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AQUA ILLINOIS, INC.
DIRECT TESTIMONY
OF
PAUL A. WRIGHT

WITNESS IDENTIFICATION AND BACKGROUND

Q. Please state your name and business address.

A. Paul A. Wright, 316 South Main Street, Wauconda, Illinois 60084.

Q. By whom are you employed and in what capacity?

A. I am Division Manager of the Northern Division of Aqua Illinois, Inc. ("Aqua" or the "Company") which owns and operates water and wastewater systems serving various municipalities and unincorporated areas in Kankakee, Vermilion, Champaign, Will, Cook, Lake, Boone, DeKalb, and Knox Counties, Illinois. For the purposes of this testimony, Aqua’s Northern Division operations consist of ten divisions: Candlewick Water Division, Candlewick Sewer Division, Oak Run Water Division, Hawthorn Woods Water Division, Hawthorn Woods Sewer Division, Ivanhoe Water Division, Ivanhoe Sewer Division, Ravenna Water Division, Ellwood Greens Sewer Division, and Fairhaven Water Division. These ten divisions will be addressed individually or collectively as “Northern Divisions” or “Northern Division Tariff Areas”.

1 **Q. Please state your educational, professional and business background and**
2 **experience.**

3 A. I am a graduate of San Bernardino Valley College, in San Bernardino, California
4 receiving an Associate's Degree of Science in Water Supply Engineering. Currently I
5 hold a Class A Water Treatment Operator Certification in Illinois. I have also held a
6 Class 5 Water Distribution Operator Certification in California, a Class 1 Water
7 Treatment Operator Certification in Wyoming, and a Class 3 Water Treatment Operator
8 Certification in California.

9 My professional affiliations include the Illinois Section of the American Water Works
10 Association, past member of the California-Nevada, Kentucky-Tennessee, and Texas
11 Sections of the American Water Works Association. I was a member of the Lake County
12 Formation Group for Water Planning and the Water Environment Federation. I have over
13 twelve years of experience in the water and wastewater utility business including
14 employment with City of Colton, California as a water distribution operator from 1999 to
15 2001. From 2001 to 2004, I was employed as the treatment and production operator for
16 Running Springs Water District in Running Springs, California where I handled the day
17 to day operations. From 2004 to 2007, I was the lead treatment plant operator for
18 Trabuco Canyon Water District in Orange County, California which served over 30,000
19 customers. While at Trabuco Canyon Water District, my responsibilities included the
20 oversight and operations of the entire water system as well as additional operational
21 duties within the wastewater system.

1 From 2007 to May of 2008, I worked for American Water Military Services Group and
2 was the Utilities Manager for the Scott Air Force Base near O'Fallon, Illinois. While at
3 Scott Air Force Base, I was responsible for the creation and implementation of a utility
4 department to run the day to day operations of the system. In June of 2008, I assumed
5 my current position of Division Manager of Aqua Illinois.

6
7 **Q. Are you familiar with the property, business and operations of the Northern**
8 **Division?**

9 A. Yes, I am.

10
11 **Q. What are your responsibilities as Division Manager of Aqua Illinois Northern**
12 **Division?**

13 A. I have overall responsibility of the day-to-day operations of the following systems: Oak
14 Run, Candlewick Lake, Ivanhoe, Ravenna, Hawthorn Woods, Ellwood Greens, and
15 Fairhaven. I am part of the management team which establishes employee levels,
16 working conditions, and safety requirements within guidelines established by the Board
17 of Directors and the President of the Company. My responsibilities include establishing
18 guidelines for negotiation of special contracts. In addition, I have the responsibilities
19 associated with providing excellent customer service and developing and controlling the
20 Company's operating, maintenance and capital budgets, as well as providing direction in
21 the areas of construction, operation, maintenance and protection of all property, facilities

1 and equipment required to maintain water and wastewater quality standards and
2 continuity of service.

3
4 **INTRODUCTION**

5 **Q. What is the purpose of your testimony?**

6 **A.** The purpose of my testimony is to provide background information regarding the
7 Northern Division. In addition, I will discuss the facilities and operations of the Northern
8 Division as well as certain matters related to the projections developed for the Division. I
9 will also discuss: (i) notice of the rate filing; and (ii) future capital requirements.
10 Business risks attendant with the operation of water and wastewater facilities in Illinois
11 are covered in testimony provided by Craig Blanchette in Aqua Ex. 1.0.

12
13 **Q. Would you provide an overview of the Company's filing with respect to the
14 Northern Division?**

15 **A.** Yes. In this proceeding, the Company has proposed an increase in rates for the Northern
16 Division. The rate increase proposed in this proceeding is based on data for a 2012
17 future test year. I will discuss operating matters for the Northern Division.

18
19 **Q. Are you sponsoring any Exhibits in this proceeding?**

20 **A.** Yes. I sponsor the 2009 Capital Additions set forth in Aqua Ex. 2.1, the 2010, 2011 and
21 2012 Capital Additions set forth in Aqua Ex. 2.2, and the Public Notice set forth in Aqua
22 Ex. 2.3. These exhibits were prepared by me, or under my supervision and direction.

