

99TH GENERAL ASSEMBLY State of Illinois 2015 and 2016 HB1556

by Rep. Emanuel Chris Welch

SYNOPSIS AS INTRODUCED:

New Act

Creates the Water Rate Protection Act. Creates the Water Rate Protection Board to exercise specified powers and duties, including holding hearings and regulating water rates that a municipal water provider with a population over 500,000 may impose upon units of local government that purchase water from the municipal water provider for delivery to consumers. Contains provisions regarding: appointment of board members and election of board officers; employment of hearing examiners and staff by the board; mailings; prohibited acts; conflicts of interest; records; water rates and rate schedules; judicial review; costs; expenses; construction; liability; and other matters. Limits home rule powers.

LRB099 08274 JLS 28426 b

CORRECTIONAL
BUDGET AND
IMPACT NOTE ACT
MAY APPLY

FISCAL NOTE ACT MAY APPLY

HOME RULE NOTE ACT MAY APPLY

STATE MANDATES ACT MAY REQUIRE REIMBURSEMENT 1 AN ACT concerning water.

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

- Section 1. Short title. This Act may be cited as the Water

 Rate Protection Act.
- 6 Section 5. Purpose. The purpose of this Act is to promote 7 the health, welfare, and prosperity of Illinois residents by 8 ensuring that safe and reliable water service is provided to 9 municipalities at rates that bear a reasonable relationship to the actual costs incurred in providing and delivering the 10 11 water, establishing a quasi-judicial body to regulate certain water rates that are not subject to regulation by the Illinois 12 13 Commerce Commission, and providing education on water rates and 14 on benefits and methods of water conservation. Such purpose shall be deemed a statewide interest and not a private or 15 16 special concern.
- 17 Section 10. Definitions. As used in this Act:
- "Agency" means the Water Rate Protection Board.
- 19 "Board" means the board of directors of the agency.
- "Director" means a member of the board.
- "Municipal water consumer" means any unit of local government that purchases its water supply from a municipal

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water provider and thereafter transmits, delivers or furnishes
such water to consumers.

"Municipal water provider" means a political subdivision or municipal corporation of this State with a population exceeding 500,000 inhabitants that owns, operates, manages, or controls any plant or equipment, or any part of a plant or equipment, within this State, regardless of whether such plant or equipment is operated by a lessee or operating agent, for the production, transmission, delivery, or furnishing of water either directly or indirectly to a municipal water consumer.

- Section 15. Water rate protection board: formation. There is created a public body corporate and politic to be known as the Water Rate Protection Board.
- 14 Section 20. Powers and duties.
 - (1) The agency shall represent and protect the interests of municipal water consumers of this State. All actions by the agency under this Act shall be directed toward such duty; provided that the agency may also give due consideration to the interests of business in the State.
 - (2) The agency shall have all the powers necessary or convenient for the effective representation and protection of the interests of municipal water consumers and to implement this Act, including the following powers in addition to all other powers granted by this Act:

- (A) To make, amend and repeal bylaws and rules for the regulation of its affairs and the conduct of its business; to adopt an official seal and alter it at its pleasure; to maintain an office; to sue and be sued in its own name, plead and be impleaded; and to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the agency.
- (B) To employ such hearing examiners, agents, employees and special advisors as it finds necessary and to fix their compensation.
- (C) To solicit and accept gifts, loans, or other aid in order to support activities concerning the interests of municipal water consumers.
- (D) To conduct hearings to determine the appropriateness of water rates charged to municipal water consumers and to otherwise participate in any proceeding which affects the interest of municipal water consumers.
- (E) To represent the interests of municipal water consumers before the courts, administrative agencies and other public bodies, except that no director, employee or agent of the agency may engage in lobbying without first complying with any applicable statute, administrative rule or other regulation relating to lobbying.
 - (F) To implement solicitation for agency funding.
- (G) To provide information and advice to municipal water consumers on any matter with respect to water

