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BEFORE THE  
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF: )  
 )  
ILLINOIS AMERICAN WATER, )  
 ) No. 09-0319  
 )  
Proposed general increase )  
in water and sewer rates )  
(tariffs filed May 29, 2009.) )

Public Forum  
15731 Bell Road  
Homer Glen, Illinois  
October 19, 2009

Met pursuant to notice at approximately  
7:00 p.m.

BEFORE:

MR. ROBERT BENSKO, Chief Public Hearing Officer.

SULLIVAN REPORTING COMPANY, by  
Tracy L. Overocker, CSR

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1           CHIEF PUBLIC HEARING OFFICER BENSKO: Docket  
2 No. 09-0319. Illinois American public water hearing.  
3           Good evening. My name is Robert  
4 Bensko. I want to thank you all for coming tonight.  
5 I'm the Commission's Chief Public Hearing Officer.  
6 With me from the Commission, I have a couple of  
7 people. One of the officers and someone from our  
8 legislative office. Seated next to me, I have a  
9 court reporter who will record your comments, which  
10 will be made available to the Chairman and  
11 Commissioners. They will ultimately decide all cases  
12 before the Commission.

13           One thing I want to make perfectly  
14 clear is I have to recuse myself from any opinions in  
15 any cases that I do public hearings in. That way,  
16 the only information is the information that's in the  
17 actual record.

18           The subject of our meeting tonight is  
19 Illinois American Water Company's proposal to  
20 increase rates and charges. These hearings provide a  
21 less formal way of addressing the Commission and  
22 hopefully are more convenient for you. I strongly

1 encourage all who want to speak tonight to do so. If  
2 you prefer to make your comments in writing, you can  
3 either give them to me or see me after the meeting.  
4 I will give you my business card and you can write to  
5 me, send them to me either in e-mail form or through  
6 the snail mail.

7                   Before hearing a brief presentation  
8 from Illinois American Water Company and getting your  
9 comments, it might be useful if I provide a brief  
10 summary of the process that the rate case follows  
11 here at the Commission. When a company files a new  
12 tariff, which Illinois American Water company filed  
13 May the 29th, 2009, an 11-month clock starts. In  
14 August, a scheduling hearing was conducted at which  
15 deadlines were set for Commission Staff, intervening  
16 parties and Illinois American Water Company to submit  
17 their writ in testimony discussing their positions.  
18 There will be evidentiary hearings December 8th  
19 through the 11th at which each party will have an  
20 opportunity to question witnesses who offer  
21 testimony.

22                   The hearings that we do in our offices

1 are exactly like in a court of law. You have what's  
2 called the prosecutors, which would be the Commission  
3 Staff, the Attorney General and intervenors in the  
4 case and then the defense would be, say, the Company.  
5 The next highest court if someone wanted to appeal  
6 what the Commission ruled, it would be the Appellate  
7 Court.

8                   The administrative law judge will  
9 issue a proposed order containing his findings and  
10 recommendations to the Commission. After two more  
11 opportunities for input from the parties, the  
12 Commission will consider the ALJ's recommendations  
13 and either accept or modify them when they order a  
14 final order and in a final order the drop dead date  
15 is April 25th, 2010.

16                   If you're interested in following the  
17 formal proceedings on-line, the Commission's Web  
18 site -- back there at that table there was some  
19 yellow cards. On the back of that yellow card, you  
20 will see, it says Case number. The case number for  
21 this case is 09-0319. If you follow the instructions  
22 on the back of those cards, you can follow this case

1 and how it's proceeding and read all the evidence  
2 that's being provided in this case on your computer.

3 As to the rules for tonight, the most  
4 important rule is to respect other's opinions while  
5 making or listening to comments. I do not expect  
6 everyone to agree with whoever steps up here to speak  
7 tonight, but what I ask is you respect that person  
8 and let that person have their views.

9 When we start making comments, I will  
10 call on you. If I mispronounce your name, which I  
11 often do with the Attorney General's Office staff --  
12 if I mispronounce your name, I'm sorry, I'll just  
13 tell you that ahead of time, correct me; but I want  
14 you to step up to the podium. I want you to state  
15 your name and spell it so that the court reporter has  
16 an accurate record.

17 I'll call the names in the order in  
18 which you have signed up in and at the end, if there  
19 is someone that would like to speak after I've called  
20 all the names, I will then allow those -- that person  
21 to speak.

22 Right now, I'd like to call Kevin

1 Hillen. He's the operations manager for Illinois  
2 American Water Company, Illinois Utilities and he  
3 will give a brief explanation of what the Company is  
4 asking for and why they're asking for it.

5 MR. HILLEN: Thank you, Bob. Can you hear me?

6 Good evening. Hello, my name is Kevin  
7 Hillen and I'm the operations manager of field  
8 services at Illinois American Water.

9 I want to thank the Illinois Commerce  
10 Commission for scheduling tonight's meeting and I  
11 want to thank all of you for attending. I would like  
12 to recognize state and local officials here tonight  
13 and thank them for coming, particularly, Mayor Daley,  
14 Mayor Claar, Representative Kosel and I know there  
15 are others out there. I apologize if I've missed  
16 anyone. Thank you for being here.

17 With me here tonight are many members  
18 of the Illinois American team including our  
19 president, Karla Teasley. Many of my colleagues will  
20 be here to answer questions at the end of tonight's  
21 session. We also have customer service  
22 representatives here who can access customer accounts

1 and answer billing questions and specific service  
2 questions.

3                   Tonight's meeting is about our  
4 customers having an opportunity to express their  
5 views and opinions about our rate filing. The ICC  
6 has asked us to provide brief comments about the 2009  
7 rate case filing before public comment begins.

8                   Now, I hope everyone has a copy of the  
9 water and wastewater bill handout. This handout is  
10 specific of a Homer Glen bill. If you are from  
11 Bolingbrook or Orland Hills, the charges will be  
12 slightly different. They only have collection  
13 services or you may not have either of those sewer  
14 treatment services, but I hope everyone has a copy of  
15 that to look at.

16                   We are going to talk a bit about rates  
17 and bills tonight. I don't want to get confused  
18 about what parts of the bills we're discussing. Now,  
19 the water portion of the bill has two components:  
20 The basic service and use charge and the fire  
21 protection charge, which are controlled by Illinois  
22 American Water. This is a part of the bill for which

1 this rate filing applies. It is the focus of  
2 tonight's public hearing. The supply charge, which  
3 is primarily what other water utilities charge  
4 Illinois American Water for treating and transporting  
5 Lake Michigan water to our system is not part of this  
6 rate case.

7 Your Lake Michigan water comes from  
8 through three different supplies. It comes from the  
9 City of Chicago, then through the Village of Bedford  
10 Park and American Lake Water Company. It's important  
11 to know that all of these water providers are facing  
12 increases in costs that require rate increases. Each  
13 of these providers has a charge for treating and/or  
14 delivering their water.

15 As you can see, the purchased water  
16 part of your bill, it's important to note how the  
17 supplier charges have changed over the past seven  
18 years. The City of Chicago has increased the cost  
19 per thousand gallons by 55 cents or 46 percent; the  
20 Village of Bedford Park has increased their costs per  
21 thousand gallons by 33 cents or about 55 percent; the  
22 American Lake Water has decreased the cost per

1 thousand gallons by 22 cents or by 16 percent. Now,  
2 your purchased water supply charge is strictly a  
3 pass-through cost. We do not mark up or earn a  
4 profit on the purchase water supply charge.

5 Now, what do I get for the money I pay  
6 for water rates? And that's a great question. Many  
7 of you take for granted what goes into making sure  
8 there is water at the tap and a wastewater system  
9 that works. When you pay your bill, you are paying  
10 for the employees that are essential for providing  
11 your service; their trucks and equipment they need,  
12 the fuel and power they require; the cost to get the  
13 water filled trench in the middle of the night to  
14 repair a water main leak or a wastewater leak;  
15 customer service representatives 24 hours a day,  
16 7 days a week. You are also paying for pumps, pipes,  
17 treatment facilities, water tanks, meters, and other  
18 infrastructure that our employees maintain every day.  
19 Most of these items are things you never see. You  
20 take -- it's easy for you to take them for granted.  
21 There is an extensive water and wastewater system in  
22 Homer Glen, including more than 133 miles of water

1 main and 107 miles of collection -- wastewater  
2 collection mains, that's about the distance of Homer  
3 Glen just north of Peoria.

4 Now, the ICC in the rate case requires  
5 thousands of pages of documents to support a rate  
6 case request and intervenors will request even more  
7 information; but if you boil all that information  
8 down, there are three reasons we are filing for a  
9 rate increase. The first and most important is the  
10 money we invest in pumps, pipes, meters and treatment  
11 facilities every year. Many of you say, Why don't  
12 you delay replacing facilities? We don't -- why  
13 don't you cut back on the amount of money you spend?  
14 Here's the reason: There is a crisis in the water  
15 and wastewater systems across America because the  
16 failure of many water system owners to invest. The  
17 American Society of Civil Engineers gave the current  
18 status of America's water and wastewater systems a  
19 "D minus" grade. You can see the amount of money  
20 that experts say needs to be invested in the next  
21 20 years. \$1 trillion needed across the country. 15  
22 billion needed in Illinois for wastewater -- water

1 systems alone because -- we make regular investments  
2 in our water and wastewater systems, Homer Glen and  
3 other communities we serve in the Chicago Metro are  
4 not part of this crisis. Whether you subscribe to  
5 the crisis or not, it is very real. We have a  
6 responsibility to protect the integrity of our water  
7 and wastewater systems and that's why we will invest  
8 33 and a half million in Chicago metro between  
9 June 2009 and December 2010.

10 Now, the other areas that caused us to  
11 file this rate case primarily relate to increased  
12 costs for essential goods, the cost of borrowing  
13 money and the cost for employee benefit programs.  
14 These are items over which we have little or no  
15 control, yet they are essential parts to providing  
16 water and wastewater service.

17 People ask how can you have additional  
18 labor expenses when government and other businesses  
19 are cutting employees? It's a fair question that  
20 does have an answer. We are required by the ICC to  
21 maintain certain levels of service and it takes an  
22 appropriate number of employees to meet those

1 requirements. At the same time, I take you back to  
2 2005 when many of you in this room severely  
3 criticized our company for the service we were  
4 providing in many areas, that's not the case today  
5 and the reasons that we have made investment in  
6 people and reorganized employees in order to address  
7 the ones you've raised.

8                   Now, we continue to look for ways to  
9 be more efficient and reduce costs as much as  
10 possible. Employee wage increases have been reduced  
11 to reflect the current environment and we have  
12 virtually eliminated any travel or professional  
13 development opportunities that do not directly relate  
14 to the provision of water service. We have also  
15 implemented measures to better control our overtime  
16 costs, made changes to our pension program to reduce  
17 costs and discontinued to offer other retirement  
18 benefit programs to nonunion employees hired after  
19 January 1, 2002, and union-represented employees  
20 hired after January 1, 2006, all in an attempt to  
21 contain the increase in our operational costs. With  
22 great discomfort, we've cut the amount of money we

1 spent communicating with our customers, even though  
2 communicating with you is one of the things you had  
3 asked us to do. We have implemented aggressive cost  
4 control measures that review on a monthly basis  
5 that -- that we review on a monthly basis in an  
6 effort to find efficiencies or areas to delay until a  
7 later date.

8           The Company continues to implement a  
9 proactive maintenance program that will save money  
10 while performing condition-based maintenance as  
11 opposed to the higher expense performing maintenance  
12 before it is needed or delaying maintenance which  
13 costs more money.

14           Being a part of American Water has  
15 also helped the Company save money because of our  
16 national buying power. For example, our costs for  
17 the hydrants and meters is not as high as it might  
18 have been because of buying power of American Water.  
19 The same is true for power chemicals and pipes. As  
20 with all businesses right now, we are constantly  
21 scrutinizing every position to make sure it's needed  
22 to be filled before hiring someone.

1                   Now, as Mr. Bensko said, our rate  
2     request was filed with the ICC in May. We are about  
3     halfway through the process. Rates will not increase  
4     before next spring and every aspect of the thousands  
5     of pages of documentation will be scrutinized by  
6     intervenors, sworn testimony will be given and as we  
7     see tonight, public hearings will be held.

8                   As we noted earlier, the ongoing need  
9     to invest in our system is a primary driver of the  
10    rate increase with more than 33 and a half million  
11    invested planned by the end of 2010. This includes  
12    22 million in the water system and 11 and a half  
13    million in the wastewater system. We will invest  
14    more than 5 million in new pipes and more than  
15    3 million in new meters.

16                  We use this statewide average for  
17    water usage when presenting our rate cases, that's  
18    5,000 gallons in Chicago Metro, which is an  
19    appropriate number considering that 45 and a half  
20    percent of Homer Glen customers use less than 5,000  
21    gallons a month; 42.2 percent use between 5 and  
22    10,000 a month; and only 12.3 percent use more than

1 10,000 a month.

2                   If the rate request is approved in  
3 full, which history says will not be the case, the  
4 basic service and usage charge for water will be  
5 49.22, the wastewater bill for treatment will be  
6 62.24. Today, the purchase water supply charge is  
7 22.60. The total water and wastewater bill for Homer  
8 Glen with purchased water and sewage treatment,  
9 excluding taxes and municipal fees, will be about  
10 134.06.

11                   Now, in Homer Glen, we have made  
12 significant investments to update the Oak Valley  
13 wastewater treatment plant. It is an investment  
14 which is an environmentally friendly facility and  
15 1.8 million of the costs included in this rate case.

16                   We had a public open house of the  
17 plant on October 10th and many of the people who live  
18 around the plant commented on the improvements that  
19 have been made. In response to the Village of Homer  
20 Glen and residents, we made additional adjustments to  
21 the plans including more than 300,000 in landscaping,  
22 including a 12-foot fence around the facility, a bike

1 trail in front of the property, \$300,000 contribution  
2 to help fund the future storm water retention study,  
3 investing 1.5 million in other abatement measures and  
4 more than 400,000 in new equipment to reduce noise.

