SYNOPSIS AS INTRODUCED:

220 ILCS 5/8-306
220 ILCS 5/9-201 from Ch. 111 2/3, par. 9-201
220 ILCS 5/9-210.5

Amends the Public Utilities Act. Provides that additional notice requirements apply for water or sewer utilities with greater than 2,500 total customers (rather than 15,000 total customers). Provides that such water or sewer utilities shall include in a separate bill insert the percentage change from the rate of the customer's previous bill to the rate of the customer's current bill. Provides that water utilities under the jurisdiction of the Illinois Commerce Commission shall not increase water and sewer rates by more than 2.5% annually. Provides that an acquisition of a water or sewer utility shall be paid for by shareholders and not existing ratepayers (rather than charging ratepayers in the tariff group into which the water or sewer utility is to be combined specific rates).
AN ACT concerning regulation.

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

Section 5. The Public Utilities Act is amended by changing Sections 8-306, 9-201, and 9-210.5 as follows:

(220 ILCS 5/8-306)

Sec. 8-306. Special provisions relating to water and sewer utilities.

(a) No later than 120 days after the effective date of this amendatory Act of the 94th General Assembly, the Commission shall prepare, make available to customers upon request, and post on its Internet web site information concerning the service obligations of water and sewer utilities and remedies that a customer may pursue for a violation of the customer's rights. The information shall specifically address the rights of a customer of a water or sewer utility in the following situations:

(1) The customer's water meter is replaced.
(2) The customer's bill increases by more than 50% within one billing period.
(3) The customer's water service is terminated.
(4) The customer wishes to complain after receiving a termination of service notice.
(5) The customer is unable to make payment on a billing statement.

(6) A rate is filed, including without limitation a surcharge or annual reconciliation filing, that will increase the amount billed to the customer.

(7) The customer is billed for services provided prior to the date covered by the billing statement.

(8) The customer is due to receive a credit.

Each billing statement issued by a water or sewer utility shall include an Internet web site address where the customer can view the information required under this subsection (a) and a telephone number that the customer may call to request a copy of the information.

(b) A water or sewer utility may discontinue service only after it has mailed or delivered by other means a written notice of discontinuance substantially in the form of Appendix A of 83 Ill. Adm. Code 280. The notice must include the Internet web site address where the customer can view the information required under subsection (a) and a telephone number that the customer may call to request a copy of the information. Any notice required to be delivered or mailed to a customer prior to discontinuance of service shall be delivered or mailed separately from any bill. Service shall not be discontinued until at least 5 days after delivery or 8 days after the mailing of this notice. Service shall not be discontinued and shall be restored if discontinued for the
reason which is the subject of a dispute or complaint during
the pendency of informal or formal complaint procedures of the
or 280.170, where the customer has complied with those rules.
Service shall not be discontinued and shall be restored if
discontinued where a customer has established a deferred
payment agreement pursuant to 83 Ill. Adm. Code 280.110 and
has not defaulted on such agreement. Residential customers who
are indebted to a utility for past due utility service shall
have the opportunity to make arrangements with the utility to
retire the debt by periodic payments, referred to as a
deferred payment agreement, unless this customer has failed to
make payment under such a plan during the past 12 months. The
terms and conditions of a reasonable deferred payment
agreement shall be determined by the utility after
consideration of the following factors, based upon information
available from current utility records or provided by the
customer or applicant:

  (1) size of the past due account;
  (2) customer or applicant's ability to pay;
  (3) customer or applicant's payment history;
  (4) reason for the outstanding indebtedness; and
  (5) any other relevant factors relating to the
circumstances of the customer or applicant's service.

A residential customer shall pay a maximum of one-fourth of
the amount past due and owing at the time of entering into the
deferred payment agreement, and the water or sewer utility shall allow a minimum of 2 months from the date of the agreement and a maximum of 12 months for payment to be made under a deferred payment agreement. Late payment charges may be assessed against the amount owing that is the subject of a deferred payment agreement.

(c) A water or sewer utility shall provide notice as required by subsection (a) of Section 9-201 after the filing of each information sheet under a purchased water surcharge, purchased sewage treatment surcharge, or qualifying infrastructure plant surcharge. The utility also shall post notice of the filing in accordance with the requirements of 83 Ill. Adm. Code 255. Unless filed as part of a general rate increase, notice of the filing of a purchased water surcharge rider, purchased sewage treatment surcharge rider, or qualifying infrastructure plant surcharge rider also shall be given in the manner required by this subsection (c) for the filing of information sheets.