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- service, including but not limited to information and advice on benefits and methods of water conservation.
 - (H) To promulgate such additional rules, regulations, and procedures as are necessary to carry out the intent of this Act.
 - (3) The powers, duties, rights, and privileges conferred or imposed upon the agency by this Act may not be transferred.
 - (4) The agency shall refrain from interfering with collective bargaining rights of any employees of a municipal water provider.
 - Section 25. Board. The agency shall be managed by, and its powers, functions, and duties shall be exercised through, a board to be composed as follows:
 - (1) Appointment and term.
 - (A) The Board shall be composed of 5 directors appointed by the Governor as follows: the Governor director from shall appoint one among the recommendations of the President of the Senate; the Governor shall appoint one director from among the recommendations of the Senate Minority Leader; the Governor shall appoint one director from among the recommendations of the Speaker of the House; the Governor shall appoint one director from among the recommendations of the House Minority Leader; and the Governor shall appoint one director at large.

- 1 (B) Terms of directors. Directors shall be appointed for 4-year terms.
 - (C) Directors shall serve until their successors are appointed and have qualified.
 - (2) Qualifications. A director shall be a resident of a municipal water consumer. No person who is an employee in any managerial or supervisory capacity, director, officer or agent or who is a member of the immediate family of any such employee, director, officer or agent of any municipal water provider is eligible to be a director. No director may hold any elective position, be a candidate for any elective position, be a State public official or be employed in a governmental position exempt from the Personnel Code.
 - (3) Director, family member employment. No director, or member of his or her immediate family shall, either directly or indirectly, be employed for compensation as a staff member or consultant of the agency.
 - (4) Meetings. The board shall hold regular meetings at least once every 3 months on such dates and at such places as it may determine. Special meetings may be called by the president or by a majority of the directors. Unless otherwise provided in the bylaws, a majority of the board of directors shall constitute a quorum. The act of the majority of the directors, present at a meeting at which a quorum is present, shall be the act of the board of

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directors unless the act of a greater number is required by
this Act or bylaws. Meetings of the board shall be
conducted in compliance with the Open Meetings Act.

- Expenses. A director may not receive anv compensation for his or her services but reimbursed for necessary expenses, including expenses incurred in the discharge of duties. The board shall establish standard allowances for mileage, room and meals and the purposes for which such allowances may be made and shall determine the reasonableness and necessity for such reimbursements. The board shall include the schedule of such standard allowances in the annual report under Section 30.
- (6) Bonding. Directors and employees eligible to disburse funds shall be bonded. The costs of such bonds shall be paid by the agency.
- Section 30. Duties of directors. The board shall have the following duties:
 - (1) To establish the policy of the agency regarding appearances before regulatory agencies, legislative bodies and other public authorities, and regarding other activities which the agency has the authority to perform under this Act.
 - (2) To employ an executive director who shall have the following powers and duties, subject at all times to the

1	direction and supervision of the board:
2	(A) To implement the policy established by the
3	board under subsection (1).
4	(B) To employ and discharge employees of the
5	agency.
6	(C) To supervise the offices, facilities and work
7	of the employees of the agency.
8	(D) To have custody of and maintain the books and
9	records of the agency under this Act.
10	(E) To prepare and submit to the board annual and
11	quarterly statements of the financial and substantive
12	operations of the agency, and financial estimates for
13	the future operations of the agency.
14	(F) To attend and participate in meetings of the
15	board, but without a vote.
16	(G) To file annually with the board a current
17	financial statement that includes the information
18	required under Section 35.
19	(H) To exercise such other powers and perform such
20	other duties as the board delegates.
21	(3) To ensure preparation of:
22	(A) Quarterly statements of the financial and
23	substantive operations of the agency.
24	(B) An audit of the agency's books at least once
25	each fiscal year. The audit shall be by a certified
26	public accountant.