5 Another issue that's discussed is  
6 the amount of unaccounted for water. The amount of  
7 unaccounted for water in Homer Glen is not unusually  
8 high, it remains within industry norms. The Illinois  
9 Department of Natural Resources has some regulatory  
10 guidelines, according to the Waste IDNR audit of  
11 communities who receive Lake Michigan water, Homer  
12 Glen ranked in the top half of water systems  
13 reporting with 4 percent unaccounted for flow  
14 compared to the average of 5.28 percent. Unaccounted  
15 for flow is a metric that the IDNR uses and it's a  
16 common metric to all water utilities who receive lake  
17 water. It is different from a non-revenue water or  
18 unaccounted for water; but it is a common metric  
19 across all utility systems.

20 As Village officials know, the Company  
21 has made an aggressive effort to reduce unaccounted  
22 for water, to release the pressure study in its meter

1 audit, neither study showed serious problems, but  
2 both helped identify a few areas that needed  
3 attention.

4                   People often wonder why we don't  
5 reduce unaccounted for water to a much lower  
6 percentage. The answer is that lowering the  
7 percentages means investing in new pipe in the ground  
8 which may have a larger impact on rates than the  
9 initial cost of lost water. Installing a mile of  
10 pipe would cost between 900,000 and 1.2 million.  
11 Now, we are also working with Village officials and  
12 fire districts to meter water used by contractors and  
13 others.

14                   We've also been asked many times, Why  
15 does the municipal system next to me charge lower  
16 rates than I pay with Illinois American? Many  
17 factors go into setting water rates and they vary  
18 considerably from one system to another. One of the  
19 most significant factors is that municipal water  
20 systems generally use a different accounting  
21 methodology than the accounting methods regulated  
22 that the utilities are required to use. This creates

1 a fundamental and significant difference in the water  
2 bill the customer receives. There are also other  
3 factors that result in differences between municipal  
4 and industrial water rates, such as connection and  
5 impact fees, which often result in increased costs to  
6 customer as part of a home mortgage. It is common  
7 for some costs to be included in a tax bill rather  
8 than a water bill and governments may subsidize water  
9 services with other streams as you can see on the  
10 slide.

11 In 2007, as a result from a request  
12 from the intervenor, the Illinois Commerce Commission  
13 ordered the Company to conduct a study on the  
14 different water rates between municipally owned water  
15 systems and investor water utilities, such as  
16 Illinois American Water. To quote the Commission, in  
17 the Commission's view, the record demonstrates there  
18 are significant differences between IAWC's cost  
19 structure and those of municipally owned utilities  
20 which supports the conclusion that comparisons of  
21 IAWC's rates to those of MOU's are not practical for  
22 ratemaking purposes.

1                   In conclusion, Illinois American Water  
2   is committed to providing high-quality, reliable  
3   water and wastewater services to our customers.  
4   Members of our staff will stay around to talk to you  
5   one on one if you have questions and don't forget  
6   that our customer service representatives are here to  
7   help you with our questions.

8                   In closing, I would like to thank  
9   every one for their attendance tonight.

10                  Thank you.

11                 CHIEF PUBLIC HEARING OFFICER BENSKO: I'm going  
12   to call the names in the order that you've signed up  
13   in. Please -- there's quite a few people here that  
14   have signed up. This hearing will conclude at  
15   10:00 o'clock tonight so I want to get as much done  
16   as possible. The first portion of this hearing is to  
17   receive your comments. After that portion is done,  
18   then I will excuse the court reporter and then we  
19   will have a question and answer period. In that  
20   period, you can ask questions of the Commission or  
21   the Company.

22                  So the first person that I'd like to

1 ask to step forward and state your name and spell it  
2 for the court reporter is your state representative,  
3 Renee Kosel from the 81st District.

4 (Applause.)

5 REPRESENTATIVE KOSEL: Thank you.

6 Renee Kosel, R-e-n-e-e K-o-s-e-l. I'm  
7 the Representative from the 81st District. Thank you  
8 very much for coming in excess of 350 people here  
9 tonight.

10 (Applause.)

11 Just a sample of the passion that is  
12 behind this issue. I am very, very pleased to be  
13 able to request the Commerce Commission to hold this  
14 meeting tonight and I'm very, very pleased with you  
15 coming to testify. I am not going to testify on the  
16 issues tonight, but I am going to take notes and I  
17 promise you that I will appear before the Commerce  
18 Commission itself to make sure that your message is  
19 heard this time.

20 (Applause.)

21 Thank you.

22 CHIEF PUBLIC HEARING OFFICER BENSKO: The

1 Representative requested this hearing, so you need to  
2 thank her for doing that.

3 The first person that signed up is  
4 Mayor Jim Daley.

5 (Applause.)

6 MAYOR DALEY: Thank you. Can everybody hear  
7 me?

8 For the record, my name is Jim Daley.  
9 I live in Homer Glen. I'm the Mayor of Homer Glen.  
10 I live at 12708 West Hadley Road. Thank you all for  
11 coming tonight. I can tell you from the crowd  
12 assembly here this evening that I'm not the only  
13 angry and frustrated person by the proposed rate  
14 increase by Illinois American.

15 (Applause.)

16 It is hard to constrain myself when  
17 I think about the continual barrage of increases that  
18 Homer Glen residents have had to endure. Just like  
19 the residents that are here tonight, I have a lot of  
20 concerns that I want the ICC to be aware of and I  
21 have a lot of questions that I would like answered by  
22 IAW. I appreciate the opportunity for our residents

1 to speak locally about an issue that is so critically  
2 impacting their lives, but I also want to make sure  
3 that our voices are heard this time.

4 In July 2008, as part of the  
5 2008 -- as part of their 2008 reconciliation case,  
6 the ICC conducted a public forum here in Homer Glen.  
7 At that time, many of our residents voiced their  
8 concerns about the quality of service and the costs  
9 of water, but in August of this year, the Commission  
10 issued an order stating that it did not review any of  
11 the presentations from the public forum because they  
12 felt it was inapplicable even though they had sent  
13 Mr. Bensko here and we spent a long evening giving  
14 our views. I hope we are not ignored again by the  
15 Illinois Commerce Commission and that our concerns  
16 are heard and our questions are answered.

17 The first question I would like to  
18 ask is why is this increase necessary? I've heard  
19 all the bells and whistles and smoke and I don't  
20 believe a word of it. Almost from the beginning of  
21 the Village --

22 (Applause.)

1                   Almost from the beginning of the  
2 Village, we have been concerned about both the  
3 quality of service and the changes -- the charges for  
4 service from Illinois American Water Company. We  
5 filed a complaint case in 2006 against Illinois  
6 American at the Illinois Commerce Commission because  
7 of high bills and questionable billing practices. In  
8 2007, which intervened in IAW's rate case, yet IAW  
9 was awarded a 5 percent increase.

10                   Both water and sewer rates have  
11 increased significantly since 2005. This time,  
12 Illinois American wants to increase our base rate for  
13 water by 30 percent. They want to increase our sewer  
14 rate by 51 percent. In this current economic  
15 environment, when other companies are cutting back  
16 and doing whatever they can do to cut their costs, it  
17 is unconscionable that Illinois American ask for such  
18 exorbitant increases for such a basic human  
19 necessity.

20                   (Applause.)

21                   I also understand that in this rate  
22 case, IAWC is increasing its number of employees

1 statewide from 471 to 510. This is after we were  
2 told in the last rate case that they were cutting 40  
3 employees and moving them to the Company-owned  
4 management company where the employees would be more  
5 efficient. Now they are adding the employees that,  
6 plus increasing the management the Company is  
7 charging, by 22 percent. Does that make sense?

8 (Chorus of nos.)

9 Again, I ask, why is this increase  
10 necessary?

11 I also have concerns about the  
12 amount of money the Company is seeking for capital  
13 spending. I'm in construction and I know that  
14 today's costs are going down, but Illinois American's  
15 costs are going up. Testimony filed in the docket  
16 show that their spending this year is 21.2 percent  
17 under budget, but the Company has not adjusted the  
18 request to lower its budget. There are several other  
19 officials from Homer Glen here who will speak  
20 tonight. They will address the amount of the  
21 increase and talk more in detail about the specific  
22 issues; but I have to ask, if IAW is trying to

1 justify this increase based on the capital projects  
2 they are complaining they need to do, then let's take  
3 a closer look at what they are saying they need to  
4 do.

5                   For example, why are they expending  
6 the Chickasaw wastewater plant when there is very  
7 little growth or potential growth in that area? Why  
8 are they expanding the plant rather than looking at  
9 maintaining it? I also have to ask the question, Who  
10 should be paying for this increase? Why are our  
11 residence paying for Illinois American's future  
12 expansion plans? When I talked to them and I talked  
13 about the sewer project and about the Village having  
14 to bear that capital improvement, I'm being told by  
15 them they don't do capital improvements, they don't  
16 expend -- they don't put in sewer and water lines for  
17 expansion for commercial growth, but they're saying  
18 the exact opposite right here. Why are our residents  
19 paying for Illinois American's future expansion  
20 plans? Shouldn't new investment be paid by the  
21 shareholders? What has been the distribution to the  
22 shareholders and shouldn't that money have been

1 reinvested back into the Company rather than  
2 distributed to the shareholders?

3 (Applause.)

4 Are the shareholders getting rich  
5 off the back of our residents? We still do not have  
6 a franchise agreement despite our numerous requests.  
7 Many of these issues could be addressed in a  
8 franchise agreement. As we prepare for the economy  
9 to turn around and development activity to pick up,  
10 we should be looking at ways to determine the true  
11 impact of development on our utilities systems. If  
12 the Village took ownership of the new infrastructure,  
13 we could better determine the true impact of  
14 development. This could all be addressed in a  
15 franchise agreement.

16 My last question is, is this the  
17 right time for any increase? In this current  
18 economy, when everybody else is tightening their  
19 belts, IAW is expanding and increasing costs to their  
20 customers. Homer Glen residents keep seeing their  
21 bills for Illinois American increasing. Each year,  
22 our residents also now see a rate change on the lake

1 water Michigan charge. Last year, we had the rate  
2 increase and earlier this year, Illinois American  
3 asked for what they referred to a QIP, qualifying  
4 infrastructure plant surcharge, reconciliation riders  
5 so that it could increase our rates up to 5 percent  
6 each year without getting any further approvals from  
7 the ICC. If IAW is successful, this current request  
8 will result in a rate increase of 30 percent for  
9 water and 51 percent for sewer; and then in  
10 January 2011, Illinois American can impose another  
11 QIP for up to 5 percent. This doesn't even  
12 contemplate the reconciliation charges.

13 I ask the ICC how do our rates  
14 compare to the surrounding communities? What is the  
15 rate of increase that IAW has received and how does  
16 that compare to the CPI? More importantly, how does  
17 IAW manage to get all of these increases? When is  
18 this all going to stop? When will the Commission  
19 finally say "no" to Illinois American? The ICC is  
20 supposed to be the watchdog for our residents. I'm  
21 looking for the ICC to bring out the bloodhounds and  
22 sniff out the real costs of providing water and sewer

1 costs for Homer Glen and make sure our residents are  
2 getting a fair deal. We request that the Commission  
3 not ignore this public forum again as it did in  
4 August and listen carefully to what you hear this  
5 evening.

6 Finally, what I'd like to say is the  
7 only way to take care of this is put them out of  
8 business. Let's buy the system out and be done with  
9 it.

10 (Applause.)

11 Thank you.

12 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank  
13 you, Mayor.

14 Aaron Fundich.

15 MR. AARON FUNDICH: Good evening. My name is  
16 Aaron Fundich, A-a-r-o-n F-u-n-d-i-c-h, for the  
17 record. I'm not a Homer Glen resident, but I'm here  
18 to definitely share the pain that you do have. I'm a  
19 registered professional engineer and do municipal  
20 engineering work in about 40 communities here in the  
21 South, Southwest suburbs and have been doing so for  
22 about 20 years. I've regularly been involved with

1 the design and implementation of capital improvement  
2 programs, with wastewater treatment plan expansions,  
3 with water and sewer utility rate studies, INI  
4 studies and infrastructure operation and maintenance  
5 programs for the vast majority of my own career.

6 I've been a member of the Homer Glen Water Sewer Task  
7 Force since its inception in 2004, so I am familiar  
8 with the issues and I want to provide a few more  
9 details, some of which the Mayor had started to open.

10 One of those is that we  
11 understand -- I think everyone in the room  
12 understands that certain water rate increases have  
13 been instituted by the City of Chicago over these  
14 last several years and everyone along the way is  
15 going to pass those down. No one is arguing that  
16 point. In fact, we do have a chart that was sitting  
17 at the front desk and then we have it entered into  
18 the record that basically compares what those  
19 increases have been between 2005 and 2009 for some of  
20 the area Lake Michigan water communities and compared  
21 that to Homer Glen's increases.

22 Now, since 2005, now -- I'm going to

1 start by saying that we already know that Homer  
2 Glen's rates are 2 to 2 and a half times what  
3 everybody else is to start, but what we're going to  
4 focus on here is just the increment of what the  
5 increase has been over the last 4 years and we chose  
6 communities that are on Lake Michigan water that are  
7 also within just a couple miles here of the Homer  
8 Glen corporate limits: Mokena, New Lenox, Orland  
9 Park, Tinley Park, four communities very close by,  
10 very comparable in terms of the distance from Lake  
11 Michigan in order to receive Lake Michigan water  
12 service. Of those four communities that I just  
13 named, only one of them, Mokena, even has a meter  
14 charge and that is \$5.83, that has not changed in the  
15 last 4 years. That's less than half -- less than a  
16 third -- almost about a third of what's being  
17 produced by Illinois American in the new increase.  
18 None of the other communities that I listed have a  
19 fire protection charge, none of them have meter  
20 charge and their rate per thousand gallons for the  
21 supply plus the use charge is merged into one, all of  
22 which are less than half of Homer Glen's total charge

1 to receive water.

2                   The increment in each of those  
3 communities average .88 cents, .88 higher per  
4 thousand gallons today than it was 4 years ago. In  
5 Homer Glen, it's .94 cents today. It seems  
6 reasonable. I don't think there's a whole lot of  
7 qualms about the increment as it sits there today,  
8 but what's proposed in the current rate study -- or  
9 the rate increase request is that instead of that .94  
10 cents, it go up to \$3.56 more per thousand gallons.  
11 In other words, just the incremental increase in the  
12 last 4 years will be higher than the entire rate in  
13 Orland Park and Tinley Park and about 80 percent of  
14 what New Lenox and Mokena pay for their total charge.  
15 So that's the increment just in the last 4 years.  
16 Basically, 400 percent of what the towns have seen as  
17 an increase.

