



Sen. Gary Forby

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1 AMENDMENT TO SENATE BILL 1592

2 AMENDMENT NO. _____. Amend Senate Bill 1592, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Public Utilities Act is amended by changing
6 Sections 16-102, 16-111, and 16-113 as follows:

7 (220 ILCS 5/16-102)

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

11 "Alternative retail electric supplier" means every person,
12 cooperative, corporation, municipal corporation, company,
13 association, joint stock company or association, firm,
14 partnership, individual, or other entity, their lessees,
15 trustees, or receivers appointed by any court whatsoever, that
16 offers electric power or energy for sale, lease or in exchange

1 for other value received to one or more retail customers, or
2 that engages in the delivery or furnishing of electric power or
3 energy to such retail customers, and shall include, without
4 limitation, resellers, aggregators and power marketers, but
5 shall not include (i) electric utilities (or any agent of the
6 electric utility to the extent the electric utility provides
7 tariffed services to retail customers through that agent), (ii)
8 any electric cooperative or municipal system as defined in
9 Section 17-100 to the extent that the electric cooperative or
10 municipal system is serving retail customers within any area in
11 which it is or would be entitled to provide service under the
12 law in effect immediately prior to the effective date of this
13 amendatory Act of 1997, (iii) a public utility that is owned
14 and operated by any public institution of higher education of
15 this State, or a public utility that is owned by such public
16 institution of higher education and operated by any of its
17 lessees or operating agents, within any area in which it is or
18 would be entitled to provide service under the law in effect
19 immediately prior to the effective date of this amendatory Act
20 of 1997, (iv) a retail customer to the extent that customer
21 obtains its electric power and energy from that customer's own
22 cogeneration or self-generation facilities, (v) an entity that
23 owns, operates, sells, or arranges for the installation of a
24 customer's own cogeneration or self-generation facilities, but
25 only to the extent the entity is engaged in owning, selling or
26 arranging for the installation of such facility, or operating

1 the facility on behalf of such customer, provided however that
2 any such third party owner or operator of a facility built
3 after January 1, 1999, complies with the labor provisions of
4 Section 16-128(a) as though such third party were an
5 alternative retail electric supplier, or (vi) an industrial or
6 manufacturing customer that owns its own distribution
7 facilities, to the extent that the customer provides service
8 from that distribution system to a third-party contractor
9 located on the customer's premises that is integrally and
10 predominantly engaged in the customer's industrial or
11 manufacturing process; provided, that if the industrial or
12 manufacturing customer has elected delivery services, the
13 customer shall pay transition charges applicable to the
14 electric power and energy consumed by the third-party
15 contractor unless such charges are otherwise paid by the third
16 party contractor, which shall be calculated based on the usage
17 of, and the base rates or the contract rates applicable to, the
18 third-party contractor in accordance with Section 16-102.

19 "Base rates" means the rates for those tariffed services
20 that the electric utility is required to offer pursuant to
21 subsection (a) of Section 16-103 and that were identified in a
22 rate order for collection of the electric utility's base rate
23 revenue requirement, excluding (i) separate automatic rate
24 adjustment riders then in effect, (ii) special or negotiated
25 contract rates, (iii) delivery services tariffs filed pursuant
26 to Section 16-108, (iv) real-time pricing, or (v) tariffs that

1 were in effect prior to October 1, 1996 and that based charges
2 for services on an index or average of other utilities'
3 charges, but including (vi) any subsequent redesign of such
4 rates for tariffed services that is authorized by the
5 Commission after notice and hearing.

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

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

1 customer prior to the effective date of this amendatory Act of
2 1997 and filed with the Commission.

3 "Delivery services" means those services provided by the
4 electric utility that are necessary in order for the
5 transmission and distribution systems to function so that
6 retail customers located in the electric utility's service area
7 can receive electric power and energy from suppliers other than
8 the electric utility, and shall include, without limitation,
9 standard metering and billing services.

10 "Electric utility" means a public utility, as defined in
11 Section 3-105 of this Act, that has a franchise, license,
12 permit or right to furnish or sell electricity to retail
13 customers within a service area.

14 "Mandatory transition period" means the period from
15 December 16, 1997 (the effective date of Public Act 90-561)
16 ~~this amendatory Act of 1997~~ through January 1, 2007 and from
17 the effective date of this amendatory Act of the 95th General
18 Assembly through the date on which the Commission has approved
19 declarations of competitive service, pursuant to Section
20 16-113, for all classes of service offered in the service areas
21 of all electric utilities that, on December 31, 2005, served at
22 least 100,000 but fewer than 2 million residential customers.

23 "Municipal system" shall have the meaning set forth in
24 Section 17-100.

25 "Real-time pricing" means tariffed retail charges for
26 delivered electric power and energy that vary hour-to-hour and

1 are determined from wholesale market prices using a methodology
2 approved by the Illinois Commerce Commission.

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

20 "Service area" means (i) the geographic area within which
21 an electric utility was lawfully entitled to provide electric
22 power and energy to retail customers as of the effective date
23 of this amendatory Act of 1997, and includes (ii) the location
24 of any retail customer to which the electric utility was
25 lawfully providing electric utility services on such effective
26 date.

1 "Small commercial retail customer" means those
2 nonresidential retail customers of an electric utility
3 consuming 15,000 kilowatt-hours or less of electricity
4 annually in its service area.

