

37314 N. Shirley Drive  
Gurnee, IL 60031

August 10, 2011

Glennon Dolan, Administrative Law Judge  
Illinois Commerce Commission  
160 North LaSalle, Suite C-800  
Chicago, IL 60601-3104

Dear Glennon Dolan,

I am writing to you today because I am deeply concerned about a proposed increase in our water utility rates. My husband and I are residents of unincorporated Lake County with a Gurnee address. Our property taxes go to the city of Gurnee and Warren Township. Our neighborhood receives water through a private company, Charmar Water Company (parent company Utilities Inc.), rather than a city. We were just notified that Charmar has proposed very high rate increases. The increases that the company is requesting are absolutely incomprehensible and would be impossible to pay. In fact, I believe it would be much more beneficial to our neighborhood to receive water solely and directly from a local municipality.

My following thoughts refer to the enclosed documents which include the proposal from Charmar, our most recent water bill and a page from the August, 2011 newsletter from the city of Gurnee. I will briefly outline Charmar's proposal, our current rates and compare them to other local water rates in our area.

- They are raising the "base monthly charge" to \$63.98 which is higher than the current *total* charge (base + usage + Waukegan usage) based on their example of average water consumption per month.
- According to their example someone who currently pays a total of \$61.95/month would have to pay \$237.54/month if using 3,500 gallons a month. This \$237.54 is *significantly more* than our gas, electric and waste management utilities combined.
- Our neighborhood already has high water bills as we are charged nearly double as compared to typical Lake County water customers because we have to pay a usage charge to the city of Waukegan on top of the usage charge to Charmar.
- You can see in the chart on regional comparisons from the newsletter that all surrounding areas pay significantly less for their water utility. These costs are based on using 6,000 gallons a month, not the mere 3,500 as per Charmar's documentation. If we were receiving water from the city of Gurnee we would pay \$71 for two months of water based on using 6,000/gallons each month. With Charmar's proposed rate increases we would pay around \$646 bi-monthly using the same amount of water. This is nearly ten times what our neighbors in Gurnee will be paying!

After careful planning, saving and budgeting, my husband and I recently bought our first home. I am a public high school Spanish teacher and my husband is a Certified Nursing Assistant. We are careful with our money and waited until the right house came along in a neighborhood we wanted that was also within our means. We are ecstatic to be having our first baby in November. I will add my husband and child to my insurance and pay a hefty insurance premium and my

husband will switch to part time to be at home with our baby during the day. We had factored in these life changes when we purchased a home and considered all of our new expenses. That being said, I hope you can agree that the size of the proposed increase in our water bill is not something for which anyone could have ever reasonably been expected to plan and would be impossible to pay while maintaining all of our other responsible fiscal priorities.

Charmar is requesting \$110,000 in additional revenue per year. This is too great of a burden to place on such a small community of only around 50 homes/customers. Charmar is a private water company who, like any private business, is out to make a profit, and undoubtedly the costs of doing business have risen. I am also aware that they invested money in connecting their previous water systems in this neighborhood with the city of Waukegan's. However, given that all surrounding areas to us are able to provide water at significantly lower rates I have to question how Charmar is managing its resources. They are proposing increases that would place an incredible financial hardship upon all residents in our neighborhood. I am positive that the company can find a different way to balance its books and make a fair profit without raising our rates at all. Perhaps they simply need to cut costs. However, as I mentioned previously I personally feel that the best solution for the residents of this community is to receive water solely from a surrounding municipality eliminating Charmar altogether.

I appreciate your time and assistance with this matter. I look forward to hearing from you.

Sincerely,

Suzanne Westover Tejada  
Enclosures (3)



# F.Y.I.

## VILLAGE RESTRUCTURES WATER AND SEWER BILLING BEGINNING OCTOBER 1ST

"Water and sewer utilities are businesses. If run and financed well, they become invisible wonders providing excellent service. If not, they become very visible sources of trouble for a community." -- *On Tap Magazine*

At the regular meeting held on Monday, June 20th, the Village Board approved ordinance 2011-50, amending several sections of the municipal code related to water and sewer rates and charges. These changes resulted from a water and sewer rate study completed by Baxter & Woodman Consulting Engineers with the assistance of the Village. The study was conducted to determine the true costs of providing water and sewer service and to design a billing system that promotes long-term sustainability and equity for residents. The final ordinance incorporated several of the study's recommendations and modified the utility billing system.

There will be two major changes to the current utility billing system: (i) the incorporation of base fees and adjustment of water and sewer rates and (ii) how often residents are billed. Beginning October 1st, the current billing system will be changed so that all residents are charged a base fee, which will cover operations and maintenance, relative to the size of their water meter. The combined bi-monthly water/sewer base fee for 1 inch meters (single-family residences) will be \$10.93. This fee ensures that that these systems and the funding necessary to maintain them can be secured without depending on water consumption. This base fee will replace the previous practice of charging a minimum bill of 5,000 gallons.

Any charges above and beyond the base fees are solely based on usage. The new water rate will be \$3.74 per 1000 gallons while the new sewer rate will be \$1.23 per 1000 gallons. The changes in rate reflect the need to reconfigure the respective fees to match the actual distribution of funds used to operate and maintain the water and sewer systems.