18                   In the presentation made just this  
19 evening by Mr. Hillen and in the exhibits that you  
20 saw as you walked in the door, they're basing certain  
21 rates or certain costs per month on a \$5,000 (sic)  
22 mythical monthly average, when in their own

1 documentation -- you know, and we went back to 2004,  
2 we got their annual water use records and the audited  
3 forms that they are required to send to the Illinois  
4 Department of Natural Resources, from 2004 to 2008,  
5 it's amazing how consistent the water use has  
6 actually been by Homer Glen residents and if you  
7 divide the math of the roughly 1.6 million gallons  
8 per day that residential water customers use in Homer  
9 Glen, divide that by the number of households that  
10 are on the audited forms, it comes to about 7,000  
11 gallons per month and that's in their own audited  
12 form. So that \$134 that you see in the chart this  
13 evening is really more like \$154 as to where the  
14 rates would be based on 7,000 gallons a month, that  
15 doesn't sound like -- if you're at 8, 10, 12,000  
16 gallons a month, it will be even higher. So we want  
17 to make sure that's clarified.

18 In a nutshell, Homer Glen is paying  
19 \$5.49 per thousand gallons after the water gets to  
20 Homer Glen, that's subtracting the cost to get it  
21 here from Chicago and that's \$5.49 per thousand  
22 gallons is higher than each of those four

1 communities' total costs, after the water is already  
2 here. There were comments made -- and this is  
3 consistent from a couple years back how a private  
4 water company doesn't compare to municipal  
5 companies -- or to municipalities that provide water  
6 service, so we did some checking. There is a private  
7 water company that most of the area residents in  
8 Kankakee County actually like. They have very good  
9 service. They tend to be viewed positive by the  
10 community and the officials in towns, Aqua of  
11 Illinois. It's a very comparable situation. It's  
12 not Lake Michigan water, but it is a single source  
13 supplier from the Kankakee River and the towns of  
14 Kankakee, Bradley and Bourbonnais, they're not that  
15 far from here, less than 50 miles. Aqua of Illinois'  
16 total cost is \$5.68 per thousand gallons, which  
17 compared to today, Homer Glen is at \$10.01 for that  
18 average user and it's proposed to be at \$12.63.

19 So, again, in subtracting -- let's  
20 just be generalists and if we generously subtract the  
21 entire amount just to get the water to Homer Glen,  
22 the whole Lake Michigan pipeline, subtract off that

1     \$4.52, the proposed cost to them to provide water  
2     service to Homer Glen is still 43 percent higher than  
3     Aqua of Illinois to get it from the Kankakee River to  
4     all of those three towns that I just mentioned and  
5     still serve those communities with everything else  
6     between fire protection, meter charges, et cetera.  
7     So comparing it to a private water company, it's  
8     still exorbitant in terms of the amount higher than  
9     Illinois American.

10                     The next thing I wanted to review  
11     is on the O, M & R, they have certain testimony that  
12     they've provided to the Commission and they're  
13     detailing these QIPS that the Mayor had mentioned of  
14     how many feet of water main they intend to replace in  
15     the next 5 years, how many hydrants they are going to  
16     replace and they've got unit costs in there as to  
17     what these are. \$5,527 per hydrant to replace it.

18                     Now, as I mentioned, we do work in 40  
19     communities here in the Chicagoland area, average  
20     amongst 40 communities for hydrants are closer to  
21     \$3,500. Why is it \$2,000 per hydrant more? I  
22     thought private business got things cheaper than

1 government -- got things done cheaper than  
2 government. It certainly isn't sounding that way.  
3 The same thing on water main replacements where  
4 they're testifying \$239 per foot is their cost to  
5 replace water mains on average where most  
6 municipalities see that at \$150 per foot and I think  
7 what that touch- -- and these are 2008 numbers.  
8 We've got a vast database so we're going with  
9 documented as-built numbers as to how we come up with  
10 these estimates.

11 On average, on each and every item  
12 that they had testified to, we're finding that most  
13 municipalities in the area have costs of about  
14 63 percent of what they're testifying to and then it  
15 was interesting because they actually list in their  
16 same exhibit three specific projects that were done  
17 and I'm going to pull this out so I don't misspeak on  
18 it.

19 There is a Liberty West 4-inch water  
20 main replacement and then in Lombard, there was (sic)  
21 installing a main on Sunset and a Liberty East fire  
22 flow project. These were all 2009 projects and

1 they've got a length and a total cost and in each  
2 case of the cost per foot, I went ahead and  
3 calculated out and took the average, it's \$151.93 per  
4 foot, which is a heck of a lot less than this \$239  
5 per foot that's shown in all their financial  
6 statements in their pro forma to try and justify the  
7 rate and it's very close to that \$150 per foot that I  
8 just said was the average of most of the  
9 municipalities that we've got data on over the last  
10 few years.

11                   So these are things that we do hope  
12 the Commission scrutinizes and drills down to the  
13 details as to what is in all these numbers. The  
14 devil truly is in the details. I'm going to  
15 switch -- in fact, that's -- another comment that was  
16 made this evening is the national buying power of  
17 Illinois American. Well, why are their costs  
18 40 percent more than just a small municipality that  
19 would go out and bid a project locally? I'm not sure  
20 about that and hopefully we can get to those answers  
21 as well.

22                   The next subject I'm going to get

1 to -- and that's the purpose of the map here is the  
2 Chickasaw wastewater treatment plant expansion. The  
3 Mayor had made some very prudent questions as to why  
4 are we expanding it when most of this service area is  
5 already built out? We have copies of two engineering  
6 reports, one that was done in 1995 by Illinois  
7 Americans' predecessor, Citizens Utilities, and also  
8 a more -- most recent one that was completed last  
9 year for Illinois American.

10 In both cases, they highlight  
11 throughout different locations in the report how bad  
12 the infiltration and inflow is in the sanitary sewer  
13 system and I think most of you that were here last  
14 time remember that there's long been a lot of  
15 complaints about where is this unaccounted for water  
16 going. Well, it's probably in the ground, it's  
17 leaking into the sewers from what we can tell.  
18 There's unaccounted for water flow that's getting  
19 into the treatment plant as well as and all systems  
20 have that, but the levels of INI that go to Chickasaw  
21 seem to be very excessive compared to most municipal  
22 standards and even based on their own water audit

1 data that Illinois American has submitted to IDNR.  
2 Specifically, they have -- the water use on their  
3 audit forms implies that there's 85 gallons per  
4 capita per day of water that is registered on the  
5 meters in Homer Glen, 85 gallons per person. The  
6 wastewater treatment plant sees 120 gallons per day  
7 per person.

8                   So you can see that a third of the  
9 water on an average day that gets to the wastewater  
10 plant is leaking into the system one way or another,  
11 certainly not from water use or wastewater use,  
12 that's an excessive number.

13                   The peak flows -- and this is in their  
14 own engineering report that are documented -- are six  
15 and a half times the average flow. Now, most  
16 municipal wastewater treatment plants, you are going  
17 to see a peak in heavy fall events, maybe three  
18 times, or four times for a smaller system, but six  
19 and a half times for a system this small seems  
20 incredible. The IEPA certainly wouldn't permit you  
21 to build a plant that handles six times your average  
22 flow, it's just not within design parameters. Let me

1 go back to -- that's really another question to  
2 expound on what the Mayor said.

3                   What efforts are being made to reduce  
4 INI to Chickasaw? It's far more -- there's a certain  
5 point where it's much less expensive to remove the  
6 excessive INI than it is to build the additional  
7 treatment plant capacity. This map here does show --  
8 it may be hard to see in the back, but this area here  
9 is the area that is Chickasaw and as the Mayor had  
10 mentioned, most of this area is completely developed  
11 already. There are very few developable parcels that  
12 would ultimately add more flow, certainly not  
13 45 percent more flow than what's currently permitted  
14 to be treated at Chickasaw.

15                   The other thing that the  
16 engineering reports for the Company indicate that  
17 long ago back in the '90s, this area up here, which  
18 is roughly 104,000 gallons per day, was planned to be  
19 taken north to the MWRD because it's in Cook County  
20 and that was supposed to be able to preserve existing  
21 capacity at the Chickasaw plant. That has still not  
22 been done. Old Oak West right in here has a lift

1 station and this did get diverted over here to the  
2 Pebble Creek lift station, was which was planned;  
3 however, Pebble Creek has still not been rerouted to  
4 the Oak Valley treatment plant, the one that was just  
5 recently expanded. This -- which would encompass  
6 this whole area according to their own engineering  
7 reports, would take another 260- -- excuse me,  
8 270,000 gallons out of Chickasaw.

9           So all told, if they went forward  
10 with these two projects that they identified in the  
11 mid '90s at a cost less than one-third the expansion  
12 costs of the treatment plant, there would be, we see,  
13 not a whole lot -- it's coupled with completing the  
14 INI work, which clearly needs to be done. We would  
15 see not much reason to expand a treatment plant,  
16 certainly not all the way up to the level that  
17 they're planning to expand it. I guess the question  
18 then becomes for the ICC, what impact on the rates  
19 would it have if we were to save 7 million of the 9  
20 million that they're proposing here to expand  
21 Chickasaw?

22           We also took a look -- very

1 recently there was a tour done at the Oak Valley  
2 plant that was recently completed, a very nice plant.  
3 It cost \$10 million. They did a very nice job with  
4 it. I'm not going to say that it's not well built,  
5 it definitely is based on one cursory look. The cost  
6 of it was pretty high when you look at the fact that  
7 it expanded by 750,000 gallons, it cost \$10 million.  
8 That's an average cost of \$13.33 per gallon of excess  
9 capacity that was provided there. We've recently  
10 done some -- I'd say very nice, almost gold-plated  
11 treatment plants for municipalities in the area  
12 recently, too. The Village of Frankfort just  
13 expanded their wastewater treatment plant at a cost  
14 of \$13.2, it finished last year; but they got an  
15 extra 2.25 million gallons of treatment capacity, a  
16 cost per a gallon of only a \$5.87, which is less than  
17 half the 13.33 that was spent here. The City of  
18 Lockport, your neighbors to the west, they are just  
19 in the midst of completing their treatment plant  
20 expansion. They added 1.6 million gallons per day of  
21 capacity at a cost of \$10.6 million, which was \$6.63  
22 per gallon. So in both cases, less

1 than half of what it cost here at Oak Valley. Now, I  
2 will say this, from an engineering standpoint, not  
3 every project is the exact same. So the idea that  
4 there would be cost fluctuations is definitely  
5 understandable. Heck, there was, you know, a  
6 15 percent difference in the two projects I  
7 mentioned. However, for it to be 100 percent more  
8 per gallon, it seems to be awfully high and just a  
9 cursory look of certain things, I've even heard this  
10 from a certain supplier out there, you know, having  
11 stainless steel cabinets for certain things where a  
12 stainless steel cabinet isn't really required, well,  
13 that's probably an extra 10 to 15 or \$20,000 per  
14 cabinet. You throw 20 of those together, you've got  
15 a quick 3, \$400,000 there in no time. How many other  
16 areas is there a gold-plated design for expansion of  
17 Illinois American's business that -- today's  
18 residents are paying for? I think that's another  
19 question that needs to be drilled down.

20 And I think what that does is bring  
21 us to the final portion. Is there any incentive for  
22 Illinois American to do cost-effective analyses on

1 their master planning on their construction projects  
2 if at the end of the day, every cost, whether it's  
3 through a hearing like today, gets put on the backs  
4 of the existing ratepayers or if it's in the form of  
5 a true-up, 5, 10, 12, 15 months from now, or in the  
6 form of another 5 percent QIP rider at their whim  
7 each and every year moving forward? We were told by  
8 Illinois American that of this \$58 million in capital  
9 improvement that's being planned, approximately half  
10 is borne by the ratepayers based on the debt that  
11 they take on and half is borne by the capital --  
12 excuse me -- the investors of Illinois American.  
13 And, again, it comes to a question. Why, if the  
14 shareholders own all the assets, they have the  
15 long-term benefit of owning the assets and the income  
16 that those assets generate, why wouldn't 100 percent  
17 of the cost of constructing those assets be placed on  
18 the investors and the shareholders?

19 (Applause.)

20 The point that the Mayor makes  
21 about a franchise agreement, it begs for a public  
22 private partnership short of, as the Mayor said,

1 putting them out of business. I think the Village  
2 has been very willing to try to get to a franchise  
3 agreement level for the last 5 or 6 years and no  
4 avail; but when all of the costs for their future  
5 investments keeps getting placed on the current  
6 ratepayers, why shouldn't the current ratepayers have  
7 an ownership interest in the assets they you're  
8 paying for?

9 (Applause.)

10 That's all. Thank you.

11 (Applause.)

12 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank  
13 you, Aaron.

14 Larry Conrath.

15 MR. LARRY CONRATH: My name is Larry Conrath  
16 and I'm here to speak to, specifically, the charges  
17 that the Company is looking to increase with respect  
18 to their wastewater and sewer charges.

19 CHIEF PUBLIC HEARING OFFICER BENSKO: Larry,  
20 spell your name for the court reporter.

21 MR. LARRY CONRATH: My name is -- it's spelled  
22 Larry is spelled L-a-r-r-y; last name, C-o-n-r-a-t-h.

1 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank  
2 you.

3 MR. LARRY CONRATH: Thank you.

4 I am a resident volunteer on the Homer  
5 Glen Sewer and Water Task Force and I have attending  
6 the meetings and got involved in the discussions.  
7 It's a great forum that the Village puts out that  
8 allows us to hear firsthand the issues that they know  
9 we're all dealing with and my part tonight is just to  
10 speak to a couple of charts that I've prepared to  
11 give you an idea of what's going on with the  
12 wastewater and sewer charge increase request.

13 It's probably hard to see in the back;  
14 but I'll just say in summary, before August of last  
15 year, the Company charged a flat rate for every  
16 customer in Homer Glen every \$45.52 per home per  
17 month. There was a law change that occurred and  
18 there was a decision made to change it to what they  
19 call a volume metric billing system. Now, what that  
20 equated to was effective in August of last year,  
21 the -- Illinois American Water Company will reduce  
22 that flat rate service for all the customers but then

1 added a charge for every gallon of water that you  
2 receive.

