

**93RD GENERAL ASSEMBLY****State of Illinois****2003 and 2004**

Introduced 2/6/2004, by Jacqueline Y. Collins

SYNOPSIS AS INTRODUCED:

220 ILCS 5/5-108.1 new
220 ILCS 5/8-207.2 new
220 ILCS 5/8-207.5 new
220 ILCS 5/8-306 new
305 ILCS 20/4.5 new
305 ILCS 20/13

Amends the Public Utilities Act. Provides that every public utility that provides gas or electric service to residential customers as primary or secondary sources of heating or cooling must report all of the following information annually in writing to the Illinois Commerce Commission: (1) the number of accounts that are past due each month, (2) the aggregate amount of past due balances each month, (3) the number of disconnection notices issued to residential customers each month, (4) the number of residential customers disconnected each month, (5) the number of residential customers eligible for emergency services under the Energy Assistance Act each year, and (6) the aggregate amount of arrears that are written off as bad business debt each year. Requires a utility to reconnect service to LIHEAP-eligible households whose service was disconnected for nonpayment if the consumer (i) pays 20% of the outstanding bill for the household or \$250, whichever is less or (ii) agrees to a payment plan negotiated with the public utility by the local area agency on behalf of the consumer. Requires an electric or gas public utility to participate in the Percentage of Income Payment Plan established under the Energy Assistance Act and establish and implement an arrearage reduction program for consumers who are participating in the Plan. Provides that, if a public utility writes off uncollectable account arrearages as a bad business debt on its State or federal income tax return, the utility shall cease all collection activities for that debt and write the indebtedness off of its books. Amends the Energy Assistance Act. Requires the Department of Commerce and Economic Opportunity to institute a Percentage of Income Payment Plan to ensure the availability of heating, cooling, and electric service to low income citizens. Requires that the Plan be in operation by November 1, 2005. Authorizes the Department to enter into contracts and other agreements with local agencies for the purpose of administering the Plan. Provides that monies in the Supplemental Low-Income Energy Assistance Fund be used to to fund the Plan. Effective immediately.

LRB093 15700 AMC 46480 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning public utilities.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Public Utilities Act is amended by adding
5 Sections 5-108.1, 8-207.2, 8-207.5, and 8-306 as follows:

6 (220 ILCS 5/5-108.1 new)

7 Sec. 5-108.1. Report. Every public utility that provides
8 gas or electric service to residential customers as primary or
9 secondary sources of heating or cooling must report all of the
10 following information annually in writing to the Illinois
11 Commerce Commission:

12 (1) The number of accounts that are past due each
13 month.

14 (2) The aggregate amount of past due balances each
15 month.

16 (3) The number of disconnection notices issued to
17 residential customers each month.

18 (4) The number of residential customers disconnected
19 each month.

20 (5) The number of residential customers eligible for
21 emergency services under the Energy Assistance Act each
22 year.

23 (6) The aggregate amount of arrears that are written
24 off as bad business debt each year.

25 (220 ILCS 5/8-207.2 new)

26 Sec. 8-207.2. Reconnection of LIHEAP-eligible households.
27 Notwithstanding any other provision of this Act, a utility must
28 reconnect service to LIHEAP-eligible households whose service
29 was disconnected for nonpayment if the consumer (i) pays 20% of
30 the outstanding bill for the household or \$250, whichever is
31 less or (ii) agrees a payment plan negotiated with the public

1 utility by the local area agency on behalf of the consumer.
2 Before reconnecting service a utility shall not impose any
3 other condition upon a LIHEAP-eligible household except those
4 provided in this subsection.

5 (220 ILCS 5/8-207.5 new)

6 Sec. 8-207.5. Percentage of Income Payment Plan.

7 (a) An electric or gas public utility that provides service
8 to consumers in Illinois must participate in the Percentage of
9 Income Payment Plan established under the Energy Assistance
10 Act.

11 (b) As a part of the Percentage of Income Payment Plan, an
12 electric or gas public utility must establish and implement an
13 arrears reduction program for consumers who are
14 participating in the Plan. The arrears reduction program
15 shall provide that one-tenth of a participant's arrears shall
16 be reduced for every 3 months of timely monthly payments under
17 the Plan.

18 (c) Notwithstanding any other provision of this Act, an
19 electric or gas public utility may not disconnect service to
20 any residential customer who is a participant in the Percentage
21 of Income Payment Plan.

