



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4781

by Rep. Theresa Mah

SYNOPSIS AS INTRODUCED:

220 ILCS 5/9-224	from Ch. 111 2/3, par. 9-224
220 ILCS 5/9-224.1 new	
220 ILCS 5/9-225	from Ch. 111 2/3, par. 9-225
220 ILCS 5/9-229	

Amends the Public Utilities Act. In provisions concerning expenses that are recoverable by a public utility, provides that the Illinois Commerce Commission shall not consider as an expense of any public utility company, for the purpose of determining any rate or charge, any amount expended for political activity or lobbying, any amount expended for contributions to a trade association or a chamber of commerce, and any amount expended by a public utility for director and officer liability insurance and fiduciary liability insurance. Provides that, in determining whether the purchase of other types of insurance by a public utility is recoverable, the Commission shall determine whether the specific type of insurance is financially beneficial to the public utility's ratepayers or the public utility's shareholders. Provides that, if the Commission determines that the insurance purchased by the public utility is financially beneficial to its shareholders, then the purchase of the insurance shall not be a recoverable expense. Provides that goodwill or institutional advertising shall not be a recoverable expense by a public utility. Provides that the Commission shall deem as a nonrecoverable expense by a public utility (rather than the Commission shall specifically assess the justness and reasonableness of) any amount expended by a public utility to compensate attorneys or technical experts to prepare and litigate a general rate case filing. Provides that the amount that is deposited into the Consumer Intervenor Compensation Fund by a public utility shall not be a recoverable expense by the public utility. Provides that the computation of compensation awarded from the Fund shall take into consideration the market rates paid to persons of comparable training and experience who offer similar services, but may not exceed the comparable market rate for services paid by the public utility as part of its nonrecoverable rate case expense reported to the Commission (rather than as part of its rate case expense). Makes other changes.

LRB104 16327 AAS 29713 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 9-224, 9-225, and 9-229 and by adding Section 9-224.1
6 as follows:

7 (220 ILCS 5/9-224) (from Ch. 111 2/3, par. 9-224)

8 Sec. 9-224. The Commission shall not consider as an
9 expense of any public utility company, for the purpose of
10 determining any rate or charge, any amount expended for
11 political activity or lobbying, as defined in the Lobbyist
12 Registration Act, and any amount expended for contributions to
13 a trade association or a chamber of commerce.

14 (Source: P.A. 84-617.)

15 (220 ILCS 5/9-224.1 new)

16 Sec. 9-224.1. Amounts expended by public utilities for
17 director and officer liability insurance and fiduciary
18 liability insurance. The Commission shall not consider as an
19 expense of any public utility company, for the purpose of
20 determining any rate or charge, any amount expended by a
21 public utility for director and officer liability insurance
22 and fiduciary liability insurance. In determining whether the

1 purchase of other types of insurance by the public utility is
2 recoverable, the Commission shall determine whether the
3 specific type of insurance is of financial benefit to the
4 public utility's ratepayers or the public utility's
5 shareholders. If the Commission determines that the insurance
6 purchased by the public utility is beneficial to its
7 shareholders, then the purchase of the insurance shall not be
8 a recoverable expense.

9 (220 ILCS 5/9-225) (from Ch. 111 2/3, par. 9-225)

10 Sec. 9-225. (1) For the purposes of this Section:

11 (a) "Advertising" means the commercial use, by an
12 electric, gas, water, or sewer utility, of any media,
13 including newspapers, printed matter, radio and
14 television, in order to transmit a message to a
15 substantial number of members of the public or to such
16 utility's consumers;

17 (b) "Political advertising" means any advertising for
18 the purpose of influencing public opinion with respect to
19 legislative, administrative or electoral matters, or with
20 respect to any controversial issue of public importance;

21 (c) "Promotional advertising" means any advertising
22 for the purpose of encouraging any person to select or use
23 the service or additional service of a utility or the
24 selection or installation of any appliance or equipment
25 designed to use such utility's service; and

1 (d) "Goodwill or institutional advertising" means any
2 advertising either on a local or national basis designed
3 primarily to bring the utility's name before the general
4 public in such a way as to improve the image of the utility
5 or to promote controversial issues for the utility or the
6 industry.

7 (2) In any general rate increase requested by any gas,
8 electric, water, or sewer utility company under the provisions
9 of this Act, the Commission shall not consider, for the
10 purpose of determining any rate, charge, or classification of
11 costs, any direct or indirect expenditures for promotional,
12 political, or goodwill or institutional ~~or goodwill~~
13 advertising, unless the Commission finds the advertising to be
14 in the best interest of the Consumer or authorized as provided
15 pursuant to subsection (3) ~~3~~ of this Section.

