



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB0159

Introduced 1/17/2025, by Sen. Sue Rezin

#### SYNOPSIS AS INTRODUCED:

220 ILCS 5/8-205  
220 ILCS 5/9-210.5

from Ch. 111 2/3, par. 8-205

Amends the Public Utilities Act. Provides that termination of water utility service to a residential user, including a tenant of a mastermetersed apartment building, for nonpayment of bills is prohibited: (1) on any day when the National Weather Service forecast for the following 6 days covering the area of the utility in which the residence is located includes a forecast that the temperature will be 32 degrees Fahrenheit or below; (2) on any day when the National Weather Service forecast for the following 6 days covering the area of the utility in which the residence is located includes a forecast that the temperature will be 90 degrees Fahrenheit or above; or (3) when the National Weather Service issues an excessive heat watch, excessive heat warning, or heat advisory covering the area of the utility in which the residence is located. In provisions concerning procedures for a large public utility to acquire a water or sewer utility, provides that if the water or sewer utility being acquired is owned by the State or a political subdivision of the State, a referendum will be required to approve the acquisition of the water or sewer utility by the large public utility (rather than only requiring a public meeting and publication of the terms of acquisition in a newspaper of general circulation in the area that the water or sewer utility operates). Effective immediately.

LRB104 05537 AAS 15566 b

1 AN ACT concerning regulation.

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

4 Section 5. The Public Utilities Act is amended by changing  
5 Sections 8-205 and 9-210.5 as follows:

6 (220 ILCS 5/8-205) (from Ch. 111 2/3, par. 8-205)

7 Sec. 8-205. Termination of a utility service.

8 (a) Termination of gas and electric utility service to all  
9 residential users, including all tenants of mastermetered  
10 apartment buildings, for nonpayment of bills, where gas or  
11 electricity is used as the only source of space heating or to  
12 control or operate the only space heating equipment at the  
13 residence is prohibited:

14 (1) on any day when the National Weather Service  
15 forecast for the following 24 hours covering the area of  
16 the utility in which the residence is located includes a  
17 forecast that the temperature will be 32 degrees  
18 Fahrenheit or below; or

19 (2) on any day preceding a holiday or a weekend when  
20 such a forecast indicated that the temperature will be 32  
21 degrees Fahrenheit or below during the holiday or weekend.

22 (b) If gas or electricity is used as the only source of  
23 space cooling or to control or operate the only space cooling

1 equipment at a residence, then a utility may not terminate gas  
2 or electric utility service to a residential user, including  
3 all tenants of mastermetered apartment buildings, for  
4 nonpayment of bills:

5 (1) on any day when the National Weather Service  
6 forecast for the following 24 hours covering the area of  
7 the utility in which the residence is located includes a  
8 forecast that the temperature will be 90 degrees  
9 Fahrenheit or above;

10 (2) on any day preceding a holiday or weekend when the  
11 National Weather Service for the following 24 hours  
12 covering the area of the utility in which the residence is  
13 located includes a forecast that the temperature will be  
14 90 degrees Fahrenheit or above during the holiday or  
15 weekend; or

16 (3) when the National Weather Service issues an  
17 excessive heat watch, heat advisory, or excessive heat  
18 warning covering the area of the utility in which the  
19 residence is located.

20 (c) Termination of water utility service to a residential  
21 user, including a tenant of a mastermetered apartment  
22 building, for nonpayment of bills is prohibited:

23 (1) on any day when the National Weather Service  
24 forecast for the following 6 days covering the area of the  
25 utility in which the residence is located includes a  
26 forecast that the temperature will be 32 degrees

1 Fahrenheit or below;

2 (2) on any day when the National Weather Service  
3 forecast for the following 6 days covering the area of the  
4 utility in which the residence is located includes a  
5 forecast that the temperature will be 90 degrees  
6 Fahrenheit or above; or

7 (3) when the National Weather Service issues an  
8 excessive heat watch, excessive heat warning, or heat  
9 advisory covering the area of the utility in which the  
10 residence is located.

11 (Source: P.A. 103-19, eff. 1-1-24; 103-605, eff. 7-1-24.)

12 (220 ILCS 5/9-210.5)

13 (Section scheduled to be repealed on June 1, 2028)

14 Sec. 9-210.5. Valuation of water and sewer utilities.

15 (a) In this Section:

16 "Disinterested" means that the person directly  
17 involved (1) is not a director, officer, or an employee of  
18 the large public utility or the water or sewer utility or  
19 its direct affiliates or subsidiaries for at least 12  
20 months before becoming engaged under this Section; (2)  
21 shall not derive a material financial benefit from the  
22 sale of the water or sewer utility other than fees for  
23 services rendered, and (3) shall not have a member of the  
24 person's immediate family, including a spouse, parents or  
25 spouse's parents, children or spouses of children, or

1 siblings and their spouses or children, be a director,  
2 officer, or employee of either the large public utility or  
3 water or sewer utility or the water or sewer utility or its  
4 direct affiliates or subsidiaries for at least 12 months  
5 before becoming engaged under this Section or receive a  
6 material financial benefit from the sale of the water or  
7 sewer utility other than fees for services rendered.

