in
25 Section 30-22 to the water or sewer utility. Any new water or
26 sewer facility built as a result of the acquisition shall

1 require the contractor to enter into a project labor
2 agreement. The large public utility acquiring the water or
3 sewer utility shall offer employee positions to qualified
4 employees of the acquired water or sewer utility.

5 (n) This Section is repealed on June 1, 2028.

6 (Source: P.A. 102-149, eff. 1-1-22.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.".