1 **COMPANY BACKGROUND**

2 **Q. Would you please give a brief history of Aqua Illinois' Northern Division?**

3 A. In 1988, Aqua (then called Consumers Illinois Water Company or "Consumers")
4 purchased the assets of Candlewick Utilities, Inc., a utility company providing water and
5 sewer utility service to a residential lake development at Candlewick Lake in central
6 Boone County. In 1989, Consumers acquired Central Illinois Utility Company which
7 provided water service in the Oak Run development, a recreational residence community
8 in Knox County, Illinois. In 1999, Consumers Illinois Water Company and Philadelphia
9 Suburban Corporation merged. The merger was approved by the Commission in Docket
10 No. 98-0602, and closed on March 10, 1999. The names were changed in 2004 to Aqua
11 Illinois, Inc. and Aqua America, Inc. In 2002, Consumers acquired the water and sewer
12 assets from the Ivanhoe Country Club in Lake County serving 176 customers with both
13 water and sewer services. In 2004, Aqua entered into an agreement with the Village of
14 Hawthorn Woods and Toll IL HWCC, L.P. to provide water and wastewater services to a
15 proposed new development referred to as the Hawthorn Woods Country Club in the
16 Village of Hawthorn Woods in Lake County. At build out the development will serve
17 694 customers. In 2006, Aqua acquired from Concord at Ravenna L.L.C. in the Village
18 of Long Grove in Lake County its transmission and distribution and water treatment and
19 well facilities. The new development is referred to as Ravenna. At build out the
20 development will serve 133 water customers. In 2010, Aqua purchased the assets of the
21 Ellwood Greens sewer system serving 238 customers in DeKalb County and the assets of
22 the Fairhaven water system serving 88 customers in Lake County.

1 **PRESENT RATES**

2 **Q. Please discuss the present rates of the Northern Division.**

3 **A.** Aqua witness David R. Monie will be addressing the proposed rates and rate design.

4 Below I have listed the Commission Docket Numbers for each systems current rates:

- 5 • Candlewick Water and Sewer Tariff Areas were established in Docket Nos. 99-0288
6 and 98-0632.
- 7 • Ivanhoe Water and Sewer Tariff Areas, present rates were established in Docket No.
8 00-0366. According to the original Order and for a period of ten years, these rates are
9 not to exceed 100% of the charges for such service imposed by the Village of
10 Mundelein, as those charges are amended from time to time.
- 11 • Oak Run Water Tariff Area rates were established in Docket No. 05-0072.
- 12 • Ravenna Water Tariff Area rates were established in Docket No. 04-0527.
- 13 • Hawthorn Woods Water and Sewer Tariff Areas present rates were established in
14 Docket No. 07-0620. The Company agreed to cap its base rate increases in Docket
15 No. 07-0620 at 35% in both water and sewer despite evidence demonstrating that rate
16 increases were justified in the amount of 111% for water and 182% for sewer.
- 17 • Ellwood Greens Sewer Tariff Area rates were established in Docket No. 09-0335
18 effective April 15, 2010 when the system was purchased, and maintain the rates from
19 prior to the purchase but were changed to monthly billing from quarterly.
- 20 • Fairhaven Water Tariff Area rates were established in Docket No. 09-0369 effective
21 June 22, 2010 when the system was purchased, and maintain the rates from prior to
22 the purchase.

1 **Q. Has the Company filed new and revised tariff sheets for the Northern Division?**

2 A. Yes. By letter of transmittal, which has been identified as Aqua Ex. 1.3, the Company
3 filed proposed new tariff sheets for the area. The proposed tariff sheets are set forth in
4 Schedule E-1 of Aqua Ex. 8.1 and 8.11. Aqua witness David R. Monie sponsors the E-
5 Schedules and details the proposed changes in his testimony.

6

7 **Q. Will the Company publish public notices of filing with this Commission of the new**
8 **tariff sheets, which are the subject of this case, in newspapers of general circulation**
9 **in the areas served by the Company?**

10 A. Yes. Such notices will be published once each week for two consecutive weeks in the
11 following newspapers of general circulation in the service areas of the Northern
12 Division: The Pioneer Press in Long Grove, Hawthorn Woods, Mundelein, and
13 Barrington in Lake County, the Boone County Journal in Boone County, the Mid Week
14 in DeKalb County, and the Knox County Neighbors in Knox County. Copies of the
15 notice and certificates of publication attesting to the dates of publication for the public
16 notices will be submitted as Aqua Ex. 2.4 when the certificates become available.

17

18 **Q. Will the public notice be posted in the Company's business offices?**

19 A. Yes. Notices of the size and in the form specified by the Commission have been posted
20 in two conspicuous places in the business office of the Company at 1000 S. Schuyler
21 Ave, Kankakee, Illinois and at 322 N. Gilbert Street, Danville, Illinois in accordance
22 with 83 Ill. Admin. Code 255. In addition, copies of the tariffs and applicable rules and

1 regulations will be maintained in the office.

2
3 **Q. Will the Company also provide a notice and a description of the rate filing in bills**
4 **sent to customers?**

5 A. Yes. The notice will be included in the first bill sent to each customer after the
6 rate filing.

7
8 **Q. What are the primary reasons for proposing this increase in revenues?**

9 A. The requested increase is necessary to permit Aqua to provide the Company with an
10 opportunity to earn a fair return of and on its investment in utility plant and recover
11 operating expenses since the last rate case for each of the divisions. The infrastructure
12 investment that has been built is necessary to comply with federal and state drinking
13 water regulations and to provide safe and reliable water at the level of customer service
14 our customers expect. The 2012 test year levels of the expenses and rate base throughout
15 the Northern Division Tariff Areas have increased significantly over the levels reflected
16 in past orders.

17
18 The Company has made significant capital investments in each of the water and
19 wastewater systems mentioned above. These investments include collection system
20 improvements to decrease infiltration and inflow issues, updating the aeration system at
21 the wastewater treatment plants to resolve longstanding issues and increase efficiency,
22 security and SCADA updates to both water and wastewater facilities to improve

1 efficiency and reliability, pumping equipment updates to aid in efficiency and reliability
2 at the water plants, and metering updates and replacements. For example, in the
3 Ravenna Water Division, the Company has invested in efficiency and reliability
4 improvements throughout the system including upsizing the air supply for the hydro
5 pneumatic tank that supplies water and pressure to the system. The Company has also
6 done significant main and service line repairs, installed radio read transmitters on the
7 meters, purchased a radio read receiver system, put in new services and meters, replaced
8 hydrants, purchased back-up generators, and replaced pumps and blowers. All of these
9 capital improvements allow the Company to provide safe and reliable service, and these
10 investments are a primary driver behind the need for the requested rate increase.