8 "District" means a service area of a large public  
9 utility whose customers are subject to the same rate  
10 tariff.

11 "Large public utility" means an investor-owned public  
12 utility that:

13 (1) is subject to regulation by the Illinois  
14 Commerce Commission under this Act;

15 (2) regularly provides water or sewer service to  
16 more than 15,000 customer connections;

17 (3) provides safe and adequate service; and

18 (4) is not a water or sewer utility as defined in  
19 this subsection (a).

20 "Next rate case" means a large public utility's first  
21 general rate case after the date the large public utility  
22 acquires the water or sewer utility where the acquired  
23 water or sewer utility's cost of service is considered as  
24 part of determining the large public utility's resulting  
25 rates.

26 "Prior rate case" means a large public utility's

1           general rate case resulting in the rates in effect for the  
2           large public utility at the time it acquires the water or  
3           sewer utility.

4           "Utility service source" means the water or sewer  
5           utility or large public utility from which the customer  
6           receives its utility service type.

7           "Utility service type" means water utility service or  
8           sewer utility service or water and sewer utility service.

9           "Water or sewer utility" means any of the following:

10           (1) a public utility that regularly provides water  
11           or sewer service to 6,000 or fewer customer  
12           connections;

13           (2) a water district, including, but not limited  
14           to, a public water district, water service district,  
15           or surface water protection district, or a sewer  
16           district of any kind established as a special district  
17           under the laws of this State that regularly provides  
18           water or sewer service;

19           (3) a waterworks system or sewerage system  
20           established under the Township Code that regularly  
21           provides water or sewer service; or

22           (4) a water system or sewer system owned by a  
23           municipality that regularly provides water or sewer  
24           service; and

25           (5) any other entity that is not a public utility  
26           that regularly provides water or sewer service.

1           (b) Notwithstanding any other provision of this Act, a  
2 large public utility that acquires a water or sewer utility  
3 may request that the Commission use, and, if so requested, the  
4 Commission shall use, the procedures set forth under this  
5 Section to establish the ratemaking rate base of that water or  
6 sewer utility at the time when it is acquired by the large  
7 public utility.

8           (c) If a large public utility elects the procedures under  
9 this Section to establish the rate base of a water or sewer  
10 utility that it is acquiring, then 3 appraisals shall be  
11 performed. The average of these 3 appraisals shall represent  
12 the fair market value of the water or sewer utility that is  
13 being acquired. The appraisals shall be performed by 3  
14 appraisers approved by the Commission's Executive Director or  
15 designee and engaged by either the water or sewer utility  
16 being acquired or by the large public utility. Each appraiser  
17 shall be engaged on reasonable terms approved by the  
18 Commission. Each appraiser shall be a disinterested person  
19 licensed as a State certified general real estate appraiser  
20 under the Real Estate Appraiser Licensing Act of 2002.

21           Each appraiser shall:

22           (1) be sworn to determine the fair market value of the  
23 water or sewer utility by establishing the amount for  
24 which the water or sewer utility would be sold in a  
25 voluntary transaction between a willing buyer and willing  
26 seller under no obligation to buy or sell;

1           (2) determine fair market value in compliance with the  
2 Uniform Standards of Professional Appraisal Practice;

3           (3) engage one disinterested engineer who is licensed  
4 in this State, and who may be the same engineer that is  
5 engaged by the other appraisers, to prepare an assessment  
6 of the tangible assets of the water or sewer utility,  
7 which is to be incorporated into the appraisal under the  
8 cost approach;

9           (4) request from the manager of the Accounting  
10 Department, if the water or sewer utility is a public  
11 utility that is regulated by the Commission, a list of  
12 investments made by the water or sewer utility that had  
13 been disallowed previously and that shall be excluded from  
14 the calculation of the large public utility's rate base in  
15 its next rate case; and

16           (5) return their appraisal, in writing, to the water  
17 or sewer utility and large public utility in a reasonable  
18 and timely manner.