3                   The way I presented it in this chart  
4 is the flat rate kind of covers the first thousand  
5 gallons of water that you send down the sewer. Now,  
6 there's a lot of smoke on the water there because,  
7 you know, we don't really know how much water when we  
8 get it really goes into the sewer, but the Company  
9 does provide the first thousand gallons for that flat  
10 rate existing since August of \$26 that went down from  
11 42 -- from 45 and then they have a rate per thousand  
12 on the next 8,000 gallons of water that you receive  
13 each month. That is going to be increased from -- I  
14 have to look at my own charts here for a second. I  
15 can't see my own chart. Excuse me. For an average  
16 homeowner that's using 8,000 gallons a month -- and I  
17 guess a comment that should be made there is there is  
18 still some confusion that we don't get resolved from  
19 the Company as to what the real average gallons per  
20 month that a regular homeowner uses is.

21                   In the literature that's been provided  
22 for the rate increase, the latest average that they

1 use and they refer to as a median user of water is  
2 5,000 gallons per month. Several months ago we were  
3 discussing this and they said they were using 6,000  
4 gallons per month; but I basically have conversations  
5 with my neighbors and for somebody that's in a  
6 single-family home with children, I know myself  
7 having been out here 30 years, when the kids were  
8 there, we were averaging between 10 and 12,000  
9 gallons a month. Look at your own bill. Look at  
10 your own family situation. The only reason I point  
11 that out is because a lot of the numbers that are  
12 coming out of this rate request are focused on the  
13 5,000 gallon a month average and I think it's closer  
14 to 8, maybe 9,000 gallons a month.

15 In any case, with the change in the  
16 rate structure going from \$45 per house, the increase  
17 that's now being requested will take somebody who  
18 using 8,000 gallons a month of \$4 a month in sewer  
19 cost; somebody at 12,000 gallons a month will go up  
20 \$37 and they are taking that flat rate first thousand  
21 back up from \$26 to \$42 flat rate. So all in, a  
22 person that's using 8,000 gallons a month, which I

1 consider to be the average usage out here, is going  
2 to be paying \$77 a month for wastewater treatment.  
3 That's a 70 percent increase.

4 Now, the next point I wanted to  
5 make on the chart is just that -- well, what does  
6 that mean to Illinois American Water? We've got  
7 about 6,000 residents out here and if you run the  
8 numbers, they're going to have an increased annual  
9 revenue of \$2.2 million for this sewer increase and  
10 for each homeowner who currently pays \$660 a year for  
11 sewer service, it's going to go over \$1,000 a year,  
12 which is a 55 percent increase.

13 Now, again, going back to what  
14 Aaron was just illustrating the reason that the  
15 Company is requesting for these, you know, egregious  
16 increases that they say that they're putting  
17 significant investment in the wastewater treatment  
18 here in Homer Glen. On this chart here, I've listed  
19 what they basically said they've paid in 2008 to --  
20 not paid, but what they increased the capacity of  
21 their wastewater treatment plant. They were running  
22 at 750,000 gallons a day in capacity and they

1 increased it double to a million 5 and at Chickasaw  
2 in 2010, they were planning on increasing the  
3 capacity from 750,000 gallons a day to a 1,250,000  
4 gallons a day.

5 Well, I'm kind of a numbers guy, so I  
6 just kind of ran the numbers. If our 6,000 residents  
7 are generating 5,000 gallons a month, then we're  
8 generating 900,000 gallons a day of sewer water, if  
9 we're generating -- or if we're generating 8,000  
10 gallons a month in sewer water, then our top level  
11 capacity of what we throw into those plants right  
12 know is about a million and a half gallons. The  
13 capacity they built to service us is 2,750,000  
14 gallons a day. So, basically, it's anywhere between  
15 two-thirds and one-half more capacity that's in the  
16 system than we currently use and, you know, the  
17 screaming question is why should current homeowners  
18 have to pay for the growth in that sewer treatment  
19 plant? We're never going to see the benefit of that,  
20 you know, the new residents, the new businesses  
21 should be, you know, in some way charged for that,  
22 you know. If anything, we're all getting older, our

1 usage is going to go down.

2 (Applause.)

3 The last chart that is being  
4 brought up here is, again, just for the wastewater  
5 treatment services, how does Homer Glen's rate  
6 compare to our neighboring communities? We are going  
7 to be paying on a rate per thousand, assuming 8,000  
8 gallons of water use each month, about \$9.67 per  
9 thousand gallons for wastewater treatment; Orland  
10 Township pays \$5.29; Orland Park, \$3.44; Mokena,  
11 3.60; New Lenox, 4.64; all in an average of about  
12 \$4.24 per thousand. We're going to be asked to spend  
13 \$9.67 per thousand. Our monthly bill, \$77 a month  
14 for wastewater on the average versus our neighbors  
15 paying \$34 a month on the average. So essentially,  
16 our neighbors from a standpoint of selling their  
17 homes to the marketplace versus us, they have built  
18 in advantage of anywhere between 35 and \$50 a month,  
19 Hey, we're cheaper on our water -- wastewater  
20 service, excuse me. I don't think that's proper.  
21 They're directly adjacent to us, they're not that  
22 much -- I mean, the only single difference I can see

1 is they're not Illinois American Water wastewater  
2 customers.

3 (Applause.)

4 In summary, the publicized,  
5 egregious as it's defined in Webster's Dictionary,  
6 extraordinary in a bad way, glaring, flagrant. Water  
7 and sewer costs will put Homer Glen residences and  
8 businesses at a direct disadvantage in selling your  
9 existing homes and properties and attracting new  
10 residents and businesses to our village.

11 Thank you for listening to our  
12 comments.

13 (Applause.)

14 Thank you.

15 CHIEF PUBLIC HEARING OFFICER BENSKO: Thank  
16 you.

17 Don Marr.

18 MR. DONALD MARR: My name is Donald Marr,  
19 that's D-o-n-a-l-d M-a-r-r. I'm a resident of Homer  
20 Glen and a member of the Homer Glen Sewer and Water  
21 Task Force. I did a rate comparison of surrounding  
22 communities of Homer Glen.

1           A VOICE:   Speak louder, please.

2           MR. DONALD MARR:   I did a rate comparison of  
3   surrounding communities in Homer Glen.  What I found  
4   was when comparing our current average cost of \$10.01  
5   per gallon, we're more than double the rates of  
6   surrounding communities.  If the proposed increase is  
7   approved, the cost would increase to \$12.63 for 1,000  
8   gallons and that would triple the rates paid by  
9   neighboring communities.  If the latest proposal  
10  increase is approved, it would represent a 75 percent  
11  increase over the past 8 years for water usage.  If  
12  the proposed increase is approved, a Homer Glen  
13  resident using 8,000 gallons of water would be paying  
14  \$165.73 for water and sewer.  That would be  
15  approximately 250 percent higher than most  
16  neighboring communities that are paying for it's same  
17  service.  What I found was is that if the proposed  
18  sewer rate increase is approved, we will be  
19  219 percent to 518 percent higher than neighboring  
20  communities.  It seems that many communities that  
21  surround Homer Glen aren't having any problems  
22  providing water and sewer service at an affordable

1 cost to their residents.

2                   During the current economic situation  
3 we're in, it seems the IAW is looking to put more  
4 burdens on the residents of Homer Glen. The  
5 consumers look to the ICC to protect from being  
6 charged excessive and unwarranted rates for the  
7 service we have no control over. I hope the ICC  
8 sends a message to the IAWA (sic) by turning down a  
9 proposed rate increase that forces them to look  
10 inside their company for a better cost-effective way  
11 to supply water and sewer to Homer Glen. Thank you.

12                   (Applause.)

13                   CHIEF PUBLIC HEARING OFFICER BENSKO: Rob  
14 Denton.

15                   MR. ROBERT DENTON: Boy, a lot of people here.  
16 Hi, name is a Rob Denton. I'm a Homer Glen resident  
17 and also member of the Water Sewer Task Force.  
18 Robert, R-o-b-e-r-t; Denton, D-e-n-t-o-n.

19                   I'd like to start by thanking you for  
20 bringing the forum up here to Homer Glen so that  
21 we're afforded the opportunity for more of our  
22 residents to attend here today. I'd like to focus a

1 little more on the ICC's role in these investigations  
2 tonight; but IAW, I won't disappoint you guys, you  
3 know I always have a few zingers for you.

4 Let me start out with the ICC's  
5 mission statement as posted on your Web site. It  
6 states, The ICC's mission is to pursue an appropriate  
7 balance between the interest of consumers and  
8 existing and emerging service providers to ensure the  
9 provision of adequate, efficient, reliable, safe and  
10 least cost public utility services. If we were to  
11 evaluate the performance of the ICC regarding this  
12 mission statement as it relates to the relationship  
13 between Illinois American and the residents of Homer  
14 Glen, we would thus consider the following attributes  
15 of IAW's service. Those would be adequacy,  
16 efficiency, reliability, safety and least cost  
17 services.

18 I believe most of us here tonight  
19 would say the water and sewer service is adequate,  
20 it's reliable for the most part and safe to this  
21 point. Customer service has been an issue with  
22 Illinois American in the past; however, some steps

1 have been taken to improve upon this. Efficiency and  
2 least cost service would most certainly be questioned  
3 which is where I'd like to focus tonight. Perhaps  
4 the easier way to state the goal of the ICC is to say  
5 that its purpose is to protect the interest of both  
6 providers and consumers.

7 To this point, it would appear that  
8 Illinois American's interests have been pretty well  
9 protected if you look at the past rate increases  
10 they've been afforded. However, I submit that most  
11 would find it quite difficult to say that the  
12 interests of Homer Glen residents have been protected  
13 throughout the past several years.

14 (Applause.)

15 As a benchmark of Illinois  
16 American's cost performance, I compared their cost  
17 structure to Homer Glen residents to the consumer  
18 price index since 2001 and that's the graph you see  
19 in front of you here which, again, I apologize, it's  
20 very difficult, I'm sure, to see in the back; but the  
21 small green line on the bottom there is the consumer  
22 price index which is reflecting what generally the

1 increase is going to be for typical consumer goods.  
2 The red and the blue lines are Illinois American's  
3 rates since 2001. You can see they're pretty well  
4 off the chart compared to CPI.

5                   If you compare Illinois American's  
6 rates from 2001 to present, including the rate  
7 increases currently requested, you'll see a  
8 96.9 percent increase in water and a 70.7 increase in  
9 sewer compared to the 21.87 percent increase in the  
10 CPI since 2001. Let me restate those numbers because  
11 I know it's hard to follow a lot of numbers. Water  
12 is up 97 percent; sewer is up 71 percent; CPI is only  
13 up 22 percent. To express these figures another way,  
14 water is increased more than four times than CPI and  
15 sewer is up more than three times as much as the CPI  
16 in this time frame.

17                   What is being done to see that  
18 Illinois American has incentive to control costs? I  
19 don't explain -- I don't need to explain the current  
20 state of the economy then; we're all aware of that.  
21 All other companies are finding ways to control  
22 costs. What is Illinois American doing in this

1 regard? Evidently not much if they're asking for  
2 another 30 percent on water and 50 percent on sewer.

3 (Applause.)

4 The timing of this increase could not  
5 be worse. As has been said already tonight, these  
6 rates are having a very negative effect on our  
7 community. It's impacting home values as well as  
8 overall development. Illinois American has made some  
9 poor business decisions through the years. As a case  
10 in point, the pipeline supplying Lake Michigan water  
11 to Homer Glen was oversized with the hope that other  
12 communities would tap in. This has not happened. So  
13 here we sit with the residents of Homer Glen and  
14 Bolingbrook and a few other communities bearing the  
15 burden of this expensive oversized pipeline.

16 (Applause.)

17 Why is it that consumers are forced  
18 to bear this cost? The investors of Illinois  
19 American should be more accountable for this cost,  
20 not the consumers. Another unfair burden being borne  
21 by Illinois American customers of this area is that  
22 of unaccounted for water. Illinois American is in

1 the business of operating a water utility. Part of  
2 their expertise should be the ability to control  
3 operations. This is their core business. They are  
4 the experts. The high rate of unaccounted for or  
5 essentially lost water is forcing the consumers to  
6 again pay more. As a business owner, it should be  
7 Illinois American's responsibility to control and pay  
8 for lost product, not the customers' responsibility.

9 (Applause.)

10 With reconciliations given to  
11 Illinois American through the years, they have little  
12 or no incentive to prevent lost water. Consumers  
13 will pay for it, so why bother to fix the problem?  
14 I'm not sure where the numbers came from earlier  
15 tonight, but I can tell you the 5 percent unaccounted  
16 water numbers we were given tonight earlier are  
17 nowhere near the numbers that they've been giving the  
18 Sewer and Water Task Force for the last 5 years. The  
19 numbers have been more like 12 to 13 percent, so I  
20 don't know where the 5 percent came from.

21 (Applause.)

22 I would ask the ICC, how would you

1 feel if you were forced to pay an extra 13 percent of  
2 groceries because the store lost part of their  
3 inventory or how about if your taxes went up that  
4 much because the government lost the money somewhere,  
5 wouldn't you be justifiably upset? I fail to see how  
6 the ICC is living up to their mission statement  
7 giving the reconciliation process you are giving to  
8 Illinois American.

9 Hold Illinois American more  
10 accountable for their business operations including  
11 the unaccounted water.

12 (Applause.)

13 Let me ask you another question.

14 How is it that the water company owns all the  
15 distribution system, however, when the water is lost  
16 from their system, the financial responsibility falls  
17 on the consumers? Let me reinforce that point.

18 Illinois American owns the system, but the customers  
19 are forced to pay for the lost water that they cannot  
20 account for. Why isn't that Illinois American's  
21 financial responsibility?