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- 1 (C) An annual report of the agency's financial and 2 substantive operations. The agency shall prepare the 3 report at the close of the agency's fiscal year.
- 4 (4) To carry out all other duties and responsibilities 5 imposed upon the agency and the board under this Act.
- 6 Section 35. Executive director: qualifications; 7 appointment; financial statement.
 - (1) The executive director hired by the board under Section 30 shall have the same qualifications as a director under Section 25, except that the executive director need not be a resident of a municipal water consumer.
 - (2) To hire the executive director under Section 30, the board shall adhere to all applicable State or federal laws prohibiting discrimination in employment.
 - (3) The board shall require all applicants for the position of executive director of the agency to file a financial statement which includes the following information:
 - (A) The occupation, employer and position at place of employment of the applicant and of his or her immediate family members.
 - (B) A list of all corporate directorships or other offices, and of all fiduciary relationships, held in the past 3 years by the applicant and by his or her immediate family members.
 - (C) The name of any creditor to whom the applicant or a

- member of the applicant's immediate family owes \$10,000 or more.
 - (D) The name of any corporation in which the applicant holds a security, the current market value of which is \$5,000 or more.
 - (E) An affirmation, subject to penalty of perjury, that the information contained in the statement of financial interests is true and complete.
 - (F) A statement concerning his or her personal background and positions on issues relating to publicly and privately owned utilities or the operations of the agency. The statement shall contain an affirmation, subject to penalty of perjury, that the candidate meets the qualifications prescribed for directors in subsection (2) of Section 25.
 - (4) The board shall require the executive director to file a current financial statement annually.
 - Section 40. Hearing examiners. The executive director shall employ hearing examiners to estimate proper rates of service of municipal water providers or to examine other questions coming before the agency, by taking testimony or by independent investigation. Hearing examiners shall take testimony of witnesses, examine accounts, records, books, papers, and physical properties, either by holding hearings or making independent investigations and attend hearings before

- 1 the agency when so directed, for the purpose of explaining
- 2 their investigations and the result thereof to the agency and
- 3 the parties interested; and perform such other duties as the
- 4 executive director may direct. All hearing examiners shall be
- 5 licensed to practice law in the State of Illinois and
- 6 thoroughly familiar with applicable rules of evidence,
- 7 procedure, and administrative law.
- 8 Section 45. Mailing procedure.
- 9 (1) As used in this Section:
- "Enclosure" means a card, leaflet, envelope or combination
- 11 thereof furnished by the agency under this Section.
- "Mailing" means any communication by a State agency which
- is sent through the United States Postal Service to more than
- 14 50,000 persons within a 12-month period.
- "State agency" means any officer, department, board,
- 16 commission, institution, or entity of the executive or
- 17 legislative branches of State government.
- 18 (2) To accomplish its powers and duties under Section 20,
- 19 the agency, subject to the following limitations, may prepare
- 20 and furnish to any State agency an enclosure to be included
- 21 with a mailing by that agency.
- 22 (A) A State agency furnished with an enclosure shall
- include the enclosure within the mailing designated by the
- agency.
- 25 (B) An enclosure furnished by the agency under this

Section shall be provided to the State agency a reasonable period of time in advance of the mailing.

- (C) An enclosure furnished by the agency under this Section shall be limited to informing the reader of the purpose, nature and activities of the agency as set forth in this Act and informing the reader that it may contribute money to the agency directly.
- (D) Prior to furnishing an enclosure to the State agency, the board or its designee shall approve of the content of the enclosure, which approval may be granted if the board or its designee determines that the enclosure (i) is not false or misleading and (ii) satisfies the requirements of this Act.
- (3) The agency shall reimburse each State agency for all reasonable incremental costs incurred by the State agency in complying with this Section above the agency's normal mailing and handling costs, provided that:
 - (A) The State agency shall first furnish the agency with an itemized accounting of such additional cost; and
 - (B) The agency shall not be required to reimburse the State agency for postage costs if the weight of the agency's enclosure does not exceed 0.35 ounce avoirdupois. If the agency's enclosure exceeds that weight, then it shall be required to reimburse the State agency only for postage cost over and above what the agency's postage cost would have been had the enclosure weighed only 0.35 ounce

