

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 Section 5-104 as follows:

6 (220 ILCS 5/5-104) (from Ch. 111 2/3, par. 5-104)

7 Sec. 5-104. Depreciation accounts.

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

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

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

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

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

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

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

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

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

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