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

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

14 (1) the amount of revenue that an electric utility
15 would receive from the retail customer or customers if it
16 were serving such customers' electric power and energy
17 requirements as a tariffed service based on (A) all of the
18 customers' actual usage during the 3 years ending 90 days
19 prior to the date on which such customers were first
20 eligible for delivery services pursuant to Section 16-104,
21 and (B) on (i) the base rates in effect on October 1, 1996
22 (adjusted for the reductions required by subsection (b) of
23 Section 16-111, for any reduction resulting from a rate
24 decrease under Section 16-101(b), for any restatement of
25 base rates made in conjunction with an elimination of the
26 fuel adjustment clause pursuant to subsection (b), (d), or

1 (f) of Section 9-220 and for any removal of decommissioning
2 costs from base rates pursuant to Section 16-114) and any
3 separate automatic rate adjustment riders (other than a
4 decommissioning rate as defined in Section 16-114) under
5 which the customers were receiving or, had they been
6 customers, would have received electric power and energy
7 from the electric utility during the year immediately
8 preceding the date on which such customers were first
9 eligible for delivery service pursuant to Section 16-104,
10 or (ii) to the extent applicable, any contract rates,
11 including contracts or rates for consolidated or
12 aggregated billing, under which such customers were
13 receiving electric power and energy from the electric
14 utility during such year;

15 (2) less the amount of revenue, other than revenue from
16 transition charges and decommissioning rates, that the
17 electric utility would receive from such retail customers
18 for delivery services provided by the electric utility,
19 assuming such customers were taking delivery services for
20 all of their usage, based on the delivery services tariffs
21 in effect during the year for which the transition charge
22 is being calculated and on the usage identified in
23 paragraph (1);

24 (3) less the market value for the electric power and
25 energy that the electric utility would have used to supply
26 all of such customers' electric power and energy

1 requirements, as a tariffed service, based on the usage
2 identified in paragraph (1), with such market value
3 determined in accordance with Section 16-112 of this Act;

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

10 (A) for nonresidential retail customers, an amount
11 equal to the greater of (i) 0.5 cents per kilowatt-hour
12 during the period October 1, 1999 through December 31,
13 2004, 0.6 cents per kilowatt-hour in calendar year
14 2005, and 0.9 cents per kilowatt-hour in calendar year
15 2006, multiplied in each year by the usage identified
16 in paragraph (1), or (ii) an amount equal to the
17 following percentages of the amount produced by
18 applying the applicable base rates (adjusted as
19 described in subparagraph (1)(B)) or contract rate to
20 the usage identified in paragraph (1): 8% for the
21 period October 1, 1999 through December 31, 2002, 10%
22 in calendar years 2003 and 2004, 11% in calendar year
23 2005 and 12% in calendar year 2006; and

24 (B) for residential retail customers, an amount
25 equal to the following percentages of the amount
26 produced by applying the base rates in effect on

1 October 1, 1996 (adjusted as described in subparagraph
2 (1)(B)) to the usage identified in paragraph (1): (i)
3 6% from May 1, 2002 through December 31, 2002, (ii) 7%
4 in calendar years 2003 and 2004, (iii) 8% in calendar
5 year 2005, and (iv) 10% in calendar year 2006;

6 (5) divided by the usage of such customers identified
7 in paragraph (1),
8 provided that the transition charge shall never be less than
9 zero.

10 "Unbundled service" means a component or constituent part
11 of a tariffed service which the electric utility subsequently
12 offers separately to its customers.

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

14 (220 ILCS 5/16-111)

15 Sec. 16-111. Rates and restructuring transactions during
16 mandatory transition period.

17 (a) During the mandatory transition period,
18 notwithstanding any provision of Article IX of this Act, and
19 except as provided in subsections (b), (d), (e), and (f) of
20 this Section, the Commission shall order all electric utilities
21 that, on December 31, 2005, served at least 100,000 customers
22 but fewer than 2,000,000 in this State to file and implement
23 tariffs (A) to reinstate all rates charged to the electric
24 utilities' customers on December 31, 2006, within 10 days after
25 the effective date of this amendatory Act of the 95th General

1 Assembly and (B) to refund to the utilities' residential
2 customers any amounts charged to such residential customers,
3 from January 1, 2007 until 10 days after the effective date of
4 this amendatory Act of the 95th General Assembly, that exceed
5 the rates charged to the electric utilities' residential
6 customers on December 31, 2006. This refund must be issued
7 within 30 days after the effective date of this amendatory Act
8 of the 95th General Assembly and shall include interest on the
9 full amount of the refund, at the same interest rate the
10 Commission requires utilities to pay on customer deposits.
11 After electric rates are reinstated in accordance with this
12 subsection (a), the Commission shall not, prior to one year
13 after the effective date of this amendatory Act of the 95th
14 General Assembly, (i) initiate, authorize or order any change
15 by way of increase to those components of the reinstated rates
16 that reflect the cost of electric energy (other than in
17 connection with a request for rate increase which was filed
18 after September 1, 1997 but prior to October 15, 1997, by an
19 electric utility serving less than 12,500 customers in this
20 State) or (ii), (ii) initiate or, unless requested by the
21 electric utility, authorize or order any change by way of
22 decrease, restructuring or unbundling (except as provided in
23 Section 16-109A), in the rates of any electric utility that
24 were in effect on October 1, 1996, or (iii) in any order
25 approving any application for a merger pursuant to Section
26 7-204 that was pending as of May 16, 1997, impose any condition

1 requiring any filing for an increase, decrease, or change in,
2 or other review of, an electric utility's rates or enforce any
3 such condition of any such order. However, ~~provided, however,~~
4 ~~that~~ this subsection shall not prohibit the Commission from:

5 (1) (blank); ~~approving the application of an electric~~
6 ~~utility to implement an alternative to rate of return~~
7 ~~regulation or a regulatory mechanism that rewards or~~
8 ~~penalizes the electric utility through adjustment of rates~~
9 ~~based on utility performance, pursuant to Section 9-244;~~

