



Sen. Don Harmon

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09700HB3037sam001

LRB097 05720 ASK 55986 a

1 AMENDMENT TO HOUSE BILL 3037

2 AMENDMENT NO. _____. Amend House Bill 3037 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Public Utilities Act is amended by changing
5 Section 19-145 and by adding Section 19-150 as follows:

6 (220 ILCS 5/19-145)

7 Sec. 19-145. Automatic adjustment clause tariff;
8 uncollectibles ~~uncollectibles~~.

9 (a) A gas utility shall be permitted, at its election, to
10 recover through an automatic adjustment clause tariff the
11 incremental difference between its actual uncollectible amount
12 as set forth in Account 904 in the utility's most recent annual
13 Form 21 ILCC and the uncollectible amount included in the
14 utility's rates for the period reported in such annual Form 21
15 ILCC. The Commission may, in a proceeding to review a general
16 rate case filed subsequent to the effective date of the tariff

1 established under this Section, prospectively switch, from
2 using the actual uncollectible amount set forth in Account 904
3 to using net write-offs in such tariff, but only if net
4 write-offs are also used to determine the utility's
5 uncollectible amount in rates. In the event the Commission
6 requires such a change, it shall be made effective at the
7 beginning of the first full calendar year after the new rates
8 approved in such proceeding are first placed in effect and an
9 adjustment shall be made, if necessary, to ensure the change
10 does not result in double-recovery or unrecovered
11 uncollectible amounts for any year. For purposes of this
12 Section, "uncollectible amount" means the expense set forth in
13 Account 904 of the utility's Form 21 ILCC or cost of net
14 write-offs as appropriate. In the event the utility's rates
15 change during the period of time reported in its most recent
16 annual Form 21 ILCC, the uncollectible amount included in the
17 utility's rates during such period of time for purposes of this
18 Section will be a weighted average, based on revenues earned
19 during such period by the utility under each set of rates, of
20 the uncollectible amount included in the utility's rates at the
21 beginning of such period and at the end of such period. This
22 difference may either be a charge or a credit to customers
23 depending on whether the uncollectible amount is more or less
24 than the uncollectible amount then included in the utility's
25 rates.

26 (b) The tariff may be established outside the context of a

1 general rate case filing, and shall specify the terms of any
2 applicable audit. The Commission shall review and by order
3 approve, or approve as modified, the proposed tariff within 180
4 days after the date on which it is filed. Charges and credits
5 under the tariff shall be allocated to the appropriate customer
6 class or classes. In addition, customers who do not purchase
7 their gas supply from a gas utility and whose receivables are
8 not included in a purchase of receivable program under Section
9 19-150 shall not be charged by the utility for uncollectible
10 amounts associated with gas supply provided by the utility to
11 the utility's customers. Upon approval of the tariff, the
12 utility shall, based on the 2008 Form 21 ILCC, apply the
13 appropriate credit or charge based on the full year 2008
14 amounts for the remainder of the 2010 calendar year. Starting
15 with the 2009 Form 21 ILCC reporting period and each subsequent
16 period, the utility shall apply the appropriate credit or
17 charge over a 12-month period beginning with the June billing
18 period and ending with the May billing period, with the first
19 such billing period beginning June 2010.

20 (c) The approved tariff shall provide that the utility
21 shall file a petition with the Commission annually, no later
22 than August 31st, seeking initiation of an annual review to
23 reconcile all amounts collected with the actual uncollectible
24 amount in the prior period. As part of its review, the
25 Commission shall verify that the utility collects no more and
26 no less than its actual uncollectible amount in each applicable

1 Form 21 ILCC reporting period. The Commission shall review the
2 prudence and reasonableness of the utility's actions to pursue
3 minimization and collection of uncollectibles which shall
4 include, at a minimum, the 6 enumerated criteria set forth in
5 this Section. The Commission shall determine any required
6 adjustments and may include suggestions for prospective
7 changes in current practices. Nothing in this Section or the
8 implementing tariffs shall affect or alter the gas utility's
9 existing obligation to pursue collection of uncollectibles or
10 the gas utility's right to disconnect service. A utility that
11 has in effect a tariff authorized by this Section shall pursue
12 minimization of and collection of uncollectibles through the
13 following activities, including but not limited to:

14 (1) identifying customers with late payments;

15 (2) contacting the customers in an effort to obtain
16 payment;

17 (3) providing delinquent customers with information
18 about possible options, including payment plans and
19 assistance programs;

20 (4) serving disconnection notices;

21 (5) implementing disconnections based on the level of
22 uncollectibles; and

23 (6) pursuing collection activities based on the level
24 of uncollectibles.

25 (d) Nothing in this Section shall be construed to require a
26 utility to immediately disconnect service for nonpayment.