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- 1 avoirdupois.
- 2 Section 50. Prohibited acts.
 - (1) No person may interfere or threaten to interfere with or cause any interference with water service or with the water service of or penalize any person who contributes to the agency or participates in any of its activities, in retribution for such contribution or participation.
- 8 (2) No person may act with intent to prevent, interfere 9 with, or hinder the activities permitted under this Act.
- 10 (3) A person who violates this Section commits a petty
 11 offense and may be fined not more than \$1,000. Each such
 12 violation shall constitute a separate and continuing violation
 13 of this Act. A person who knowingly and willfully violates this
 14 Section commits a Class B misdemeanor.
- Section 55. Public records. The records of the agency shall be subject to the Freedom of Information Act.
- 17 Section 60. Board officers.
 - (1) Election. The board of directors, at the first regular meeting at which a quorum is present, shall elect by a majority vote of the directors present and voting a president, vice president, secretary, and treasurer. The board may elect such other officers as it deems necessary.
- 23 (2) Term of office.

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- (A) Board officers shall begin serving immediately upon their election and their term of office shall be 2 years. After his or her term of office has expired, a board officer shall continue to serve until his or her successor is elected and certified.
- (B) If a board office is vacant, the board shall elect a successor to serve out the term of the office.
- (3) Powers and duties. Board officers shall exercise powers and perform duties as prescribed by this Act or as delegated to them by the board.
- 11 Section 65. Corrupt practices and conflicts of interest.
 - (1) No person may offer or give anything of monetary value to any director, hearing examiner, employee, or agent of the agency if the offer or gift influences, or is intended to influence, the action or judgment of the director, hearing examiner, employee, or agent of the agency in his or her capacity as director, hearing examiner, employee, or agent of the agency.
 - (2) No director, hearing examiner, employee, or agent of the agency may solicit or accept anything of monetary value from any person if the solicitation or acceptance influences, or is intended to influence, the official action or judgment of the director, hearing examiner, employee, or agent in his or her capacity as director, hearing examiner, employee, or agent of the agency.

- 1 (3) Any person who knowingly and willfully violates this 2 Section commits a Class B misdemeanor with a maximum fine of
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- 4 (4) The Governor shall remove from office any director convicted under this Section.
- 6 Section 70. Rates. All water rates or other charges made by 7 a municipal water provider and demanded from a municipal water 8 consumer shall be reasonably related to the municipal water 9 provider's actual costs in providing and delivering the water. 10 Any water rates that are not reasonably related to the actual 11 costs of providing and delivering the water are hereby 12 prohibited and declared unlawful. All rules and regulations made by a municipal water provider affecting or pertaining to 13 14 its charges to municipal water consumers shall be just and 15 reasonable.
- 16 Section 75. Rate schedules; posting.
 - (1) Every municipal water provider shall file with the agency and shall print and keep open to public inspection schedules showing all rates and other charges, and classifications, which are in force at the time and applicable to municipal water consumers. Every municipal water provider shall file with and as a part of such schedule and shall state separately all rules, regulations, storage or other charges, privileges, and contracts that in any manner affect the rates

- charged or to be charged to municipal water consumers. But nothing in this Section shall prevent the agency from approving or fixing rates or other charges or classifications, from time to time, in excess of or less than those shown by said schedules.
 - (2) Subject to such rules and regulations as the agency may prescribe, the schedules referred to in this Section shall be posted or kept on file in the main office of the municipal water provider. Any or all of such schedules kept as aforesaid shall be immediately produced by such municipal water provider for inspection upon the demand of any person. A notice printed in bold type, in size prescribed by the agency, stating that such schedules are on file with the agent and open to inspection by any person, and that the agent will assist any person to determine from such schedules any rates or other charges, classification, rules, or regulations in force, shall be kept posted by the municipal water provider in 2 public and conspicuous places in every such office.
- 19 Section 80. Changes to water rates.
 - (1) Unless the agency otherwise orders, and except as otherwise provided in this Section, no change shall be made by any municipal water provider in any rate or other charge or classification, or in any rule, regulation, practice, or contract relating to or affecting any municipal water consumer, except after 45 days' notice to the agency and to the public as

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herein provided. Such notice shall be given by filing with the agency and keeping open for public inspection new schedules or supplements stating plainly the change or changes to be made in the schedule or schedules then in force, and the time when the change or changes will go into effect, and by publication in a newspaper of general circulation or such other notice to persons affected by such change as may be prescribed by rule of the agency. In addition to the other notice requirements of this Act, a municipal water provider shall provide notice of such change to all customers potentially affected by including a notice and description of such change, and of agency procedures for intervention, in the first bill sent to each such customer after the filing of the proposed change. The agency, for good cause shown, may allow changes without requiring the 45 days' notice herein provided for, by an order specifying the changes so to be made and the time when they shall take effect and the manner in which they shall be filed and published.