10 (2) authorizing an electric utility to eliminate its
11 fuel adjustment clause and adjust its base rate tariffs in
12 accordance with subsection (b), (d), or (f) of Section
13 9-220 of this Act, to fix its fuel adjustment factor in
14 accordance with subsection (c) of Section 9-220 of this
15 Act, or to eliminate its fuel adjustment clause in
16 accordance with subsection (e) of Section 9-220 of this
17 Act;

18 (3) ordering into effect tariffs for delivery services
19 and transition charges in accordance with Sections 16-104
20 and 16-108, for real-time pricing in accordance with
21 Section 16-107, or the options required by Section 16-110
22 and subsection (n) of 16-112, allowing a billing experiment
23 in accordance with Section 16-106, or modifying delivery
24 services tariffs in accordance with Section 16-109; or

25 (4) ordering or allowing into effect any tariff to
26 recover charges pursuant to Sections 9-201.5, 9-220.1,

1 9-221, 9-222 (except as provided in Section 9-222.1),
2 16-108, and 16-114 of this Act, Section 5-5 of the
3 Electricity Infrastructure Maintenance Fee Law, Section
4 6-5 of the Renewable Energy, Energy Efficiency, and Coal
5 Resources Development Law of 1997, and Section 13 of the
6 Energy Assistance Act.

7 After December 31, 2004, the provisions of this subsection
8 (a) shall not apply to an electric utility whose average
9 residential retail rate was less than or equal to 90% of the
10 average residential retail rate for the "Midwest Utilities", as
11 that term is defined in subsection (b) of this Section, based
12 on data reported on Form 1 to the Federal Energy Regulatory
13 Commission for calendar year 1995, and which served between
14 150,000 and 250,000 retail customers in this State on January
15 1, 1995 unless the electric utility or its holding company has
16 been acquired by or merged with an affiliate of another
17 electric utility subsequent to January 1, 2002. This exemption
18 shall be limited to this subsection (a) and shall not extend to
19 any other provisions of this Act.

20 (a-5) During the remainder of the mandatory transition
21 period, if any, the Commission may modify rates only in
22 accordance with Article IX of this Act.

23 (b) Notwithstanding the provisions of subsection (a), each
24 Illinois electric utility serving more than 12,500 customers in
25 Illinois shall file tariffs (i) reducing, effective August 1,
26 1998, each component of its base rates to residential retail

1 customers by 15% from the base rates in effect immediately
2 prior to January 1, 1998 and (ii) if the public utility
3 provides electric service to (A) more than 500,000 customers
4 but less than 1,000,000 customers in this State on January 1,
5 1999, reducing, effective May 1, 2002, each component of its
6 base rates to residential retail customers by an additional 5%
7 from the base rates in effect immediately prior to January 1,
8 1998, or (B) at least 1,000,000 customers in this State on
9 January 1, 1999, reducing, effective October 1, 2001, each
10 component of its base rates to residential retail customers by
11 an additional 5% from the base rates in effect immediately
12 prior to January 1, 1998. Provided, however, that (A) if an
13 electric utility's average residential retail rate is less than
14 or equal to the average residential retail rate for a group of
15 Midwest Utilities (consisting of all investor-owned electric
16 utilities with annual system peaks in excess of 1000 megawatts
17 in the States of Illinois, Indiana, Iowa, Kentucky, Michigan,
18 Missouri, Ohio, and Wisconsin), based on data reported on Form
19 1 to the Federal Energy Regulatory Commission for calendar year
20 1995, then it shall only be required to file tariffs (i)
21 reducing, effective August 1, 1998, each component of its base
22 rates to residential retail customers by 5% from the base rates
23 in effect immediately prior to January 1, 1998, (ii) reducing,
24 effective October 1, 2000, each component of its base rates to
25 residential retail customers by the lesser of 5% of the base
26 rates in effect immediately prior to January 1, 1998 or the

1 percentage by which the electric utility's average residential
2 retail rate exceeds the average residential retail rate of the
3 Midwest Utilities, based on data reported on Form 1 to the
4 Federal Energy Regulatory Commission for calendar year 1999,
5 and (iii) reducing, effective October 1, 2002, each component
6 of its base rates to residential retail customers by an
7 additional amount equal to the lesser of 5% of the base rates
8 in effect immediately prior to January 1, 1998 or the
9 percentage by which the electric utility's average residential
10 retail rate exceeds the average residential retail rate of the
11 Midwest Utilities, based on data reported on Form 1 to the
12 Federal Energy Regulatory Commission for calendar year 2001;
13 and (B) if the average residential retail rate of an electric
14 utility serving between 150,000 and 250,000 retail customers in
15 this State on January 1, 1995 is less than or equal to 90% of
16 the average residential retail rate for the Midwest Utilities,
17 based on data reported on Form 1 to the Federal Energy
18 Regulatory Commission for calendar year 1995, then it shall
19 only be required to file tariffs (i) reducing, effective August
20 1, 1998, each component of its base rates to residential retail
21 customers by 2% from the base rates in effect immediately prior
22 to January 1, 1998; (ii) reducing, effective October 1, 2000,
23 each component of its base rates to residential retail
24 customers by 2% from the base rate in effect immediately prior
25 to January 1, 1998; and (iii) reducing, effective October 1,
26 2002, each component of its base rates to residential retail

1 customers by 1% from the base rates in effect immediately prior
2 to January 1, 1998. Provided, further, that any electric
3 utility for which a decrease in base rates has been or is
4 placed into effect between October 1, 1996 and the dates
5 specified in the preceding sentences of this subsection, other
6 than pursuant to the requirements of this subsection, shall be
7 entitled to reduce the amount of any reduction or reductions in
8 its base rates required by this subsection by the amount of
9 such other decrease. The tariffs required under this subsection
10 shall be filed 45 days in advance of the effective date.
11 Notwithstanding anything to the contrary in Section 9-220 of
12 this Act, no restatement of base rates in conjunction with the
13 elimination of a fuel adjustment clause under that Section
14 shall result in a lesser decrease in base rates than customers
15 would otherwise receive under this subsection had the electric
16 utility's fuel adjustment clause not been eliminated.