16 (3) The following categories of advertising shall be
17 considered allowable operating expenses for gas, electric,
18 water, or sewer utilities:

19 (a) Advertising which informs consumers how they can
20 conserve energy or water, reduce peak demand for electric
21 or gas energy, or reduce demand for water;

22 (b) Advertising required by law or regulations,
23 including advertising required under Part I of Title II of
24 the National Energy Conservation Policy Act;

25 (c) Advertising regarding service interruptions,
26 safety measures or emergency conditions;

1 (d) Advertising concerning employment opportunities
2 with such utility;

3 (e) Advertising which promotes the use of energy
4 efficient appliances, equipment or services;

5 (f) Explanations of existing or proposed rate
6 schedules or notifications of hearings thereon;

7 (g) Advertising that identifies the location and
8 operating hours of company business offices;

9 (h) Advertising which promotes the shifting of demand
10 from peak to off-peak hours or which encourages the
11 off-peak usage of the service; and

12 (i) "Other" categories of advertisements not
13 includable in paragraphs (a) through (h), but which are
14 not political, promotional, institutional or goodwill
15 advertisements.

16 (4) Notwithstanding subsections (2) and (3) of this
17 Section, goodwill or institutional advertising shall not be a
18 recoverable expense.

19 (Source: P.A. 95-814, eff. 8-13-08.)

20 (220 ILCS 5/9-229)

21 Sec. 9-229. Consideration of attorney and expert
22 compensation as an expense and the Consumer Intervenor
23 Compensation Fund ~~intervenor compensation fund.~~

24 (a) The Commission shall deem as a nonrecoverable expense
25 by a public utility ~~specifically assess the justness and~~

1 ~~reasonableness~~ of any amount expended by a public utility to
2 compensate attorneys or technical experts to prepare and
3 litigate a general rate case filing. This issue shall be
4 expressly addressed in the Commission's final order.

5 (b) The State of Illinois shall create a Consumer
6 Intervenor Compensation Fund subject to the following:

7 (1) Provision of compensation for Consumer Interest
8 Representatives that intervene in Illinois Commerce
9 Commission proceedings will increase public engagement,
10 encourage additional transparency, expand the information
11 available to the Commission, and improve decision-making.

12 (2) As used in this Section, "Consumer interest
13 representative" means:

14 (A) a residential utility customer or group of
15 residential utility customers represented by a
16 not-for-profit group or organization registered with
17 the Illinois Attorney General under the Solicitation
18 for Charity Act;

19 (B) representatives of not-for-profit groups or
20 organizations whose membership is limited to
21 residential utility customers; or

22 (C) representatives of not-for-profit groups or
23 organizations whose membership includes Illinois
24 residents and that address the community, economic,
25 environmental, or social welfare of Illinois
26 residents, except government agencies or intervenors

1 specifically authorized by Illinois law to participate
2 in Commission proceedings on behalf of Illinois
3 consumers.

4 (3) A consumer interest representative is eligible to
5 receive compensation from the Consumer Intervenor
6 Compensation Fund ~~consumer intervenor compensation fund~~ if
7 its participation included lay or expert testimony or
8 legal briefing and argument concerning the expenses,
9 investments, rate design, rate impact, or other matters
10 affecting the pricing, rates, costs or other charges
11 associated with utility service, the Commission adopts a
12 material recommendation related to a significant issue in
13 the docket, and participation caused a significant
14 financial hardship to the participant; however, no
15 consumer interest representative shall be eligible to
16 receive an award pursuant to this Section if the consumer
17 interest representative receives any compensation,
18 funding, or donations, directly or indirectly, from
19 parties that have a financial interest in the outcome of
20 the proceeding.

21 (4) Within 30 days after September 15, 2021 (the
22 effective date of Public Act 102-662), each utility that
23 files a request for an increase in rates under Article IX
24 or Article XVI shall deposit an amount equal to one half of
25 the rate case attorney and expert expense allowed by the
26 Commission, but not to exceed \$500,000, into the fund

1 within 35 days of the date of the Commission's final Order
2 in the rate case or 20 days after the denial of rehearing
3 under Section 10-113 of this Act, whichever is later. The
4 Consumer Intervenor Compensation Fund shall be used to
5 provide payment to consumer interest representatives as
6 described in this Section, and the amount deposited into
7 the Fund by a public utility shall not be a recoverable
8 expense.

9 (5) An electric public utility with 3,000,000 or more
10 retail customers shall contribute \$450,000 to the Consumer
11 Intervenor Compensation Fund within 60 days after
12 September 15, 2021 (the effective date of Public Act
13 102-662). A combined electric and gas public utility
14 serving fewer than 3,000,000 but more than 500,000 retail
15 customers shall contribute \$225,000 to the Consumer
16 Intervenor Compensation Fund within 60 days after
17 September 15, 2021 (the effective date of Public Act
18 102-662). A gas public utility with 1,500,000 or more
19 retail customers that is not a combined electric and gas
20 public utility shall contribute \$225,000 to the Consumer
21 Intervenor Compensation Fund within 60 days after
22 September 15, 2021 (the effective date of Public Act
23 102-662). A gas public utility with fewer than 1,500,000
24 retail customers but more than 300,000 retail customers
25 that is not a combined electric and gas public utility
26 shall contribute \$80,000 to the Consumer Intervenor

1 Compensation Fund within 60 days after September 15, 2021
2 (the effective date of Public Act 102-662). A gas public
3 utility with fewer than 300,000 retail customers that is
4 not a combined electric and gas public utility shall
5 contribute \$20,000 to the Consumer Intervenor Compensation
6 Fund within 60 days after September 15, 2021 (the
7 effective date of Public Act 102-662). A combined electric
8 and gas public utility serving fewer than 500,000 retail
9 customers shall contribute \$20,000 to the Consumer
10 Intervenor Compensation Fund within 60 days after
11 September 15, 2021 (the effective date of Public Act
12 102-662). A water or sewer public utility serving more
13 than 100,000 retail customers shall contribute \$80,000,
14 and a water or sewer public utility serving fewer than
15 100,000 but more than 10,000 retail customers shall
16 contribute \$20,000.

