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BEFORE THE  
ILLINOIS COMMERCE COMMISSION

FIRE PROTECTION CHARGE  
(Fairview Heights, Illinois)

Fairview Heights, Illinois  
Monday, October 1, 2007

Held, pursuant to notice, at 7:00 p.m.  
at Fairview Heights City Hall,  
10025 Bunkum Road, Fairview Heights,  
Illinois

BEFORE:

MR. ROBERT BENSKO, Public Forum Officer

SULLIVAN REPORTING COMPANY  
By: Jami Tepker, Reporter  
CSR No. 084-003591

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1 PROCEEDINGS

2 HEARING OFFICER BENSKO: Public hearing  
3 October 1, 2007, 7:06 p.m. Good evening, everyone.  
4 My name is Robert Bensko and I'm the chief public  
5 hearing officer for the Illinois Commerce Commission.

6 I want to thank you all for coming  
7 tonight, especially because last Thursday night we  
8 had zero people show up. So this is -- you guys are  
9 a bright spot in our day.

10 Seated next to me I have a court reporter.  
11 And she's going to take an accurate legal record of  
12 your comments, which will be made available to the  
13 Chairman and Commissioners.

14 Ask that all cell phones, pagers, and  
15 other devices be turned off or set to vibrate as to  
16 not disrupt this evening's proceedings.

17 The number-one purpose of the forum, in  
18 2006 the General Assembly and the Governor approved  
19 Section 9-223(b), which requires that the ICC conduct  
20 three public forums to evaluate the purpose and use  
21 of each fire-protection charge imposed under this  
22 section.

1           The statute also requires that the ICC  
2     invite to the forum a representative from each  
3     municipality and fire-protection district. So we  
4     sent out hundreds of letters to all the  
5     municipalities, to the fire departments that were  
6     affected by this law.

7           The ICC is required to report our findings  
8     to the General Assembly prior to the end of the veto  
9     session in 2008.

10          The legislative history and background of  
11     why we're here, Section 9-223(a) of the Public  
12     Utility Act was enacted back in 1984.

13          Prior to that time, fire-related  
14     water-system costs were recovered from municipalities  
15     and fire districts through per-hydrant charges.

16          The statute was proposed by the  
17     fire-protection districts. They went to the  
18     legislature.

19          The effect of the statute was to allow  
20     municipalities and fire-protection districts to opt  
21     out of paying that -- such charges, those per-time  
22     charges unless they choose to do so or by entering

1 into a contract.

2 Most municipalities and districts have  
3 chosen not to pay those hydrant charges. As a  
4 result, fire-related costs are now recovered from  
5 customers primarily through a fixed charge for  
6 fire-protection services.

7 The statute provides for recovery in this  
8 manner of a reasonable portion of the costs of  
9 providing capacity and water for fire protection.

10 Any fire-protection costs that may not be  
11 recovered through the fire-protection charge are  
12 allowed to be recovered through charges for general  
13 water services.

14 As the statute has been interpreted, the  
15 requirement for a fixed amount per bill permits  
16 differentiation of the fixed charge by meter size.

17 Also, the charge must be based on the  
18 level of fire-protection costs for each municipality  
19 or fire-protection district.

20 This language has been interpreted to  
21 allow a uniform charge in a given rate area such as  
22 this rate area down here.

1                   The basis for calculating the calculation  
2 of the utility fire-protection charge has a number of  
3 things.

4                   The public utility provides the  
5 water-pipe system, the hydrants, the water for fire  
6 protection. And the utility is allowed to recover  
7 its costs from the water customers in the  
8 municipality or from the fire-protection district.

9                   At this time a public water utility, they  
10 have to seek approval with the ICC to initiate and to  
11 charge a fire-protection charge.

12                   Fire-protection charges are developed in  
13 a rate case in generally the following manner based  
14 on the costs to provide the service.

15                   And what we look at is the number of  
16 hydrants, the number of customers, the amount of  
17 water for the fire protection, the cost of the water,  
18 and a monthly charge.

19                   The basis for determination of  
20 municipality and fire-protection charge on a tax  
21 bill. And this is hard for some people to figure  
22 out.

1                   Most of the time people say, You're  
2 double-taxing me, you're taxing me on my property  
3 tax, you're taxing me in the water company. And you  
4 know, that's dual taxation.

5                   Well, to clear that up, municipalities  
6 and fire-protection districts generally will charge  
7 taxpayers for the cost of the fire trucks, the  
8 garages, the salaries, the training, other capital  
9 operating costs except those costs from the water  
10 utility.

11                   That's not added in to how that customer  
12 is billed by the fire protection on, say, on your  
13 property tax bill.

14                   The water charge is based on the  
15 agreements between the fire-protection district and  
16 the water companies.

17                   Before some of you stepped in here, I run  
18 these hearings pretty openly. One of the things that  
19 I want you to do tonight is speak to us.

20                   As I stated before, we're charged with  
21 writing up a report to the General Assembly and  
22 giving it to them by the veto session of 2008. We

1 don't want to solely base what our findings are on  
2 what we know. We want to base it upon your comments.