17 (c) Any utility reducing its base rates by 15% on August 1,
18 1998 pursuant to subsection (b) shall include the following
19 statement on its bills for residential customers from August 1
20 through December 31, 1998: "Effective August 1, 1998, your
21 rates have been reduced by 15% by the Electric Service Customer
22 Choice and Rate Relief Law of 1997 passed by the Illinois
23 General Assembly.". Any utility reducing its base rates by 5%
24 on August 1, 1998, pursuant to subsection (b) shall include the
25 following statement on its bills for residential customers from
26 August 1 through December 31, 1998: "Effective August 1, 1998,

1 your rates have been reduced by 5% by the Electric Service
2 Customer Choice and Rate Relief Law of 1997 passed by the
3 Illinois General Assembly."

4 Any utility reducing its base rates by 2% on August 1, 1998
5 pursuant to subsection (b) shall include the following
6 statement on its bills for residential customers from August 1
7 through December 31, 1998: "Effective August 1, 1998, your
8 rates have been reduced by 2% by the Electric Service Customer
9 Choice and Rate Relief Law of 1997 passed by the Illinois
10 General Assembly."

11 (d) During the mandatory transition period, but not before
12 one year after the effective date of this amendatory Act of the
13 95th General Assembly January 1, 2000, and notwithstanding the
14 provisions of subsection (a), an electric utility may request
15 an increase in its base rates if the electric utility
16 demonstrates that the 2-year average of its earned rate of
17 return on common equity, calculated as its net income
18 applicable to common stock divided by the average of its
19 beginning and ending balances of common equity using data
20 reported in the electric utility's Form 1 report to the Federal
21 Energy Regulatory Commission but adjusted to remove the effects
22 of accelerated depreciation or amortization or other
23 transition or mitigation measures implemented by the electric
24 utility pursuant to subsection (g) of this Section and the
25 effect of any refund paid pursuant to subsection (e) of this
26 Section, is below the 2-year average for the same 2 years of

1 the monthly average yields of 30-year U.S. Treasury bonds
2 published by the Board of Governors of the Federal Reserve
3 System in its weekly H.15 Statistical Release or successor
4 publication. The Commission shall review the electric
5 utility's request, and may review the justness and
6 reasonableness of all rates for tariffed services, in
7 accordance with the provisions of Article IX of this Act,
8 provided that the Commission shall consider any special or
9 negotiated adjustments to the revenue requirement agreed to
10 between the electric utility and the other parties to the
11 proceeding. In setting rates under this Section, the Commission
12 shall exclude the costs and revenues that are associated with
13 competitive services and any billing or pricing experiments
14 conducted under Section 16-106.

15 (e) For the purposes of this subsection (e) all
16 calculations and comparisons shall be performed for the
17 Illinois operations of multijurisdictional utilities. During
18 the mandatory transition period, notwithstanding the
19 provisions of subsection (a), if the 2-year average of an
20 electric utility's earned rate of return on common equity,
21 calculated as its net income applicable to common stock divided
22 by the average of its beginning and ending balances of common
23 equity using data reported in the electric utility's Form 1
24 report to the Federal Energy Regulatory Commission but adjusted
25 to remove the effect of any refund paid under this subsection
26 (e), and further adjusted to include the annual amortization of

1 any difference between the consideration received by an
2 affiliated interest of the electric utility in the sale of an
3 asset which had been sold or transferred by the electric
4 utility to the affiliated interest subsequent to the effective
5 date of this amendatory Act of 1997 and the consideration for
6 which such asset had been sold or transferred to the affiliated
7 interest, with such difference to be amortized ratably from the
8 date of the sale by the affiliated interest to December 31,
9 2006, exceeds the 2-year average of the Index for the same 2
10 years by 1.5 or more percentage points, the electric utility
11 shall make refunds to customers beginning the first billing day
12 of April in the following year in the manner described in
13 paragraph (3) of this subsection. For purposes of this
14 subsection (e), the "Index" shall be the sum of (A) the average
15 for the 12 months ended September 30 of the monthly average
16 yields of 30-year U.S. Treasury bonds published by the Board of
17 Governors of the Federal Reserve System in its weekly H.15
18 Statistical Release or successor publication for each year 1998
19 through 2006, and (B) (i) 4.00 percentage points for each of
20 the 12-month periods ending September 30, 1998 through
21 September 30, 1999 or 8.00 percentage points if the electric
22 utility's average residential retail rate is less than or equal
23 to 90% of the average residential retail rate for the "Midwest
24 Utilities", as that term is defined in subsection (b) of this
25 Section, based on data reported on Form 1 to the Federal Energy
26 Regulatory Commission for calendar year 1995, and the electric

1 utility served between 150,000 and 250,000 retail customers on
2 January 1, 1995, (ii) 7.00 percentage points for each of the
3 12-month periods ending September 30, 2000 through September
4 30, 2006 if the electric utility was providing service to at
5 least 1,000,000 customers in this State on January 1, 1999, or
6 9.00 percentage points if the electric utility's average
7 residential retail rate is less than or equal to 90% of the
8 average residential retail rate for the "Midwest Utilities", as
9 that term is defined in subsection (b) of this Section, based
10 on data reported on Form 1 to the Federal Energy Regulatory
11 Commission for calendar year 1995 and the electric utility
12 served between 150,000 and 250,000 retail customers in this
13 State on January 1, 1995, (iii) 11.00 percentage points for
14 each of the 12-month periods ending September 30, 2000 through
15 September 30, 2006, but only if the electric utility's average
16 residential retail rate is less than or equal to 90% of the
17 average residential retail rate for the "Midwest Utilities", as
18 that term is defined in subsection (b) of this Section, based
19 on data reported on Form 1 to the Federal Energy Regulatory
20 Commission for calendar year 1995, the electric utility served
21 between 150,000 and 250,000 retail customers in this State on
22 January 1, 1995, and the electric utility offers delivery
23 services on or before June 1, 2000 to retail customers whose
24 annual electric energy use comprises 33% of the kilowatt hour
25 sales to that group of retail customers that are classified
26 under Division D, Groups 20 through 39 of the Standard

