

**SUMMARY OF ACTIONS TAKEN BY ILLINOIS AMERICAN WATER**

**I. Back-Billing**

- IAWC conducted an audit of potential back bills related to the exchange of odometer meters (used only in the Metro Division) to determine whether incorrect billing occurred. To ensure that no residential customer receives a back bill for a period in excess of twelve months, IAWC stopped issuing back bills in Chicago Metro in September, 2005 for unbilled service related to the exchange of odometer-style meters. IAWC will also issue a full credit (with interest) on or before October 1, 2006 to all customers in Chicago Metro who received a back bill related to an odometer device discrepancy identified following a meter exchange.
- In all service areas, when a backbill is issued following a meter exchange or stopped meter situation, IAWC sends a letter to the customer which indicates the affected period, the reason for the backbill, and offers payment terms that are available in the event that the customer wishes to enter into an alternate payment arrangement.

**II. Higher Than Historical Bill**

- In all service areas, when, for a customer account, consumption for a given period exceeds by 50% or more average consumption for the immediately preceding three-month period, IAWC reviews the account. Where the measured consumption appears accurate, the customer is notified by letter of the higher than historical usage. Where the consumption may be inaccurate, IAWC takes further action as required.

**III. Zero Consumption Bills**

- In all service areas, when, for a customer account, zero consumption is shown for three or more consecutive billing periods, IAWC reviews the account and, if required, takes appropriate action.

**IV. Meter Exchanges/Valve-Hydrant Testing**

- IAWC initiated programs in 2003 designed to accelerate meter change-outs and improve valve and hydrant testing. In the Metro Division, IAWC is in the process of replacing all meters in this area with radio-read (AMR) meters. All 2" meters have been replaced.
- IAWC is conducting a state-wide internal compliance investigation related to valve, hydrant and meter testing – most districts are at full compliance with applicable requirements.

- An action plan includes hiring 38 additional employees throughout the system during 2006. The hiring process is ongoing.
- With regard to hydrants, all hydrants in Homer Glen, Champaign, Urbana, Alton, Lincoln, Pekin and Pontiac were inspected in 2006 to date. All hydrants in other areas will be inspected by year-end.
- The meter program focuses on the replacement of expired and frequently estimated meters and has helped to reduce repeat estimates. IAWC adopted a goal for all Districts of 98% actual reads in 2006.
- IAWC has applied additional resources to reduce the meter Length of Service (LOS) meter exchange backlog. The Chicago Metro District backlog has been reduced by half since 2003.
- The accelerated conversion to AMR meter reading devices in the Chicago Metro District has helped to increase the actual meter reading rate by nine percentage points in the first four months of 2006. Estimates dropped below 4% in January 2006, and below 2% in March 2006. Estimates have been approximately 2% since that time.
- New tools for meter readers, including updated training manuals and improved processes for equipment repair, are improving efficiency across the Company.

#### V. Bill Format

- Based on input from customers and concerns raised in this case, IAWC is seeking to improve the clarity and understandability of its bills. The Company is changing the description of the Supply Charges (Purchased Water Rider) in response to feedback from customers. The Company also plans to revise its billing practices to show the base volumetric rate for the “Supply Charge” (which reflects the Purchased Water Surcharge applied to Chicago Metro customers for their use of Lake Michigan water), or alternatively, provide copies of the volumetric rate to customers on an annual basis in accordance with 83 Ill. Admin. Code 600.160. IAWC will also inform the customer about the time period the bill covers when there is more than one consecutive estimate or there is a back bill. The revised bill format will comply with HB 5555.

#### VI. Customer Information/Water Conservation

- IAWC has established a specialty group in the Call Center dedicated to handling calls from the Chicago Metro service districts, and assigned a local contact in Chicago Metro’s Woodridge office to assist in resolving water and sewer questions referred to the Company. The specialty group members have received in-depth training about Chicago systems, processes and billing. IAWC held Town Hall Meetings on May 22-25, 2006, in Orland Hills, Homer Glen and Mount Prospect, respectively, to provide information to and answer questions

from customers, and a second round of such meetings is scheduled for October 3-5, 2006.

- IAWC is developing a customer information booklet containing the information described by 83 Ill. Admin. Code 280.200, which will be provided to all IAWC customers. In accordance with HB 5555, the ICC will develop a customer “Bill of Rights.” The Information Booklet will discuss the “Bill of Rights”.
- IAWC communicated water conservation guidelines to customers in various ways throughout the summer of 2006, and IAWC will continue to provide this information in the future.