11

12 **NORTHERN DIVISIONS AND FACILITIES**

13 **Q. Would you please describe the area and facilities served by the Northern**
14 **Divisions?**

15 **A.** Yes. The Northern Division has ten Tariff Areas. These Tariff Areas are:

- 16 ○ Hawthorn Woods Water Division provides water service for the customers
17 located in the Village of Hawthorn Woods, portions of the Village of Kildeer, and
18 in portions of unincorporated Lake County. Aqua also provides bulk water to
19 some areas served by Lake County. The Hawthorn Woods Water Division
20 derives its source of supply from two deep aquifer wells. The water is brought
21 into the Company's water distribution system from these well near the water plant
22 where the water is treated using ion exchange and then stored. The water

1 distribution system pressure is maintained by high service pumps and fire flow
2 pumps all run off of variable frequency drives.

3 ○ The Hawthorn Woods Sewer Division provides sewer service for the customers in
4 the Village of Hawthorn Woods. The Hawthorn Woods Sewer Division utilizes a
5 lagoon wastewater treatment plan, and only discharges effluent as irrigation water
6 for the Hawthorn Woods Country Club and the Heritage Park. The treated
7 wastewater is stored for use during the irrigation season.

8 ○ The Ivanhoe Water Division provides water service for the customers located in
9 the Ivanhoe Country Club development in unincorporated Lake County, west of
10 Mundelein. The Ivanhoe Water Division derives its source of supply from two
11 deep aquifer wells. The water is brought into the Company's water distribution
12 system and treatment is provided in compliance with IEPA regulations. The water
13 distribution system pressure is maintained by hydro pneumatic tanks.

14 ○ The Ivanhoe Sewer Division provides sewer service for the customers located in
15 the Ivanhoe Country Club development in unincorporated Lake County west of
16 Mundelein. The Ivanhoe Sewer Division utilizes a lagoon wastewater treatment
17 plant, and only discharges effluent as irrigation water for the Ivanhoe Country
18 Club. The treated wastewater is stored for use during the irrigation season.

19 ○ The Ravenna Water Division provides water service for the customers located in
20 the Ravenna and Autumn Woods developments in Long Grove. The Ravenna
21 Water Division derives its source of supply from two deep aquifer wells and is
22 treated using ion exchange. The water distribution system pressure is maintained

1 by the hydro pneumatic tank and supplied by the well pumps on alternating call.

- 2 ○ The Fairhaven Water Division provides water service for the customers located in
3 the Fairhaven development in unincorporated Lake County north of Barrington.

4 The Fairhaven Water Division derives its source of supply from two deep aquifer
5 wells and is then treated to maintain compliance with Illinois Environmental
6 Protection Agency (“IEPA”) regulations. The water distribution system pressure
7 is maintained by the hydro pneumatic tank and supplied by the two well pumps.

- 8 ○ The Candlewick Water Division provides water service for the customers located
9 in the Candlewick Lake community southwest of Poplar Grove. The Candlewick

10 Water Division derives its source of supply from one shallow and one deep
11 aquifer well. The water is brought into the Company’s water distribution system
12 through the deep aquifer well where the water is treated. The water distribution
13 system pressure is maintained by elevated storage and boosted by high service
14 pumps run off of variable frequency drives.

- 15 ○ The Candlewick Sewer Division provides sewer service for the customers located
16 in the Candlewick Lake community southwest of Poplar Grove. The Candlewick

17 Sewer Division discharges effluent into Beaver Creek through the wastewater
18 treatment plant within the Candlewick Lakes community. Sewer is conveyed to
19 the Company's wastewater treatment plant through lift stations located throughout
20 the service territory. The Company treats the raw wastewater as necessary to
21 maintain compliance with IEPA regulations.

- 22 ○ The Ellwood Greens Sewer Division provides sewer service for the customers

1 located in the Ellwood Greens subdivision in unincorporated Dekalb County
2 southwest of Genoa. The Ellwood Greens Sewer Division discharges effluent
3 into the South Branch of the Kishwaukee River through the lagoon wastewater
4 treatment plant within the Ellwood Greens subdivision. Sewer is conveyed to the
5 Company's wastewater treatment plant through lift stations located throughout the
6 service territory. The Company treats the raw wastewater as necessary to
7 maintain compliance with IEPA regulations.

- 8 ○ The Oak Run Water Division provides water service for the customers in the Oak
9 Run communities around Spoon Lake in unincorporated Knox County north of
10 Dahinda. The Oak Run Water Division derives its source of supply from two deep
11 aquifer wells. The water is brought into the Company's water distribution system
12 through these two wells near the water plant where chlorine is added to maintain
13 compliance with IEPA regulations. The water distribution system pressure is
14 maintained by elevated storage and supplied by well pumps on alternating call.
15

16 **PLANT INVESTMENT**

17 **Q. Have you prepared information showing the major additions to plant for the**
18 **Northern Division Tariff Areas from January 1, 2009 through December 31, 2009?**

19 **A.** Yes. This information is provided in Aqua Ex. 2.1.
20

21 **Q. Do you have an Exhibit that shows the major additions for 2010 as well as items**
22 **included in the capital projection for the Northern Division Tariff Areas in 2011 and**

1 **2012?**

2 A. Yes, these items are shown on Aqua Ex. 2.2.

3

4 **LABOR COSTS**

5 **Q. Would you comment on the forecasted level of labor expense for the Northern**
6 **Division Tariff Areas?**

7 A. The estimated labor expenses in 2011 and 2012 have been projected based on general
8 inflation rates and competitive market analysis of wage rates in the water utility industry.
9 Estimated labor expenses in 2011 and 2012 are also projected on wage rates in
10 neighboring Aqua divisions covered under collective bargaining agreement.