22 The ICC has been more than generous to

1 Illinois American over the past several years. It's  
2 time for the ICC to force Illinois American to  
3 tighten their belts and make due with what they have,  
4 side with the consumers for once, give more incentive  
5 to Illinois American to better control costs. Keep  
6 in mind that the role of the ICC, per your mission  
7 statement, is to protect both sides. The residents  
8 of Homer Glen are looking to you to uphold the  
9 consumer end of this mission statement. It's time  
10 the ICC says enough is enough, the rates are already  
11 higher than the norm than what they should be. Tell  
12 Illinois American they cannot have any more money.  
13 Find other ways to control costs, if need be, just  
14 like all other companies are doing. Protect the  
15 consumers as your mission statement suggests, tell  
16 them no. Tell them to come back to the table with a  
17 plan to reduced costs, not increase costs.

18 (Applause.)

19 Thank you. This is what the  
20 residents of Homer Glen are looking to the ICC for.  
21 Please uphold your mission statement in terms of  
22 efficiency and least cost services. Thank you.

1 (Applause.)

2 CHIEF PUBLIC HEARING OFFICER BENSKO: Mary  
3 Niemiec.

4 TRUSTEE MARY NIEMIEC: Mary Niemiec, M-a-r-y  
5 N-i-e-m-i-e-c.

6 Hi. I'm Mary Niemiec. I'm a village  
7 trustee. I'm co-chair of the Committee of --  
8 Economic Development Committee and I'm chair of the  
9 Sewer and Water Task Force and I am very fortunate,  
10 aren't I, to work with a great group of dedicated  
11 individuals, talented individuals that you've seen  
12 come up here and present you all of their research.

13 (Applause.)

14 The justification for the most  
15 recent request is that resources are needed to fund  
16 construction projects and infrastructure replacement  
17 costs. This is either poor business planning by not  
18 incorporating maintenance and upkeep as an ongoing  
19 operational expense, an attempt to increase on the  
20 backs of ratepayers or both. Why would a for-profit  
21 company engage in significant expansion before  
22 determining how they would pay for this? Illinois

1 American expanded Oak Valley at a cost of  
2 \$10 million. Now they're looking for a rate increase  
3 to pay for it.

4 As Aaron Fundich stated, ratepayers do  
5 not have a 50 percent equity, yet are providing  
6 50 percent of the funds for this expansion. Why are  
7 some of those projects even planned? Are these  
8 requests justified? Expert testimony by the Attorney  
9 General in this case has stated that Illinois  
10 American overstated its actual expenses in capital  
11 improvements by almost \$20 million. Should  
12 unrealized expenses be paid by current ratepayers?  
13 Why do they have a project at Derby Meadows for a  
14 clarified cover at \$315,000 where they are planning  
15 to expand and rework the plant?

16 Financial data collected for this case  
17 indicates that Illinois American intends to provide a  
18 100 percent diffident payout ratio for 2009. In  
19 other words, send profits to their parent company. I  
20 agree with Mayor Daley. Shouldn't they instead keep  
21 it here to use for capital improvements and deferred  
22 maintenance instead of sending it to the shareholders

1 and the parent company? I do see in the filings that  
2 Illinois American is planning on conducting a study  
3 to review best practices. However, I don't believe  
4 that ratepayers should be asked to pay \$602,000 to  
5 help the Company do what it should be doing anyway.

6 (Applause.)

7 You heard Mayor Daley discuss the  
8 Villages' attempts to work with Illinois American to  
9 decrease costs and improvement service. He also very  
10 clearly outlined the impact that that's having with  
11 this community. I talked to two real estate agents  
12 before I came here tonight. One is a real estate  
13 agent for residential communities and what she said  
14 is that when she mentions the possibility of a buyer  
15 moving to Homer Glen, that she gets the question and  
16 comments about the water and sewer charges. How much  
17 is your water? I heard they're really high. I don't  
18 know if I could afford the extra costs of those high  
19 water bills. Well, that's not rocket science here.  
20 It's affecting the desirability of people to want to  
21 move in this area, which in turn affects our property  
22 values. Less desirable equals less value equals

1 lower housing prices. We can't afford this.

2 I talked to a commercial real estate.  
3 This is a developer who is looking at trying to a  
4 track restaurants. He said this would be a disaster,  
5 quote unquote, for this because restaurants consume  
6 so much sewer and water that they could not afford to  
7 be operational in Homer Glen. How are we going to  
8 grow economically? How are we going to become a  
9 viable community here if we're looking at rates like  
10 this? If we've got a fire protection fee that's  
11 going to increase 74 percent? And you'll hear more  
12 about that later.

13 You've also heard from our Village  
14 engineer who's, you know, professionally engaged in  
15 several communities. His testimony dramatically  
16 illustrates the disparity in rates, municipal owned  
17 and privately owned operated facilities that are sale  
18 and -- and appropriate. Larry Conrath, who -- a CPA,  
19 if you couldn't tell by the quote that he's a numbers  
20 guy, he talked about the biometric rates; Don talked  
21 about other communities and Rob really asked the ICC  
22 to step it up. Protect us. We need you.

1                   If the ICC approves the rate increases  
2 based solely on the cost of doing business, then  
3 Illinois American will get that increase. Their  
4 costs are -- need to be verified and not overstated.  
5 Most businesses engage in due diligence, they engage  
6 in best practices and they implement efficiencies;  
7 but why should Illinois American -- if all they need  
8 to do is to demonstrate what they've spent or will  
9 spend or maybe thinking of spending, then the  
10 residents of Homer Glen and the ratepayers in the  
11 State of Illinois have no voice of protection. If  
12 that's all it takes to get this approved, it's a done  
13 deal. And we have no current options. They are not  
14 helping market conditions. It doesn't matter what  
15 they charge because we have to pay it. We have no  
16 choice but to pay for water to drink. It's a vital  
17 necessity and we, in Homer Glen, are served by a  
18 monopoly who can ask and receive revenues that are  
19 far behind what is justified, necessary and fair.

20                   (Applause.)

21                   Even a public utilities -- when the  
22 cost of sewer collection and treatment is 60 percent



1 increase profit to the full extent that the time is  
2 left? Why not increase capital investments now so  
3 that the value increases significantly? And if those  
4 projects can be funded by existing customers and not  
5 impact the profit margin, it's a win-win for the  
6 Company and the shareholders. Only the residents of  
7 Homer Glen and customers in the State of Illinois  
8 lose.

9 Illinois American officials have told  
10 us over and over again they don't set the rates, the  
11 Illinois Commerce Commission sets the rate. If  
12 that's the case, if that's the case, then please look  
13 very closely at what's being requested. Is it  
14 necessary? Is this the right time in our economy for  
15 this to occur? This community is begging you. This  
16 community cannot afford to pay for the increased  
17 profits for this for-profit company. Thank you.

18 (Applause.)

19 CHIEF PUBLIC HEARING OFFICER BENSKO: Kristin  
20 Munsch.

21 MS. MUNSCHE: Good evening. My name is Kristin  
22 Munsch, K-r-i-s-t-i-n M-u-n-s-c-h, and along with me

1 is my colleague, Sue Satter. I'm here from the  
2 Illinois Attorney General's Office.

3 (Applause.)

4 Thank you. I don't want to talk  
5 very long because I know a lot of people have things  
6 to say and I think we all appreciate the words that  
7 have already been said, but I just want to let you  
8 know a little bit of what we've done so far with the  
9 process and what we hope to continue to do.

10 As you heard here tonight, Illinois  
11 American Water Company is a regulated monopoly that  
12 provides water and sewer services that are essential  
13 to your town. State law requires the Illinois  
14 Commerce Commission to review the rate changes in  
15 order to ensure that they are fair to the public and  
16 the ICC has approximately 11 months to do so. Now,  
17 you've already heard that we intervened to ask to  
18 increase their rates. We have intervened in this  
19 rate case. We have intervened in the QIP case. We  
20 have intervened in the purchase reconciliation case  
21 and we've actually intervened and most of Illinois  
22 American Water rate cases and consumer cases for the

1 past few years.

2 Our experts in this case are reviewing  
3 the testimony and all of the discovery that's been  
4 done and have already made recommendations that would  
5 effectively cut the requested increase in half. Our  
6 experts have also recommended that independent study  
7 be performed at the Company's expense to uncover the  
8 cause of the Company's extremely high costs and look  
9 at whether or not it would be more economical or  
10 feasible to transfer the sewer treatment function to  
11 a local government agency.

12 (Applause.)

13 Most importantly, I think we all  
14 want to thank you for your time and interest in  
15 coming out. I've attended several of these hearings  
16 in other cases in a couple of years and I said to my  
17 colleague, I really don't expect there to be much  
18 participation, and she assured me it would be quite  
19 different and for that, I am very pleased. You know,  
20 you've heard your mayor and representatives tell you  
21 that the Illinois Commerce Commission is the final  
22 judge and that's true. And they need to listen to

1 you. Your participation here tonight brings  
2 democracy in the public sector into this regulatory  
3 process and that is absolutely essential.

4 As you heard earlier, there are many  
5 ways that you can continue to participate in these  
6 cases. You can go on-line to the Commerce  
7 Commission's Web site and make written comments. You  
8 can request to speak at their public open meetings  
9 and you can certainly call our office and we will  
10 help you find out how to get involved.

11 Again, I just want to keep this brief;  
12 but thank you very much and look forward to hearing  
13 the rest of your comments tonight.

14 (Applause.)

15 CHIEF PUBLIC HEARING OFFICER BENSKO: All it  
16 says is "Fire District." There was no name.

17 FIRE CHIEF SCHOFIELD: Representing the Homer  
18 Glen Fire Protection District and I asked my two  
19 staff members to join me. My name is Mike Schofield,  
20 M-i-k-e, S-c-h-o-f-i-e-l-d, and I am the fire chief  
21 of the Homer Township Fire Protection District.

22 First, I'd like to set this straight

1 that Illinois American Water provides absolutely no  
2 fire protection at all. To insinuate this is false  
3 and misleading and an insult to every firefighter in  
4 the state of Illinois.

5 (Applause.)

6 This fee was put in there by our  
7 own state government in order to allow Illinois  
8 American Water another way to get money from the  
9 residents. Now, when you have a fire protection  
10 charge, most people aren't going to argue that.  
11 Everybody wants to be safe. Their charge for fire  
12 protection, quote, is for the installation and  
13 maintenance of public fire hydrants attached to  
14 company mains. I've been at Homer Fire District  
15 since 1992 and every water main, every fire hydrant  
16 ever put it in has been put in by the developer or  
17 the resident or a subdivision. Illinois American  
18 Water has never installed new systems.

19 (Applause.)

20 Upsizing water mains, which I have  
21 not seen since I've been fire chief. I have not seen  
22 an increase in the size of water mains for our fire

1 protection system. We are charged \$4.51 and I'm not  
2 exactly sure where this money is going to when it  
3 comes to fire protection. When we built our fire  
4 station, we had to pay for our fire hydrant. We had  
5 to pay for our water main. We had to pay for our tap  
6 on fee and our meter from Illinois American Water and  
7 by "we," I mean you, the taxpayer, paid for it again.

8                   There's always a charge for  
9 unaccounted water and people ask, Well, how much  
10 water is the fire protection expending on structure  
11 fires? We've had three structure fires in the last  
12 3 years for a grand total of 1,100 gallons. That's  
13 1,100 gallons for three structure fires.

14                   We go out and inspect the fire  
15 hydrants once a year. We send our fire prevention  
16 out there and they just do a visual inspection  
17 because we do not own these hydrants -- we are not  
18 allowed to open them and do any maintenance, we just  
19 do a visual inspection -- and that report is turned  
20 into the Village and we've done this because in the  
21 past, prior to 19- -- prior to 2006, we've had many,  
22 many issues with lack of maintenance on our fire

1 hydrants and I will say that has improved but where  
2 had the money gone before that? That's what we want  
3 to know.

4 We don't get notice of what our fire  
5 protection or our hydrant pressures are to the fire  
6 district. We need to know when we have low pressure  
7 because low pressure can determine whether we can put  
8 a fire out quickly or not. In the summertime, except  
9 for this summer, we are forced to respond to any fire  
10 in Homer with tankers. The Homer Fire District has  
11 three tankers and in the past, in the summertime,  
12 water pressure has been so poor that if you open up a  
13 fire hydrant, it will dribble out and the only way we  
14 found out about this is like most people at home,  
15 when you turn the water on and you can tell the  
16 pressure is poor, if it's poor in your home, imagine  
17 what it is at the fire hydrant.

18 Every year -- ever time we go on an  
19 incident on a structure fire or car fire or anything  
20 like that, we go back to our fire station and we fill  
21 up our tank with the exception of a major incident,  
22 our fire engines carry 750 gallons of water. So if

1 we go on a car fire or brush fire or Dumpster fire,  
2 we might expel maybe 300 gallons of water, we got  
3 back to the fire station and fill up and we are  
4 charged by Illinois American Water. In return, you  
5 are paying it because you pay our taxes. When we  
6 have a fire, we have to go back and we have scrub all  
7 our tools. We have to clean our hose. Our hose has  
8 to be tested annually which involves several thousand  
9 gallons of water, which we pay for, the Fire  
10 District, which you pay for as the taxpayer, so you  
11 are paying twice. Every time an ambulance goes out,  
12 the ambulance comes in, it's washed down and cleaned.  
13 That's water that we pay that you are paying for  
14 through your taxes.

15 After the 911 attacks, the face of the  
16 fire department changed and I believe you were  
17 involved with --

18 CHIEF PUBLIC HEARING OFFICER BENSKO: Homeland  
19 Security.

20 FIRE CHIEF SCHOFIELD: Homeland Security.

21 I'm involved with the Illinois  
22 Terrorism Task Force and the subcommittee. The face

1 of the fire department has changed. We do a lot more  
2 training in hazardous materials and decon. And in  
3 our fire station, we set up decon drills where we set  
4 up sprayers and we take people and we move them from  
5 one section to another to decon them in case of a  
6 hazardous material or a terrorist attack and that  
7 costs -- that takes a lot of water. And, again, our  
8 training -- our training water when we use in the  
9 fire station is a charge we get through Illinois  
10 American Water because they charge us for the water  
11 in return, you know, that money is passed on to the  
12 taxpayer.

13 Another thing, the Homer Fire District  
14 has a specialized rescue team. It is our  
15 responsibility to protect all residents and everybody  
16 who works in our district. We have a confined space  
17 rescue team. We have several thousands -- I mean,  
18 tens of thousands of dollars invested in that  
19 equipment. The only confined spaces we have are  
20 Illinois American Water confined spaces. We've spent  
21 thousands of dollars every year to train our  
22 personnel to respond in case of emergency at an

1 Illinois American Water site lift station or trench  
2 when they have construction. We get no money in  
3 return, but we put out that money.

