

Illinois American Water files application to adjust rates after capital investments across state

January 21 2016 9:30 PM



ILLINOIS
AMERICAN WATER

ALTON — Today, **Illinois American Water** filed an application with the Illinois Commerce Commission (ICC) to adjust rates effective January 2017 for water and sewer service in all of the company's operating districts.

Illinois American Water's last base rate change was approved by the ICC in September 2012. ??The company's investments in water and sewer system improvements are the primary driver behind this rate request. From October 1, 2013 to December 31, 2017, Illinois American Water will have invested approximately \$342 million in water and sewer infrastructure statewide. This investment is not reflected in current rates.

“We will continue to make the necessary investments in our local water system to help ensure water quality, service reliability and fire protection for our customers,” said **Karen Cooper, operations superintendent for the Alton District.**

Cooper said local investments include replacing and installing fire hydrants, valves, meters and approximately 6.5 miles of water main. Also included is the installation of an additional high service pump to enhance water pressure, fire protection and reliability to customers.

These improvements enhance service quality, reliability, environmental performance, public health and fire protection for customers.

If the rate request is granted in full, the typical residential Alton District water customer (using about 4,500 gallons of water per month with a 5/8 inch meter) would see their water bill increase by about \$7.57 per month from approximately \$41.57 to \$49.14 (excludes fire protection charges, taxes and franchise fees, which may vary by community). The rate change request represents an additional quarter a day to support needed investments.

There is no immediate impact to customers. Rates will not change until January 2017, after the ICC completes a comprehensive review of the request. The 11-month process includes opportunities for public comment. Over four years will have passed since Illinois American Water’s last rate increase in 2012.

“The communities we serve rely on us to provide reliable, quality water service to support the local economy and to provide a high quality of life for residents,” said Illinois American Water President Bruce Hauk. “These investments will help ensure we are able to keep that commitment to the health and prosperity of our customers and communities in Illinois.”

Hauk added that the company has reduced its operating expenses by about 3 percent since its last rate order.

The need to upgrade water and sewer systems is a national challenge. The American Society of Civil Engineers says that an estimated \$1 trillion in capital spending will be needed across the nation over the next 25 years to replace thousands of miles of pipe, upgrade treatment plants and comply with stricter water quality standards.

Illinois American Water’s rates are based on the costs of providing water and sewer service as reviewed and approved by the ICC. The company works to control operating expenses while balancing the need for regular investment in the water system. While

many municipally-owned water systems are able to cover costs with taxes, fees and other revenue sources as a way to keep water bills lower, investor-owned, regulated water utilities are required to recover all costs through water rates charged on the customer's water bill.