1 Industrial Classifications set forth in the Standard
2 Industrial Classification Manual published by the United
3 States Office of Management and Budget, excluding the kilowatt
4 hour sales to those customers that are eligible for delivery
5 services pursuant to Section 16-104(a)(1)(i), and offers
6 delivery services to its remaining retail customers classified
7 under Division D, Groups 20 through 39 on or before October 1,
8 2000, and, provided further, that the electric utility commits
9 not to petition pursuant to Section 16-108(f) for entry of an
10 order by the Commission authorizing the electric utility to
11 implement transition charges for an additional period after
12 December 31, 2006, or (iv) 5.00 percentage points for each of
13 the 12-month periods ending September 30, 2000 through
14 September 30, 2006 for all other electric utilities or 7.00
15 percentage points for such utilities for each of the 12-month
16 periods ending September 30, 2000 through September 30, 2006
17 for any such utility that commits not to petition pursuant to
18 Section 16-108(f) for entry of an order by the Commission
19 authorizing the electric utility to implement transition
20 charges for an additional period after December 31, 2006 or
21 11.00 percentage points for each of the 12-month periods ending
22 September 30, 2005 and September 30, 2006 for each electric
23 utility providing service to fewer than 6,500, or between
24 75,000 and 150,000, electric retail customers in this State on
25 January 1, 1995 if such utility commits not to petition
26 pursuant to Section 16-108(f) for entry of an order by the

1 Commission authorizing the electric utility to implement
2 transition charges for an additional period after December 31,
3 2006.

4 (1) For purposes of this subsection (e), "excess
5 earnings" means the difference between (A) the 2-year
6 average of the electric utility's earned rate of return on
7 common equity, less (B) the 2-year average of the sum of
8 (i) the Index applicable to each of the 2 years and (ii)
9 1.5 percentage points; provided, that "excess earnings"
10 shall never be less than zero.

11 (2) On or before March 31 of each year 2000 through
12 2007 each electric utility shall file a report with the
13 Commission showing its earned rate of return on common
14 equity, calculated in accordance with this subsection, for
15 the preceding calendar year and the average for the
16 preceding 2 calendar years.

17 (3) If an electric utility has excess earnings,
18 determined in accordance with paragraphs (1) and (2) of
19 this subsection, the refunds which the electric utility
20 shall pay to its customers beginning the first billing day
21 of April in the following year shall be calculated and
22 applied as follows:

23 (i) The electric utility's excess earnings shall
24 be multiplied by the average of the beginning and
25 ending balances of the electric utility's common
26 equity for the 2-year period in which excess earnings

1 occurred.

2 (ii) The result of the calculation in (i) shall be
3 multiplied by 0.50 and then divided by a number equal
4 to 1 minus the electric utility's composite federal and
5 State income tax rate.

6 (iii) The result of the calculation in (ii) shall
7 be divided by the sum of the electric utility's
8 projected total kilowatt-hour sales to retail
9 customers plus projected kilowatt-hours to be
10 delivered to delivery services customers over a one
11 year period beginning with the first billing date in
12 April in the succeeding year to determine a cents per
13 kilowatt-hour refund factor.

14 (iv) The cents per kilowatt-hour refund factor
15 calculated in (iii) shall be credited to the electric
16 utility's customers by applying the factor on the
17 customer's monthly bills to each kilowatt-hour sold or
18 delivered until the total amount calculated in (ii) has
19 been paid to customers.

20 (f) During the mandatory transition period, an electric
21 utility may file revised tariffs reducing the price of any
22 tariffed service offered by the electric utility for all
23 customers taking that tariffed service, which shall be
24 effective 7 days after filing.

25 (g) During the mandatory transition period, an electric
26 utility may, without obtaining any approval of the Commission

1 other than that provided for in this subsection and
2 notwithstanding any other provision of this Act or any rule or
3 regulation of the Commission that would require such approval:

4 (1) implement a reorganization, other than a merger of
5 2 or more public utilities as defined in Section 3-105 or
6 their holding companies;

7 (2) retire generating plants from service;

8 (3) sell, assign, lease or otherwise transfer assets to
9 an affiliated or unaffiliated entity and as part of such
10 transaction enter into service agreements, power purchase
11 agreements, or other agreements with the transferee;
12 provided, however, that the prices, terms and conditions of
13 any power purchase agreement must be approved or allowed
14 into effect by the Federal Energy Regulatory Commission; or

15 (4) use any accelerated cost recovery method including
16 accelerated depreciation, accelerated amortization or
17 other capital recovery methods, or record reductions to the
18 original cost of its assets.