11

12 **Q. Does this conclude your testimony?**

13 A. Yes, it does.

Candlewick Water Project Titles	Total
Meters	50,184.14
Services	20,169.97
Fire Hydrants	6,109.31
Communication Equipment and Upgrades	511.00
Well Improvements	<u>11,472.57</u>
Total	<u><u>88,446.99</u></u>

Oak Run Water Project Titles	Total
Meters	8,143.63
Services	3,275.21
Water Storage Improvements	1,388.55
Well Improvements	3,256.30
Total	<u>16,063.69</u>

Ravenna Water Project Titles	Total
Meters	(861.19)
WTP Improvements	<u>25,972.70</u>
Total	<u><u>25,111.51</u></u>

Ivanhoe Water Project Titles	Total
Meters	1,641.78
Services	592.09
Office Furniture and Equipment	1,021.96
Total	<u>3,255.83</u>

Hawthorn Woods Water Project Titles	Total
Main Extensions & Contributed Property	125,782.85
Meters	(3,336.10)
Services	6,900.00
WTP Improvements	15,810.34
Tools and Equipment	(221.21)
Well Improvements	143,779.31
Office Furniture and Equipment	1,089.27
Total	<u>289,804.46</u>

Hawthorn Woods Sewer Project Titles	Total
Main Extensions & Contributed Property	635,832.33
Irrigation Improvements	11,021.47
Field Equipment	13,360.05
Office Furniture and Equipment	1,861.30
Total	<u>662,075.15</u>

Candlewick Sewer Project Titles	Total
Collection System Improvements	12,297.31
Services	5,701.22
WWTP Improvements	89,865.25
Lift Station Improvements	87,247.35
Office Furniture and Equipment	3,598.87
Total	<u>198,710.00</u>

Ivanhoe Sewer Project Titles	Total
Irrigation Improvements	2,828.02
WWTP Improvements	4,442.33
Lift Station Improvements	40,859.92
Communication Equipment and Upgrades	613.00
Total	<u>48,743.27</u>

2010, 2011, and 2012 Capital Additions
Candlewick Water

Candlewick Water Additions	2010	2011	2012
Main Extensions & Contributed Property	-	-	-
Water Main Breaks	1,895.12	2,000.00	2,000.00
Services	29,837.79	18,200.00	18,200.00
Distribution System Improvements	-	11,440.54	25,000.00
Well Improvements	11,905.22	25,000.00	-
Meters	39,961.01	51,000.00	51,000.00
Fire Hydrants	2,640.63	2,500.00	2,500.00
WTP Improvements	-	22,000.00	22,000.00
Tools and Equipment	1,316.77	2,000.00	2,000.00
Communication Equipment	6,294.71	32,000.00	2,000.00
Office Furniture and Equipment	-	2,000.00	4,000.00
Customer Service Equipment	-	10,000.00	-
Security	805.00	2,000.00	2,000.00
Total 2010, 2011, and 2012	94,656.25	180,140.54	130,700.00

2010, 2011, and 2012 Capital Additions
Candlewick Sewer Division

Candlewick Sewer Additions	2010	2011	2012
Main Extensions & Contributed Property	-	-	-
Collection System Improvements	165,699.88	165,000.00	165,000.00
Refunds to Developers	-	1.00	1.00
Services	12,645.88	12,000.00	17,000.00
WTP Improvements	169,225.02	80,000.00	80,000.00
Communication Equipment	2,224.00	20,000.00	-
Lift Station Improvements	26,783.42	10,000.00	15,000.00
Tools and Equipment	-	5,000.00	10,000.00
Office Furniture and Equipment	3,436.32	2,000.00	2,000.00
Field Equipment	-	-	-
Security	3,082.46	2,000.00	2,000.00
Vehicles and Equipment	-	25,000.00	25,000.00
Building and Grounds Improvements	-	3,000.00	-
Total	383,096.98	324,001.00	316,001.00

2010, 2011, and 2012 Capital Additions
Hawthorn Woods Water

Hawthorne Woods Water Additions	2010	2011	2012
Main Extensions & Contributed Property	63,963.88	10,000.00	-
Water Main Breaks	-	2,000.00	2,000.00
Refunds to Developers	-	1.00	1.00
WTP Improvements	18,918.88	40,000.00	25,000.00
Distribution System Improvements	6,559.24	-	-
Meters	12,440.70	5,000.00	5,000.00
Services	24,614.46	25,000.00	25,000.00
Fire Hydrants	1,532.00	1,000.00	1,000.00
Well Improvements	(7,731.77)	-	-
Vehicles and Equipment	-	10,000.00	-
Customer Service Equipment	-	4,000.00	-
Tools and Equipment	7,357.52	25,000.00	25,000.00
Total 2010, 2011, & 2012	127,654.91	122,001.00	83,001.00

2010, 2011, and 2012 Capital Additions
Hawthorn Woods Sewer

Hawthorne Woods Sewer Additions	2010	2011	2012
Main Extensions & Contributed Property Services	-	10,000.00	-
Tools and Equipment	2,601.52	15,000.00	15,000.00
WTP Improvements	12,054.05	-	-
Lift Station Improvements	-	-	10,000.00
Collection System Improvements	-	-	3,000.00
Office Furniture and Equipment	1,329.17	-	2,000.00
Vehicles and Equipment	-	5,000.00	-
Security	1,886.38	1,000.00	1,000.00
Total 2010, 2011, 2012	17,871.12	31,000.00	31,000.00

