

Key Findings

- ✓ An increase in the Supply Charge due to the reconciliation of unaccounted for water was filed in 2005.
- ✓ Over a 3 year period April 2002 to April 2005
 - ✓ Cost to purchase water to LAW from American Lake increased from 3.11 to 3.14 (1%) per 1000 gal.
 - ✓ Charge to customers by LAW went from 3.26 to 3.87 (18.7%) per 1000 gallons.
 - ✓ Cost increase to LAW - \$.03
 - ✓ Cost increase to customers - \$0.61
- ✓ This is attributed to unaccounted for water.

Residential Water Bill

Customer Account Information

For Service To: 
 Account Number: 
 Premise Number: 

Billing Period & Meter Information

Billing Date: Sep 07, 2005
 Billing Period: Aug 03 to Sep 02 (30 days)
 Next reading on about: Oct 03, 2005
 Rate Type: Residential

Meter readings in current billing period:
 Meter Number 052211512R is a 5/8-inch meter.
 Present actual 728
 Last-actual 718
 1000G used 10
 Gallons used 10000

Billing Summary

.....Prior Balance.....
 Balance from last bill
 Payments as of Sep 07, 2005, Thanks!
 Total prior balance, Sep 07, 2005
Current Water Charges.....
 Basic Service
 Use (\$3.511700 x 10 000)
 Total water charges, Sep 07, 2005
Other Current Charges.....
 Sump Charge - Chicksaw
 Sewer Treatment
 Fire Protection Charge
 Total other charges, Sep 07, 2005
Taxes.....
 State Recovery Tax
 Total taxes, Sep 07, 2005
Total Current Charges.....
TOTAL AMOUNT DUE.....

\$133.00
-133.00
.00
9.25
35.12
44.37
38.70
45.52
4.28
88.50
.13
.13
133.00
\$133.00



Key Findings

- ✓ The sewer portion of the utility bill is a flat rate charge. It does not appear as that Homer Glen, Homer Township or area residents were represented at the hearings on the sewer rate increase.
- ✓ Residential units individually metered pay \$45.52.
- ✓ Multiple residential units not individually metered pay \$36.44
- ✓ Commercial & Industrial sewer service is charged on a per usage basis – not a flat rate.

Residential Water Bill

Customer Account Information

For Service To: [REDACTED]
 Account Number: [REDACTED]
 Premise Number: [REDACTED]

Billing Period & Meter Information
 Billing Date: Sep 07, 2005
 Billing Period: Aug 03 to Sep 02 (30 days)
 Next reading on/about: Oct 03, 2005
 Rate Type: Residential

Meter readings in current billing period:
 Meter Number 052211512R is a 5/8-inch meter.
 Present actual 728
 Last actual 718
 1000G used 10
 Gallons used 10000

Billing Summary

Prior Balance.....
 Balance from last bill.....
 Payments as of Sep 07, 2005. Thanks!
 Total prior balance, Sep 07, 2005.....
 Current Water Charges.....
 Basic Service
 Use (\$9.511700 x 10.00) 9.25
 Total water charges, Sep 07, 2005 35.12
 Other Current Charges.....
 Supply Charge - Chickasaw 44.37
 SWT Treatment 38.70
 Fire Protection Charge 45.52
 Total other charges, Sep 07, 2005 88.50
 Taxes.....
 State Recovery Tax .13
 Total taxes, Sep 07, 2005 .13
 Total Current Charges..... 133.90
 TOTAL AMOUNT DUE..... \$133.00

\$133.00
-133.00
.00
9.25
35.12
44.37
38.70
45.52
4.28
88.50
.13
.13
133.90
\$133.00



Key Findings

- Fire Protection Fee provides for the availability of water in the event of need.
- Last year Homer Glen had 3 fires. None used hydrants.
- ✓ Fire Protection Charge rose from 2.60 to 4.28 in Fall of 2003 – an increase of 64.2%
- ✓ Not all villages – privately serviced or municipally owned - assess a fire protection fee.

Residential Water Bill

Customer Account Information

For Service To: [Redacted]
 Account Number: [Redacted]
 Premise Number: [Redacted]

Billing Period & Meter Information

Billing Date: Sep 07, 2005
 Billing Period: Aug 03 to Sep 02 (30 days)
 Next reading on/about: Oct 03, 2005
 Rate Type: Residential

Meter readings in current billing period:
 Meter Number 052211512R is a 5/8-inch meter.