(2) Whenever there shall be filed with the agency any schedule stating a change to a rate or other charge, classification, contract, practice, rule, or regulation affecting a municipal water consumer, the agency shall have power, and it is hereby given authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders, without answer or other formal pleadings by the municipal water provider, but upon reasonable notice, to enter

- upon a hearing concerning the propriety of such rate or other charge, classification, contract, practice, rule, or regulation, and pending the hearing and decision thereon, such rate or other charge, classification, contract, practice, rule, or regulation shall not go into effect. The period of suspension of such rate or other charge, classification, contract, practice, rule, or regulation shall not extend more than 105 days beyond the time when such rate or other charge, classification, contract, practice, rule, or regulation would otherwise go into effect unless the agency, in its discretion, extends the period of suspension for a further period not exceeding 6 months.
 - (3) All rates or other charges, classifications, contracts, practices, rules, or regulations not so suspended shall, on the expiration of 45 days from the time of filing the same with the agency, or of such lesser time as the agency may grant, go into effect and be the established and effective rates or other charges, classifications, contracts, practices, rules, and regulations, subject to the power of the agency, after a hearing had on its own motion or upon complaint, as herein provided, to alter or modify the same.
 - (4) Within 30 days after such changes have been authorized by the agency, copies of the new or revised schedules shall be posted or filed in accordance with the terms of this Act, in such a manner that all changes shall be plainly indicated. The agency shall incorporate into the period of suspension a review

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period of 4 business days during which the agency may review and determine whether the new or revised schedules comply with the agency's decision approving a change to the municipal water provider's rates. Such review period shall not extend the suspension period by more than 2 days. Absent notification to the contrary within the 4 business day period, the new or revised schedules shall be deemed approved.

(5) If the agency enters upon a hearing concerning the propriety of any proposed rate or other charge, classification, contract, practice, rule, or regulation, the agency shall establish the rates or other charges, classifications, contracts, practices, rules, or regulations proposed, in whole or in part, or others in lieu thereof, which it shall find to be just and reasonable. In such hearing, the burden of proof to establish the justness and reasonableness of the proposed rates or other charges, classifications, contracts, practices, rules or regulations, in whole and in part, shall be upon the municipal water provider. The municipal water provider, the staff of the agency, or any party to a proceeding initiated under this Section who has been granted intervenor status and submitted a post-hearing brief must be given the opportunity to present oral argument, if requested no later than the date for filing exceptions, on the propriety of any proposed rate or other charge, classification, contract, practice, rule, or regulation. No rate or other charge, classification, contract, practice, rule, or regulation shall be found just and

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- reasonable unless it is consistent with this Act.
 - (6) The agency shall have power, upon a hearing, had upon its own motion or upon complaint, to investigate a single rate or other charge, classification, rule, regulation, contract or practice, or any number thereof, or the entire schedule or schedules of rates or other charges, classifications, rules, regulations, contracts and practices, or any thereof of any municipal water provider, and to establish new rates or other charges, classifications, rules, regulations, contracts, or practices or schedule or schedules, in lieu thereof.
- 11 Section 85. Agency determinations.
 - (1) Whenever the agency, after a hearing had upon its own motion or upon complaint, shall find that the rates or other charges, or classifications, or any of them, demanded, observed, charged, or collected by a municipal water provider for water to municipal water consumer, or that the rules, regulations, contracts, or practices or any of them, affecting such rates or other charges, or classifications, are unjust, unreasonable, discriminatory, or preferential, or in any way in violation of any provisions of law, or that such rates or other charges or classifications are insufficient, the agency shall determine the just, reasonable, or sufficient rates or other charges, classifications, rules, regulations, contracts, or practices to be thereafter observed and in force, and shall fix the same by order.

