



Rep. Yehiel M. Kalish

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LRB101 03018 JLS 70969 a

1 AMENDMENT TO HOUSE BILL 395

2 AMENDMENT NO. _____. Amend House Bill 395 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the Water
5 Rate Review Commission Act.

6 Section 5. Legislative findings. The General Assembly
7 finds that:

8 (a) Water, wastewater, and storm water services in Illinois
9 are largely provided through various forms of public entities.
10 While private water service rate setting is regulated by the
11 Illinois Commerce Commission, rate setting for
12 publicly-delivered water services, including wastewater and
13 storm water services, is largely the province of units of local
14 government. This rate setting includes the establishment of
15 wholesale service rates between units of local government and
16 the establishment of retail service rates across different

1 customer classes.

2 (b) Over the last decade water service rates have risen
3 faster than the rate of inflation or incomes, leading to
4 increasing concerns about water affordability. In addition,
5 rising costs have heightened the potential for unregulated
6 local governments to inappropriately employ monopoly power and
7 unequal water service rate setting.

8 (c) The water sector has established a number of rate
9 setting principles to help ensure that rates are set through an
10 equitable distribution of cost responsibilities and are in
11 conformance with established laws calling for "just,
12 reasonable, and non-discriminatory" rate setting. While
13 industry standard practices continue to evolve, these
14 principles are intended to serve as a benchmark for local
15 government rate setting practices.

16 (d) In light of the rising costs and the potential for
17 inequitable rate setting for water services, which are
18 essential for human life, regular and consistent review of
19 local government rate setting practices is warranted. Rather
20 than impose a new regulatory mandate or inappropriately expand
21 the purview of the Illinois Commerce Commission to units of
22 local government, it is reasonable to establish a Water Rate
23 Review Commission.

24 Section 10. Water Rate Review Commission.

25 (a) There is created the Water Rate Review Commission

1 consisting of members representing State agencies and 5 members
2 appointed by the Governor.

3 (b) The members representing State agencies shall be:

4 (1) the Attorney General or his or her designee;

5 (2) the Director of Commerce and Economic Opportunity
6 or his or her designee;

7 (3) the Director of Natural Resources or his or her
8 designee; and

9 (4) the Director of the Environmental Protection
10 Agency or his or her designee.

11 (c) The Governor shall appoint 5 members as follows:

12 (1) one member representing units of local government
13 that provide water service;

14 (2) one member representing water service
15 affordability advocates;

16 (3) one member representing academicians with
17 expertise in public policy;

18 (4) one member who is a representative of an
19 environmental justice advocacy organization; and

20 (5) one member who is a representative of a consumer
21 advocacy organization.

22 Members appointed by the Governor shall serve a term of 5
23 years. Members may be reappointed to the Commission. In the
24 event of a vacancy, the Governor shall appoint a qualified
25 person to serve the remainder of the vacated term. The Governor
26 shall designate a member to serve as chairperson of the

1 Commission.

2 (d) Subject to appropriation, the Department of Commerce
3 and Economic Opportunity shall provide administrative and
4 other necessary support to the Commission.

5 Section 15. Functions of the Commission.

6 (a) The Commission shall compile, review, and provide
7 guidance on rate and billing issues relating to
8 publicly-delivered water services. The guidance shall include
9 data, calculations, and cost allocation procedures necessary
10 to appropriately establish rates and charges by customer class.
11 In determining the guidance, the Commission shall consider the
12 following:

13 (1) the components of a water service bill;

14 (2) justifications for a change in rates;

15 (3) ranges of affordability throughout the State;

16 (4) practices that contribute to inappropriate rate
17 setting;

18 (5) the extent to which State or local policies
19 contribute to cost increases or variations in rate setting;

20 and

21 (6) challenges with respect to economically
22 disadvantaged communities in setting water service rates.

23 (b) The Commission shall provide guidance on customer
24 service practices to improve water service affordability and
25 access.

1 (c) The Commission shall provide a non-binding mechanism to
2 review rate disputes between units of local government and
3 consumers.".