Present actual 728
 Last actual 718
 1000G used 10
 Gallons used 10000

Billing Summary

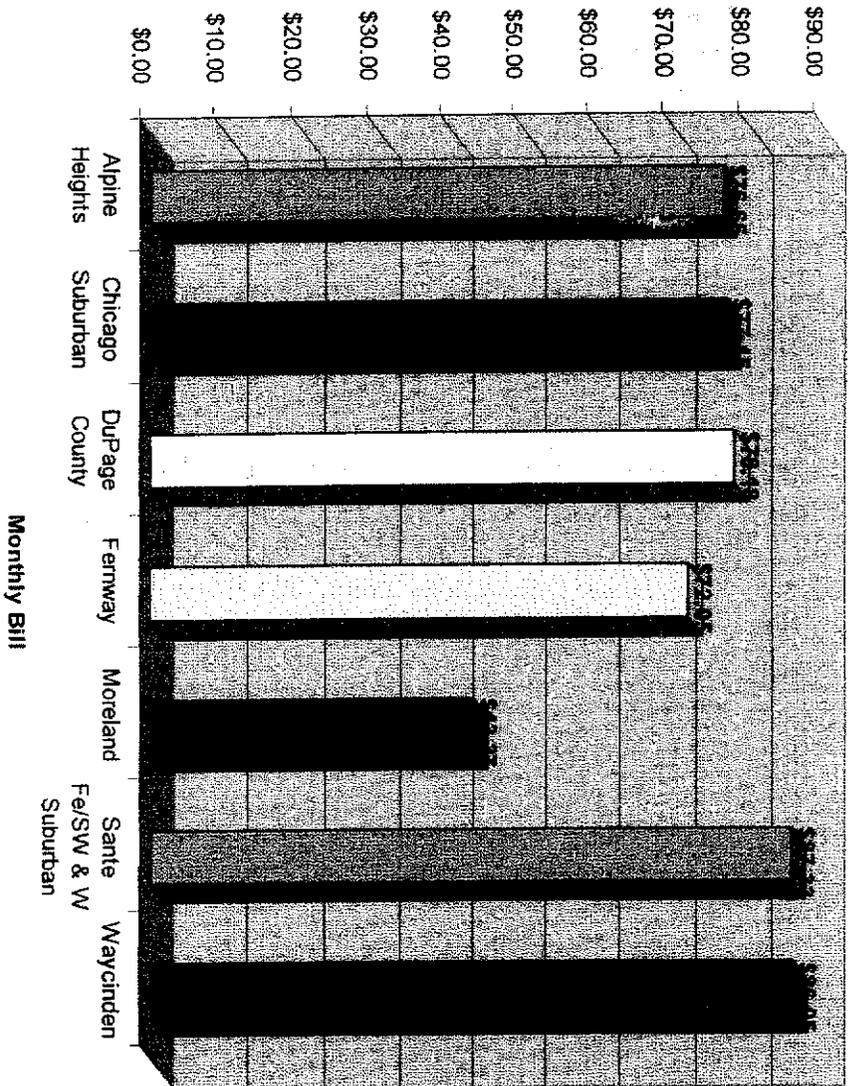
Prior Balance.....
 Balance from last bill.....
 Payments as of Sep 07, 2005. Thanks!
 Total prior balance, Sep 07, 2005.....
 Current Water Charges.....
 Basic Service.....
 Use (\$3.51700 x 10,000)
 Total water charges, Sep 07, 2005.....
 Other Current Charges.....
 Supply Charge - Chickasaw.....
 Svr Treatment.....
 Five Protection Charge.....
 Total other charges, Sep 07, 2005.....
 Taxes.....
 State Recovery Tax.....
 Total Taxes, Sep 07, 2005.....
 Total Current Charges.....
 TOTAL AMOUNT DUE.....

Prior Balance	\$133.00
Balance from last bill	-133.00
Payments as of Sep 07, 2005. Thanks!	.00
Total prior balance, Sep 07, 2005	9.25
Current Water Charges	35.12
Basic Service	44.37
Use (\$3.51700 x 10,000)	38.70
Total water charges, Sep 07, 2005	45.52
Other Current Charges	4.28
Supply Charge - Chickasaw	88.50
Svr Treatment	
Five Protection Charge	
Total other charges, Sep 07, 2005	
Taxes	.13
State Recovery Tax	.13
Total Taxes, Sep 07, 2005	
Total Current Charges	133.00
TOTAL AMOUNT DUE	\$133.00

