

104TH GENERAL ASSEMBLY**State of Illinois****2025 and 2026****SB1275**

Introduced 1/28/2025, by Sen. Suzy Glowiak Hilton

SYNOPSIS AS INTRODUCED:

220 ILCS 5/9-224	from Ch. 111 2/3, par. 9-224
220 ILCS 5/9-225	from Ch. 111 2/3, par. 9-225
220 ILCS 5/9-229	
220 ILCS 5/9-231 new	

Amends the Public Utilities Act. 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: (1) any amount expended for contributions or gifts to political candidates, political parties, political or legislative committees, or any committee or organization working to influence referendum petitions or elections or contributions to a trade association or a chamber of commerce; or (2) any amount expended by a public utility company for director and officer liability insurance and fiduciary liability insurance. Provides that, in determining whether other types of insurance purchased by the public utility are recoverable, the Commission shall consider whether the insurance provides a financial benefit to ratepayers of the public utility or the public utility's shareholders. Provides that, if the Commission determines the insurance purchased by the public utility provides a financial benefit to the public utility's shareholders, then the amount expended shall not be a recoverable expense. In provisions concerning advertising, provides that goodwill or institutional advertising shall not be a recoverable expense. Provides that any amount expended by a public utility to compensate attorneys or technical experts to prepare and litigate a general rate case filing is a nonrecoverable expense. Provides that, in any general rate increase requested by any gas, electric, water, or sewer utility company under the provisions of the Act, the Commission shall hold at least one public hearing for members of the public to provide input on the requested rate increase. Provides that a public hearing shall be held in the service territory of the utility that is requesting the general rate increase, at a time and location to be determined by the Commission.

LRB104 08692 AAS 18746 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 Sections
6 9-224.1 and 9-231 as follows:

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

8 Sec. 9-224. (a) 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". Additionally, the Commission shall not
13 consider as an expense of any public utility, for the purpose
14 of determining any rate or charge, any amount expended for
15 contributions or gifts to political candidates, political
16 parties, political or legislative committees, or any committee
17 or organization working to influence referendum petitions or
18 elections, contributions to a trade association, or chamber of
19 commerce.

20 (b) The Commission shall not consider as an expense of any
21 public utility company for the purpose of determining any rate
22 or charge, any amount expended by a public utility company for
23 director and officer liability insurance and fiduciary

liability insurance. In determining whether other types of insurance purchased by the public utility are recoverable, the Commission shall determine whether the insurance is of financial benefit to ratepayers of the public utility or the public utility's shareholders. If the Commission determines the insurance purchased by the public utility is of benefit to the public utility's shareholders, then it shall not be a recoverable expense.

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

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

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

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

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

(c) "Promotional advertising" means any advertising for the purpose of encouraging any person to select or use the service or additional service of a utility or the selection or installation of any appliance or equipment

1 designed to use such utility's service; and

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

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

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

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

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

26 (c) Advertising regarding service interruptions,

1 safety measures or emergency conditions;

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

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

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

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

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

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

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

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

21 (220 ILCS 5/9-229)

22 Sec. 9-229. Consideration of attorney and expert
23 compensation as an expense and 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 the a public utility
2 to 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 if its participation included lay or
7 expert testimony or legal briefing and argument concerning
8 the expenses, investments, rate design, rate impact, or
9 other matters affecting the pricing, rates, costs or other
10 charges associated with utility service, the Commission
11 adopts a material recommendation related to a significant
12 issue in the docket, and participation caused a
13 significant financial hardship to the participant;
14 however, no consumer interest representative shall be
15 eligible to receive an award pursuant to this Section if
16 the consumer interest representative receives any
17 compensation, funding, or donations, directly or
18 indirectly, from parties that have a financial interest in
19 the outcome of the proceeding.

20 (4) Within 30 days after September 15, 2021 (the
21 effective date of Public Act 102-662), each utility that
22 files a request for an increase in rates under Article IX
23 or Article XVI shall deposit an amount equal to one half of
24 the rate case attorney and expert expense reported to
25 allowed by the Commission, but not to exceed \$500,000,
26 into the fund within 35 days of the date of the

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

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

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

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

1 Order in a docketed case.

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

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

21 (7) Administration of the Fund.

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

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

25 (B) The computation of compensation awarded from the
26 fund shall take into consideration the market rates paid

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

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

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

1 propriety of the award.

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

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

5 (220 ILCS 5/9-231 new)

6 Sec. 9-231. Public hearings. For any general rate increase
7 requested by any gas, electric, water, or sewer utility
8 company under the provisions of this Act, the Commission shall
9 hold at least one public hearing for members of the public to
10 provide input on the requested rate increase. A public hearing
11 shall be held in the service territory of the utility that is
12 requesting the general rate increase, at a time and location
13 to be determined by the Commission.