19 In order to implement a reorganization, retire generating
20 plants from service, or sell, assign, lease or otherwise
21 transfer assets pursuant to this Section, the electric utility
22 shall comply with subsections (c) and (d) of Section 16-128, if
23 applicable, and subsection (k) of this Section, if applicable,
24 and provide the Commission with at least 30 days notice of the
25 proposed reorganization or transaction, which notice shall
26 include the following information:

1 (i) a complete statement of the entries that the
2 electric utility will make on its books and records of
3 account to implement the proposed reorganization or
4 transaction together with a certification from an
5 independent certified public accountant that such
6 entries are in accord with generally accepted
7 accounting principles and, if the Commission has
8 previously approved guidelines for cost allocations
9 between the utility and its affiliates, a
10 certification from the chief accounting officer of the
11 utility that such entries are in accord with those cost
12 allocation guidelines;

13 (ii) a description of how the electric utility will
14 use proceeds of any sale, assignment, lease or transfer
15 to retire debt or otherwise reduce or recover the costs
16 of services provided by such electric utility;

17 (iii) a list of all federal approvals or approvals
18 required from departments and agencies of this State,
19 other than the Commission, that the electric utility
20 has or will obtain before implementing the
21 reorganization or transaction;

22 (iv) an irrevocable commitment by the electric
23 utility that it will not, as a result of the
24 transaction, impose any stranded cost charges that it
25 might otherwise be allowed to charge retail customers
26 under federal law or increase the transition charges

1 that it is otherwise entitled to collect under this
2 Article XVI; and

3 (v) if the electric utility proposes to sell,
4 assign, lease or otherwise transfer a generating plant
5 that brings the amount of net dependable generating
6 capacity transferred pursuant to this subsection to an
7 amount equal to or greater than 15% of the electric
8 utility's net dependable capacity as of the effective
9 date of this amendatory Act of 1997, and enters into a
10 power purchase agreement with the entity to which such
11 generating plant is sold, assigned, leased, or
12 otherwise transferred, the electric utility also
13 agrees, if its fuel adjustment clause has not already
14 been eliminated, to eliminate its fuel adjustment
15 clause in accordance with subsection (b) of Section
16 9-220 for a period of time equal to the length of any
17 such power purchase agreement or successor agreement,
18 or until January 1, 2005, whichever is longer; if the
19 capacity of the generating plant so transferred and
20 related power purchase agreement does not result in the
21 elimination of the fuel adjustment clause under this
22 subsection, and the fuel adjustment clause has not
23 already been eliminated, the electric utility shall
24 agree that the costs associated with the transferred
25 plant that are included in the calculation of the rate
26 per kilowatt-hour to be applied pursuant to the

1 electric utility's fuel adjustment clause during such
2 period shall not exceed the per kilowatt-hour cost
3 associated with such generating plant included in the
4 electric utility's fuel adjustment clause during the
5 full calendar year preceding the transfer, with such
6 limit to be adjusted each year thereafter by the Gross
7 Domestic Product Implicit Price Deflator.

8 (vi) In addition, if the electric utility proposes
9 to sell, assign, or lease, (A) either (1) an amount of
10 generating plant that brings the amount of net
11 dependable generating capacity transferred pursuant to
12 this subsection to an amount equal to or greater than
13 15% of its net dependable capacity on the effective
14 date of this amendatory Act of 1997, or (2) one or more
15 generating plants with a total net dependable capacity
16 of 1100 megawatts, or (B) transmission and
17 distribution facilities that either (1) bring the
18 amount of transmission and distribution facilities
19 transferred pursuant to this subsection to an amount
20 equal to or greater than 15% of the electric utility's
21 total depreciated original cost investment in such
22 facilities, or (2) represent an investment of
23 \$25,000,000 in terms of total depreciated original
24 cost, the electric utility shall provide, in addition
25 to the information listed in subparagraphs (i) through
26 (v), the following information: (A) a description of

1 how the electric utility will meet its service
2 obligations under this Act in a safe and reliable
3 manner and (B) the electric utility's projected earned
4 rate of return on common equity, calculated in
5 accordance with subsection (d) of this Section, for
6 each year from the date of the notice through December
7 31, 2006 both with and without the proposed
8 transaction. If the Commission has not issued an order
9 initiating a hearing on the proposed transaction
10 within 30 days after the date the electric utility's
11 notice is filed, the transaction shall be deemed
12 approved. The Commission may, after notice and
13 hearing, prohibit the proposed transaction if it makes
14 either or both of the following findings: (1) that the
15 proposed transaction will render the electric utility
16 unable to provide its tariffed services in a safe and
17 reliable manner, or (2) that there is a strong
18 likelihood that consummation of the proposed
19 transaction will result in the electric utility being
20 entitled to request an increase in its base rates
21 during the mandatory transition period pursuant to
22 subsection (d) of this Section. Any hearing initiated
23 by the Commission into the proposed transaction shall
24 be completed, and the Commission's final order
25 approving or prohibiting the proposed transaction
26 shall be entered, within 90 days after the date the

1 electric utility's notice was filed. Provided,
2 however, that a sale, assignment, or lease of
3 transmission facilities to an independent system
4 operator that meets the requirements of Section 16-126
5 shall not be subject to Commission approval under this
6 Section.

7 In any proceeding conducted by the Commission
8 pursuant to this subparagraph (vi), intervention shall
9 be limited to parties with a direct interest in the
10 transaction which is the subject of the hearing and any
11 statutory consumer protection agency as defined in
12 subsection (d) of Section 9-102.1. Notwithstanding the
13 provisions of Section 10-113 of this Act, any
14 application seeking rehearing of an order issued under
15 this subparagraph (vi), whether filed by the electric
16 utility or by an intervening party, shall be filed
17 within 10 days after service of the order.

18 The Commission shall not in any subsequent proceeding or
19 otherwise, review such a reorganization or other transaction
20 authorized by this Section, but shall retain the authority to
21 allocate costs as stated in Section 16-111(i). An entity to
22 which an electric utility sells, assigns, leases or transfers
23 assets pursuant to this subsection (g) shall not, as a result
24 of the transactions specified in this subsection (g), be deemed
25 a public utility as defined in Section 3-105. Nothing in this
26 subsection (g) shall change any requirement under the

1 jurisdiction of the Illinois Department of Nuclear Safety
2 including, but not limited to, the payment of fees. Nothing in
3 this subsection (g) shall exempt a utility from obtaining a
4 certificate pursuant to Section 8-406 of this Act for the
5 construction of a new electric generating facility. Nothing in
6 this subsection (g) is intended to exempt the transactions
7 hereunder from the operation of the federal or State antitrust
8 laws. Nothing in this subsection (g) shall require an electric
9 utility to use the procedures specified in this subsection for
10 any of the transactions specified herein. Any other procedure
11 available under this Act may, at the electric utility's
12 election, be used for any such transaction.