22 (220 ILCS 5/8-306 new)

23 Sec. 8-306. Bad business debt. If a public utility writes
24 off uncollectable account arrearages as a bad business debt on
25 its State or federal income tax return, the utility shall cease
26 all collection activities for that debt and write the
27 indebtedness off of its books.

28 Section 10. The Energy Assistance Act is amended by
29 changing Section 13 and by adding Section 4.5 as follows:

30 (305 ILCS 20/4.5 new)

31 Sec. 4.5. Percentage of Income Payment Plan.

32 (a) As part of the energy assistance program established

1 under Section 4, the Department must institute a Percentage of
2 Income Payment Plan to further ensure the availability of
3 heating, cooling, and electric service to low income citizens.
4 The Department shall implement the Plan by rule. The Plan shall
5 be consistent with the objectives of this Section. The
6 Department shall ensure that the Plan is in operation by
7 November 1, 2005, and may enter into such contracts and other
8 agreements with local agencies as may be necessary for the
9 purpose of administering the Plan.

10 (b) Illinois energy assistance consumers shall have the
11 option of participating in the Percentage of Income Payment
12 Plan. The Percentage of Income Payment Plan shall be a
13 year-round program that requires participants to pay 7% of
14 their income for the primary energy source for heating and
15 cooling and 3% of their income for the secondary energy source
16 for heating and cooling. Households that use electricity as
17 their sole energy source can elect to participate in the
18 Percentage of Income Payment Plan and pay 10% of their income
19 to the utility supplying electricity. All percentage of income
20 payments shall first be applied to the consumer's current
21 monthly payment obligation. For months in which the consumer's
22 payment under the Percentage of Income Payment Plan exceeds his
23 or her current bill, the balance of the payment shall be
24 applied to any default under a deferred payment plan or, if
25 none, to the consumer's arrearage, if any. If there is no
26 default amount or arrearage, the overpayment shall be retained
27 by the utility and treated as a budget plan payment to be
28 credited to the consumer against potential arrearages in the
29 future. For months in which the consumer's payment under the
30 Percentage of Income Payment Plan is less than his or her
31 current bill, the balance of the current bill shall be paid to
32 the utility out of the State LIHEAP fund. Prior to entering
33 into a Percentage of Income Payment Plan, the local area agency
34 shall counsel the consumer as to the possible benefits of the
35 Percentage of Income Payment Plan and will work with the
36 consumer to develop an energy payment plan that meets the needs

1 of the consumer.

2 (c) The amount of a consumer's percentage of income payment
3 shall be based on an annual report on average energy usage
4 issued by the Illinois Department of Natural Resources. Any
5 consumption of energy over the average use amount shall be the
6 responsibility of the consumer.

7 (d) The LIHEAP flat grant direct vendor payment program in
8 existence prior to the effective date of this amendatory Act of
9 the 93rd General Assembly shall continue in effect for eligible
10 consumers that (i) have utility costs included as an
11 undesignated portion of the rent("heat-in-rent" consumers) or
12 (ii) have home-delivered fuel or that purchase fuel in bulk for
13 residential use. However, "heat-in-rent" consumers who pay
14 separately for electricity may participate in a 3% percentage
15 of income payment plan, and "electricity-in rent" consumers who
16 pay separately for gas service may participate in a 7%
17 percentage of income payment plan.

18 (e) A LIHEAP flat grant shall be available to eligible
19 consumers who elect not to participate in the Percentage of
20 Income Payment Program. The amount of the flat grant shall be
21 set by the Department of Commerce and Economic Opportunity in
22 consultation with the Policy Advisory Committee, taking into
23 consideration the amount of available LIHEAP funds. The flat
24 grant amount shall be set at a level that encourages
25 participation in the Percentage of Income Payment Plan.

26 (f) Emergency Services grants under LIHEAP shall be limited
27 to the amount necessary to reconnect service to the household
28 unless another emergency exists such as the need for repairs or
29 service in the dwelling.

30 (g) The General Assembly finds that energy efficiency is an
31 important component of LIHEAP because it helps the State
32 control costs by lowering the heating and cooling bills of
33 eligible consumers. The Department, in consultation with the
34 Policy Advisory Committee, shall establish an energy
35 efficiency and weatherization program targeted, to the extent
36 practicable, to high-cost high-volume use buildings occupied

1 by LIHEAP-eligible consumers with the goal of reducing the
2 energy bills of the occupants. Acceptance of energy efficiency
3 and weatherization services provided under LIHEAP shall be a
4 condition for participation in the Percentage of Income Payment
5 Plan. The energy efficiency component of LIHEAP shall (i)
6 target the highest cost households for weatherization and (ii)
7 provide no-cost or low-cost efficiency strategies for all
8 participants. The Department and the Policy Advisory Committee
9 shall review appropriate data provided by consumers, local area
10 agencies and other appropriate sources in deciding how to
11 target energy efficiency resources.