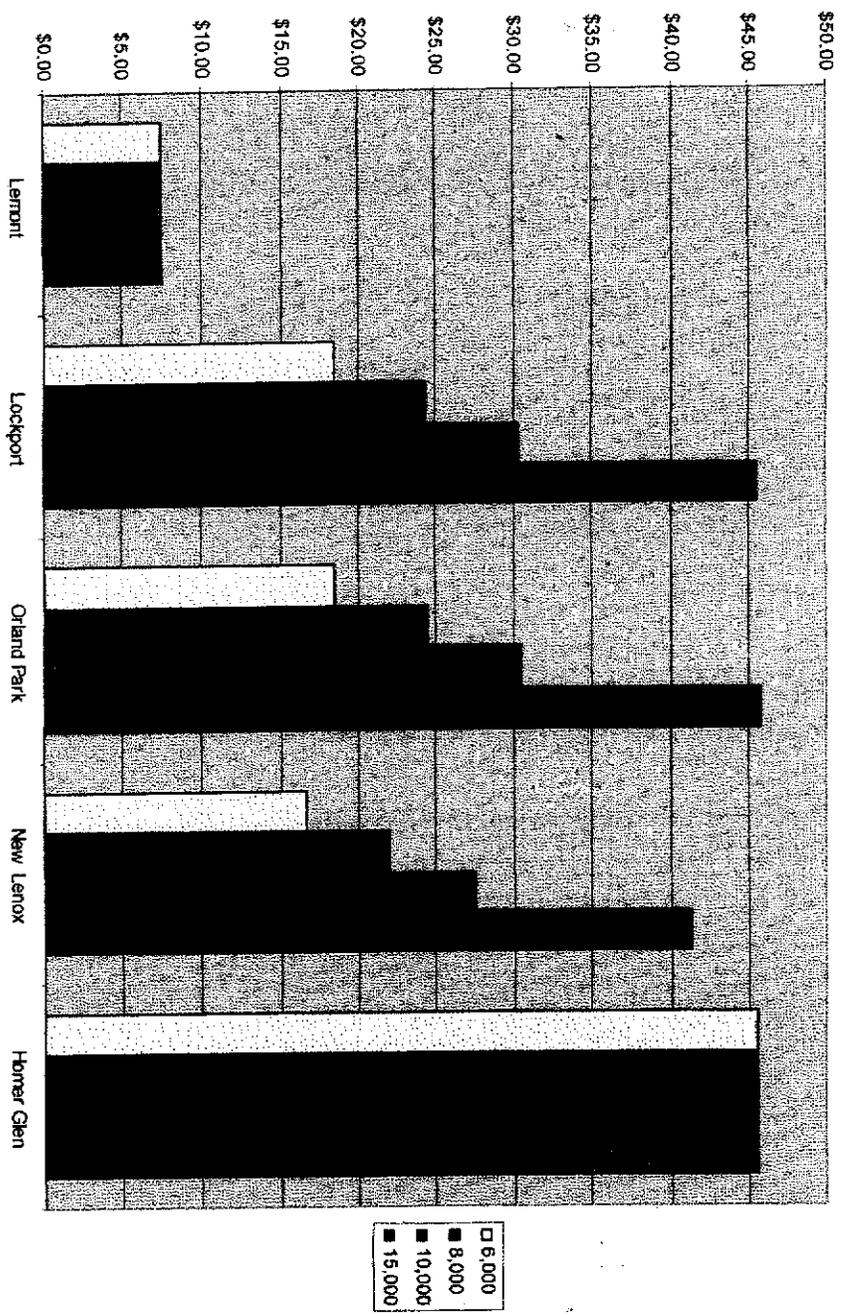


Private Comparisons

10,000 Gallons



Sewer Rate Comparisons



GENERALLY SATISFIED

- The quantity of water available was not an issue this summer, despite a drought.
- The quality of the Lake Michigan water is very good.
- The Illinois American sewer treatment facilities do not have a record of a large quantity or severe violations of environmental laws and permits.
- The water distributions system and the sewer collection system seem to be generally reliable.

Key Findings

■ The cost of the pipeline construction continues to be a significant factor in the overall water charges, accounting for about 13% of the total bill.

■ The pipeline was oversized to eventually serve additional communities to the west. Current ratepayers are paying for 81% of the oversize costs, not the investors in the private utility company.

Key Findings

- Illinois American reported unaccounted water equal to 18% of its total purchased water. The current rates allow 11% to be charged to customers.
- The company indicates that it measures carefully for losses in the main pipeline route.
- Some unaccounted water is unavoidable due to fires, flushing of mains, exercising of fire hydrants and other normal operations.
- However, 18% is about double the norm for other water systems in our area. Unaccounted for water drives the costs for Illinois American but does not provide revenue for the company since it is by definition unbilled.

