



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB5555

Introduced 01/27/06, by Rep. Renee Kosel

SYNOPSIS AS INTRODUCED:

- 220 ILCS 5/4-605 new
- 220 ILCS 5/8-302.5 new
- 220 ILCS 5/8-302.7 new
- 220 ILCS 5/8-302.9 new
- 220 ILCS 5/8-303.5 new
- 220 ILCS 5/9-201 from Ch. 111 2/3, par. 9-201
- 220 ILCS 5/9-220.5 new
- 220 ILCS 5/9-220.7 new
- 220 ILCS 5/9-223 from Ch. 111 2/3, par. 9-223

Amends the Public Utilities Act. Sets forth certain rights for water and sewer public utility customers. Requires a water or sewer public utility to file a tariff with the Illinois Commerce Commission if requested to do so by a municipality, for metered water service used for building construction purposes. Requires the Commission to adopt rules to establish standards for subcontractors of for-profit water and sewer utilities. Requires the Commission to establish a formula for true-up charges that takes into account certain conservation factors. Prohibits a water public utility from charging a customer during the time the customer's meter is malfunctioning and requires the utility to test a customer's meter under certain circumstances. Requires the Commission to hold public forums before any hearing on a rate increase with respect to a water or sewer public utility. Requires each water and sewer public utility to establish a unit rate, subject to review by the Commission, for customers with low usage rates. Requires a water or sewer utility to offer separate rates for water and sewer service to any commercial or residential customer who uses separate meters to measure each of those services. Requires the Commission to conduct at least 3 public forums throughout the State to evaluate the purpose and use of fire protection charges imposed by public utilities and to report its findings and recommendations to the General Assembly no later than the last day of the the veto session in 2006. Effective immediately.

LRB094 19388 MKM 55053 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning regulation.

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 changing
5 Sections 9-201 and 9-223 and by adding Sections 4-605, 8-302.5,
6 8-302.7, 8-302.9, 8-303.5, 9-220.5, and 9-220.7 as follows:

7 (220 ILCS 5/4-605 new)

8 Sec. 4-605. Water and sewer public utilities; customer
9 rights.

10 (a) Within 90 days after the effective date of this
11 amendatory Act of the 94th General Assembly, the Commission
12 shall hold public hearings concerning and establish a water
13 bill of rights for customers of public utilities providing
14 water or sewer service. The water bill of rights must detail
15 what rights a customer has in each of the following situations:

16 (1) The customer's water meter is replaced.

17 (2) The customer's bill increases by more than 20%
18 within one billing period.

19 (3) The customer's water service is terminated.

20 (4) The customer wishes to appeal a termination of
21 service notice.

22 (5) The customer is unable to make payment on a billing
23 statement.

24 (6) A surcharge is filed that will increase the amount
25 billed to the customer.

26 (7) The customer is billed for services provided prior
27 to the date covered by the billing statement.

28 (8) The customer is due to receive a credit.

29 The water bill of rights must also include information
30 concerning the service obligations of the utility and informing
31 the customer about unfair and unethical collection practices
32 and remedies that the customer may pursue for a violation of

1 the customer's rights.

2 (b) No water or sewer public utility may terminate the
3 service of any customer without first providing at least 7
4 days' advance written notice to the customer. The written
5 notice must include a copy of the water bill of rights created
6 under this Section and must notify the customer of the
7 customer's right to appeal the termination. The Commission
8 shall establish, by rule, a minimum payment schedule that must
9 be followed by the customer and the public utility of a
10 customer is disputing an amount billed to the customer or
11 appealing a termination of service and sanctions that may be
12 imposed against any public utility that terminates service to
13 any customer who adheres to the minimum payment schedule
14 established by the Commission. No water or sewer public utility
15 shall terminate service to any customer appealing a termination
16 of service or disputing a billed amount so long as the customer
17 adheres to the minimum payment schedule required by the
18 Commission.

19 (c) Each water or sewer public utility must provide written
20 notice to each affected customer of any true-up rate adjustment
21 and when it will go into effect.

22 (d) Each water or sewer public utility must disclose on
23 each billing statement any amount billed that is for service
24 provided prior to the date covered by the billing statement.
25 The disclosure must include the dates for which the prior
26 service is being billed. Each billing statement that includes
27 an amount billed for service provided prior to the date covered
28 by the billing statement must disclose the dates for which that
29 amount is billed and must include a copy of the water bill of
30 rights and a statement of current Commission rules concerning
31 back-billing. The Commission must verify any true-up in the
32 number of gallons that have been back-billed by a water or
33 sewer public utility and the utility must credit the customer
34 with those gallons, calculated in dollars, with interest at the
35 prime rate.

36 (e) The Commission shall establish by rule an informal

1 complaint process for processing complaints about water and
2 sewer public utilities and shall respond to each complaint by
3 providing the consumer with a copy of the utilities response to
4 the complaint and a copy of the Commission's review of the
5 complaint and its findings. The Commission must provide the
6 consumer with all available options for recourse.

7 (f) Any refund on the billing statement of a customer of a
8 water or sewer public utility must be itemized and state the
9 purpose of the refund.