19           If the appraiser cannot engage an engineer, as described  
20 in paragraph (3) of this subsection (c), within 30 days after  
21 the appraiser is engaged, then the Commission's Executive  
22 Director or designee shall recommend the engineer the  
23 appraiser should engage. The Commission's Executive Director  
24 or designee shall provide his or her recommendation within 30  
25 days after he or she is officially notified of the appraiser's  
26 failure to engage an engineer and the appraiser shall promptly

1 work to engage the recommended engineer. If the appraiser is  
2 unable to negotiate reasonable engagement terms with the  
3 recommended engineer within 15 days after the recommendation  
4 by the Commission's Executive Director or designee, then the  
5 appraiser shall notify the Commission's Executive Director or  
6 designee and the process shall be repeated until an engineer  
7 is successfully engaged.

8 (d) The lesser of (i) the purchase price or (ii) the fair  
9 market value determined under subsection (c) of this Section  
10 shall constitute the rate base associated with the water or  
11 sewer utility as acquired by and incorporated into the rate  
12 base of the district designated by the acquiring large public  
13 utility under this Section, subject to any adjustments that  
14 the Commission deems necessary to ensure such rate base  
15 reflects prudent and useful investments in the provision of  
16 public utility service. The reasonable transaction and closing  
17 costs incurred by the large public utility shall be treated  
18 consistent with the applicable accounting standards under this  
19 Act. The total amount of all of the appraisers' fees to be  
20 included in the transaction and closing costs shall not exceed  
21 the greater of \$15,000 or 5% of the appraised value of the  
22 water or sewer utility being acquired. This rate base  
23 treatment shall not be deemed to violate this Act, including,  
24 but not limited to, any Sections in Articles VIII and IX of  
25 this Act that might be affected by this Section. Any  
26 acquisition of a water or sewer utility that affects the

1 cumulative base rates of the large public utility's existing  
2 ratepayers in the tariff group into which the water or sewer  
3 utility is to be combined by less than (1) 2.5% at the time of  
4 the acquisition for any single acquisition completed under  
5 this Section or (2) 5% for all acquisitions completed under  
6 this Section before the Commission's final order in the next  
7 rate case shall not be deemed to violate Section 7-204 or any  
8 other provision of this Act.

9 In the Commission's order that approves the large public  
10 utility's acquisition of the water or sewer utility, the  
11 Commission shall issue its decision establishing (1) the  
12 ratemaking rate base of the water or sewer utility; (2) the  
13 district or tariff group with which the water or sewer utility  
14 shall be combined for ratemaking purposes, if such combination  
15 has been proposed by the large public utility; and (3) the  
16 rates to be charged to customers in the water or sewer utility.

17 (e) If the water or sewer utility being acquired is owned  
18 by the State or any political subdivision thereof, then the  
19 water or sewer utility must inform the public of the terms of  
20 its acquisition by the large public utility by (1) holding a  
21 public meeting prior to the acquisition and (2) causing to be  
22 published, in a newspaper of general circulation in the area  
23 that the water or sewer utility operates, a notice setting  
24 forth the terms of its acquisition by the large public utility  
25 and options that shall be available to assist customers to pay  
26 their bills after the acquisition.

1       At the election next following the public meeting and  
2 notice required under this subsection (e), a referendum,  
3 subject to the requirements of Section 16-7 of the Election  
4 Code, shall be placed on the ballot for all electors within the  
5 area where the water or sewer utility operates in  
6 substantially the following form:

7           May the (name of large public utility) acquire the  
8 (name of water or sewer utility) under the terms of  
9 acquisition as published in (name of newspaper) on (date)?  
10 The votes shall be recorded as "Yes" or "No".

11       If a majority of the electors voting on the referendum  
12 within the service area of the water or sewer utility vote in  
13 favor of the referendum, then the acquisition may continue as  
14 provided in this Section. If less than a majority of the  
15 electors voting on the referendum within the service area of  
16 the water or sewer utility vote in favor of the referendum, the  
17 Commission shall deny the large public utility's acquisition  
18 of the water or sewer utility.

19       (f) The large public utility may recommend the district or  
20 tariff group of which the water or sewer utility shall, for  
21 ratemaking purposes, become a part after the acquisition, or  
22 may recommend a lesser rate for the water or sewer utility. If  
23 the large public utility recommends a lesser rate, it shall  
24 submit to the Commission its proposed rate schedule and the  
25 proposed final tariff group for the acquired water or sewer  
26 utility. The Commission's approved district or tariff group or

1 rates shall be consistent with the large public utility's  
2 recommendation, unless such recommendation can be shown to be  
3 contrary to the public interest.