One Theory.....

■ Construction Water Service Charge

- Developer pays flat rate for unmetered usage.
- This is factored into rate when set by ICC. However, future year evaluated for Homer Glen was 2003 when development was not at current peak.
- Building permits are now being issued at double the 2003 rate.

Unaccounted for Water

- Unaccounted for water charged back to metered customers annually as 'true-up' adjustment.
- Since this loss occurs in the local distributions system and this cost is transferred to the homeowner, there is no incentive for IA to aggressively resolve the unaccounted for water

Key Findings

- Homer Glen has the legal authority to enter into a franchise agreement with Illinois American on a voluntary basis, but has no legal authority to require a franchise agreement with the company.

Options

- Obtain existing water mains, water and sewage treatment plants from Illinois American.
- In essence – establish a municipal owned and operated water and sewer system.
- Seek an advisory municipal referendum to issue revenue bonds for purchase.
- Establish a village water and sewer department.

Options

- Require developers to dedicate all new water and sewer lines to the Village, thus giving the Village an ownership interest in the system.
- Allows the Village to capture all of the costs of utility expansion through impact fees.
- Negotiate for water and sewer maintenance service for municipal owned lines.

Options

- Consider developing an alternative municipal system for undeveloped parts of the Village.

Options

- Seek a rate change from ICC for IAW water use, supply and sewer treatment charges on behalf of residential customers.
- Inclusive of a senior citizen rate for sewer costs.
- Factoring in the proper allocation of costs between ratepayers and investors for the over-sizing of the transmission pipe.

Recommended Strategies

- Advise residents of their right to register complaints with the ICC
- To date – our duplicate log shows **341** complaints have been registered.

Recommended Strategies

- Petition the Illinois Commerce Commission for:
 - a review and evaluation of existing water usage and supply charge using current year data
 - a review and evaluation of the current sewer charge
 - change from a flat fee sewer rate to a rate based on usage - or
 - a rate change in sewer rate based on winter water usage.
 - a formal review of the changeover in meters and backward billing of water associated with the change.
 - a formal review of the cost burden of the additional cost of over sizing the water transmission line from Bedford Park.
- Simplification of IAW bill.

Recommended Strategies

- Negotiate a franchise agreement with Illinois American to address development and operational issues such as:
 - fire hydrant maintenance and protection
 - Efficiencies to minimize unaccounted water
 - Long range planning
 - Changes in the Customer Service division of Illinois American to improve response to the local concerns of residents.
- Option to buy clause.

Recommended Strategies

- Work with our legislators to draft new legislation addressing the rate approval process including:
 - Creating incentives for private utility companies to be efficient
 - Formalizing relationships with larger local government entities
 - Holding rate hearings where affected residents can reasonably attend and be heard
 - Allowing municipalities to have more options to acquire private systems.

Recommended Strategies

■ Inform residents

- Potential indicators for leaks
- Unauthorized use of fire hydrants
- Avenues for complaint registration

■ ICC

■ IAW

Recommended Next Steps

- Establish a local ordinance to protect fire hydrants from unauthorized usage.

Recommended Next Steps

- Hold Community Open House
- Request Village Board to approve date

Recommended Next Steps

- Request Village to continue to monitor the unaccounted for water issue and the efforts of Illinois American to reduce the percentage of unaccounted water.
- Request Village to contact DNR and inquire about LAW compliance in conservation programs.

Recommended Next Steps

- Establish a consortium with other area villages and cities.
- Those served by Illinois American.
- Others who might potentially benefit from water from the American Lake Water Company pipeline.

Recommended Next Steps

- Seek a commitment from Illinois American Water Company to not bill customers for estimated past usage due to faulty meters and credit customers who have already been billed for estimated past usage.
- Seek a commitment from IAW to suspend disconnect procedures for all bills currently in dispute.

Recommended Next Steps

- Village Board should allocate resources to explore the feasibility of options presented, other potential options, implementation of desired actions, and help assure that the Village is notified and is a prepared participant in future rate issues before the Illinois Commerce Commission
 - Funds used for legal and engineering expenses primarily.
 - Audit multi-year period (10 years) of IA capital, operational and water costs.

Sewer & Water Task Force

- Seeking guidance from Village Board
- Future Role of Task Force
 - After open house – charge reconsidered