10 (220 ILCS 5/8-302.5 new)

11 Sec. 8-302.5. Water service for building construction
12 purposes. At the request of any municipality within the service
13 area of a public utility that provides water service to
14 customers within the municipality, a public utility must file
15 with the Commission a tariff that (i) applies only within that
16 municipality; (ii) requires all water service used for building
17 construction purposes to be measured by meter; (iii) is subject
18 to approved rates and charges for metered water service; and
19 (iv) prohibits the unauthorized use of water taken from
20 hydrants or service lines installed at construction sites.

21 (220 ILCS 5/8-302.7 new)

22 Sec. 8-302.7. Water and sewer or public utilities;
23 subcontractors. The Commission shall adopt rules to direct
24 for-profit water and sewer public utilities to conform to
25 standards that protect consumers from irresponsible
26 subcontractors contracted by a for-profit water or sewer public
27 utility. The rules must provide for notice to the consumer of
28 the proper kind of identification that the subcontractor must
29 present to the customer, prohibit the subcontractor from
30 soliciting or receiving payment of any kind for any service
31 provided by the water or sewer public utility, and establish
32 sanctions for violations.

33 (220 ILCS 5/8-302.9 new)

1 Sec. 8-302.9. Water and sewer public utilities; true-up
2 charges. The Commission must establish by rule a formula for
3 determining (i) the amount of unmetered water that a unit of
4 local government can expect to pay for in order to protect the
5 public and (ii) the percentage of unmetered water that reflects
6 environmental waste that is the result of a water or sewer
7 public utility's management inefficiencies and neglect. The
8 formula and the utility's compliance with existing
9 conservation agreements must be considered as part of all rate
10 cases and annual reconciliations associated with that utility.

11 (220 ILCS 5/8-303.5 new)

12 Sec. 8-303.5. Meter malfunction; testing.

13 (a) If a public utility furnishing water to any customer
14 determines that a meter owned by the public utility has
15 malfunctioned, then the public utility is prohibited from
16 charging the customer during the malfunction unless the
17 customer intentionally caused the malfunction.

18 (b) If requested by the Commission or by the customer whose
19 use is measured by the meter, a public utility furnishing water
20 to any customer must conduct a test to determine the accuracy
21 of the meter. Upon obtaining the written consent of the
22 Commission or the customer, the utility may use a company
23 authorized by the Commission to conduct the test. The utility
24 shall charge the customer for the conduct of the test in the
25 amount authorized by the Commission by rule.

26 (c) The Commission may establish by rule a minimum schedule
27 for testing of water meters and any tests conducted thereunder
28 must be conducted at the utility's expense.

29 (220 ILCS 5/9-201) (from Ch. 111 2/3, par. 9-201)

30 Sec. 9-201. Change of rates or other matters; notice; new
31 schedules; suspension of rates; hearings.

32 (a) Unless the Commission otherwise orders, and except as
33 otherwise provided in this Section, no change shall be made by
34 any public utility in any rate or other charge or

1 classification, or in any rule, regulation, practice or
2 contract relating to or affecting any rate or other charge,
3 classification or service, or in any privilege or facility,
4 except after 45 days' notice to the Commission and to the
5 public as herein provided. Such notice shall be given by filing
6 with the Commission and keeping open for public inspection new
7 schedules or supplements stating plainly the change or changes
8 to be made in the schedule or schedules then in force, and the
9 time when the change or changes will go into effect, and by
10 publication in a newspaper of general circulation or such other
11 notice to persons affected by such change as may be prescribed
12 by rule of the Commission. The Commission, for good cause
13 shown, may allow changes without requiring the 45 days' notice
14 herein provided for, by an order specifying the changes so to
15 be made and the time when they shall take effect and the manner
16 in which they shall be filed and published.

17 When any change is proposed in any rate or other charge, or
18 classification, or in any rule, regulation, practice, or
19 contract relating to or affecting any rate or other charge,
20 classification or service, or in any privilege or facility,
21 such proposed change shall be plainly indicated on the new
22 schedule filed with the Commission, by some character to be
23 designated by the Commission, immediately preceding or
24 following the item.

25 When any public utility providing water or sewer service
26 proposes any change in any rate or other charge, or
27 classification, or in any rule, regulation, practice, or
28 contract relating to or affecting any rate or other charge,
29 classification or service, or in any privilege or facility,
30 such utility shall, in addition to the other notice
31 requirements of this Act, provide notice of such change to all
32 customers potentially affected by including a notice and
33 description of such change, and of Commission procedures for
34 intervention, in the first bill sent to each such customer
35 after the filing of the proposed change.

36 When any public utility providing water or sewer service

1 proposes a rate increase, prior to the date set for the
2 hearing, a public forum on the increase must be conducted in
3 each unit of local government in which the increase will take
4 effect and the public utility must provide 30 days' advance
5 notice of each hearing to the governing body of those units of
6 local government. In addition, each public forum must be held
7 on a day and at a time that will allow for the greatest
8 possible public participation and in a location within 60 miles
9 of the service area affected by the proposed rate increase.
10 Reports and comments made during or as a result of the public
11 forum must be made part of the record of the hearing.