1 (Source: P.A. 96-33, eff. 7-10-09.)

2 (220 ILCS 5/19-150 new)

3 Sec. 19-150. Purchase of receivables.

4 (a) A gas utility with more than 100,000 customers that
5 offers transportation service to residential and small
6 commercial customers shall file a tariff pursuant to Article IX
7 of this Act within 6 months after the date of this amendatory
8 Act of the 97th General Assembly that provides qualifying
9 alternative gas suppliers with the option to have the gas
10 utility purchase their receivables for gas sales that are (1)
11 made to residential retail customers and small commercial
12 customers, as those terms are defined in Section 19-105 of this
13 Act, and (2) charged on the gas utility's bill. For purposes of
14 this Section, "qualifying alternative gas supplier" means an
15 alternative gas supplier that (i) is certified under Section
16 19-110 of this Act and (ii) includes its charges for gas sales
17 made in a gas utility's service area on that gas utility's bill
18 pursuant to Section 19-135 of this Act.

19 (b) Receivables for gas sales of qualifying alternative gas
20 suppliers that are charged on the gas utility's bill shall be
21 purchased by the gas utility at a discount rate of 1%. The rate
22 shall include 0.5% to be retained by the gas utility for
23 recovery of deemed intangible costs, and neither this 0.5%
24 portion of the rate, nor the deemed intangible costs, are
25 subject to review by the Commission. The remaining 0.5% of the

1 1% discount rate shall be retained by the gas utility for
2 recovery of the utility's administrative costs and is subject
3 to periodic review by the Commission. Any portion of the 0.5%
4 intended for recovery of administrative costs that is found by
5 the Commission, after notice and hearing, to be in excess of
6 prudent and reasonable costs shall be refunded to all
7 customers, including customers of qualifying alternative gas
8 suppliers using purchase of receivables. For purposes of this
9 Section, "administrative costs" means all of the utility's
10 costs incurred in its administration of the purchase of
11 receivables program except for the deemed intangible costs.

12 (c) In making a just and reasonable determination on the
13 administrative costs, the Commission shall consider:

14 (1) the gas utility's reasonable start-up costs and
15 administrative costs associated with the gas utility's
16 purchase of receivables;

17 (2) the impact if used by the gas utility of an
18 automatic adjustment clause tariff pursuant to Section
19 19-145 of this Act to recover uncollectible expense; and

20 (3) whether the gas utility recovers uncollectible
21 expense from customers of qualifying alternative gas
22 suppliers through any of its existing rates or charges.

23 (d) Reasonable start-up costs and administrative costs
24 associated with the gas utility's purchase of receivables shall
25 in the first instance be recovered from qualifying alternative
26 gas suppliers through the utility's discount rate assessed by

1 the utility on those qualifying alternative gas suppliers who
2 have the utility purchase their receivables. In order to
3 prevent barriers to suppliers' use of a purchase of receivables
4 program and ensure full cost recovery for the gas utility in a
5 timely manner, a portion of the gas utility's reasonable
6 start-up costs, subject to reasonable carrying charges as
7 determined by the Commission, may be deferred for later
8 recovery from qualifying alternative gas suppliers who have the
9 gas utility purchase their receivables through the discount
10 rate or a monthly per bill fee if such deferral is deemed to be
11 necessary by the Commission. The gas utility retains the rights
12 to (1) impose the same terms on retail customers supplied by
13 qualifying alternative gas suppliers with respect to credit and
14 collection, including requests for deposits, and (2)
15 disconnect the retail customers, if it does not receive payment
16 for its tariffed services or purchased receivables, in the same
17 manner that it would be permitted to if the retail customers
18 had purchased gas supply service from the gas utility.

19 (e) The tariff filed pursuant to this Section shall permit
20 the gas utility to recover from retail customers any
21 uncollected receivables that may arise as a result of the
22 purchase of receivables under this Section. The tariff filed
23 pursuant to this Section shall provide for recovery of the
24 prudently incurred costs associated with the provision of this
25 service pursuant to this Section and may also include other
26 just and reasonable terms and conditions. Nothing in this

1 Section permits the double recovery of uncollectible expenses
2 from customers.

3 (f) Amounts collected by the utility attributable to the
4 0.5% portion of the discount rate under this Section for deemed
5 intangible costs shall not be used by the Commission to lower
6 the base rate revenue requirement of the utility in any
7 subsequent rate case. In order to limit the implications on
8 short-term debt of the utility, a utility may choose to delay
9 purchase of unpaid receivables until the bill due date. Other
10 than for initial implementation of the purchase of receivables
11 program, when so choosing, a utility shall remit payments to
12 the alternative gas suppliers no more than 2 business days
13 following the due date.

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.".