



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB5858

Introduced 11/15/2006, by Rep. Chapin Rose - Ron Stephens

SYNOPSIS AS INTRODUCED:

220 ILCS 5/16-102
220 ILCS 5/16-131 new

Amends the Electric Service Customer Choice and Rate Relief Law of 1997 of the Public Utilities Act. Extends the mandatory transition period from January 1, 2007, to March 1, 2007. Creates an electric rate task force to study the impact of electric rates on residential customers for the period of time subsequent to the mandatory transition period. Requires the task force to report its findings and recommendations for legislative action to the General Assembly on or before February 1, 2007. Effective immediately.

LRB094 21974 MJR 60477 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT 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 16-102 and 16-131 as follows:

6 (220 ILCS 5/16-102)

7 Sec. 16-102. Definitions. For the purposes of this Article
8 the following terms shall be defined as set forth in this
9 Section.

10 "Alternative retail electric supplier" means every person,
11 cooperative, corporation, municipal corporation, company,
12 association, joint stock company or association, firm,
13 partnership, individual, or other entity, their lessees,
14 trustees, or receivers appointed by any court whatsoever, that
15 offers electric power or energy for sale, lease or in exchange
16 for other value received to one or more retail customers, or
17 that engages in the delivery or furnishing of electric power or
18 energy to such retail customers, and shall include, without
19 limitation, resellers, aggregators and power marketers, but
20 shall not include (i) electric utilities (or any agent of the
21 electric utility to the extent the electric utility provides
22 tariffed services to retail customers through that agent), (ii)
23 any electric cooperative or municipal system as defined in
24 Section 17-100 to the extent that the electric cooperative or
25 municipal system is serving retail customers within any area in
26 which it is or would be entitled to provide service under the
27 law in effect immediately prior to the effective date of this
28 amendatory Act of 1997, (iii) a public utility that is owned
29 and operated by any public institution of higher education of
30 this State, or a public utility that is owned by such public
31 institution of higher education and operated by any of its
32 lessees or operating agents, within any area in which it is or

1 would be entitled to provide service under the law in effect
2 immediately prior to the effective date of this amendatory Act
3 of 1997, (iv) a retail customer to the extent that customer
4 obtains its electric power and energy from that customer's own
5 cogeneration or self-generation facilities, (v) an entity that
6 owns, operates, sells, or arranges for the installation of a
7 customer's own cogeneration or self-generation facilities, but
8 only to the extent the entity is engaged in owning, selling or
9 arranging for the installation of such facility, or operating
10 the facility on behalf of such customer, provided however that
11 any such third party owner or operator of a facility built
12 after January 1, 1999, complies with the labor provisions of
13 Section 16-128(a) as though such third party were an
14 alternative retail electric supplier, or (vi) an industrial or
15 manufacturing customer that owns its own distribution
16 facilities, to the extent that the customer provides service
17 from that distribution system to a third-party contractor
18 located on the customer's premises that is integrally and
19 predominantly engaged in the customer's industrial or
20 manufacturing process; provided, that if the industrial or
21 manufacturing customer has elected delivery services, the
22 customer shall pay transition charges applicable to the
23 electric power and energy consumed by the third-party
24 contractor unless such charges are otherwise paid by the third
25 party contractor, which shall be calculated based on the usage
26 of, and the base rates or the contract rates applicable to, the
27 third-party contractor in accordance with Section 16-102.

28 "Base rates" means the rates for those tariffed services
29 that the electric utility is required to offer pursuant to
30 subsection (a) of Section 16-103 and that were identified in a
31 rate order for collection of the electric utility's base rate
32 revenue requirement, excluding (i) separate automatic rate
33 adjustment riders then in effect, (ii) special or negotiated
34 contract rates, (iii) delivery services tariffs filed pursuant
35 to Section 16-108, (iv) real-time pricing, or (v) tariffs that
36 were in effect prior to October 1, 1996 and that based charges

1 for services on an index or average of other utilities'
2 charges, but including (vi) any subsequent redesign of such
3 rates for tariffed services that is authorized by the
4 Commission after notice and hearing.