4 The Fire District, by state law, can  
5 only raise our levy 5 percent for CPI. CPI is  
6 .01 percent. The fire protection district cost this  
7 year are up 15 percent and our income is 8 percent.  
8 We cut -- we've cut, like most people have cut.  
9 We've cut classes, we've cut training and to have  
10 Illinois American Water claim they provide fire  
11 protection and come in with a 74 percent increase  
12 when our cost of doing business has gone up and our  
13 income has gone down is a disgrace.

14 (Applause.)

15 The biggest slap in the face for  
16 the Fire Protection District and firefighters all  
17 across Illinois is the fee they charge that is not  
18 listed on that bill outside. It's a fee for fire  
19 protection sprinkler systems. We have residential  
20 sprinkler systems, we have commercial sprinkler  
21 systems and by ordinance in Homer Glen, if you build  
22 a building other than a single-family home, it has to

1 be sprinklered.

2 Now, the firefighters have fought hard  
3 over the last 20 years to get laws that all new  
4 construction is sprinklered. Tom Lia, who is going  
5 to speak for us, was one of the people who forced and  
6 pressed to have sprinklers in all new schools in  
7 Illinois. That is something that firefighters have  
8 fought for for years and we finally got it and now  
9 Illinois American Water is charging a fee for fire  
10 sprinkler systems.

11 We, at our station, are charged \$69.53  
12 every month for a system that uses absolutely no  
13 water. We have spent over \$10,000 in the last  
14 14 years for a charge that we don't use. And on top  
15 of that, a sprinkler system in a building besides  
16 saving lives, saves water because is it stops the  
17 fire where it's at. So Illinois American Water is  
18 charging us, number one, because we're providing fire  
19 protection safety and conserving water with sprinkler  
20 systems. And what that has done lately is if you  
21 build in Homer Glen, now you have a charge of at  
22 least \$69 added onto your commercial business every

1 month and I tell you what, business owners are hit  
2 hard; and if people fight to resend the sprinkler  
3 ordinance because of this cost, it does nothing but  
4 jeopardize lives, our lives as firefighters and the  
5 lives of people in those buildings.

6                   It -- when I started to research this,  
7 I relied that this is a double charge. Number one,  
8 we're being charged the \$4.51 for fire protection and  
9 on top it, I've got a \$69.53 charge for fire  
10 protection. I'm the Fire Protection District, not  
11 them.

12                   (Applause.)

13                   I'm going to turn this over to our  
14 fire protection inspector, Joey Jeraminas.

15                   (Applause.)

16           MR. JOEY JERAMINAS: My name is Joey Jeraminas.  
17 Last name is spelled J-e-r-a-m-i-n-a-s. I just want  
18 to bring a mention of safety. There are three exits  
19 located in this room. Two located on this wall, on  
20 the back. There are three exits in this room. If  
21 you have to escape during emergency or evacuation,  
22 one in back, two on this side. The rest rooms are

1 right outside this door to the right. There's a  
2 wall -- I see people have to go to the bathroom and  
3 get something to drink, so there it is. Sorry it  
4 took so long. I apologize.

5 I know we've covered a lot this  
6 evening and I'm just going to go over a little bit  
7 more of what everybody has covered. I used to be a  
8 member of the Sewer and Water Task Force. I'll be  
9 coming back to them again. I see there's a concern.  
10 Here we are standing in a room full of concerned  
11 village residents asking the question when is enough  
12 enough? When is Illinois American Water going to  
13 take responsibility for their actions?

14 Illinois American Water stated that  
15 they need the increases for upgrading the water mains  
16 to provide adequate coverage for the residents. When  
17 are they going to start? In the last 5 years, I have  
18 not seen a proactive response for Illinois American  
19 in regards to unaccounted for water or the increase  
20 in water main size. This burden has fallen on the  
21 shoulders of developers and property owners. I'll  
22 give you an example of this. We put an addition on

1 our fire station. We have one of the facilities  
2 located right behind it, but there was not enough  
3 pressure in that water main for us to have adequate  
4 pressure for our building, so we had to put a fourth  
5 fire pump in. That's just ridiculous for what's  
6 going on.

7 State Bank of Countryside located on  
8 Parker Road, the same thing, not enough pressure.  
9 The size of the main coming down 159th Street is not  
10 big enough, they put a pump in. Sears Essential, the  
11 same thing, they wanted to expand, to put a tire  
12 center in, they didn't have enough water pressure or  
13 size, they had to put a pump in. That's an extra 50  
14 to \$60,000 depending on the size of your business to  
15 put a fire pump into your business.

16 Illinois American asks your community  
17 for help in fighting lost water, but is that not the  
18 job of the water purveyor? Is that not your job?  
19 That's what you have been charged for --

20 (Applause.)

21 I understand that you have the  
22 right to make money, but when does it go back into

1 the infrastructure? When are you going to increase  
2 the size of the water mains? When are you going to  
3 step up and take responsibility for your company's  
4 actions? When do the people have to stop paying for  
5 someone else's negligence? What does a proactive  
6 sprinkler community have to -- why does a proactive  
7 sprinkler community have to be punished because they  
8 want protection and peace of mind?

9 My final comment, when is enough  
10 enough? Thank you.

11 (Applause.)

12 MR. THOMAS LIA: It's hard to follow two fire  
13 chiefs. Thomas A. Lia, Northern Illinois Fire  
14 Sprinkler Advisory Board, 62 Orland Square, Orland  
15 Park, Illinois. Great job, Chief. L-i-a is the last  
16 name.

17 Consider -- I'll keep it real short --  
18 consider two identical commercial condo, townhome  
19 buildings built in Homer Glen or Orland Hills, next  
20 to each other; one with a fire sprinkler system, the  
21 other without. If a fire occurs in the building with  
22 the sprinkler system, the amount of water used to

1 fight the fire would be tremendously less than the  
2 amount of water used to fight the fire that would  
3 occur in an unsprinklered building. One sprinkler  
4 head puts out approximately 95 percent of the fires  
5 and it uses 15 gallons a minute. The fire department  
6 is there in 7 to 10 minutes and they put out the rest  
7 of the fire, it's all done. Yet, if fire protection  
8 fees were being charged for the sprinkler billing,  
9 the person spending their own money to save the water  
10 department money would be expected to pay an extra  
11 standby fee or a fire protection fee. I'll keep it  
12 short.

13 We need you to support residents and  
14 businesses of Homer Glen and Orland Hills by dropping  
15 the fire protection fees and follow the Kentucky  
16 example. The Kentucky Public Service Commission  
17 ordered all utilities that currently exceed a minimum  
18 monthly bill for fire protection services to file a  
19 new rate structure and to entirely eliminate the  
20 standby fees. If Kentucky could do it, Illinois  
21 could do it also. So let's drop those fees. Thank  
22 you.

1 (Applause.)

2 CHIEF PUBLIC HEARING OFFICER BENSKO: Alex  
3 Sved.

4 MR. ALEX SVED: My name is Alex Sved. Can hear  
5 me?

6 (Chorus of noes.)

7 Okay. I'm 86 years old. I'm going to  
8 speak on behalf --

9 CHIEF PUBLIC HEARING OFFICER BENSKO: Speak  
10 into the mic. Closer.

11 MR. ALEX SVED: I'm going to speak on behalf of  
12 my neighbors who are all octogenarians or even  
13 nonoctogenarians and I want to ask the Illinois  
14 American Water Commission (sic), how much would a  
15 bill for water \$2,000 get water and sewer be after  
16 the rates are going into effect that Illinois  
17 American Water is requesting? Now, I have here from  
18 last year at the same location, there was a meeting  
19 of ICC here also and last year prior to that in  
20 spring 1908 -- 2008, I used to pay for 2,000 gallons  
21 of water, \$75 because the sewer bill for 2,000 water  
22 usage, okay, was \$45 for 2,000 gallons, basically.

1                   Now, after the last year's hearing, I  
2   paid 20 percent less; \$62 or \$57 or \$60. All of us  
3   retirees are on a fixed income. After last year's  
4   early water and sewer hearing out here, the rates  
5   dropped by 20 percent and see businesses and people  
6   who are basically not using too much water because  
7   they are frugal. I mean, they were very happy; but  
8   now, I want you to answer how much is the next bill  
9   going to be for 2,000 gallons of water and sewer if  
10  the rates go into effect?

11                   Thank you very much. I appreciate it.

12                   (Applause.)

13                   I have to the tell the Attorney  
14  General's Office representatives and to Mayor Daley  
15  (inaudible) or the Governor of Illinois, also Homer  
16  Glen Village. Thank you very much. I appreciate it.

17                   (Applause.)

18                   CHIEF PUBLIC HEARING OFFICER BENSKO: Bob  
19  Lihosit.

20                   MR. BOB LIOHOSIT: Good evening. My name is  
21  Bob Lihosit. Bob, one O, L-i-h-o-s-i-t, and I am a  
22  new resident of Homer Glen. I just moved in to

1 Victorian Village, oh, a little over a year ago and I  
2 was quite impressed by the water bills. They are  
3 just fantastic and phenomenal and I know everybody  
4 here agrees with me.

5                   The other thing I'm impressed with and  
6 my old boss used to tell me, Bob, there's one thing  
7 he who has the numbers wins. So if you're Atlanta  
8 and you've got 21, you win. If you're USC and you've  
9 got 34, you win. Here, American Illinois American  
10 Water, they've got the numbers. He also told me  
11 another thing, nobody ever checks where the numbers  
12 came from, they just look at the numbers and they're  
13 very impressed. The other thing is I give them  
14 credit. They've come here to listen to all this, to  
15 hear everybody yell and scream at them. If I was  
16 with them, I'd do the same thing; I'd be here for the  
17 buck. I'd be here to get as much money as I could  
18 for my company or whatever. There are other people  
19 here, though, that were elected in Homer Glen who  
20 were supposed to be looking out for us and I'm also  
21 hearing here that there's all kind of things going on  
22 with the fire district, with everything else. How

1 did this get by? We know the ICC was put in there by  
2 Blagojevich, you think you got a chance? Huh. I got  
3 a bridge somewhere I could sell you; but you know  
4 what, my dad used to tell me, Son, you can't beat  
5 City Hall but you can go there, put doo-doo on the  
6 steps and let them know you've been there, create a  
7 stink. Let them know you've been there. You can't  
8 beat them, but let them know you've been there.  
9 Thank you.

10 (Applause.)

11 CHIEF PUBLIC HEARING OFFICER BENSKO: Laurel  
12 Ward.

13 MS. LAUREL WARD: Thank you. Laurel Ward,  
14 L-a-u-r-e-l, last name is W-a-r-d.

15 First, when we signed in to speak, we  
16 were asked if we were Illinois American customers and  
17 I want to state for the record that all of Homer Glen  
18 residents are Illinois American customers. There are  
19 a lot of people in our community, like me, that are  
20 on private well and septic but we pay taxes to taxing  
21 districts like the fire district and our schools and  
22 our churches and our community groups and our

1 charities. We support all of them with our money and  
2 they pay Illinois American rates. So for the record,  
3 all of Homer Glen residents are customers.

4 (Applause.)

5 I'd like to share a short parable  
6 to explain my thoughts about the Illinois American  
7 request. Please consider the following: A gentleman  
8 in our community wants to replace his driveway with a  
9 more environmentally friendly paver stone driveway.  
10 So he calls a paver supply company for a quote. I  
11 need four pallets of pavers, he says. The supply rep  
12 explains that she would prepare a quote, But just so  
13 you know, there will be a charge for delivery and  
14 four pallets of pavers requires a 20-foot truck. I  
15 understand, said Homer, Please sent me the quote.  
16 Well, he gets the quote and immediately he calls the  
17 supply company to inform them they've made a mistake.  
18 I asked for four pallets of pavers and you have  
19 quoted me five. Oh, that's right, said the rep. You  
20 see, we lose pavers along the way. Sometimes the  
21 load is not properly secured and some pavers fall off  
22 the truck. Sometimes the drivers stop for lunch and

1 since the truck is not secure, people might steal  
2 some of the pavers. And, of course, there are always  
3 people constructing driveways in your area and they  
4 too, may need pavers. So you see, we have to charge  
5 you for five pallets of pavers or we'll lose money.

6 Homer is stunned, but he also wants to  
7 know why he's being charged for two 45-foot trucks  
8 when he was told he only needed one 20-foot truck.  
9 Oh, says the rep, It's better that way. We can make  
10 more deliveries. If we can get other customers that  
11 need pavers, we can delivery your order then continue  
12 on down the road and deliver theirs, too. It's more  
13 efficient that way and is it saves money. But why  
14 are you sending two trucks asks Homer? Oh, no, you  
15 misunderstand. We aren't sending you two trucks,  
16 we're just charging you for two. We want to expand  
17 our operations and we need to by another truck. I  
18 don't get it, cries Homer. Why should I have to pay  
19 for your lost pavers and your expansion plans?  
20 Shouldn't that be your company's responsibility and  
21 paid by your future customers?

22 The rep does not have a good answer.

1 So what does Homer do? He does what all intelligent  
2 people does. He says, No thank you, and he calls  
3 another supply company.

4 (Applause.)

5 Homer Glen residents don't have  
6 that option. We don't have another supply company  
7 for water, neither does our taxing districts, our  
8 senior citizens, our community organizations, our  
9 not-profits, our charities. The only place we can  
10 look is to you, the ICC. We look at you to do what  
11 is right. Don't give Illinois American more money on  
12 the promise they're going to improve things and make  
13 things better. Make them make things better first.  
14 Tell them enough is enough. Say "no."

15 (Applause.)

16 CHIEF PUBLIC HEARING OFFICER BENSKO: Bruce  
17 Rogers.

18 MR. BRUCE ROGERS: My name is Bruce Rogers. I  
19 just don't want to be repetitive, but I would like to  
20 ask the ICC to definitely stop this rate increase and  
21 also back them down to where they are which our  
22 neighbors are and also I'd like to know --

1 (Applause.)

2 From Illinois Water, how are these  
3 charges between the water we use and the sewer done?  
4 If you're watering your lawn, how much sewer water  
5 are you charging us for? If you are watering bushes  
6 or vegetables or whatever, how is that charged?