(d) Commission rules pertaining to formal and informal complaints against public utilities shall apply with full and equal force to water and sewer utilities and their customers, including provisions of 83 Ill. Adm. Code 280.170, and the Commission shall respond to each complaint by providing the consumer with a copy of the utility's response to the complaint and a copy of the Commission's review of the complaint and its findings. The Commission shall also provide
the consumer with all available options for recourse.

(e) Any refund shown on the billing statement of a customer of a water or sewer utility must be itemized and must state if the refund is an adjustment or credit.

(f) Water service for building construction purposes. At the request of any municipality or township within the service area of a public utility that provides water service to customers within the municipality or township, a public utility must (1) require all water service used for building construction purposes to be measured by meter and subject to approved rates and charges for metered water service and (2) prohibit the unauthorized use of water taken from hydrants or service lines installed at construction sites.

(g) Water meters.

(1) Periodic testing. Unless otherwise approved by the Commission, each service water meter shall be periodically inspected and tested in accordance with the schedule specified in 83 Ill. Adm. Code 600.340, or more frequently as the results may warrant, to insure that the meter accuracy is maintained within the limits set out in 83 Ill. Adm. Code 600.310.

(2) Meter tests requested by customer.

(A) Each utility furnishing metered water service shall, without charge, test the accuracy of any meter upon request by the customer served by such meter, provided that the meter in question has not been
tested by the utility or by the Commission within 2 years previous to such request. The customer or his or her representatives shall have the privilege of witnessing the test at the option of the customer. A written report, giving the results of the test, shall be made to the customer.

(B) When a meter that has been in service less than 2 years since its last test is found to be accurate within the limits specified in 83 Ill. Adm. Code 600.310, the customer shall pay a fee to the utility not to exceed the amounts specified in 83 Ill. Adm. Code 600.350(b). Fees for testing meters not included in this Section or so located that the cost will be out of proportion to the fee specified will be determined by the Commission upon receipt of a complete description of the case.

(3) Commission referee tests. Upon written application to the Commission by any customer, a test will be made of the customer's meter by a representative of the Commission. For such a test, a fee as provided for in subsection (g)(2) shall accompany the application. If the meter is found to be registering more than 1.5% fast on the average when tested as prescribed in 83 Ill. Adm. Code 600.310, the utility shall refund to the customer the amount of the fee. The utility shall in no way disturb the meter after a customer has made an application for a
referee test until authority to do so is given by the
Commission or the customer in writing.

(h) Water and sewer utilities; low usage. Each public
utility that provides water and sewer service must establish a
unit sewer rate, subject to review by the Commission, that
applies only to those customers who use less than 1,000
gallons of water in any billing period.

(i) Water and sewer utilities; separate meters. Each
public utility that provides water and sewer service must
offer separate rates for water and sewer service to any
commercial or residential customer who uses separate meters to
measure each of those services. In order for the separate rate
to apply, a combination of meters must be used to measure the
amount of water that reaches the sewer system and the amount of
water that does not reach the sewer system.

(j) Each water or sewer public utility must disclose on
each billing statement any amount billed that is for service
provided prior to the date covered by the billing statement.
The disclosure must include the dates for which the prior
service is being billed. Each billing statement that includes
an amount billed for service provided prior to the date
covered by the billing statement must disclose the dates for
which that amount is billed and must include a copy of the
document created under subsection (a) and a statement of
current Commission rules concerning unbilled or misbilled
service.
(k) When the customer is due a refund resulting from payment of an overcharge, the utility shall credit the customer in the amount of overpayment with interest from the date of overpayment by the customer. The rate for interest shall be at the appropriate rate determined by the Commission under 83 Ill. Adm. Code 280.70.

(l) Water and sewer public utilities; subcontractors. The Commission shall adopt rules for water and sewer public utilities to provide notice to the customers of the proper kind of identification that a subcontractor must present to the customer, to prohibit a subcontractor from soliciting or receiving payment of any kind for any service provided by the water or sewer public utility or the subcontractor, and to establish sanctions for violations.

(m) Water and sewer public utilities; unaccounted-for water. By December 31, 2006, each water public utility shall file tariffs with the Commission to establish the maximum percentage of unaccounted-for water that would be considered in the determination of any rates or surcharges. The rates or surcharges approved for a water public utility shall not include charges for unaccounted-for water in excess of this maximum percentage without well-documented support and justification for the Commission to consider in any request to recover charges in excess of the tariffed maximum percentage.