2010, 2011, and 2012 Capital Additions

Ivanhoe Sewer

Ivanhoe Sewer Additions	2010	2011	2012
WWTP Improvements	5,628.39	31,500.00	6,500.00
Collection System Improvements	-	15,750.00	15,750.00
Communication Equipment and Upgrades	-	10,000.00	-
Lift Station Improvements	-	-	25,000.00
Building and Grounds Improvements	47,528.14	-	-
Tools and Equipment	-	2,000.00	6,000.00
Vehicles and Equipment	-	5,000.00	-
Security	1,074.00	10,000.00	-
Total 2010, 2011 & 2012	<u>54,230.53</u>	<u>74,250.00</u>	<u>53,250.00</u>

2010, 2011, and 2012 Capital Additions
Ivanhoe Water

Ivanhoe Water Additions	2010	2011	2012
Water Main Breaks	-	1,000.00	1,000.00
Meters	(1,289.92)	8,750.00	8,750.00
Services	-	1,000.00	2,500.00
Fire Hydrants	1,857.00	500.00	500.00
Communication Equipment and Upgrades	-	30,000.00	-
Well Improvements	1,330.57	-	-
WTP Improvements	8,564.10	16,441.00	-
Tools and Equipment	123.08	500.00	500.00
Office Furniture and Equipment	-	500.00	-
Customer Service Equipment	-	4,000.00	-
Security	160.00	1,000.00	-
Total 2010, 2011, 2012	<u>10,744.83</u>	<u>63,691.00</u>	<u>13,250.00</u>

2010, 2011, and 2012 Capital Additions
Oak Run Water

Oak Run Water Additions	2010	2011	2012
Water Main Breaks	1,954.83	1,500.00	1,500.00
Meters	13,366.27	21,000.00	21,000.00
Services	6,035.03	12,500.00	13,500.00
Fire Hydrants	3,890.14	6,000.00	6,000.00
Communication Equipment and Upgrades	53,760.05	1,000.00	1,000.00
WTP Improvements	3,072.81	9,000.00	20,000.00
Customer Service Equipment	5,028.73	6,500.00	-
Well Improvements	-	1,000.00	1,000.00
Security	-	-	1,000.00
Vehicles and Equipment	-	40,000.00	-
Tools and Equipment	566.47	1,000.00	1,000.00
Total 2010, 2011, & 2012	87,674.33	99,500.00	66,000.00

2010, 2011, and 2012 Capital Additions

Ravenna Water

Ravenna Water Additions	2010	2011	2012
Meters	499.00	-	-
WTP Improvements	5,570.28	-	-
Tools and Equipment	542.57	2,000.00	2,000.00
Customer Service Equipment	-	2,000.00	-
Vehicles and Equipment	-	5,000.00	5,000.00
Total 2010, 2011, & 2012	6,611.85	9,000.00	7,000.00

2010, 2011, and 2012 Capital Additions
Ellwood Greens Sewer

Ellwood Greens Sewer Additions	2010	2011	2012
Collection System Improvements	-	1,500.00	1,500.00
Communication Equipment and Upgrades	4,384.50	-	-
WWTP Improvements	16,048.65	-	-
Lift Station Improvements	25,171.85	30,000.00	5,000.00
Building and Grounds Improvements	1,280.92	-	-
Acquisition Costs	-	-	-
Total 2010, 2011, & 2012	46,885.92	31,500.00	6,500.00

2010, 2011, and 2012 Capital Additions
Fairhaven Water

Fairhaven Water Additions	2010	2011	2012
WTP Improvements	24,280.33	62,000.00	-
Communication Equipment and Upgrades	-	7,000.00	-
Meters	17,515.66	21,000.00	-
Services	2,515.00	3,000.00	5,000.00
Water Storage Improvements	-	45,000.00	-
Total 2010, 2011, & 2012	44,310.99	138,000.00	5,000.00

PUBLIC NOTICE

Notice of Proposed Change in Schedule of Rates to customers of the Candlewick Division of Aqua Illinois, Inc.

April 6, 2011

Dear Customer:

Aqua Illinois, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in its rate schedules for water and wastewater service in all areas served by the Candlewick Division, which includes all subdivisions within the gates of the Candlewick Lakes community.

Aqua has not filed water and wastewater requests for rate increases for Candlewick customers in 11 and 14 years since 2000 and 1997, respectively. Additionally, Aqua is not raising availability fees for water or wastewater.

RATE REQUEST

The changes for all classes of wastewater service, if approved by the ICC, would result in an overall revenue *decrease* of 17.9 percent. Aqua has also proposed volumetric rates for Candlewick wastewater customers, eliminating the existing flat rate structure for customers that share Aqua water service. The \$73.82 flat rate will decrease to a \$36 basic rate and charges will be consumption based. The proposed decrease in wastewater rates is set out in Tariff ILL. C.C. No. 50, Section 2 filed with the ICC.

The changes for all classes of water service, if approved by the ICC, would result in an overall revenue increase of 56.7 percent, a portion of which is fire protection charges. If the water rate request is granted in full as filed, an average monthly residential water bill (4,284 gallons) would increase by \$20.95, (\$.69 cents per day) to \$55.60. At the new rate, customers would have a full day's worth of water (141 gallons) for \$1.83 per day – approximately a penny per gallon. The proposed increase in water rates is set out in Tariff ILL. C.C. No. 49, Section 2 filed with the ICC.

Due to increased efficiency, Aqua was able to hold costs down and request a **combined water and wastewater rate increase of only 6 percent.** This request will undergo a review by the ICC for up to 11 months.