3 So what I'm going to do is I'm going to  
4 take that sign-up sheet and I'm going to ask you to  
5 make your comments.

6 Later on after, we'll do a small question-  
7 and-answer period just so that you're understanding  
8 where the Commerce Commission is coming from, you're  
9 understanding what we're trying to talk about  
10 tonight, and then go forward from there.

11 What I will not allow is I will not  
12 allow, you know, if somebody has a question or a  
13 comment, you know, my water bill's too high, that has  
14 nothing to do with the record. And I will not allow  
15 that to be entered on the record.

16 But that would be wasting our time.  
17 We're here for one thing and one thing only, to talk  
18 about the fire-protection charge, whether you -- you  
19 know, I see a lot of firefighters in this room  
20 tonight.

21 I know you have ideas. I know you have  
22 comments. I know you have feelings about how this is

1 charged.

2 But as you probably know firsthand, you  
3 know, the residents in your jurisdictions, they have  
4 probably come to you and said to you, Why are you  
5 guys billing me twice?

6 You know. Why am I paying this  
7 fire-protection charge on my water bill? You know.  
8 Why isn't that included, you know, in my tax bill?

9 I know you've heard those questions  
10 before. And what we want to do tonight is clear that  
11 misconception up that, you know, you're double-taxing  
12 us.

13 And the fire-protection districts  
14 basically started this. They're the ones that went  
15 to the legislature.

16 And they're the ones that opted to have  
17 the fire-protection charge for the hydrants, for the  
18 maintenance of that system, for the water that they  
19 use placed on the water bill.

20 So you know, if you guys have rethought  
21 that and want to comment on that tonight, that's why  
22 I'm here. That's why we're doing these at night.

1 That's why, so everyone can come to these hearings,  
2 make their comments known.

3 I'm sorry that some of you came, you  
4 know, at ten o'clock this morning. But this public  
5 official -- I scheduled it. So I did schedule it at  
6 the convenience so that everybody could show up  
7 tonight. So we'll go from there.

8 When I call on you, I want you to state  
9 your name and spell it for me, state the jurisdiction  
10 that you're with and your rank or, you know, it could  
11 be just citizen or however, you know.

12 The lawyers in the room, they can just,  
13 you know, say who they represent and things like that  
14 so that we have an accurate record for the court  
15 reporter and for the Commission.

16 So let's try some question and answer.  
17 If there is answers -- if there are any questions in  
18 the audience, I'll try and answer your questions.

19 Anybody?

20 Yes.

21 MR. DOYLE: My name is Bryan Doyle,  
22 B-r-y-a-n, D-o-y-l-e. I'm with Fairview, Caseyville

1 Township Fire Protection District.

2 To my knowledge, we did not receive any  
3 notice of this meeting. I was informed by Chief  
4 Render sitting next to me here.

5 We deal with five water departments.  
6 Caseyville Water Department is doing this. They are  
7 billing the citizens direct.

8 However, O'Fallon Water Department is not  
9 doing that, nor is Illinois American. We are still  
10 paying to Illinois American.

11 And the City of Fairview Heights is paying  
12 to -- after we check the hydrants and inspect them  
13 and everything, the City of Fairview Heights is  
14 paying our bill to O'Fallon Water.

15 If I am reading this correctly, we should  
16 not be paying. Illinois American should be billing  
17 the customers for these areas, correct, and O'Fallon  
18 Water direct?

19 HEARING OFFICER BENSKO: John, you want  
20 to step in there.

21 John, state your name for the court  
22 reporter.

1                   MR. HENDRICKSON: John Hendrickson,  
2 H-e-n-d-r-i-c-k-s-o-n, with the Illinois Commerce  
3 Commission.

4                   Your question is whether or not the  
5 fire-protection district should be charging or  
6 billing the customers?

7                   MR. DOYLE: We're not billing the  
8 customers. However, we are being billed by the water  
9 department for hydrants.

10                   They're paying O'Fallon Water \$65 a  
11 hydrant, and I believe we're paying approximately \$85  
12 a hydrant to Illinois American.

13                   MR. HENDRICKSON: Okay. I'm not sure  
14 what the contract is between the utility and the  
15 municipalities as to how much -- I don't know how  
16 much a fire hydrant costs and who's picking up the  
17 tab for that.

18                   I know that the utility cannot put in a  
19 hydrant without the municipality's say-so. So  
20 whatever's in place as hydrants are there.

21                   So I'm not sure I have an answer for  
22 that. I can get that as to how that -- how the

1 contract works between the utility and the  
2 municipalities.

3 MR. DOYLE: Okay. My only question is  
4 should I be going to Illinois American and say, You  
5 should be billing your customers in this area rather  
6 than the fire district?

7 MR. HENDRICKSON: There are different  
8 situations, some where the utility bills the  
9 customers direct retail each individual residence or  
10 business.