(n) Rate increases; public forums. When any public utility providing water or sewer service proposes a general rate
increase, in addition to other notice requirements, the water or sewer public utility must notify its customers of their right to request a public forum. A customer or group of customers must make written request to the Commission for a public forum and must also provide written notification of the request to the customer's municipal or, for unincorporated areas, township government. The Commission, at its discretion, may schedule the public forum. If it is determined that public forums are required for multiple municipalities or townships, the Commission shall schedule these public forums, in locations within approximately 45 minutes drive time of the municipalities or townships for which the public forums have been scheduled. The public utility must provide advance notice of 30 days for each public forum to the governing bodies of those units of local government affected by the increase. The day of each public forum shall be selected so as to encourage the greatest public participation. Each public forum will begin at 7:00 p.m. Reports and comments made during or as a result of each public forum must be made available to the hearing officials and reviewed when drafting a recommended or tentative decision, finding or order pursuant to Section 10-111 of this Act.

(o) Water utilities under the jurisdiction of the Commission shall not increase water and sewer rates by more than 2.5% annually. For purposes of this subsection, "rates" means the Commission-approved rates on January 1, 2022.
Sec. 9-201. (a) Unless the Commission otherwise orders, and except as otherwise provided in this Section, no change shall be made by any public utility in any rate or other charge or classification, or in any rule, regulation, practice or contract relating to or affecting any rate or other charge, classification or service, or in any privilege or facility, except after 45 days' notice to the Commission and to the public as herein provided. Such notice shall be given by filing with the Commission 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 Commission. The Commission, 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.

When any change is proposed in any rate or other charge, or classification, or in any rule, regulation, practice, or contract relating to or affecting any rate or other charge,
classification or service, or in any privilege or facility, such proposed change shall be plainly indicated on the new schedule filed with the Commission, by some character to be designated by the Commission, immediately preceding or following the item.

When any public utility providing water or sewer service proposes any change in any rate or other charge, or classification, or in any rule, regulation, practice, or contract relating to or affecting any rate or other charge, classification or service, or in any privilege or facility, such utility shall, in addition to the other notice requirements of this Act, provide notice of such change to all customers potentially affected by including a notice and description of such change, and of Commission procedures for intervention, in the first bill sent to each such customer after the filing of the proposed change.

For water or sewer utilities with greater than 15,000 total customers, the following notice requirements are applicable, in addition to the other notice requirements of this Act:

1. As a separate bill insert, an initial notice in the first bill sent to all customers potentially affected by the proposed change after the filing of the proposed change shall include:

   (A) the approximate date when the change or changes shall go into effect assuming the Commission
utilizes the 11-month process as described in this Section;

(B) a statement indicating that the estimated bill impact may vary based on multiple factors, including, but not limited to, meter size, usage volume, and the fire protection district;

(C) the water or sewer utility's customer service number or other number as may be appropriate where an authorized agent of the water or sewer utility can explain how the proposed increase might impact an individual customer's bill;

(D) if the proposed change involves a change from a flat to a volumetric rate, an explanation of volumetric rate;

(E) a reference to the water or sewer utility's website where customers can find tips on water conservation; and

(F) for customers receiving both water and sewer service from a utility and if the customer has an option to install a separate meter for irrigation to mitigate sewer charges, an explanation of the water and sewer utility's and the customer's responsibilities for installation of a separate meter if such a change is approved; and

(G) the percentage change from the rate of the customer's previous bill to the rate of the customer's
current bill.

(2) A second notice to all customers shall be included on the first bill after the Commission suspends the tariffs initiating the rate case.

(3) Final notice of such change shall be sent to all customers potentially affected by the proposed change by including information required under this paragraph (3) with the first bill after the effective date of the rates approved by the Final Order of the Commission in a rate case. The notice shall include the following:

(A) the date when the change or changes went into effect;

(B) the water or sewer utility's customer service number or other number as may be appropriate where an authorized agent of the water or sewer utility can explain how the proposed increase might impact an individual customer's bill;

(C) an explanation that usage shall now be charged at a volumetric rate rather than a flat rate, if applicable;

(D) a reference to the water or sewer utility's website where the customer can find tips on water conservation; and

(E) for customers receiving both water and sewer service from a utility and if the customer has an option to install a separate meter for irrigation to
mitigate sewer charges, an explanation of the water
and sewer utility's and the customer's
responsibilities for installation of a separate meter
if such a change is approved.