12 (b) Whenever there shall be filed with the Commission any
13 schedule stating an individual or joint rate or other charge,
14 classification, contract, practice, rule or regulation, the
15 Commission shall have power, and it is hereby given authority,
16 either upon complaint or upon its own initiative without
17 complaint, at once, and if it so orders, without answer or
18 other formal pleadings by the interested public utility or
19 utilities, but upon reasonable notice, to enter upon a hearing
20 concerning the propriety of such rate or other charge,
21 classification, contract, practice, rule or regulation, and
22 pending the hearing and decision thereon, such rate or other
23 charge, classification, contract, practice, rule or regulation
24 shall not go into effect. The period of suspension of such rate
25 or other charge, classification, contract, practice, rule or
26 regulation shall not extend more than 105 days beyond the time
27 when such rate or other charge, classification, contract,
28 practice, rule or regulation would otherwise go into effect
29 unless the Commission, in its discretion, extends the period of
30 suspension for a further period not exceeding 6 months.

31 All rates or other charges, classifications, contracts,
32 practices, rules or regulations not so suspended shall, on the
33 expiration of 45 days from the time of filing the same with the
34 Commission, or of such lesser time as the Commission may grant,
35 go into effect and be the established and effective rates or
36 other charges, classifications, contracts, practices, rules

1 and regulations, subject to the power of the Commission, after
2 a hearing had on its own motion or upon complaint, as herein
3 provided, to alter or modify the same.

4 Within 30 days after such changes have been authorized by
5 the Commission, copies of the new or revised schedules shall be
6 posted or filed in accordance with the terms of Section 9-103
7 of this Act, in such a manner that all changes shall be plainly
8 indicated.

9 (c) If the Commission enters upon a hearing concerning the
10 propriety of any proposed rate or other charge, classification,
11 contract, practice, rule or regulation, the Commission shall
12 establish the rates or other charges, classifications,
13 contracts, practices, rules or regulations proposed, in whole
14 or in part, or others in lieu thereof, which it shall find to
15 be just and reasonable. In such hearing, the burden of proof to
16 establish the justness and reasonableness of the proposed rates
17 or other charges, classifications, contracts, practices, rules
18 or regulations, in whole and in part, shall be upon the
19 utility. No rate or other charge, classification, contract,
20 practice, rule or regulation shall be found just and reasonable
21 unless it is consistent with Sections of this Article.

22 (Source: P.A. 84-617.)

23 (220 ILCS 5/9-220.5 new)

24 Sec. 9-220.5. Water and sewer utilities; low usage. Each
25 public utility that provides water and sewer service must
26 establish a unit rate, subject to review by the Commission,
27 that applies only to those customers who use less than 100
28 gallons of water in any billing period.

29 (220 ILCS 5/9-220.7 new)

30 Sec. 9-220.7. Water and sewer utilities; separate meters.
31 Each public utility that provides water and sewer service must
32 offer separate rates for water and sewer service to any
33 commercial or residential customer who uses separate meters to
34 measure each of those services. In order for the separate rate

1 to apply, a combination of meters must be used to measure the
2 amount of water that reaches the sewer system and the amount of
3 water that does not reach the sewer system.

4 (220 ILCS 5/9-223) (from Ch. 111 2/3, par. 9-223)

5 Sec. 9-223. Fire protection charge.

6 (a) The Commission may authorize any public utility engaged
7 in the production, storage, transmission, sale, delivery or
8 furnishing of water to impose a fire protection charge, in
9 addition to any rate authorized by this Act, sufficient to
10 cover a reasonable portion of the cost of providing the
11 capacity, facilities and the water necessary to meet the fire
12 protection needs of any municipality or public fire protection
13 district. Such fire protection charge shall be in the form of a
14 fixed amount per bill and shall be shown separately on the
15 utility bill of each customer of the municipality or fire
16 protection district. Any filing by a public utility to impose
17 such a fire protection charge or to modify a charge shall be
18 made pursuant to Section 9-201 of this Act. Any fire protection
19 charge imposed shall reflect the costs associated with
20 providing fire protection service for each municipality or fire
21 protection district. No such charge shall be imposed directly
22 on any municipality or fire protection district for a
23 reasonable level of fire protection services unless provided
24 for in a separate agreement between the municipality or the
25 fire protection district and the utility.

26 (b) Within one year after the effective date of this
27 amendatory Act of the 94th General Assembly, the Commission
28 shall conduct at least 3 public forums to evaluate the purpose
29 and use of each fire protection charge imposed under this
30 Section. At least one forum must be held in northern Illinois,
31 at least one forum must be held in central Illinois, and at
32 least one forum must be held in southern Illinois. The
33 Commission must invite a representative from each municipality
34 and fire protection district affected by a fire protection
35 charge under this Section to attend a public forum. The

1 Commission shall report its findings concerning
2 recommendations concerning the purpose and use of each fire
3 protection charge to the General Assembly no later than the
4 last day of the veto session in 2006.

5 (Source: P.A. 84-617.)

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