7 And the last -- you talk about  
8 customer service. I don't appreciate your customer  
9 service people calling me and telling me that they're  
10 going to shut my water off when I go, For what  
11 reason? And the guy continues to go -- and they're  
12 called every day and they say, Please call back  
13 American Water. So you call them back and they say,  
14 You need -- we're just going to shut your water off.  
15 For what reason? Your bill wasn't paid. I got  
16 documentation right there with the confirmation  
17 number, and then the guy goes, Oh, well, your next  
18 bill is due. That was like four weeks later. So if  
19 that's the way you operate, maybe you should take  
20 some of your customer service people, put them out on  
21 the road and do some repairs rather than have them  
22 sit there and complain to the customers who are

1 paying their salary.

2 Thank you very much.

3 (Applause.)

4 CHIEF PUBLIC HEARING OFFICER BENSKO: Kevin  
5 Owen. Kevin Owen.

6 MR. KEVIN OWEN: Good evening. Kevin Owen,  
7 that's K-e-v-i-n O-w-e-n. I just wanted to come this  
8 evening to see what an Illinois Water -- Illinois  
9 American Water representative looks like. I've asked  
10 for you to come out and you haven't. I've called  
11 you. Please, I've had a lot of conversations with  
12 customer service folks, but I thought I'd just come  
13 and see what they look like.

14 You know, when you folks took over  
15 Citizen's Utility, I attended hearings and here's  
16 what I was told, three things: You guys were going  
17 to improve service, be cost effective, and be  
18 affordable. I saw a slide, I think Mr. Hillen put  
19 up, that showed a grade of a "D," that's generous,  
20 you get an "F" because you didn't do the three things  
21 that you said you were going to do. So I've called  
22 twice to have a visit by you folks and I was told

1 that you'll get a call. We'll call you in a day, we  
2 promise. Did they call? No. They didn't call. So  
3 I have to -- pardon me if I'm a little skeptical if  
4 you make any promises whatsoever because I can just  
5 say personally, I have not received what you said you  
6 were going to be doing.

7 I want to talk about the cost. The  
8 representatives from Homer have spoken eloquently,  
9 much more than I can except I was just going to use a  
10 word, your cost request is insane. I mean, this is  
11 just nuts.

12 (Applause.)

13 Now -- and one of my many wine  
14 sessions with -- it's not tasting wine, that's me  
15 complaining to them, I asked them -- a customer  
16 service representative, you know, what's their  
17 charge? What's their water charge? And I was told  
18 it's \$90, sort of like your sample bill of \$91.  
19 Let's see a show of hands who has a \$91 bill for  
20 water and sewer in this town?

21 (Inaudible responses.)

22 Looky, looky. I asked the customer

1 service rep I said, Am I an exorbitant user because  
2 my bill is 150 bucks?

3 (Applause.)

4 They told me I use 20 percent less  
5 than a normal family of four. I said, Okay. How do  
6 I get to your \$90? How can I do it? Can I do it?  
7 And she goes, Well, your sewer treatment is already  
8 about 50 bucks. So if you only live in your house  
9 maybe two weeks out of a month, you can get to it,  
10 and she was serious. You can't get to 90, Mr. Owen,  
11 there's no way you can reach that. So I like the  
12 sample of 90, so -- then you say it could be about  
13 134, so I'm going to have to assume my \$150 charge is  
14 200.

15 And, again, in my complaining to them,  
16 I called them up, of course, because you saw that  
17 article in the Chicago Tribune a couple weeks ago  
18 that said that -- people calling Illinois Water about  
19 a \$57 bill? I was like, How do I get that one?

20 (Applause.)

21 I would love to have a \$57 water  
22 bill, so I know you can do it. I know you guys can

1 do it. I'm asking you to do it.

2 (Applause.)

3 You know -- and lastly, you know, I  
4 know that this proposal -- and I'm upset about what  
5 it is and you're asking for something else. I just  
6 don't understand it because I know I'm in business,  
7 as most people here. If your proposal were to come  
8 in and if I was a businessperson, you made a proposal  
9 like that to me, you'd be laughed out of the room.  
10 You'd be blown out of water. There would be somebody  
11 who could do it for 50 percent less than you doing  
12 it. And guess what? It's just my gut reaction, but  
13 you heard the overwhelming evidence that it is being  
14 done. Other companies can do it, you guys can too  
15 and so I would respectfully ask, please deny this  
16 rate request. Other communities and municipalities  
17 are getting this already for much less than us. To  
18 ask us to pay more makes no sense because, you know,  
19 when it comes down to it, you got to ask a question,  
20 you've got to ask a question. Does this make sense?

21 (Chorus of nos.)

22 This does not pass the test. You

1 guys failed. The "D minus" was generous. Thank you.

2 (Applause.)

3 CHIEF PUBLIC HEARING OFFICER BENSKO: Mike  
4 Drey.

5 MAYOR CLaar: I'm not Mike Drey. Mike Drey is  
6 our director of public works in Bolingbrook. My name  
7 is Roger Claar, that's C-l-a-a-r, mayor of  
8 Bolingbrook for the past 23 years.

9 One, I'd like to thank Representative  
10 Kosel for making sure this project in the service  
11 area in question, she's been a real, real big help to  
12 the government and trying to clean up this issue --  
13 the issues with Illinois American. I'd also like to  
14 thank Mayor Daley for his excellent presentation.  
15 Your situation mirrors ours, so I'm not going to go  
16 through all those facts and figures.

17 Bolingbrook is 44 years old.  
18 Incorporated in 1965. One of the reasons it  
19 incorporated was to fight Citizens Utility. It was a  
20 big pain to us. We hoped when Illinois American  
21 bought, it things would improved. It's improved to  
22 the fact we have lake water, but the rate structure

1 is ridiculous. We fought lousy service; we fought  
2 lousy water; we fought lousy rates. Again, the water  
3 has been corrected with lake water, but we still have  
4 questions on service and the rates are ridiculous. I  
5 was stunned, absolutely stunned that I heard they  
6 were going to ask for a 30 percent rate increase. In  
7 this economy, in this time, it's ridiculous to ask  
8 for that kind of rate increase.

9 I'd like to again thank Representative  
10 Kosel for helping get legislation through which would  
11 enable us, as Homer Glen, Bolingbrook, Woodridge,  
12 Romeoville and Plainfield are banning together to  
13 take over Illinois American Water in our service area  
14 to get rid of this inefficient operation.

15 (Applause.)

16 We will need your help and I want  
17 to compliment the chief in the explanation of the  
18 fire protection charge, which is obscene, and in  
19 their defense, the ICC granted them the privilege to  
20 tack on that cute little fire protection charge which  
21 is -- again, it's an insult to our firefighters, the  
22 people are taxed through property tax and for fire

1 service and then to ding them every month for fire  
2 protection charge. We want to change this. We need  
3 all your help. Stay with us on this.

4 It's great to see such a large turnout  
5 tonight. I hope that the ICC listens to the citizens  
6 because Illinois American just doesn't get it.

7 (Applause.)

8 CHIEF PUBLIC HEARING OFFICER BENSKO: Rich  
9 Hilliard.

10 (No response.)

11 Rich Hilliard.

12 (No response.)

13 Going once? Going twice?

14 Edward Pell.

15 (No response.)

16 Edward Pell?

17 (No response.)

18 Debbie Litoborski.

19 MS. DEBBIE LITOBORSKI: Bingo.

20 CHIEF PUBLIC HEARING OFFICER BENSKO: Are you  
21 Edward?

22 MR. EDWARD PELL: Yes.

1                   My name is Ed Pell. It's spelled  
2 P-e-l-l and I live at 14400 Saddlebrook. I've been  
3 here about 5 years and some of the things I've  
4 noticed about the bills -- the gentleman had  
5 mentioned that \$55 bill, I got that article. I  
6 called the Tribune and I wanted to know where they  
7 got that number from. It seems like any one of you  
8 fellows, you just send in an article and they'll  
9 print it because you seem to have left off all the  
10 other charges, deliveries, sewer charges and stuff  
11 like that. I'll take a \$55 bill anytime. There's  
12 only my wife and I in the house, so we have a smaller  
13 bill than most people do. I don't know how the young  
14 families with three and four kids even pay their bill  
15 because they've got to use a lot more water than I  
16 do.

17                   Your sewer charges, there's 7,000  
18 houses in Homer Glen paying 4.51 a month, it comes  
19 out to \$392,370 a year and half the water mains or  
20 the sewer -- fire hydrants don't work. So I don't  
21 think you should get this charge. In fact, I think  
22 the one that you got last year should have been

1 rescinded.

2 (Applause.)

3 The lady that was just here from  
4 the State's Attorney thinks you should get half of  
5 what you get. Your trick is to come in and ask for  
6 twice as much as you want anyway, then if you get  
7 half, you are happy. You take all of your profits  
8 and send it to your stockholders and your executives.  
9 I wonder what kind of bonuses you guys get.

10 (Applause.)

11 We put the guy from Enron in jail,  
12 we put the guy from Tyco in jail, WorldCom in jail  
13 for stealing from their companies and maybe you guys  
14 should have an you audit -- an independent audit to  
15 find out just where your money is going --

16 (Applause.)

17 -- because it certainly isn't going  
18 to the service. I left -- 5 years ago, I left a  
19 house in Palos Park that was 9,000 square feet, I  
20 moved into one here that's 2,800. My water bill in  
21 Palos Park every two months with garbage pickup was  
22 \$140. Here, it's quite a bit more a month.

1 Thank you.

2 (Applause.)

3 MS. DEBBIE LITOBORSKI: My name is Debbie  
4 Litoborski, D-e-b-b-i-e L-i-t-o-b-o-r-s-k-i. I'm a  
5 resident of Homer Glen for 15 years. I've been at  
6 these meetings many times before and have spoken many  
7 times before.

8 2 years ago, I received a new fire  
9 hydrant. I guess I should say thank you. It was  
10 working before, but I got a new one, nice and shinny  
11 and then last year, this past summer I got another  
12 new one. Thanks again. I mean, I keep getting new  
13 ones; but then in June after it was put in a month  
14 later, three men -- three gentlemen pulled up in an  
15 Illinois American Water truck and asked me to move my  
16 cars over to the side because they were going to  
17 paint my water meter -- I mean, my fire hydrant and I  
18 said, Well, it's already painted. It's brand new.  
19 It was just put in a month ago and they said, Yes,  
20 but Illinois American Water asked us to repaint it.  
21 We're going to strip the paint and we're going to  
22 repaint it for you. And so we had to move our cars

1 and the three gentlemen that came to do it, one  
2 watched while he smoked his cigarette and the other  
3 two, one stripped and one spray painted and they  
4 said, Just stay away for a little bit, it will dry  
5 and then it will look nice again. I said, It looked  
6 nice before.

7 I've been here many, many times.  
8 I've asked many, many questions as have many of you  
9 and the problem is, we're still waiting for the  
10 answers. Okay. So what I'm doing now is turning to  
11 the Illinois Commerce Commission. I know that you  
12 are appointed and -- by oath -- you take an oath and  
13 in your statutes it states that you have -- you swear  
14 to equity for the fair treatment of consumers and  
15 investors, that the application of rates is based on  
16 public understandability to and acceptance of the  
17 reasonableness of the rate structure and level. And  
18 that factors -- other than cost of service is  
19 considered in regulatory decisions, the rationale for  
20 these actions is set forth; that the regulation does  
21 not result in undue or sustained adverse impact on  
22 utility earnings and that the rates for utility

1 services are affordable and therefore preserved, the  
2 availability of such services to all citizens. I ask  
3 you as an appointed official, are you working for the  
4 People of Illinois or for the Illinois American  
5 Water?

6 Thank you.

7 (Applause.)

8 MR. LITOBORSKI: My name is Gary Litoborski,  
9 G-a-r-y, same last name. Most of my thunder has  
10 already been taken either by the Mayor or anybody  
11 here talking about the obvious issues. The one thing  
12 that saddens me, though -- or, actually, two things  
13 is the fact that hearing that the last time we were  
14 here to find out they didn't even really listen or  
15 view what we said. I sure hope they do that now.

16 Another thing that saddens me -- I  
17 mean, I'm glad the lady was here from the Attorney  
18 General's Office, but for her to say -- to even  
19 reduce it to half is terrible.

20 (Applause.)

21 I implore it to be more -- even  
22 less than what we are paying now. We have a family

1 of six of us and it's hard, you know, our bills are,  
2 you know, very high and compared to what -- I have  
3 relatives in surrounding communities, it's  
4 ridiculous. And, Mayor, I know you are fighting to  
5 get the utility and I implore you to do it, by  
6 walking in here and seeing all the smug faces here,  
7 you have a big job ahead of you. These guys have a  
8 lot of smirks on their faces. I can tell just by  
9 looking at them. I'm looking at one right now.  
10 That's all I've got to say.

11 Thank you.

12 (Applause.)

13 CHIEF PUBLIC HEARING OFFICER BENSKO: Sue  
14 Hojdik.

15 MS. SUE HOJDIK: Good evening, every one. My  
16 name is Sue Hojdik, that is H-o-j-d-i-k.

17 My husband and I, we moved here to  
18 Homer Glen in 2000, the week after we were married  
19 and we thought this was like the greatest place to  
20 live ever. We came here, we settled in and we  
21 thought, wow, this is wonderful. Our bills are  
22 reasonable, it's -- we have great neighbors. We

1 really had no complaints. Well, maybe one little one  
2 at the time, we had well water. Well, you know, I  
3 started out as a child with well water where we  
4 lived, too, and I can understand why people would  
5 want the city water. You know, because with the well  
6 water, you got all that salt you have to buy and you  
7 get that slinky feeling to the water when you use it  
8 and everything, sometimes you get trouble with the  
9 wash and all. Well, we were happy with the bill. I  
10 mean, the bill was pretty cheep, you know. And I  
11 thought, well, you know, it can't be much worse if we  
12 got city water, so we never really thought about it.