## VII. Other Customer Service

American Water has received feedback from various customer sources and taken a number of actions including:

- Launched a new service quality survey to better define customers’ expectations and priorities, and ensure that American Water’s subsidiaries, like IAWC, perform to customers’ standards.
- Added more than 100 new Customer Service Representatives to serve American Water customers.
- Provided a dedicated team of Customer Service Representatives to support IAWC’s Metro Division customers’ unique needs.
- Redefined quality metrics to better match customers’ expectations.
- Improved customer service tools, and enhanced quality coaching to improve customers’ experience – on the phone and in the field.

## VIII. Unaccounted-For-Water

- Illinois American filed a tariff in 2006 which places a limit on the percentage of unaccounted-for-water cost recoverable under the Purchased Water Rider. Illinois American also has agreed to adjust the 2005 Rider Reconciliation to eliminate unaccounted for water above the tariff maximums for three rate areas (Southwest Suburban, DuPage, Waycinden) where 2005 UFW exceeded the maximum. Illinois American has adjusted the current supply charge to eliminate current recovery of unaccounted for water cost on an estimated basis above the applicable tariff maximums.
- The Company retained an outside leak detection contractor to survey the entire Homer Glen distribution system and to repair all identified leaks. Also, the Company is in the process of replacing all meters with new meters having a greater level of accuracy (less than 5% of Homer Glen meters remain to be

replaced, and these will be replaced within the next 12 months). Next, the Company is completing an audit of all Homer Glen residences and businesses to confirm that all customers utilizing the public water supply are being billed for service. Further, IAWC has agreed to meter construction water at the municipality's request.

- Prior to year-end, in accordance with HB 5555, the Company will file tariffs establishing a maximum percentage of unaccounted for water recoverable in rates for all service areas.

#### IX. Response to ICC Staff

- IAWC will amend its tariffs to provide one unified set of “Rules, Regulations, and Conditions of Service” for all of their service areas in the State of Illinois to be completed within two years of the date the final order is issued in this proceeding.
- IAWC will complete a hydrant testing and maintenance inspection for all of its Chicago Metro and Champaign service areas within one year of the final order in this case. The Company will file a report on e-Docket within sixty (60) days of completing the inspection, as a late filed exhibit, detailing the inspection, identifying the individual hydrants inspected by number, maintenance performed, problems found, and any corrective action performed. The report will also include all information required under Section 600.140(c) (*i.e.*, date of installation, size, make and model (if known), location, number and history of maintenance where applicable). A copy of the report will be provided to the ICC's Manager of the Water Department. If all existing hydrants cannot be inspected and any corrective action performed within one year from the date of the final order, IAWC will request well in advance an extension that would include written justification and a timeline for repairs to the ICC's Manager of the Water Department. The ICC's Manager of the Water Department will have the authority to accept or reject such extension request. If IAWC needs longer than one year and receives written approval from the ICC's Manager of the Water Department, then the Company will also file a report on e-Docket showing the results of the corrective action taken within thirty (30) days after the approved corrective period.
- IAWC will complete a valve testing and maintenance inspection for all of the Chicago Metro and Champaign service areas within one year. The Company will file a report on e-Docket within sixty (60) days after completing the inspection, as a late filed exhibit, detailing the inspection, identifying individual valves by number, maintenance performed, problems found, and any corrective action performed. The report will also include all information required under Section 600.140(c) (*i.e.*, date of installation, size, make and model (if known), location, number and history of maintenance where applicable). A copy of the report will be provided to the ICC's Manager of the Water Department. If all existing valves cannot be inspected and any corrective action performed within one year from the date of the final order, the Commission will require IAWC to

request well in advance for an extension that would include written justification and a timeline for repairs to the ICC's Manager of the Water Department. The ICC's Manager of the Water Department will have the authority to accept or reject such extension request. If IAWC needs longer than one year and receives written approval from the ICC's Manager of the Water Department, then the Company should also file a report on e-Docket showing the results of the corrective action taken within thirty (30) days after the approved corrective period.

- IAWC will identify the fixed and variable purchased water and sewage treatment charges, along with gallons used in the calculation, on customers' bills, or alternatively, provide copies of the rates to customers on an annual basis in accordance with 83 Ill. Admin. Code 600.160.
- IAWC will consolidate meter information for all service areas in the State of Illinois, so that a meter can be traced from initial purchase and installation in a simpler and quicker fashion than available presently. This will make it easier for the Commission to verify compliance with Section 600.150, 600.310, 600.330 and 600.340. This is to be completed within two years of the date the final order is issued in this proceeding.
- IAWC will file a petition (within one year from the date of this order) to enable the Commission to review whether the fifteen (15) year meter testing period is appropriate for IAWC's Champaign Division.
- IAWC will notify customers of any applicable water restrictions annually.
- IAWC provided for Staff review and comment information for customers related to the back-bill refunds, including the language that identifies the refund.
- IAWC's policy prohibition on back billing in cases of exchanges involving odometer meters will be continued in the Chicago Metro area.