- (2) When the agency finds, after a hearing, that the municipal water provider has charged a municipal water consumer water rates that are excessive or unjustly discriminatory, the agency may order that the municipal water provider make due reparation to the complainant therefor, with interest at the legal rate from the date of payment of such excessive or unjustly discriminatory amount.
- (3) If the municipal water provider does not comply with an order of the agency for the payment of money within the time fixed in such order, the complainant, or any person for whose benefit such order was made, may file in a circuit court a complaint setting forth briefly the causes for which the person claims damages and the order of the agency in the premises. Such action shall proceed in all respects like other civil actions for damages, except that on the trial of such action the order of the agency shall be prima facie evidence of the facts therein stated. If the plaintiff shall finally prevail, he or she shall be allowed a reasonable attorney's fee to be taxed and collected as a part of the costs of the action.
- (4) All complaints for the recovery of damages shall be filed with the agency within 2 years from the time the water supply as to which complaint is made was furnished, and a petition for the enforcement of an order of the agency for the payment of money shall be filed in the proper court within one year from the date of the order, except that if an appeal is taken from the order of the agency, the time from the taking of

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- the appeal until its final adjudication shall be excluded in computing the one year allowed for filing the complaint to enforce such order.
 - (5) The remedy provided in this Section shall be cumulative and in addition to any other remedy or remedies in this Act provided in case of failure of a municipal water provider to obey a rule, regulation, order, or decision of the agency.

Section 90. Uniform application of water rates. No municipal water provider shall charge, demand, collect, or receive a greater or less or different compensation for water furnished or to be furnished to a municipal water consumer, or for any service rendered or to be rendered to a municipal water consumer, than the rates or other charges as specified in its schedules on file and in effect at the time, nor shall any such municipal water provider refund or remit, directly indirectly, in any manner or by any device, any portion of the rates or other charges so specified, nor extend to any municipal water consumer any form of contract or agreement or any rule or regulation or any facility or privilege except such as are regularly and uniformly extended to all municipal water consumers.

Section 95. Review by the courts. Any decision of the agency shall be reviewable only under and in accordance with the provisions of the Administrative Review Law, provided that

- 1 judicial review thereof shall be permitted only after any party
- 2 claiming to be aggrieved thereby has exhausted his or her
- 3 administrative remedies as provided by this Act.
- 4 Section 100. Costs. The reasonable costs of any hearing
- 5 convened by the agency to carry out the purposes of this Act
- 6 shall be borne by the applicable municipal water provider.
- 7 Section 105. Expenses. In addition to funds already
- 8 appropriated to the Department of Natural Resources,
- 9 appropriate funds necessary for expenses and liabilities
- incurred in carrying out the purposes of this Act.
- 11 Section 110. Construction.
- 12 (1) This Act, being necessary for the welfare of the State
- and its inhabitants, shall be liberally construed to effect its
- 14 purposes.
- 15 (2) Nothing in this Act shall be construed to limit the
- 16 right of any person to initiate, intervene in, or otherwise
- 17 participate in any regulatory agency proceeding or court
- 18 action, nor to require any petition or notification to the
- agency as a condition precedent to the exercise of such right,
- 20 nor to relieve any regulatory agency or court of any
- 21 obligation, or to affect its discretion, to permit intervention
- or participation by any person in any proceeding or action.
- 23 (3) This Act shall be interpreted consistently with the

- 1 Department of Natural Resources Act.
- 2 Section 115. Liability of municipal water provider. No
- 3 municipal water provider shall be liable on any claim based on
- 4 any action it is required to take to be in compliance with this
- 5 Act.
- 6 Section 120. Home rule preemption. The provisions of this
- 7 Act are declared to be an exclusive exercise of power by the
- 8 State of Illinois pursuant to paragraphs (h) or (i) of Section
- 9 6 of Article VII of the Illinois Constitution. No home rule
- 10 unit may impose any requirement or regulation inconsistent with
- or in addition to the requirements or regulations set forth in
- 12 this Act.