12 (h) The costs of operating the Percentage of Income Payment
13 Plan as part of LIHEAP shall be paid out of the Supplemental
14 Low-Income Energy Assistance Fund. To meet the anticipated
15 increase in costs, the following portfolio of funding sources
16 for the State LIHEAP fund shall be added to existing funding
17 sources:

18 (1) The Department shall use financial hedging tools to
19 minimize its vulnerability to periodic swings in the cost
20 of natural gas. The Department, in consultation with the
21 Policy Advisory Committee, shall predetermine the annual
22 amount of LIHEAP funding available for hedging strategies.
23 This amount shall be based on projections of the cost of
24 natural gas and the projected natural gas consumption by
25 consumers participating in a Percentage of Income Payment
26 Plan. The Department shall put out for competitive bidding
27 the development and implementation of the hedging
28 strategy. Money saved by the use of hedging strategies in
29 colder-than-normal winters shall be used to pay for the
30 cost of hedging strategies during warmer-than-normal
31 winters.

32 (2) The Department shall apply the savings realized
33 from lower flat grants to LIHEAP-eligible consumers who opt
34 not to participate in the Percentage of Income Payment Plan
35 and lower average emergency services grants to help cover
36 the additional costs of the energy assistance program

1 changes created by this amendatory Act of the 93rd General
2 Assembly.

3 (3) The savings in LIHEAP funds resulting from the
4 alleviation of arrearages for eligible consumers resulting
5 from the program changes created by this amendatory Act of
6 the 93rd General Assembly shall be applied to help cover
7 the additional costs resulting from this amendatory Act of
8 the 93rd General Assembly.

9 (4) Bulk purchasing and other cost-saving practices
10 shall be used to reduce LIHEAP expenditures. These savings
11 shall be applied to the additional costs created by this
12 amendatory Act of the 93rd General Assembly.

13 (5) Interest earned on funds deposited in the LIHEAP
14 funds shall be applied to the cost of the LIHEAP program.

15 (i) The Department may adopt any rules necessary for the
16 implementation of this Section.

17 (305 ILCS 20/13)

18 Sec. 13. Supplemental Low-Income Energy Assistance Fund.

19 (a) The Supplemental Low-Income Energy Assistance Fund is
20 hereby created as a special fund in the State Treasury. The
21 Supplemental Low-Income Energy Assistance Fund is authorized
22 to receive, by statutory deposit, the moneys collected pursuant
23 to this Section. Subject to appropriation, the Department shall
24 use moneys from the Supplemental Low-Income Energy Assistance
25 Fund for payments to electric or gas public utilities,
26 municipal electric or gas utilities, and electric cooperatives
27 on behalf of their customers who are participants in the
28 program authorized by Section 4 of this Act, for administration
29 of the Percentage of Income Payment Plan under Section 4.5 of
30 this Act, for the provision of weatherization services and for
31 administration of the Supplemental Low-Income Energy
32 Assistance Fund. The yearly expenditures for weatherization
33 may not exceed 10% of the amount collected during the year
34 pursuant to this Section. The yearly administrative expenses of
35 the Supplemental Low-Income Energy Assistance Fund may not

1 exceed 10% of the amount collected during that year pursuant to
2 this Section.

3 (b) Notwithstanding the provisions of Section 16-111 of the
4 Public Utilities Act but subject to subsection (k) of this
5 Section, each public utility, electric cooperative, as defined
6 in Section 3.4 of the Electric Supplier Act, and municipal
7 utility, as referenced in Section 3-105 of the Public Utilities
8 Act, that is engaged in the delivery of electricity or the
9 distribution of natural gas within the State of Illinois shall,
10 effective January 1, 1998, assess each of its customer accounts
11 a monthly Energy Assistance Charge for the Supplemental
12 Low-Income Energy Assistance Fund. The delivering public
13 utility, municipal electric or gas utility, or electric or gas
14 cooperative for a self-assessing purchaser remains subject to
15 the collection of the fee imposed by this Section. The monthly
16 charge shall be as follows:

17 (1) \$0.40 per month on each account for residential
18 electric service;

19 (2) \$0.40 per month on each account for residential gas
20 service;

21 (3) \$4 per month on each account for non-residential
22 electric service which had less than 10 megawatts of peak
23 demand during the previous calendar year;

24 (4) \$4 per month on each account for non-residential
25 gas service which had distributed to it less than 4,000,000
26 therms of gas during the previous calendar year;

27 (5) \$300 per month on each account for non-residential
28 electric service which had 10 megawatts or greater of peak
29 demand during the previous calendar year; and

30 (6) \$300 per month on each account for non-residential
31 gas service which had 4,000,000 or more therms of gas
32 distributed to it during the previous calendar year.