13                   So we got the city water and we were a  
14 little bit surprised and I can't say that I pay as  
15 much as everyone else in here and that's mostly  
16 because we really do have to use our water over and  
17 over and over and I'll tell you, I know how those  
18 people got that \$50-something water bill. They had  
19 the daddy take the bath first, and then mommy takes a  
20 bath and the little guy gets it last and this is --  
21 I'm not kidding. This is not making fun. You take  
22 your water from the kiddy pool and you wash your car,

1     okay, and you got to have like two or three uses for  
2     all your water. Well, thank God I've kept mine  
3     underneath a lot of what you folks are paying, but it  
4     isn't without a lot of effort.

5                     I mean -- you know, I hate to say it,  
6     but we do have to watch how many times we flush the  
7     toilet. This is true. It's all true and, you know,  
8     we have a magazine in our town it's called Homer Glen  
9     Lifestyles. Ever see that come in the paper, guys?  
10    It's a beautiful magazine and it shows rolling hills  
11    and it shows the horses on the fence and everything,  
12    but think about it a minute. What they really should  
13    be showing is a picture of all of us naked in barrels  
14    standing in front of that fence because I'm telling  
15    you -- I'll keep it short, but I just wanted to say,  
16    you know, it's kind of a shame that now that the  
17    bills are already high as they are and even if we do  
18    use due diligence and we do all watch the water like  
19    you all asked us to do, I know that not everybody in  
20    Homer Glen has that kind of lifestyle where we can  
21    have all the nice things and the big houses. There  
22    are quite a few of us out here that do have to watch

1 our budgets and especially now, a lot of those people  
2 who started out with those lifestyles sure don't have  
3 that lifestyle now and what I'm asking is -- I  
4 understand that you're a private company and you do  
5 need to make a profit, well, that's okay. This is  
6 America and it's a capitalistic system and you have a  
7 right to make a profit; but in order to keep  
8 everybody happy here and to get along with us better,  
9 don't 'ya think maybe the people that you work for --  
10 because I'm not blaming you guys, you just work for  
11 the big guy and whoever he is, maybe he would think  
12 about not trying to raise the rates so badly that we  
13 have to decide whether we feed our children, our  
14 families, pay our mortgage or flush the toilet.

15 Thank you.

16 (Applause.)

17 CHIEF PUBLIC HEARING OFFICER BENSKO: Kevin  
18 Grers, G-r-e- -- I can't... Kevin G-r-e-r-s.

19 (No response.)

20 Russell Knaack.

21 TRUSTEE KNAACK: My name is Russell Knaack,  
22 R-u-s-s-e-l-l K-n-a-a-c-k, and I'm a resident of

1 Homer Glen as well as a trustee and I just want to  
2 make a few brief comments.

3                   We've heard a lot of different  
4 comments tonight and I think that the comment for the  
5 vast majority of them is a sense of desperation and  
6 the voice of desperation and it's multiplied, not by  
7 dozens or hundreds, but by thousands. It's  
8 multiplied by thousands of people in our community  
9 and those voices can't be ignored by the  
10 Commission -- by the Illinois Commerce Commission,  
11 they cannot be ignored.

12                   So I want to appeal directly to the  
13 Commission and I want to ask them to hold Illinois  
14 American Water to the absolute highest possible  
15 standard and the highest burden of proof because, in  
16 fact, they do have that ability and I want them to  
17 scrutinize this request like it's their daughter's  
18 first boyfriend. In fact, I think maybe they should  
19 send an independent auditor to the Company to sniff  
20 around to see if they feel this rate increase is  
21 justified and if it's not, I think that they should  
22 deny it and it not allow them to increase our rates

1 by 1 cent, not 1 penny.

2 Thank you.

3 (Applause.)

4 CHIEF PUBLIC HEARING OFFICER BENSKO: Tom  
5 Polke. Tom Polke.

6 MR. THOMAS POLKE: Good evening. Tom Polke,  
7 P-o-l-k-e, a resident of Homer Glen.

8 I guess a couple of things I'd like to  
9 point out, several of which we've talked about  
10 already, but two that are specifically relevant.  
11 One, in reading the Public Utility's Act it states,  
12 obviously amongst other things, regarding the cost of  
13 services that efficiency, The provision of reliable  
14 energy services at the least possible cost to the  
15 citizens of the state in such a manner that, Roman  
16 numeral II, all supply and demand options are  
17 considered and evaluated using comparable terms and  
18 methods in order to determine how utilities should  
19 meet their customers' demand for public utility  
20 services at the least cost.

21 I guess I must have missed the meeting  
22 because nobody asked me about putting in this giant

1 pipeline that ends in Homer that we all pay for and  
2 pay for until somebody else down the road who doesn't  
3 know about all these meetings taps on. Because as I  
4 look at this, there is no accountability. It seems  
5 that decisions are made and those decisions are then  
6 presented in forms or boxes that are checked and the  
7 ICC then has to look and understand, have all the  
8 costs been accounted for, has there been -- my second  
9 point, a fair or reasonable return to the investors?  
10 So I guess coming from a business background, where  
11 is the accountability for bad decisions? Is that  
12 something that should always be borne by the  
13 residents or is that something that ultimately flows  
14 back? Because as you look in hindsight and as we  
15 make each decision each day with our own finances,  
16 you have to understand the pros and the cons of what  
17 happens if I put off that repair until next year,  
18 things of that sort. I don't believe and I don't see  
19 the public's input in that process and I would ask,  
20 to the extent that we have elected officials here,  
21 that the public has a voice in that process prior to  
22 those funds being spent because at this point, the

1 horse is out of the barn and now all we're doing is  
2 fighting about, is it going to be 50 percent or 100  
3 percent or 110 percent of the costs that we're going  
4 to recover as opposed to why we do it in the first  
5 place.

6 My second point is, it talks about  
7 the -- utilities are allowed a sufficient return on  
8 investment so as to enable them to attract capital  
9 and financial markets at competitive rates. Well,  
10 with the Dow hitting 6600, with interest rates at a  
11 historic low, what is a reasonable and fair rate? I  
12 look at the last 10 years in the markets -- the  
13 capital markets, what's happened, we have a market  
14 that's gone flat, it's been sideways, it's gone down.  
15 People's 401(k)s, pensions are disappearing,  
16 insurance companies are blowing up.

17 What are these reasonable rates? I  
18 tried to read -- and somebody quoted earlier about  
19 the residents being able to understand where rates  
20 are based, how they're calculated and things of that  
21 sort. I read testimony on the Web site that showed  
22 one rate was quoted at 6.48 percent, one was

1 7.9-something, another one was 10-point-something.  
2 CDs earn 2 percent. People are scrounging around  
3 driving for hours to try to get an extra tenth to a  
4 basis point and I'm reading 7, 8, 9, 10, 11 percent  
5 rates. What are these rates? What are the returns?  
6 Are these long-term returns and is that something  
7 that is truly reasonable in the entire market or is  
8 it just the public utility market that you base your  
9 rates on?

10 So I guess with that, I would ask  
11 that we have some forum to involve the public and  
12 have a voice prior to the expenditure of these funds  
13 and, secondly, would you please look at these rates  
14 because I'm sure everyone in this room would love to  
15 have returns quarterly.

16 Thank you.

17 (Applause.)

18 CHIEF PUBLIC HEARING OFFICER BENSKO: Debbie  
19 O'Brien.

20 MS. DEBBIE O'BRIEN: My name is Debbie O'Brien,  
21 D-e-b-b-i-e O'B-r-i-e-n. I'm a resident of Homer  
22 Glen. I've prepared a statement that I was going to

1 read so I don't go off on any tangent here, but  
2 something that was said at the beginning of this  
3 meeting just threw me for a loop. In fact, it  
4 actually put me in a little bit of a twilight zone.

5 I was at the forum 2 years ago when  
6 they asked for a rate increase, okay. We were told  
7 then Homer Glen is paying the highest rate because of  
8 our high rate of unaccountable water. In fact, they  
9 were very adamant about it, that's why our rate was  
10 so high and they quoted then our rate of unaccounted  
11 for water was 14 percent. You can check any  
12 meetings -- minutes from these meetings, films from  
13 these meetings. They said 14 percent. Now all of a  
14 sudden it's 5 percent, below the norm. My rate  
15 hasn't gone down in the last 2 years. I don't think  
16 anybody's has. We have a house full of four adults.  
17 I do use 9,000 gallons months, that's my average. My  
18 average bills since August of last year \$154. This  
19 increase will bring that up to \$234 a month. One  
20 month for water. So I have to change some of my  
21 questions here because Illinois American Water has  
22 thrown me for a loop, as I said.

1                   They are now saying they need this  
2    increase for upgrades for maintenance, for repairs.  
3    Okay, so what is it? You are contradicting yourself.  
4    Do we still have unaccounted for water or has that  
5    been taken care of? Why haven't our rates been  
6    changed? Now you want to upgrade, why? Obviously  
7    you've upgraded enough if our water is down to  
8    5 percent.

9                   You should be held responsible for  
10   the operation of costs of your company. You are a  
11   private-owned company. You are not a municipal  
12   utility. You should be held responsible for this.  
13   Part of that cost of operations is upgrades,  
14   maintenance, repairs. Why are we paying for it? It  
15   is not in your best interest to find solutions to all  
16   this. It is not in your interest to lower our bills  
17   because that would only decrease your revenue, which  
18   the highest is coming from Homer Glen. You should be  
19   held accountable. You shouldn't be allowed an  
20   increase simply because you ask for it. I don't give  
21   raises that way. You want an increase, earn it. I  
22   have to earn the money to pay my bills every month,

1 you earn the money -- you earn this increase that you  
2 are asking for. I haven't seen it. I've only been a  
3 resident for 5 and a half years and I came from  
4 Chicago, believe me, I wasn't ready for these kind of  
5 water bills.

6 Now, a couple people have already  
7 quoted the ICC's mission statement, okay. The ICC is  
8 supposed to regulate these utility companies, okay,  
9 they're supposed to be on our side. They're supposed  
10 to not allow this kind of gouging by a utility  
11 company. Why aren't they doing their jobs?  
12 Regulating, I would assume, means everybody pays the  
13 same thing. All ComEd customers pay the same thing  
14 for electric, all Nicor Gas customers pay the same  
15 thing for gas. Why is there such a varying degree in  
16 water rates? And that's just for different suburbs,  
17 Orland, right next to us, Orland Hills, your --  
18 Orland is only paying \$49.15 for 12,000 gallons of  
19 water. We're paying \$113 for that same 12,000  
20 gallons of water. It's the same water coming from  
21 the same place. Why are we paying three times the  
22 amount? I don't understand.

1 I thought the ICC was here to stop  
2 this, but that hasn't happened. You were allowed --  
3 you were granted the last increase. I would hope, I  
4 would hope given the mission statement of the ICC  
5 with so many questions and unresolved issues that  
6 they will not allow this, not allow another increase,  
7 make you responsible for what you are charging us.  
8 Bring our rates down because you're contradicting  
9 yourself.

10 I am not part of the board. I am  
11 not on any task force. I am just a resident. I've  
12 been listening to you. It doesn't help because you's  
13 are lying. The ICC grants this increase, if they  
14 don't bring in some kind of investigation, shame on  
15 them, too.

16 (Applause.)

17 CHIEF PUBLIC HEARING OFFICER BENSKO: Brian  
18 Grzywacz.

19 (No response.)

20 Jean Pesavento.

21 MS. JEAN PESAVENTO: Hi. My name is Jean  
22 Pesavento, P-e-s-a-v-e-n-t-o. I live in

1 Unincorporated Orland Park, not Homer Glen, but we do  
2 share your water company.

3 In 2006, we went to Springfield, we  
4 got a group of people who went to Springfield to  
5 represent another increase in the water and my  
6 husband and I did some research on Illinois American  
7 Water Company and we found out some interesting  
8 facts. They had them in the paper that the ICC was  
9 wined and dined by the Illinois American Water  
10 Company and also we found out that that there was a  
11 person on the ICC that used to work for the water  
12 company. So how could they represent us -- that's  
13 their job to represent us. You just feel very --  
14 like you can't do anything. Why are we even here if  
15 these people that are supposed to be helping us  
16 don't? We need to get rid of them all and start over  
17 again. I don't know. I don't know what -- there is  
18 no answer for this because the people that are  
19 representing us are supposed to be helping us and  
20 aren't there and that's why we all have to come here  
21 and help ourselves, but nothing is going to change.  
22 They got their increase 3 years ago, they're probably

1 going to get it again. That's it.

2 (Applause.)

3 CHIEF PUBLIC HEARING OFFICER BENSKO: Is there  
4 anybody else that would like to speak on the record?

5 MR. MITIEIERO: Hi, Jim Mitieiero, it's  
6 M-i-t-i-e-i-e-r-o, and I'm a resident of Homer.

7 Tonight I've sat here and listened to  
8 a lot of people. I've listened to the water company  
9 present a bunch of facts that are very questionable.  
10 I listened to the officials talk about going back and  
11 forth and going back and forth. The lady from the  
12 Attorney General's Office says she wants to cut the  
13 rate increase in half. They started out saying that  
14 they knew they wouldn't get all of what they were  
15 looking for, they wanted to get a percentage of it.  
16 Well, I'd like to offer what I think is fair for  
17 everybody.

18 The water company is a private company  
19 and as a businessman, what I think would be fair --  
20 we heard from our engineer what all the surrounding  
21 communities are paying. Take an average of those  
22 surrounding communities and give that to IAW and as a

1 private company, it's then their problem to figure  
2 out how to make it work for them. Rather than sit  
3 here and say that they lost water, they did this;  
4 maybe they shouldn't have done that; maybe we should  
5 audit them, skip all of that. Any businessman will  
6 tell you you've got to find out what the customer is  
7 willing to pay and then make your business work to  
8 that dynamic and if you can't do that, you are  
9 failing business, all right. Just give them the  
10 average. They weren't open for negotiations and  
11 we're talking about how much more we're going to give  
12 them or maybe we shouldn't give them anything at all.  
13 Open it right from dollar one. Start out with what  
14 the averages are. Give them that amount and let them  
15 make it work. If they can't make it work, take a  
16 hike. It's just that simple.

17 (Applause.)

18 CHIEF PUBLIC HEARING OFFICER BENSKO: Anyone  
19 else?

20 Seeing none, I'm going to adjourn the  
21 first portion of this meeting. We have one half-hour  
22 to do the question and answer period.

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We will start in 3 minutes as soon as  
the court reporter leaves.

(Whereupon, the public forum  
in the above-entitled matter  
was concluded.)