Since the last general rate order issued in 2000 through the applicable period covered by this rate filing (2012), Aqua will have put into service more than \$1.85 million in water system improvements, including: upgrades and enhancements to the water plant and distribution system to improve efficiency, reliability, safety, security and compliance with Illinois Environmental Protection Agency (IEPA) standards; the addition of an interconnect with the Poplar Grove water system to be used in the case of an emergency; installation of new state-of-the-art meters to ensure accurate readings, decrease estimated bills and decrease the need for Aqua employees to enter customers' homes; and vehicle replacements to increase staff reliability and efficiency and ensure prompt responses to emergency situations – **representing improvements of approximately \$1,012 per water customer.**

In addition, Aqua will have put into service more than \$3.37 million in wastewater system improvements since 1997, including: upgrades, additions and new equipment installations at lift stations and the treatment plant to improve overall efficiency, reliability, security and compliance with IEPA standards; these enhancements also reduced complications caused by power outages and improved response time – **representing improvements of approximately \$1,844 per wastewater customer.**

ICC ROLE

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rates in amounts other than those requested by the company.

ACTIONS YOU CAN TAKE

Any interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Adm. Code 200. A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the company at 1000 S. Schuyler Avenue, Kankakee, Illinois. All parties interested in the matter may obtain information with respect thereto either directly from Aqua Illinois or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

Paul A. Wright
Division Manager, Candlewick
Aqua Illinois, Inc.

PUBLIC NOTICE

Notice of Proposed Change in Schedule of Rates to Customers of the Hawthorn Woods Division of Aqua Illinois, Inc.

April 6, 2011

Dear Customer:

Aqua Illinois, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in its rate schedules for water and wastewater service in all areas served by the Hawthorn Woods Division, which includes the Hawthorn Woods Country Club and surrounding areas of the Village of Hawthorn Woods, parts of the Village of Kildeer, and parts of unincorporated Lake County.

Aqua last filed water and wastewater requests for rate increases in 2008, at which time the Company voluntarily capped both filings at 35 percent despite capital investment and increases in expenses that justified an increase of approximately 111 percent in water and 182 percent in wastewater.

RATE REQUEST

The changes for all classes of water service, if approved by the ICC, would result in an overall revenue increase of 83.2 percent. If the water rate request is granted in full as filed, an average monthly residential water bill (7,966 gallons) would increase by \$39.41, (\$1.30 per day) to \$95.74. At the new rate, customers would have a full day's worth of water (262 gallons) for \$3.15 per day – approximately a penny per gallon. The proposed increase in rates is set out in Tariff ILL. C.C. No. 49, Section 2 filed with the ICC.

The changes for all classes of wastewater service, if approved by the ICC, would result in an overall revenue increase of 45 percent. If the wastewater rate request is granted in full as filed, an average monthly residential wastewater bill would increase by \$24.29, (\$.80 cents per day) to \$78.35. At the new rate, customers would have a full day's worth of wastewater conveyance and treatment for \$2.58 per day. Aqua has also proposed volumetric rates for Hawthorn Woods wastewater customers, eliminating the existing flat rate structure for customers that share Aqua water service. The \$54.05 flat rate will decrease to a \$36 basic rate and charges will be consumption based. The proposed increase in wastewater rates is set out in Tariff ILL. C.C. No. 50, Section 2 filed with the ICC.

This request will undergo a review by the ICC for up to 11 months. Since the last general rate order issued in 2008 through the applicable period covered by this rate filing (2012), Aqua will have put into service more than \$622,000 in water system improvements, including: improvements to the treatment plant and wells to increase yield, efficiency and reliability, and maintain compliance with Illinois Environmental Protection Agency (IEPA) regulations; additions to the distribution system to increase number of customers connecting to the system; installation of dedicated sample stations to prevent the need to enter customers' homes to obtain the necessary water samples; installation of new services and state-of-the-art meters to increase accuracy and eliminate estimated bills; replaced and upgraded hydrants to ensure proper fire protection and system flushing – **representing improvements of approximately \$1,371 per water customer.**

In addition, Aqua will have put into service more than \$100,000 in wastewater system improvements, including: improvements in the irrigation system and the monitoring process in select areas using reclaimed water to increase reliability; equipment upgrades at the treatment plant to improve efficiency; and upgrades to lift stations, which have helped increase reliability – **representing improvements of approximately \$238 per wastewater customer.**

ICC ROLE

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rates in amounts other than those requested by the company.

ACTIONS YOU CAN TAKE

Any interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Adm. Code 200. A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the company at 1000 S. Schuyler Avenue, Kankakee, Illinois. All parties interested in the matter may obtain information with respect thereto either directly from Aqua Illinois or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

Paul A. Wright
Division Manager, Hawthorn Woods
Aqua Illinois, Inc.

PUBLIC NOTICE

Notice of Proposed Change in Schedule of Rates to Customers of the Ellwood Greens Division of Aqua Illinois, Inc.

April 6, 2011

Dear Customer:

Aqua Illinois, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in its rate schedules for wastewater service in all areas served by the Elwood Greens Division, which includes the Ellwood Greens subdivision.

This is the first time the company has filed a rate request since it acquired the system last year.

RATE REQUEST

The changes for all classes of wastewater service, if approved by the ICC, would result in an overall revenue increase of 167.5 percent. If this rate request is granted in full as filed, an average monthly residential wastewater bill would increase by \$40.71, (\$1.34 per day) to \$64.49. At the new rate, customers would have a full day's worth of wastewater conveyance and treatment for \$2.12 per day.

The proposed increase in rates is set out in Tariff ILL. C.C. No. 49, Section 2 filed with the ICC.

This request will undergo a review by the ICC for up to 11 months.