17 (6) (A) Prior to the entry of a Final Order in a
18 docketed case, the Commission Administrator shall provide
19 a payment to a consumer interest representative that
20 demonstrates through a verified application for funding
21 that the consumer interest representative's participation
22 or intervention without an award of fees or costs imposes
23 a significant financial hardship based on a schedule to be
24 developed by the Commission. The Administrator may require
25 verification of costs incurred, including statements of
26 hours spent, as a condition to paying the consumer

1 interest representative prior to the entry of a Final
2 Order in a docketed case.

3 (B) If the Commission adopts a material recommendation
4 related to a significant issue in the docket and
5 participation caused a financial hardship to the
6 participant, then the consumer interest representative
7 shall be allowed payment for some or all of the consumer
8 interest representative's reasonable attorney's or
9 advocate's fees, reasonable expert witness fees, and other
10 reasonable costs of preparation for and participation in a
11 hearing or proceeding. Expenses related to travel or meals
12 shall not be compensable.

13 (C) The consumer interest representative shall submit
14 an itemized request for compensation to the Consumer
15 Intervenor Compensation Fund, including the advocate's or
16 attorney's reasonable fee rate, the number of hours
17 expended, reasonable expert and expert witness fees, and
18 other reasonable costs for the preparation for and
19 participation in the hearing and briefing within 30 days
20 of the Commission's final order after denial or decision
21 on rehearing, if any.

22 (7) Administration of the Fund.

23 (A) The Consumer Intervenor Compensation Fund is
24 created as a special fund in the State treasury. All
25 disbursements from the Consumer Intervenor Compensation
26 Fund shall be made only upon warrants of the Comptroller

1 drawn upon the Treasurer as custodian of the Fund upon
2 vouchers signed by the Executive Director of the
3 Commission or by the person or persons designated by the
4 Director for that purpose. The Comptroller is authorized
5 to draw the warrant upon vouchers so signed. The Treasurer
6 shall accept all warrants so signed and shall be released
7 from liability for all payments made on those warrants.
8 The Consumer Intervenor Compensation Fund shall be
9 administered by an Administrator that is a person or
10 entity that is independent of the Commission. The
11 administrator will be responsible for the prudent
12 management of the Consumer Intervenor Compensation Fund
13 and for recommendations for the award of consumer
14 intervenor compensation from the Consumer Intervenor
15 Compensation Fund. The Commission shall issue a request
16 for qualifications for a third-party program administrator
17 to administer the Consumer Intervenor Compensation Fund.
18 The third-party administrator shall be chosen through a
19 competitive bid process based on selection criteria and
20 requirements developed by the Commission. The Illinois
21 Procurement Code does not apply to the hiring or payment
22 of the Administrator. All Administrator costs may be paid
23 for using monies from the Consumer Intervenor Compensation
24 Fund, but the Program Administrator shall strive to
25 minimize costs in the implementation of the program.

26 (B) The computation of compensation awarded from the

1 Fund ~~fund~~ shall take into consideration the market rates
2 paid to persons of comparable training and experience who
3 offer similar services, but may not exceed the comparable
4 market rate for services paid by the public utility as
5 part of its nonrecoverable rate case expense reported to
6 the Commission.

7 (C) (1) Recommendations on the award of compensation by
8 the administrator shall include consideration of whether
9 the Commission adopted a material recommendation related
10 to a significant issue in the docket and whether
11 participation caused a financial hardship to the
12 participant and the payment of compensation is fair, just
13 and reasonable.

14 (2) Recommendations on the award of compensation by
15 the administrator shall be submitted to the Commission for
16 approval. Unless the Commission initiates an investigation
17 within 45 days after the notice to the Commission, the
18 award of compensation shall be allowed 45 days after
19 notice to the Commission. Such notice shall be given by
20 filing with the Commission on the Commission's e-docket
21 system, and keeping open for public inspection the award
22 for compensation proposed by the Administrator. The
23 Commission shall have power, and it is hereby given
24 authority, either upon complaint or upon its own
25 initiative without complaint, at once, and if it so
26 orders, without answer or other formal pleadings, but upon

1 reasonable notice, to enter upon a hearing concerning the
2 propriety of the award.

3 (c) The Commission may adopt rules to implement this
4 Section.

5 (Source: P.A. 102-662, eff. 9-15-21; 103-605, eff. 7-1-24.)