33 (c) For purposes of this Section:

34 (1) "residential electric service" means electric
35 utility service for household purposes delivered to a
36 dwelling of 2 or fewer units which is billed under a

1 residential rate, or electric utility service for
2 household purposes delivered to a dwelling unit or units
3 which is billed under a residential rate and is registered
4 by a separate meter for each dwelling unit;

5 (2) "residential gas service" means gas utility
6 service for household purposes distributed to a dwelling of
7 2 or fewer units which is billed under a residential rate,
8 or gas utility service for household purposes distributed
9 to a dwelling unit or units which is billed under a
10 residential rate and is registered by a separate meter for
11 each dwelling unit;

12 (3) "non-residential electric service" means electric
13 utility service which is not residential electric service;
14 and

15 (4) "non-residential gas service" means gas utility
16 service which is not residential gas service.

17 (d) At least 45 days prior to the date on which it must
18 begin assessing Energy Assistance Charges, each public utility
19 engaged in the delivery of electricity or the distribution of
20 natural gas shall file with the Illinois Commerce Commission
21 tariffs incorporating the Energy Assistance Charge in other
22 charges stated in such tariffs.

23 (e) The Energy Assistance Charge assessed by electric and
24 gas public utilities shall be considered a charge for public
25 utility service.

26 (f) By the 20th day of the month following the month in
27 which the charges imposed by the Section were collected, each
28 public utility, municipal utility, and electric cooperative
29 shall remit to the Department of Revenue all moneys received as
30 payment of the Energy Assistance Charge on a return prescribed
31 and furnished by the Department of Revenue showing such
32 information as the Department of Revenue may reasonably
33 require. If a customer makes a partial payment, a public
34 utility, municipal utility, or electric cooperative may elect
35 either: (i) to apply such partial payments first to amounts
36 owed to the utility or cooperative for its services and then to

1 payment for the Energy Assistance Charge or (ii) to apply such
2 partial payments on a pro-rata basis between amounts owed to
3 the utility or cooperative for its services and to payment for
4 the Energy Assistance Charge.

5 (g) The Department of Revenue shall deposit into the
6 Supplemental Low-Income Energy Assistance Fund all moneys
7 remitted to it in accordance with subsection (f) of this
8 Section.

9 (h) (Blank).

10 On or before December 31, 2002, the Department shall
11 prepare a report for the General Assembly on the expenditure of
12 funds appropriated from the Low-Income Energy Assistance Block
13 Grant Fund for the program authorized under Section 4 of this
14 Act.

15 (i) The Department of Revenue may establish such rules as
16 it deems necessary to implement this Section.

17 (j) The Department of Commerce and Economic Opportunity
18 ~~Community Affairs~~ may establish such rules as it deems
19 necessary to implement this Section.

20 (k) The charges imposed by this Section shall only apply to
21 customers of municipal electric or gas utilities and electric
22 or gas cooperatives if the municipal electric or gas utility or
23 electric or gas cooperative makes an affirmative decision to
24 impose the charge. If a municipal electric or gas utility or an
25 electric cooperative makes an affirmative decision to impose
26 the charge provided by this Section, the municipal electric or
27 gas utility or electric cooperative shall inform the Department
28 of Revenue in writing of such decision when it begins to impose
29 the charge. If a municipal electric or gas utility or electric
30 or gas cooperative does not assess this charge, the Department
31 may not use funds from the Supplemental Low-Income Energy
32 Assistance Fund to provide benefits to its customers under the
33 program authorized by Section 4 of this Act.

34 In its use of federal funds under this Act, the Department
35 may not cause a disproportionate share of those federal funds
36 to benefit customers of systems which do not assess the charge

1 provided by this Section.

2 This Section is repealed effective December 31, 2007 unless
3 renewed by action of the General Assembly. The General Assembly
4 shall consider the results of the evaluations described in
5 Section 8 in its deliberations.

6 (Source: P.A. 92-690, eff. 7-18-02; revised 12-6-03.)

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