Both base fees and rates will automatically adjust each October 1st according to the schedule below. Should the Village's water supplier, the Central Lake County Joint Action Water Agency (CLCJAWA), increase their rates, this increase will automatically be incorporated in the water rate.

| Effective October 1st                       | 2011   | 2012   | 2013   | 2014   | 2015   |
|---|--------|--------|--------|--------|--------|
| Water Rate (per 1,000 gallons)              | \$3.74 | \$3.85 | \$3.97 | \$4.09 | \$4.21 |
| Sewer Rate (per 1,000 gallons)              | \$1.23 | \$1.27 | \$1.31 | \$1.35 | \$1.39 |
| Water Base Fee (per bill for 1 inch meters) | \$8.20 | \$8.50 | \$8.85 | \$9.23 | \$9.63 |
| Sewer Base Fee (per bill for 1 inch meters) | \$2.73 | \$2.83 | \$2.95 | \$3.08 | \$3.21 |

In addition to the financial changes, the Village will also switch from a quarterly billing cycle to a bi-monthly billing cycle. This means that instead of being billed four times a year, residents will now be billed six times a year. Residents west of the Tollway will be billed on even-numbered months, while residents to the east of the Tollway will be billed on odd-numbered months. The primary customer benefit of such a move will be faster detection of service problems for residents.

With all of these changes, the average family of four in the Village (using roughly 6,000 gallons of water per month) can expect to pay \$71 per bill. This is an increase of \$10 per billing cycle. Under these changes, residents will still pay the lowest bi-monthly bill of any community purchasing CLCJAWA water. On October 1, 2016, residents will pay slightly less than the current average rate of all CLCJAWA communities. See the chart to the right for more information on other CLCJAWA community rates. Please note that these other communities will most likely also adjust their rates during this same time period.

| Municipality            | Equivalent Bi-Monthly Water and Sewer Bill |
|-------------------------|--|
| Gurnee (Current System) | \$61                                       |
| Gurnee (New System)     | \$71                                       |
| Round Lake Beach        | \$76                                       |
| Round Lake              | \$77                                       |
| Grayslake               | \$78                                       |
| Vernon Hills            | \$79                                       |
| Gurnee (FY 2016)        | \$84                                       |
| Lake Bluff              | \$85                                       |
| Round Lake Park         | \$89                                       |
| Libertyville            | \$100                                      |
| Mundelein               | \$108                                      |
| Round Lake Heights      | \$115                                      |

To view the water rate study, visit the Village's website at [www.gurnee.il.us/node/95789](http://www.gurnee.il.us/node/95789). For more information on the utility systems, see the insert in your upcoming water bill or visit the Village's website at [http://www.gurnee.il.us/public\\_works/utility](http://www.gurnee.il.us/public_works/utility).

**NOTICE TO CHARMAR CUSTOMERS**

Charmar Water Company ("Charmar") hereby gives notice to the public that it has filed with the Illinois Commerce Commission ("ICC") a proposed change in the rates schedules for water services. The table below shows the present water rates, which have been in effect since 2004 compared with proposed water rates.

**BACKGROUND**

Charmar customers last experienced a rate increase in 2004 and those rates were based on costs from 9 years ago. Charmar has also experienced increased costs in order to comply with stringent environmental and regulatory requirements.

Charmar understands that no one likes rate increases, certainly in difficult economic times. However, the rate increase is necessary to cover current operating expenses, which includes but is not limited to fuel, property taxes, income taxes, and operators' salaries, and some of these costs have increased since the last rate increase. Since 2002, Charmar made capital investments necessary to provide safe and reliable service to our customers, including but not limited to the following:

- Interconnecting with the City of Waukegan

**RATE REQUEST**

Charmar is requesting an overall revenue increase of \$110,000 per year. The following is an example of the proposed change for a typical customer's monthly bill:

|                  | <u>Present Rates</u>  | <u>Proposed Rates</u>  |
|------------------|-----------------------|------------------------|
| Base Charge 5/8" | \$ 10.25 per month    | \$ 63.98 per month     |
| Usage Charge     | \$ 8.35 per 1,000 gal | \$ 43.17 per 1,000 gal |

Assuming an average water residential monthly consumption of 3,500 gallons, the monthly charge for residential water service will increase from \$61.95 to \$237.54. The average monthly charge includes the surcharge which is determined by the Commission separately in annual reconciliation proceedings. The Company is also proposing new or increased charges for NSF checks, reconnection, after hours call out and the new customer charge.

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Illinois Administrative Code Part 200 and may increase or decrease individual rates in amounts other than those requested by the Company. An interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Admin. Code Part 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 2335 Sanders Road, Northbrook, Illinois 60062. All parties interested in the matter may obtain information with respect to thereto either directly from Charmar Water Company or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701. In addition, customers have a right to request a public forum. Pursuant to 8-306(n) of the Illinois Public Utilities Act, a customer or group of customers must make written request to the Commission for a public forum and must also provide written notification of the request to the customer's municipal or, for unincorporated areas, township government.

We welcome your comments and should you have any questions, please feel free to contact us at 800-831-2359.