



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3579

Introduced 2/5/2026, by Sen. Sue Rezin

SYNOPSIS AS INTRODUCED:

220 ILCS 5/8-205
220 ILCS 5/9-210.5

from Ch. 111 2/3, par. 8-205

Amends the Public Utilities Act. Provides that termination of water utility service to a residential user, including a tenant of a mastermetersed apartment building, for nonpayment of bills is prohibited: (1) on any day when the National Weather Service forecast for the following 6 days covering the area of the utility in which the residence is located includes a forecast that the temperature will be 32 degrees Fahrenheit or below; (2) on any day when the National Weather Service forecast for the following 6 days covering the area of the utility in which the residence is located includes a forecast that the temperature will be 90 degrees Fahrenheit or above; or (3) when the National Weather Service issues an excessive heat watch, excessive heat warning, or heat advisory covering the area of the utility in which the residence is located. In provisions concerning procedures for a large public utility to acquire a water or sewer utility, provides that if the water or sewer utility being acquired is owned by the State or a political subdivision of the State, a referendum will be required to approve the acquisition of the water or sewer utility by the large public utility (rather than only requiring a public meeting and publication of the terms of acquisition in a newspaper of general circulation in the area that the water or sewer utility operates). Effective immediately.

LRB104 16285 AAS 29670 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 8-205 and 9-210.5 as follows:

6 (220 ILCS 5/8-205) (from Ch. 111 2/3, par. 8-205)

7 Sec. 8-205. Termination of a utility service.

8 (a) Termination of gas and electric utility service to all
9 residential users, including all tenants of mastermetered
10 apartment buildings, for nonpayment of bills, where gas or
11 electricity is used as the only source of space heating or to
12 control or operate the only space heating equipment at the
13 residence is prohibited:

14 (1) on any day when the National Weather Service
15 forecast for the following 24 hours covering the area of
16 the utility in which the residence is located includes a
17 forecast that the temperature will be 32 degrees
18 Fahrenheit or below; or

19 (2) on any day preceding a holiday or a weekend when
20 such a forecast indicated that the temperature will be 32
21 degrees Fahrenheit or below during the holiday or weekend.

22 (b) If gas or electricity is used as the only source of
23 space cooling or to control or operate the only space cooling

1 equipment at a residence, then a utility may not terminate gas
2 or electric utility service to a residential user, including
3 all tenants of mastermetersed apartment buildings, for
4 nonpayment of bills:

5 (1) on any day when the National Weather Service
6 forecast for the following 24 hours covering the area of
7 the utility in which the residence is located includes a
8 forecast that the temperature will be 90 degrees
9 Fahrenheit or above;

10 (2) on any day preceding a holiday or weekend when the
11 National Weather Service for the following 24 hours
12 covering the area of the utility in which the residence is
13 located includes a forecast that the temperature will be
14 90 degrees Fahrenheit or above during the holiday or
15 weekend; or

16 (3) when the National Weather Service issues an
17 excessive heat watch, heat advisory, or excessive heat
18 warning covering the area of the utility in which the
19 residence is located.

20 (c) Termination of water utility service to a residential
21 user, including a tenant of a mastermetersed apartment
22 building, for nonpayment of bills is prohibited:

23 (1) on any day when the National Weather Service
24 forecast for the following 6 days covering the area of the
25 utility in which the residence is located includes a
26 forecast that the temperature will be 32 degrees

1 Fahrenheit or below;

2 (2) on any day when the National Weather Service
3 forecast for the following 6 days covering the area of the
4 utility in which the residence is located includes a
5 forecast that the temperature will be 90 degrees
6 Fahrenheit or above; or

7 (3) when the National Weather Service issues an
8 excessive heat watch, excessive heat warning, or heat
9 advisory covering the area of the utility in which the
10 residence is located.

11 (Source: P.A. 103-19, eff. 1-1-24; 103-605, eff. 7-1-24.)

12 (220 ILCS 5/9-210.5)

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

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

15 (a) In this Section:

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

1 siblings and their spouses or children, be a director,
2 officer, or employee of either the large public utility or
3 water or sewer utility or the water or sewer utility or its
4 direct affiliates or subsidiaries for at least 12 months
5 before becoming engaged under this Section or receive a
6 material financial benefit from the sale of the water or
7 sewer utility other than fees for services rendered.

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

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

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

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

17 (3) provides safe and adequate service; and

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

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

26 "Prior rate case" means a large public utility's

1 general rate case resulting in the rates in effect for the
2 large public utility at the time it acquires the water or
3 sewer utility.

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

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

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

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

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

19 (3) a waterworks system or sewerage system
20 established under the Township Code that regularly
21 provides water or sewer service; or

22 (4) a water system or sewer system owned by a
23 municipality that regularly provides water or sewer
24 service; and

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

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

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

21 Each appraiser shall:

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

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

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

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

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

19 If the appraiser cannot engage an engineer, as described
20 in paragraph (3) of this subsection (c), within 30 days after
21 the appraiser is engaged, then the Commission's Executive
22 Director or designee shall recommend the engineer the
23 appraiser should engage. The Commission's Executive Director
24 or designee shall provide his or her recommendation within 30
25 days after he or she is officially notified of the appraiser's
26 failure to engage an engineer and the appraiser shall promptly

1 work to engage the recommended engineer. If the appraiser is
2 unable to negotiate reasonable engagement terms with the
3 recommended engineer within 15 days after the recommendation
4 by the Commission's Executive Director or designee, then the
5 appraiser shall notify the Commission's Executive Director or
6 designee and the process shall be repeated until an engineer
7 is successfully engaged.