(4) In each notice provided to a customer, the water
or sewer utility shall include the phone number and
website information for the Citizens Utility Board and the
Consumer Services Division of the Commission with
instructions on how to dispute or file a complaint
relating to a rate increase.

(b) Whenever there shall be filed with the Commission any
schedule stating an individual or joint rate or other charge,
classification, contract, practice, rule or regulation, the
Commission 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 interested public utility or
utilities, 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 Commission, in its discretion, extends the period of suspension for a further period not exceeding 6 months.

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 Commission, or of such lesser time as the Commission 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 Commission, after a hearing had on its own motion or upon complaint, as herein provided, to alter or modify the same.

Within 30 days after such changes have been authorized by the Commission, copies of the new or revised schedules shall be posted or filed in accordance with the terms of Section 9-103 of this Act, in such a manner that all changes shall be plainly indicated. The Commission shall incorporate into the period of suspension a review period of 4 business days during which the Commission may review and determine whether the new or revised schedules comply with the Commission's decision approving a change to the public utility'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.

(c) If the Commission enters upon a hearing concerning the
propriety of any proposed rate or other charge, classification, contract, practice, rule or regulation, the Commission 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 utility. The utility, the staff of the Commission, the Attorney General, 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 reasonable unless it is consistent with Sections of this Article.

(d) Except where compliance with Section 8-401 of this Act is of urgent and immediate concern, no representative of a public utility may discuss with a commissioner, commissioner's assistant, or administrative law judge in a non-public setting a planned filing for a general rate increase. If a public utility makes a filing under this Section, then no substantive
communication by any such person with a commissioner, commissioner's assistant, or administrative law judge concerning the filing is permitted until a notice of hearing has been issued. After the notice of hearing has been issued, the only communications by any such person with a commissioner, commissioner's assistant, or administrative law judge concerning the filing permitted are communications permitted under Section 10-103 of this Act. If any such communication does occur, then within 5 days of the docket being initiated all details relating to the communication shall be placed on the public record of the proceeding. The record shall include any materials, whether written, recorded, filmed, or graphic in nature, produced or reproduced on any media, used in connection with the communication. The record shall reflect the names of all persons who transmitted, received, or were otherwise involved in the communication, the duration of the communication, and whether the communication occurred in person or by other means. In the case of an oral communication, the record shall also reflect the location or locations of all persons involved in the communication and, if the communication occurred by telephone, the telephone numbers for the callers and recipients of the communication. A commissioner, commissioner's assistant, or administrative law judge who is involved in any such communication shall be recused from the affected proceeding. The Commission, or any commissioner or administrative law judge presiding over the
proceeding shall, in the event of a violation of this Section, take action necessary to ensure that such violation does not prejudice any party or adversely affect the fairness of the proceedings including dismissing the affected proceeding. Nothing in this subsection (d) is intended to preclude otherwise allowable updates on issues that may be indirectly related to a general rate case filing because cost recovery for the underlying activity may be requested. Such updates may include, without limitation, issues related to outages and restoration, credit ratings, security issuances, reliability, Federal Energy Regulatory Commission matters, Federal Communications Commission matters, regional reliability organizations, consumer education, or labor matters, provided that such updates may not include cost recovery in a planned rate case.

(Source: P.A. 100-840, eff. 8-13-18.)

(220 ILCS 5/9-210.5)

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

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

(a) In this Section:

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

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

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

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

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

(3) provides safe and adequate service; and

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

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

"Prior rate case" means a large public utility's
general rate case resulting in the rates in effect for the
large public utility at the time it acquires the water or
sewer utility.

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

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

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

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

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

(3) a waterworks system or sewerage system
established under the Township Code that regularly
provides water or sewer service; or
(4) a water system or sewer system owned by a municipality that regularly provides water or sewer service; and

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

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

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

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

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

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

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

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

If the appraiser cannot engage an engineer, as described in paragraph (3) of this subsection (c), within 30 days after the appraiser is engaged, then the Commission's Executive
Director or designee shall recommend the engineer the appraiser should engage. The Commission's Executive Director or designee shall provide his or her recommendation within 30 days after he or she is officially notified of the appraiser's failure to engage an engineer and the appraiser shall promptly work to engage the recommended engineer. If the appraiser is unable to negotiate reasonable engagement terms with the recommended engineer within 15 days after the recommendation by the Commission's Executive Director or designee, then the appraiser shall notify the Commission's Executive Director or designee and the process shall be repeated until an engineer is successfully engaged.