13 (h) During the mandatory transition period, the Commission
14 shall not establish or use any rates of depreciation, which for
15 purposes of this subsection shall include amortization, for any
16 electric utility other than those established pursuant to
17 subsection (c) of Section 5-104 of this Act or utilized
18 pursuant to subsection (g) of this Section. Provided, however,
19 that in any proceeding to review an electric utility's rates
20 for tariffed services pursuant to Section 9-201, 9-202, 9-250
21 or 16-111(d) of this Act, the Commission may establish new
22 rates of depreciation for the electric utility in the same
23 manner provided in subsection (d) of Section 5-104 of this Act.
24 An electric utility implementing an accelerated cost recovery
25 method including accelerated depreciation, accelerated
26 amortization or other capital recovery methods, or recording

1 reductions to the original cost of its assets, pursuant to
2 subsection (g) of this Section, shall file a statement with the
3 Commission describing the accelerated cost recovery method to
4 be implemented or the reduction in the original cost of its
5 assets to be recorded. Upon the filing of such statement, the
6 accelerated cost recovery method or the reduction in the
7 original cost of assets shall be deemed to be approved by the
8 Commission as though an order had been entered by the
9 Commission.

10 (i) Subsequent to the mandatory transition period, the
11 Commission, in any proceeding to establish rates and charges
12 for tariffed services offered by an electric utility, shall
13 consider only (1) the then current or projected revenues,
14 costs, investments and cost of capital directly or indirectly
15 associated with the provision of such tariffed services; (2)
16 collection of transition charges in accordance with Sections
17 16-102 and 16-108 of this Act; (3) recovery of any employee
18 transition costs as described in Section 16-128 which the
19 electric utility is continuing to incur, including recovery of
20 any unamortized portion of such costs previously incurred or
21 committed, with such costs to be equitably allocated among
22 bundled services, delivery services, and contracts with
23 alternative retail electric suppliers; and (4) recovery of the
24 costs associated with the electric utility's compliance with
25 decommissioning funding requirements; and shall not consider
26 any other revenues, costs, investments or cost of capital of

1 either the electric utility or of any affiliate of the electric
2 utility that are not associated with the provision of tariffed
3 services. In setting rates for tariffed services, the
4 Commission shall equitably allocate joint and common costs and
5 investments between the electric utility's competitive and
6 tariffed services. In determining the justness and
7 reasonableness of the electric power and energy component of an
8 electric utility's rates for tariffed services subsequent to
9 the mandatory transition period and prior to the time that the
10 provision of such electric power and energy is declared
11 competitive, the Commission shall consider the extent to which
12 the electric utility's tariffed rates for such component for
13 each customer class exceed the market value determined pursuant
14 to Section 16-112, and, if the electric power and energy
15 component of such tariffed rate exceeds the market value by
16 more than 10% for any customer class, may establish such
17 electric power and energy component at a rate equal to the
18 market value plus 10%. In any such case, the Commission may
19 also elect to extend the provisions of Section 16-111(e) for
20 any period in which the electric utility is collecting
21 transition charges, using information applicable to such
22 period.

23 (j) During the mandatory transition period, an electric
24 utility may elect to transfer to a non-operating income account
25 under the Commission's Uniform System of Accounts either or
26 both of (i) an amount of unamortized investment tax credit that

1 is in addition to the ratable amount which is credited to the
2 electric utility's operating income account for the year in
3 accordance with Section 46(f)(2) of the federal Internal
4 Revenue Code of 1986, as in effect prior to P.L. 101-508, or
5 (ii) "excess tax reserves", as that term is defined in Section
6 203(e)(2)(A) of the federal Tax Reform Act of 1986, provided
7 that (A) the amount transferred may not exceed the amount of
8 the electric utility's assets that were created pursuant to
9 Statement of Financial Accounting Standards No. 71 which the
10 electric utility has written off during the mandatory
11 transition period, and (B) the transfer shall not be effective
12 until approved by the Internal Revenue Service. An electric
13 utility electing to make such a transfer shall file a statement
14 with the Commission stating the amount and timing of the
15 transfer for which it intends to request approval of the
16 Internal Revenue Service, along with a copy of its proposed
17 request to the Internal Revenue Service for a ruling. The
18 Commission shall issue an order within 14 days after the
19 electric utility's filing approving, subject to receipt of
20 approval from the Internal Revenue Service, the proposed
21 transfer.

22 (k) If an electric utility is selling or transferring to a
23 single buyer 5 or more generating plants located in this State
24 with a total net dependable capacity of 5000 megawatts or more
25 pursuant to subsection (g) of this Section and has obtained a
26 sale price or consideration that exceeds 200% of the book value

1 of such plants, the electric utility must provide to the
2 Governor, the President of the Illinois Senate, the Minority
3 Leader of the Illinois Senate, the Speaker of the Illinois
4 House of Representatives, and the Minority Leader of the
5 Illinois House of Representatives no later than 15 days after
6 filing its notice under subsection (g) of this Section or 5
7 days after the date on which this subsection (k) becomes law,
8 whichever is later, a written commitment in which such electric
9 utility agrees to expend \$2 billion outside the corporate
10 limits of any municipality with 1,000,000 or more inhabitants
11 within such electric utility's service area, over a 6-year
12 period beginning with the calendar year in which the notice is
13 filed, on projects, programs, and improvements within its
14 service area relating to transmission and distribution
15 including, without limitation, infrastructure expansion,
16 repair and replacement, capital investments, operations and
17 maintenance, and vegetation management.