4 (g) From the date of acquisition until the date that new  
5 rates are effective in the acquiring large public utility's  
6 next rate case, the customers of the acquired water or sewer  
7 utility shall pay the approved then-existing rates of the  
8 district or tariff group as ordered by the Commission, or some  
9 lesser rates as recommended by the large public utility and  
10 approved by the Commission under subsection (f); provided,  
11 that, if the application of such rates of the large public  
12 utility to customers of the acquired water or sewer utility  
13 using 54,000 gallons annually results in an increase to the  
14 total annual bill of customers of the acquired water or sewer  
15 utility, exclusive of fire service or related charges, then  
16 the large public utility's rates charged to the customers of  
17 the acquired water or sewer utility shall be uniformly  
18 reduced, if any reduction is required, by the percent that  
19 results in the total annual bill, exclusive of fire services  
20 or related charges, for the customers of the acquired water or  
21 sewer utility using 54,000 gallons being equal to 1.5% of the  
22 latest median household income as reported by the United  
23 States Census Bureau for the most applicable community or  
24 county. For each customer of the water or sewer utility with  
25 potable water usage values that cannot be reasonably obtained,  
26 a value of 4,500 gallons per month shall be assigned. These

1 rates shall not be deemed to violate this Act including, but  
2 not limited to, Section 9-101 and any other applicable  
3 Sections in Articles VIII and IX of this Act. The Commission  
4 shall issue its decision establishing the rates effective for  
5 the water or sewer utility immediately following an  
6 acquisition in its order approving the acquisition.

7 (h) In the acquiring large public utility's next rate  
8 case, the water or sewer utility and the district or tariff  
9 group ordered by the Commission and their costs of service may  
10 be combined under the same rate tariff. This rate tariff shall  
11 be based on allocation of costs of service of the acquired  
12 water or sewer utility and the large public utility's district  
13 or tariff group ordered by the Commission and utilizing a rate  
14 design that does not distinguish among customers on the basis  
15 of utility service source or type. This rate tariff shall not  
16 be deemed to violate this Act including, but not limited to,  
17 Section 9-101 of this Act. In the acquiring large public  
18 utility's 2 rate cases after an acquisition, but in no  
19 subsequent rate case, the large public utility may file a rate  
20 tariff for a water or sewer utility acquired under this  
21 Section that establishes lesser rates than the district or  
22 tariff group into which the water or sewer utility is to be  
23 combined. Those lesser rates shall not be deemed to violate  
24 Section 7-204 or any other provision of this Act if they affect  
25 the cumulative base rates of the large public utility's  
26 existing rate payers in the district or tariff by less than

1 2.5%.

2 (i) Any post-acquisition improvements made by the large  
3 public utility in the water or sewer utility shall accrue a  
4 cost for financing set at the large public utility's  
5 determined rate for allowance for funds used during  
6 construction, inclusive of the debt, equity, and income tax  
7 gross up components, after the date on which the expenditure  
8 was incurred by the large public utility until the investment  
9 has been in service for a 4-year period or, if sooner, until  
10 the time the rates are implemented in the large public  
11 utility's next rate case.

12 Any post-acquisition improvements made by the large public  
13 utility in the water or sewer utility shall not be depreciated  
14 for ratemaking purposes from the date on which the expenditure  
15 was incurred by the large public utility until the investment  
16 has been in service for a 4-year period or, if sooner, until  
17 the time the rates are implemented in the large public  
18 utility's next rate case.

19 (j) This Section shall be exclusively applied to large  
20 public utilities in the voluntary and mutually agreeable  
21 acquisition of water or sewer utilities. Any petitions filed  
22 with the Commission related to the acquisitions described in  
23 this Section, including petitions seeking approvals or  
24 certificates required by this Act, shall be deemed approved  
25 unless the Commission issues its final order within 11 months  
26 after the date the large public utility filed its initial

1 petition. This Section shall only apply to utilities providing  
2 water or sewer service and shall not be construed in any manner  
3 to apply to electric corporations, natural gas corporations,  
4 or any other utility subject to this Act.

5 (k) Nothing in this Section shall prohibit a party from  
6 declining to proceed with an acquisition or be deemed as  
7 establishing the final purchase price of an acquisition.

8 (l) In the Commission's order that approves the large  
9 utility's acquisition of the water or sewer utility, the  
10 Commission shall address each aspect of the acquisition  
11 transaction for which approval is required under the Act.

12 (m) Any contractor or subcontractor that performs work on  
13 a water or sewer utility acquired by a large public utility  
14 under this Section shall be a responsible bidder as described  
15 in Section 30-22 of the Illinois Procurement Code. The  
16 contractor or subcontractor shall submit evidence of meeting  
17 the requirements to be a responsible bidder as described in  
18 Section 30-22 to the water or sewer utility. Any new water or  
19 sewer facility built as a result of the acquisition shall  
20 require the contractor to enter into a project labor  
21 agreement. The large public utility acquiring the water or  
22 sewer utility shall offer employee positions to qualified  
23 employees of the acquired water or sewer utility.

24 (n) This Section is repealed on June 1, 2028.

25 (Source: P.A. 102-149, eff. 1-1-22.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.