8 (d) The lesser of (i) the purchase price or (ii) the fair
9 market value determined under subsection (c) of this Section
10 shall constitute the rate base associated with the water or
11 sewer utility as acquired by and incorporated into the rate
12 base of the district designated by the acquiring large public
13 utility under this Section, subject to any adjustments that
14 the Commission deems necessary to ensure such rate base
15 reflects prudent and useful investments in the provision of
16 public utility service. The reasonable transaction and closing
17 costs incurred by the large public utility shall be treated
18 consistent with the applicable accounting standards under this
19 Act. The total amount of all of the appraisers' fees to be
20 included in the transaction and closing costs shall not exceed
21 the greater of \$15,000 or 5% of the appraised value of the
22 water or sewer utility being acquired. This rate base
23 treatment shall not be deemed to violate this Act, including,
24 but not limited to, any Sections in Articles VIII and IX of
25 this Act that might be affected by this Section. Any
26 acquisition of a water or sewer utility that affects the

1 cumulative base rates of the large public utility's existing
2 ratepayers in the tariff group into which the water or sewer
3 utility is to be combined by less than (1) 2.5% at the time of
4 the acquisition for any single acquisition completed under
5 this Section or (2) 5% for all acquisitions completed under
6 this Section before the Commission's final order in the next
7 rate case shall not be deemed to violate Section 7-204 or any
8 other provision of this Act.

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

17 (e) If the water or sewer utility being acquired is owned
18 by the State or any political subdivision thereof, then the
19 water or sewer utility must inform the public of the terms of
20 its acquisition by the large public utility by (1) holding a
21 public meeting prior to the acquisition and (2) causing to be
22 published, in a newspaper of general circulation in the area
23 that the water or sewer utility operates, a notice setting
24 forth the terms of its acquisition by the large public utility
25 and options that shall be available to assist customers to pay
26 their bills after the acquisition.

1 At the election next following the public meeting and
2 notice required under this subsection (e), a referendum,
3 subject to the requirements of Section 16-7 of the Election
4 Code, shall be placed on the ballot for all electors within the
5 area where the water or sewer utility operates in
6 substantially the following form:

7 May the (name of large public utility) acquire the
8 (name of water or sewer utility) under the terms of
9 acquisition as published in (name of newspaper) on (date)?
10 The votes shall be recorded as "Yes" or "No".

11 If a majority of the electors voting on the referendum
12 within the service area of the water or sewer utility vote in
13 favor of the referendum, then the acquisition may continue as
14 provided in this Section. If less than a majority of the
15 electors voting on the referendum within the service area of
16 the water or sewer utility vote in favor of the referendum, the
17 Commission shall deny the large public utility's acquisition
18 of the water or sewer utility.

19 (f) The large public utility may recommend the district or
20 tariff group of which the water or sewer utility shall, for
21 ratemaking purposes, become a part after the acquisition, or
22 may recommend a lesser rate for the water or sewer utility. If
23 the large public utility recommends a lesser rate, it shall
24 submit to the Commission its proposed rate schedule and the
25 proposed final tariff group for the acquired water or sewer
26 utility. The Commission's approved district or tariff group or

1 rates shall be consistent with the large public utility's
2 recommendation, unless such recommendation can be shown to be
3 contrary to the public interest.

4 (g) From the date of acquisition until the date that new
5 rates are effective in the acquiring large public utility's
6 next rate case, the customers of the acquired water or sewer
7 utility shall pay the approved then-existing rates of the
8 district or tariff group as ordered by the Commission, or some
9 lesser rates as recommended by the large public utility and
10 approved by the Commission under subsection (f); provided,
11 that, if the application of such rates of the large public
12 utility to customers of the acquired water or sewer utility
13 using 54,000 gallons annually results in an increase to the
14 total annual bill of customers of the acquired water or sewer
15 utility, exclusive of fire service or related charges, then
16 the large public utility's rates charged to the customers of
17 the acquired water or sewer utility shall be uniformly
18 reduced, if any reduction is required, by the percent that
19 results in the total annual bill, exclusive of fire services
20 or related charges, for the customers of the acquired water or
21 sewer utility using 54,000 gallons being equal to 1.5% of the
22 latest median household income as reported by the United
23 States Census Bureau for the most applicable community or
24 county. For each customer of the water or sewer utility with
25 potable water usage values that cannot be reasonably obtained,
26 a value of 4,500 gallons per month shall be assigned. These

1 rates shall not be deemed to violate this Act including, but
2 not limited to, Section 9-101 and any other applicable
3 Sections in Articles VIII and IX of this Act. The Commission
4 shall issue its decision establishing the rates effective for
5 the water or sewer utility immediately following an
6 acquisition in its order approving the acquisition.

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

1 2.5%.

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

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

19 (j) This Section shall be exclusively applied to large
20 public utilities in the voluntary and mutually agreeable
21 acquisition of water or sewer utilities. Any petitions filed
22 with the Commission related to the acquisitions described in
23 this Section, including petitions seeking approvals or
24 certificates required by this Act, shall be deemed approved
25 unless the Commission issues its final order within 11 months
26 after the date the large public utility filed its initial

1 petition. This Section shall only apply to utilities providing
2 water or sewer service and shall not be construed in any manner
3 to apply to electric corporations, natural gas corporations,
4 or any other utility subject to this Act.

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

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

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

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

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

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.