(d) The lesser of (i) the purchase price or (ii) the fair market value determined under subsection (c) of this Section shall constitute the rate base associated with the water or sewer utility as acquired by and incorporated into the rate base of the district designated by the acquiring large public utility under this Section, subject to any adjustments that the Commission deems necessary to ensure such rate base reflects prudent and useful investments in the provision of public utility service. The reasonable transaction and closing costs incurred by the large public utility shall be treated consistent with the applicable accounting standards under this Act. The total amount of all of the appraisers' fees to be included in the transaction and closing costs shall not exceed the greater of $15,000 or 5% of the appraised value of the
water or sewer utility being acquired. This rate base treatment shall not be deemed to violate this Act, including, but not limited to, any Sections in Articles VIII and IX of this Act that might be affected by this Section. Any acquisition of a water or sewer utility shall be paid for by shareholders and not existing ratepayers that affects the cumulative base rates of the large public utility's existing ratepayers in the tariff group into which the water or sewer utility is to be combined by less than (1) 2.5% at the time of the acquisition for any single acquisition completed under this Section or (2) 5% for all acquisitions completed under this Section before the Commission's final order in the next rate case shall not be deemed to violate Section 7-204 or any other provision of this Act.

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

(e) If the water or sewer utility being acquired is owned by the State or any political subdivision thereof, then the water or sewer utility must inform the public of the terms of its acquisition by the large public utility by (1) holding a
(f) The large public utility may recommend the district or tariff group of which the water or sewer utility shall, for ratemaking purposes, become a part after the acquisition, or may recommend a lesser rate for the water or sewer utility. If the large public utility recommends a lesser rate, it shall submit to the Commission its proposed rate schedule and the proposed final tariff group for the acquired water or sewer utility. The Commission's approved district or tariff group or rates shall be consistent with the large public utility's recommendation, unless such recommendation can be shown to be contrary to the public interest.

(g) From the date of acquisition until the date that new rates are effective in the acquiring large public utility's next rate case, the customers of the acquired water or sewer utility shall pay the approved then-existing rates of the district or tariff group as ordered by the Commission, or some lesser rates as recommended by the large public utility and approved by the Commission under subsection (f); provided, that, if the application of such rates of the large public utility to customers of the acquired water or sewer utility
using 54,000 gallons annually results in an increase to the total annual bill of customers of the acquired water or sewer utility, exclusive of fire service or related charges, then the large public utility's rates charged to the customers of the acquired water or sewer utility shall be uniformly reduced, if any reduction is required, by the percent that results in the total annual bill, exclusive of fire services or related charges, for the customers of the acquired water or sewer utility using 54,000 gallons being equal to 1.5% of the latest median household income as reported by the United States Census Bureau for the most applicable community or county. For each customer of the water or sewer utility with potable water usage values that cannot be reasonably obtained, a value of 4,500 gallons per month shall be assigned. These rates shall not be deemed to violate this Act including, but not limited to, Section 9-101 and any other applicable Sections in Articles VIII and IX of this Act. The Commission shall issue its decision establishing the rates effective for the water or sewer utility immediately following an acquisition in its order approving the acquisition.

(h) In the acquiring large public utility's next rate case, the water or sewer utility and the district or tariff group ordered by the Commission and their costs of service may be combined under the same rate tariff. This rate tariff shall be based on allocation of costs of service of the acquired water or sewer utility and the large public utility's district
or tariff group ordered by the Commission and utilizing a rate
design that does not distinguish among customers on the basis
of utility service source or type. This rate tariff shall not
be deemed to violate this Act including, but not limited to,
Section 9-101 of this Act. In the acquiring large public
utility's 2 rate cases after an acquisition, but in no
subsequent rate case, the large public utility may file a rate
tariff for a water or sewer utility acquired under this
Section that establishes lesser rates than the district or
tariff group into which the water or sewer utility is to be
combined. Those lesser rates shall not be deemed to violate
Section 7-204 or any other provision of this Act if they affect
the cumulative base rates of the large public utility's
existing rate payers in the district or tariff by less than
2.5%.

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

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

(j) This Section shall be exclusively applied to large public utilities in the voluntary and mutually agreeable acquisition of water or sewer utilities. Any petitions filed with the Commission related to the acquisitions described in this Section, including petitions seeking approvals or certificates required by this Act, shall be deemed approved unless the Commission issues its final order within 11 months after the date the large public utility filed its initial petition. This Section shall only apply to utilities providing water or sewer service and shall not be construed in any manner to apply to electric corporations, natural gas corporations, or any other utility subject to this Act.

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

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

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

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

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