18 (Source: P.A. 91-50, eff. 6-30-99; 92-537, eff. 6-6-02; 92-690,
19 eff. 7-18-02; revised 9-10-02.)

20 (220 ILCS 5/16-113)

21 Sec. 16-113. Declaration of service as a competitive
22 service.

23 (a) An electric utility may, by petition, request the
24 Commission to declare a tariffed service provided by the
25 electric utility to be a competitive service. The electric

1 utility shall give notice of its petition to the public in the
2 same manner that public notice is provided for proposed general
3 increases in rates for tariffed services, in accordance with
4 rules and regulations prescribed by the Commission. The
5 Commission shall hold a hearing and ~~on the petition if a~~
6 ~~hearing is deemed necessary by the Commission. The Commission~~
7 shall declare the class of tariffed service to be a competitive
8 service ~~for some identifiable customer segment or group of~~
9 ~~customers, or some clearly defined geographical area~~ within the
10 electric utility's service area, only after the electric
11 utility demonstrates that at least 33% of the customers in the
12 electric utility's service area that are eligible to take the
13 class of tariffed service instead take service from alternative
14 retail electric suppliers, as defined in Section 16-102, and
15 that at least 3 alternative retail electric suppliers provide
16 service that is comparable to the class of tariffed service to
17 those customers in the utility's service area that do not take
18 service from the electric utility; ~~if the service or a~~
19 ~~reasonably equivalent substitute service is reasonably~~
20 ~~available to the customer segment or group or in the defined~~
21 ~~geographical area at a comparable price from one or more~~
22 ~~providers other than the electric utility or an affiliate of~~
23 ~~the electric utility, and the electric utility has lost or~~
24 ~~there is a reasonable likelihood that the electric utility will~~
25 ~~lose business for the service to the other provider or~~
26 ~~providers;~~ provided, that the Commission may not declare the

1 provision of electric power and energy to be competitive
2 pursuant to this subsection with respect to (i) any retail
3 customer or group of retail customers that is not eligible
4 pursuant to Section 16-104 to take delivery services provided
5 by the electric utility and (ii) any residential and small
6 commercial retail customers prior to the last date on which
7 such customers are required to pay transition charges. In
8 determining whether to grant or deny a petition to declare the
9 provision of electric power and energy competitive, the
10 Commission shall consider, in applying the above criteria,
11 whether there is adequate transmission capacity into the
12 service area of the petitioning electric utility to make
13 electric power and energy reasonably available to the customer
14 segment or group or in the defined geographical area from one
15 or more providers other than the electric utility or an
16 affiliate of the electric utility, in accordance with this
17 subsection. The Commission shall make its determination and
18 issue its final order declaring or refusing to declare the
19 service to be a competitive service within 180 ~~120~~ days
20 following the date that the petition is filed, ~~or otherwise the~~
21 ~~petition shall be deemed to be granted; provided, that if the~~
22 ~~petition is deemed to be granted by operation of law, the~~
23 ~~Commission shall not thereby be precluded from finding and~~
24 ~~ordering, in a subsequent proceeding initiated by the~~
25 ~~Commission, and after notice and hearing, that the service is~~
26 ~~not competitive based on the criteria set forth in this~~

1 ~~subsection.~~

2 (b) Any customer except a customer identified in subsection
3 (c) of Section 16-103 who is taking a tariffed service that is
4 declared to be a competitive service pursuant to subsection (a)
5 of this Section shall be entitled to continue to take the
6 service from the electric utility on a tariffed basis for a
7 period of 3 years following the date that the service is
8 declared competitive, or such other period as is stated in the
9 electric utility's tariff pursuant to Section 16-110. This
10 subsection shall not require the electric utility to offer or
11 provide on a tariffed basis any service to any customer (except
12 those customers identified in subsection (c) of Section 16-103)
13 that was not taking such service on a tariffed basis on the
14 date the service was declared to be competitive.

15 (c) If the Commission denies a petition to declare a
16 service to be a competitive service, or determines in a
17 separate proceeding that a service is not competitive based on
18 the criteria set forth in subsection (a), the electric utility
19 may file a new petition no earlier than 6 months following the
20 date of the Commission's order, requesting, on the basis of
21 additional or different facts and circumstances, that the
22 service be declared to be a competitive service.

23 (d) The Commission shall not deny a petition to declare a
24 service to be a competitive service, and shall not find that a
25 service is not a competitive service, on the grounds that it
26 has previously denied the petition of another electric utility

1 to declare the same or a similar service to be a competitive
2 service or has previously determined that the same or a similar
3 service provided by another electric utility is not a
4 competitive service.

5 (e) An electric utility may declare a service, other than
6 delivery services or the provision of electric power or energy,
7 to be competitive by filing with the Commission at least 14
8 days prior to the date on which the service is to become
9 competitive a notice describing the service that is being
10 declared competitive and the date on which it will become
11 competitive; provided, that any customer who is taking a
12 tariffed service that is declared to be a competitive service
13 pursuant to this subsection (e) shall be entitled to continue
14 to take the service from the electric utility on a tariffed
15 basis until the electric utility files, and the Commission
16 grants, a petition to declare the service competitive in
17 accordance with subsection (a) of this Section. The Commission
18 shall be authorized to find and order, after notice and hearing
19 in a subsequent proceeding initiated by the Commission, that
20 any service declared to be competitive pursuant to this
21 subsection (e) is not competitive in accordance with the
22 criteria set forth in subsection (a) of this Section.

23 (Source: P.A. 90-561, eff. 12-16-97.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law."