5 "Competitive service" includes (i) any service that has
6 been declared to be competitive pursuant to Section 16-113 of
7 this Act, (ii) contract service, and (iii) services, other than
8 tariffed services, that are related to, but not necessary for,
9 the provision of electric power and energy or delivery
10 services.

11 "Contract service" means (1) services, including the
12 provision of electric power and energy or other services, that
13 are provided by mutual agreement between an electric utility
14 and a retail customer that is located in the electric utility's
15 service area, provided that, delivery services shall not be a
16 contract service until such services are declared competitive
17 pursuant to Section 16-113; and also means (2) the provision of
18 electric power and energy by an electric utility to retail
19 customers outside the electric utility's service area pursuant
20 to Section 16-116. Provided, however, contract service does not
21 include electric utility services provided pursuant to (i)
22 contracts that retail customers are required to execute as a
23 condition of receiving tariffed services, or (ii) special or
24 negotiated rate contracts for electric utility services that
25 were entered into between an electric utility and a retail
26 customer prior to the effective date of this amendatory Act of
27 1997 and filed with the Commission.

28 "Delivery services" means those services provided by the
29 electric utility that are necessary in order for the
30 transmission and distribution systems to function so that
31 retail customers located in the electric utility's service area
32 can receive electric power and energy from suppliers other than
33 the electric utility, and shall include, without limitation,
34 standard metering and billing services.

35 "Electric utility" means a public utility, as defined in
36 Section 3-105 of this Act, that has a franchise, license,

1 permit or right to furnish or sell electricity to retail
2 customers within a service area.

3 "Mandatory transition period" means the period from the
4 effective date of this amendatory Act of 1997 through March
5 ~~January~~ 1, 2007.

6 "Municipal system" shall have the meaning set forth in
7 Section 17-100.

8 "Real-time pricing" means tariffed retail charges for
9 delivered electric power and energy that vary hour-to-hour and
10 are determined from wholesale market prices using a methodology
11 approved by the Illinois Commerce Commission.

12 "Retail customer" means a single entity using electric
13 power or energy at a single premises and that (A) either (i) is
14 receiving or is eligible to receive tariffed services from an
15 electric utility, or (ii) that is served by a municipal system
16 or electric cooperative within any area in which the municipal
17 system or electric cooperative is or would be entitled to
18 provide service under the law in effect immediately prior to
19 the effective date of this amendatory Act of 1997, or (B) an
20 entity which on the effective date of this Act was receiving
21 electric service from a public utility and (i) was engaged in
22 the practice of resale and redistribution of such electricity
23 within a building prior to January 2, 1957, or (ii) was
24 providing lighting services to tenants in a multi-occupancy
25 building, but only to the extent such resale, redistribution or
26 lighting service is authorized by the electric utility's
27 tariffs that were on file with the Commission on the effective
28 date of this Act.

29 "Service area" means (i) the geographic area within which
30 an electric utility was lawfully entitled to provide electric
31 power and energy to retail customers as of the effective date
32 of this amendatory Act of 1997, and includes (ii) the location
33 of any retail customer to which the electric utility was
34 lawfully providing electric utility services on such effective
35 date.

36 "Small commercial retail customer" means those

1 nonresidential retail customers of an electric utility
2 consuming 15,000 kilowatt-hours or less of electricity
3 annually in its service area.

4 "Tariffed service" means services provided to retail
5 customers by an electric utility as defined by its rates on
6 file with the Commission pursuant to the provisions of Article
7 IX of this Act, but shall not include competitive services.

8 "Transition charge" means a charge expressed in cents per
9 kilowatt-hour that is calculated for a customer or class of
10 customers as follows for each year in which an electric utility
11 is entitled to recover transition charges as provided in
12 Section 16-108:

13 (1) the amount of revenue that an electric utility
14 would receive from the retail customer or customers if it
15 were serving such customers' electric power and energy
16 requirements as a tariffed service based on (A) all of the
17 customers' actual usage during the 3 years ending 90 days
18 prior to the date on which such customers were first
19 eligible for delivery services pursuant to Section 16-104,
20 and (B) on (i) the base rates in effect on October 1, 1996
21 (adjusted for the reductions required by subsection (b) of
22 Section 16-111, for any reduction resulting from a rate
23 decrease under Section 16-101(b), for any restatement of
24 base rates made in conjunction with an elimination of the
25 fuel adjustment clause pursuant to subsection (b), (d), or
26 (f) of Section 9-220 and for any removal of decommissioning
27 costs from base rates pursuant to Section 16-114) and any
28 separate automatic rate adjustment riders (other than a
29 decommissioning rate as defined in Section 16-114) under
30 which the customers were receiving or, had they been
31 customers, would have received electric power and energy
32 from the electric utility during the year immediately
33 preceding the date on which such customers were first
34 eligible for delivery service pursuant to Section 16-104,
35 or (ii) to the extent applicable, any contract rates,
36 including contracts or rates for consolidated or

1 aggregated billing, under which such customers were
2 receiving electric power and energy from the electric
3 utility during such year;

4 (2) less the amount of revenue, other than revenue from
5 transition charges and decommissioning rates, that the
6 electric utility would receive from such retail customers
7 for delivery services provided by the electric utility,
8 assuming such customers were taking delivery services for
9 all of their usage, based on the delivery services tariffs
10 in effect during the year for which the transition charge
11 is being calculated and on the usage identified in
12 paragraph (1);

13 (3) less the market value for the electric power and
14 energy that the electric utility would have used to supply
15 all of such customers' electric power and energy
16 requirements, as a tariffed service, based on the usage
17 identified in paragraph (1), with such market value
18 determined in accordance with Section 16-112 of this Act;

19 (4) less the following amount which represents the
20 amount to be attributed to new revenue sources and cost
21 reductions by the electric utility through the end of the
22 period for which transition costs are recovered pursuant to
23 Section 16-108, referred to in this Article XVI as a
24 "mitigation factor":

25 (A) for nonresidential retail customers, an amount
26 equal to the greater of (i) 0.5 cents per kilowatt-hour
27 during the period October 1, 1999 through December 31,
28 2004, 0.6 cents per kilowatt-hour in calendar year
29 2005, and 0.9 cents per kilowatt-hour in calendar year
30 2006, multiplied in each year by the usage identified
31 in paragraph (1), or (ii) an amount equal to the
32 following percentages of the amount produced by
33 applying the applicable base rates (adjusted as
34 described in subparagraph (1)(B)) or contract rate to
35 the usage identified in paragraph (1): 8% for the
36 period October 1, 1999 through December 31, 2002, 10%

1 in calendar years 2003 and 2004, 11% in calendar year
2 2005 and 12% in calendar year 2006; and

3 (B) for residential retail customers, an amount
4 equal to the following percentages of the amount
5 produced by applying the base rates in effect on
6 October 1, 1996 (adjusted as described in subparagraph
7 (1)(B)) to the usage identified in paragraph (1): (i)
8 6% from May 1, 2002 through December 31, 2002, (ii) 7%
9 in calendar years 2003 and 2004, (iii) 8% in calendar
10 year 2005, and (iv) 10% in calendar year 2006;

11 (5) divided by the usage of such customers identified
12 in paragraph (1),
13 provided that the transition charge shall never be less than
14 zero.

15 "Unbundled service" means a component or constituent part
16 of a tariffed service which the electric utility subsequently
17 offers separately to its customers.

18 (Source: P.A. 94-977, eff. 6-30-06.)

19 (220 ILCS 5/16-131 new)

20 Sec. 16-131. Electric rate task force.

21 (a) An electric rate task force is created that consists of
22 10 members appointed as follows: 3 members of the Senate
23 appointed by the President of the Senate, 2 members of the
24 Senate appointed by the Minority Leader of the Senate, 3
25 members of the House of Representatives appointed by the
26 Speaker of the House of Representatives, and 2 members of the
27 House of Representatives appointed by the Minority Leader of
28 the House of Representatives.

29 (b) The electric rate task force shall study the impact of
30 electric rates on residential customers for the period of time
31 subsequent to the mandatory transition period. The task force
32 shall report its findings and make recommendations for
33 legislative action to the General Assembly on or before
34 February 1, 2007.

35 (c) This Section is repealed on February 2, 2007.

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.