Since the system was purchased in 2010 through the applicable period covered by this rate filing (2012), Aqua will have put into service nearly \$85,000 in improvements, including replacing and rebuilding four lift station pumps to increase efficiency; installing a remote monitoring system in the Ellwood Greens Drive lift station to increase reliability and ensure immediate notification in the event of an emergency; adding valves to the wastewater treatment plant's aeration system for better control and efficiency; upgrading blowers to improve the treatment plant's reliability; making enhancements to the disinfection system at the plant to improve the effluent water quality to meet the Illinois Environmental Protection Agency (IEPA) regulations and increase reliability; installing a back-up generator and additional remote monitoring systems to increase reliability; replacing pumps as needed to improve efficiency; reducing inflow and infiltration in the wastewater collection system, manholes and other wastewater facilities to ensure reliable service to customers; and continued improvements to the plant grounds and buildings to meet the IEPA requirements.

This represents improvements of approximately \$357 per wastewater customer.

ICC ROLE

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rates in amounts other than those requested by the company.

ACTIONS YOU CAN TAKE

Any interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Adm. Code 200. A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the company at 1000 S. Schuyler Avenue, Kankakee, Illinois. All parties interested in the matter may obtain information with respect thereto either directly from Aqua Illinois or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

Paul A. Wright
Division Manager, Elwood Greens
Aqua Illinois, Inc.

PUBLIC NOTICE

Notice of Proposed Change in Schedule of Rates to Customers of the Ivanhoe Division of Aqua Illinois, Inc.

April 6, 2011

Dear Customer:

Aqua Illinois, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in its rate schedules for water and wastewater service in all areas served by the Ivanhoe Division, which includes the Ivanhoe Country Club subdivision.

Aqua has not filed a water or wastewater general rate case for Ivanhoe customers in nine years since it acquired the system in 2002.

RATE REQUEST

The changes for all classes of water service, if approved by the ICC, would result in an overall revenue increase of 203.8 percent. If the water rate request is granted in full as filed, an average monthly residential water bill (7,783 gallons) would increase by \$61.61, (\$2.06 per day) to \$94.49. At the new rate, customers would have a full day's worth of water (256 gallons) for \$3.11 per day – approximately a penny per gallon. The proposed increase in rates is set out in Tariff ILL. C.C. No. 49, Section 2 filed with the ICC.

The changes for all classes of wastewater service, if approved by the ICC, would result in an overall revenue increase of 354.2 percent. If the wastewater rate request is granted in full as filed, an average monthly residential wastewater bill would increase by \$58.70, (\$1.93 per day) to \$77.38. At the new rate, customers would have a full day's worth of wastewater conveyance and treatment for \$2.54 per day. The proposed increase in wastewater rates is set out in Tariff ILL. C.C. No. 50, Section 2 filed with the ICC.

This request will undergo a review by the ICC for up to 11 months. Since the system was purchased in 2002 through the applicable period covered by this rate filing (2012), Aqua will have put into service more than \$354,000 in water system improvements, including: water treatment plant enhancements to increase security, reliability and water supply; installation of new meters to ensure accurate readings; installation of dedicated sample stations to prevent the need to enter customers' homes to obtain the necessary water samples; fire hydrant upgrades to ensure proper fire protection throughout the Ivanhoe development; updating the remote monitoring controls for the water plant; upgrading pumps to improve efficiency; updating the disinfection system to improve reliability and safety; installing state-of-the-art RF (radio-frequency) meters to increase accuracy – **representing improvements of approximately \$1,214 per water customer.**

In addition, Aqua will have put into service more than \$612,000 in wastewater system improvements, including: installation of the pump station to irrigate in select areas using reclaimed water; improvements to manholes and the collection system; replacements and upgrades to lift stations and pumps to improve reliability; installation of plant flow meters to verify flows and to meet Illinois Environmental Protection Agency (IEPA) monitoring requirements; improvements to the aeration system and controls and addition of a comminutor to increase efficiency; lagoon improvements to maintain the reliability and structural integrity of the plant, preventing overflow; rebuilding the aeration system to improve efficiency and reliability and eliminate odors; equipment enhancements and upgrades to increase energy efficiency and improve security – **representing improvements of approximately \$3,175 per wastewater customer.**

ICC ROLE

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rates in amounts other than those requested by the company.

ACTIONS YOU CAN TAKE

Any interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Adm. Code 200. A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the company at 1000 S. Schuyler Avenue, Kankakee, Illinois. All parties interested in the matter may obtain information with respect thereto either directly from Aqua Illinois or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

Paul A. Wright
Division Manager, Ivanhoe
Aqua Illinois, Inc.

PUBLIC NOTICE

Notice of Proposed Change in Schedule of Rates to Customers of the Fairhaven Estates Division of Aqua Illinois, Inc.

April 6, 2011

Dear Customer:

Aqua Illinois, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in its rate schedules for water service in all areas served by the Fairhaven Estates Division, which includes the Fairhaven Estates Subdivision.

This is the first time the company has filed a rate request since it acquired the system last year.

RATE REQUEST

The changes for all classes of water service, if approved by the ICC, would result in an overall revenue increase of 120 percent. If this rate request is granted in full as filed, an average monthly residential bill (6,651 gallons) would increase by \$29.71, (\$.98 cents per day) to \$67.61. At the new rate, customers would have a full day's worth of water (219 gallons) for \$2.22 per day – approximately a penny per gallon.

The proposed increase in rates is set out in Tariff ILL. C.C. No. 49, Section 2 filed with the ICC.

