

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 Section 5-104 as follows:

(220 ILCS 5/5-104) (from Ch. 111 2/3, par. 5-104)

Sec. 5-104. Depreciation accounts.

(a) The Commission shall have power, after hearing, to require any or all public utilities, except electric public utilities, to keep such accounts as will adequately reflect depreciation, obsolescence and the progress of the arts. The Commission may, from time to time, ascertain and determine and by order fix the proper and adequate rate of depreciation of the several classes of property for each public utility; and each public utility shall conform its depreciation accounts to the rates so ascertained, determined and fixed.

(b) The Commission shall have the power, after hearing, to require any or all electric public utilities to keep such accounts as will adequately reflect depreciation, obsolescence, and the progress of the arts. The Commission may, from time to time, ascertain and determine and by order fix the proper and adequate rate of depreciation of the several classes of property for each electric public utility; and each electric

public utility shall thereafter, absent further order of the Commission, conform its depreciation accounts to the rates so ascertained, determined and fixed until at least the end of the first full calendar year following the date of such determination.

(c) An electric public utility may from time to time alter the annual rates of depreciation, which for purposes of this subsection (c) and subsection (d) shall include amortization, that it applies to its several classes of assets so long as the rates are consistent with generally accepted accounting principles. The electric public utility shall file a statement with the Commission which shall set forth the new rates of depreciation and which shall contain a certification by an independent certified public accountant that the new rates of depreciation are consistent with generally accepted accounting principles. Upon the filing of such statement, the new rates of depreciation shall be deemed to be approved by the Commission as the rates of depreciation to be applied thereafter by the public utility as though an order had been entered pursuant to subsection (b).

(d) In any proceeding conducted pursuant to Section 9-201 or 9-202 to set an electric public utility's rates for service, the Commission may determine not to use, in determining the depreciation expense component of the public utility's rates for service, the rates of depreciation established pursuant to subsection (c), if the Commission in that proceeding finds

based on the record that different rates of depreciation are required to adequately reflect depreciation, obsolescence and the progress of the arts, and fixes by order and uses for purposes of that proceeding new rates of depreciation to be thereafter employed by the electric public utility until the end of the first full calendar year following the date of the determination and thereafter until altered in accordance with subsection (b) or (c) of this Section.

(e) A gas public utility serving more than 1,600,000 customers as of January 1, 2013 may from time to time alter the annual rates of depreciation, which for purposes of this subsection (e) shall include amortization, that the gas public utility applies to its several classes of assets so long as the rates are consistent with generally accepted accounting principles. The gas public utility shall file testimony with the Commission setting forth the new rates of depreciation that shall include: (i) a summary of the causes for the change in depreciation rates; (ii) a certification by an independent certified public accountant that the new rates of depreciation are consistent with generally accepted accounting principles; (iii) the depreciation study; and (iv) the expected impact on depreciation expense from the new depreciation rates. The gas public utility shall also simultaneously submit to the Commission all work papers that support the filed depreciation study. No later than 120 days after the filing by the gas public utility under this subsection (e), the Commission shall

ascertain and determine and, by order, fix the proper and adequate rate of depreciation of the several classes of property for the gas public utility. The gas public utility shall conform its depreciation accounts to the rates so ascertained, determined, and fixed. Rates of depreciation established by the Commission pursuant to this subsection (e) shall become effective upon the date of the gas public utility's filing.

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

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