This request will undergo a review by the ICC for up to 11 months. Since the system was purchased in 2010 through the applicable period covered by this rate filing (2012), Aqua will have put into service nearly \$188,000 in infrastructure improvements, including: replacement of meters with state-of-the-art RF (radio-frequency) meters to increase accuracy and eliminate estimated bills; enhancing the water treatment plant's power service and supply to facilitate future motor control upgrades; installing a generator to ensure treatment plant reliability; addition of a new heater and dehumidifier to improve the environmental quality in the plant and help protect equipment from future failures; upgrades to the disinfection system to improve the water quality to meet the Illinois Environmental Protection Agency (IEPA) regulations, increase reliability and decrease the amount of operator involvement necessary; heightened security at the plant and in the system; infrastructure upgrades, which have effectively decreased water loss, increased pressure and reduced discoloration due to higher flows in the system; installation of dedicated sample stations to prevent the need to enter customers' homes to obtain the necessary water samples to meet the IEPA regulations; upgrades to the motor controls to improve flexibility, reliability and efficiency in the plant; installation of a remote monitoring system to ensure immediate notification in the event of an emergency; rehabilitation of the plant's pressure tank at the plant to ensure reliability; replacement of the plant's roof to protect the electrical system from future water damage; replacement of damaged and poorly performing hydrants in the system; continued proactive main and service replacements and upgrades to further increase the performance and reliability of the water distribution system.

This represents improvements of approximately \$2,128 per water customer.

ICC ROLE

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rates in amounts other than those requested by the company.

ACTIONS YOU CAN TAKE

Any interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Adm. Code 200. A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the company at 1000 S. Schuyler Avenue, Kankakee, Illinois. All parties interested in the matter may obtain information with respect thereto either directly from Aqua Illinois or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

Paul A. Wright
Division Manager, Fairhaven Estates
Aqua Illinois, Inc.

PUBLIC NOTICE

Notice of Proposed Change in Schedule of Rates to Customers of the Ravenna Division of Aqua Illinois, Inc.

April 6, 2011

Dear Customer:

Aqua Illinois, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in its rate schedules for water service in all areas served by the Ravenna Division, which includes the Ravenna and Autumn Woods subdivisions in Long Grove.

This is the first time the company has filed a rate request since acquiring the system in 2006.

RATE REQUEST

The changes for all classes of water service, if approved by the ICC, would result in an overall revenue increase of 232.8 percent. If this rate request is granted in full as filed, an average monthly residential bill (7,740 gallons) would increase by \$79.09, (\$2.60 per day) to \$126.23. At the new rate, customers would have a full day's worth of water (254 gallons) for \$4.15 per day.

The proposed increase in rates is set out in Tariff ILL. C.C. No. 49, Section 2 filed with the ICC.

This request will undergo a review by the ICC for up to 11 months. Since the purchase of the system in 2006 through the applicable period covered by this rate filing (2012), Aqua will have put into service more than \$92,000 in infrastructure improvements. Aqua's capital improvements to the Ravenna Division include: installation of state-of-the-art RF (radio-frequency) meters to ensure accurate reads, decrease estimated bills and prevent the need to enter customers' homes to read the meters; performed service retro-fits during the first year of system operation to ensure compliance with the local fire code for all existing homes in the system's service territory; increased the size and reliability of the air supply system for the pressure tank to ensure continuous pressure at the water treatment plant; installed dedicated sample stations to prevent the need to enter customers' homes to collect the required samples to meet the Illinois Environmental Protection Agency (IEPA) regulations; addition of tools and field equipment to improve field service efficiency; and updated the computer system to increase reliability of the plant operations.

This represents improvements of approximately \$1,776 per water customer.

ICC ROLE

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rates in amounts other than those requested by the company.

ACTIONS YOU CAN TAKE

Any interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Adm. Code 200. A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the company at 1000 S. Schuyler Avenue, Kankakee, Illinois. All parties interested in the matter may obtain information with respect thereto either directly from Aqua Illinois or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

Paul A. Wright
Division Manager, Ravenna
Aqua Illinois, Inc.

PUBLIC NOTICE

Notice of Proposed Change in Schedule of Rates to Customers of the Oak Run Division of Aqua Illinois, Inc.

April 6, 2011

Dear Customer:

Aqua Illinois, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in its rate schedules for water service in all areas served by the Oak Run Division, which includes Oak Run Communities around Spoon Lake in unincorporated Knox County.

This is the first time the company has filed a rate request in six years.

RATE REQUEST

The changes for all classes of water service, if approved by the ICC, would result in an overall revenue increase of 22 percent. If this rate request is granted in full as filed, an average monthly residential bill (1,930 gallons) would increase by \$8.01, (\$.26 cents per day) to \$38.62. At the new rate, customers would have a full day's worth of water (63 gallons) for \$1.27 per day.

Due to increased efficiency, Aqua was able to hold costs down. **This request reflects only the addition of a fire protection charge. Additionally, Aqua is not raising availability fees.**

The proposed increase in rates is set out in Tariff ILL. C.C. No. 49, Section 2 filed with the ICC.

This request will undergo a review by the ICC for up to 11 months. Since the last rate request in 2005 through the applicable period covered by this rate filing (2012), Aqua will have put into service more than \$416,000 in infrastructure improvements, including: water plant improvements to increase efficiency, reliability, safety and compliance with Illinois Environmental Protection Agency (IEPA) regulations; fire hydrant replacements; water main upgrades; service installations; installation of new and replacement state-of-the-art RF (radio-frequency) meters to ensure accurate readings, decrease estimated bills and reduce the need for Aqua employees to enter customers' homes; and addition of new remote reading equipment to increase accuracy and efficiency.

This represents improvements of approximately \$592 per water customer.

ICC ROLE

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rates in amounts other than those requested by the company.

ACTIONS YOU CAN TAKE

Any interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Adm. Code 200. A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the company at 1000 S. Schuyler Avenue, Kankakee, Illinois. All parties interested in the matter may obtain information with respect thereto either directly from Aqua Illinois or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

Paul A. Wright
Division Manager, Oak Run
Aqua Illinois, Inc.