11 MR. DOYLE: Okay.

12 MR. HENDRICKSON: There are other  
13 situations where on a per-hydrant basis the  
14 fire-protection district or the municipality may pay  
15 directly to Illinois American and the ratepayers are  
16 not paid for it.

17 MR. DOYLE: Okay.

18 MR. HENDRICKSON: Again, it depends on the  
19 agreement between the municipalities, fire-protection  
20 districts, and the utility.

21 MR. DOYLE: Okay.

22 HEARING OFFICER BENSKO: I think one of

1 the things that I was remiss in stating in the  
2 beginning is the fact that just because that  
3 fire-protection-district charge on the water bills is  
4 allowable, that doesn't mean that all fire-protection  
5 districts charge that.

6 Now, the flip side of that is, the  
7 Illinois Commerce Commission only deals with public  
8 utilities. We don't deal -- we don't have any  
9 regulation over the municipalities.

10 And in some jurisdictions that I know of,  
11 some jurisdictions where the city has picked up or  
12 the fire-protection district has picked up a portion  
13 of it and then the other portion, you know, sometimes  
14 it's split between the citizens and the  
15 fire-protection district.

16 Other times the fire-protection districts  
17 pick up the whole charge.

18 There are some -- and then we have what  
19 we're talking about tonight is the fire-protection  
20 districts that have gone into the agreement with the  
21 public utilities that Illinois American -- I can't  
22 think of all of them, John.

1 Illinois American.

2 MR. HENDRICKSON: Aqua.

3 HEARING OFFICER BENSKO: Aqua. Those are  
4 the two, yeah. And those are the ones that we're  
5 talking about that we have jurisdiction over.

6 In the city of Springfield, the fire  
7 hydrants and the water and everything is a  
8 municipally owned -- is a municipally owned utility.

9 And the municipality, you know, they pick  
10 up the fire protection, the police, the water, and  
11 everything. So there's no charge to the citizens on  
12 their bill per se.

13 But it's incorporated into their tax bill.  
14 But I don't know why you didn't get a letter. We  
15 sent out hundreds of letters.

16 We tried to reach each and every person.  
17 Maybe your jurisdiction didn't come up simply because  
18 it doesn't fit the criteria for tonight's hearing.

19 But I guess in one jurisdiction that  
20 you're helping with or you're protecting, the  
21 fire-protection charge does come on the water bill.

22 AUDIENCE: I'm looking here. And no,

1 we're not on the list of cities. Fairview Heights is  
2 on the list, but not fire-protection district.

3 HEARING OFFICER BENSKO: There's another  
4 question. Somebody. Yes, sir.

5 MR. OAKS: Dennis Oaks, D-e-n-n-i-s,  
6 O-a-k-s, fire chief of Northwest Fire Protection  
7 District in St. Clair County.

8 I guess my question is, I'm kind of  
9 confused why this is really happening, what brought  
10 it forth for changes to be made. I'm confused on  
11 that.

12 HEARING OFFICER BENSKO: As I stated in my  
13 opening remarks, the legislature stated that I have  
14 to do three public hearings.

15 The next hearing is up in Orland Park.  
16 And I guess they have had numerous complaints of  
17 people saying, you know, we're paying a double-tax  
18 and stuff like that.

19 So the legislators in that area introduced  
20 this into legislation and had this legislation  
21 passed. And the legislation said I had to do one  
22 north, central, and south.

1           If you think everything is copasetic as  
2 one -- there's another word, John -- if you think  
3 everything is fine with it, then, you know, when I  
4 open the record, go ahead and state that on the  
5 record.

6           But that's the reason that we're here is  
7 because the legislature said that I had to be here.  
8 And they said you had to do one north, south, and  
9 central. So that's where it came from.

10           Any other questions?

11           MR. RENDER: Yes, sir. My name is Greg  
12 Render, G-r-e-g, R-e-n-d-e-r. I'm the administrator  
13 and fire chief for the city fire protection district  
14 in Belleville.

15           I asked State Representative Tom Holbrook  
16 to provide me with a copy of the legislation. He  
17 also provided me with a bill analysis of House Bill  
18 555 as it moved through the legislature.

19           And the opponents to this were Illinois  
20 American Water, American Water Company, Aqua  
21 Illinois. What is their opposition to this?

22           It seems to me like it's kind of a

1 no-brainer. They're going to collect their money  
2 either from the fire-protection-district municipality  
3 or on the water bill.

4 Why would they oppose this piece of  
5 legislation?

6 HEARING OFFICER BENSKO: Do you know,  
7 John?

8 MR. HENDRICKSON: There was more to the  
9 legislation than just fire-protection charges. There  
10 were other issues within that legislation.

11 And I'm not defending the utility. It  
12 doesn't matter to me, you know, which direction they  
13 go.

14 But the complaints were against the  
15 utility primarily in Orland Park, which is up around  
16 Joliet area. And the company believed that  
17 everything was okay or they would take care of it and  
18 make it okay. And that legislation wasn't needed to  
19 make them do what this legislation has said.

20 So that's my take on why they oppose the  
21 entire legislation that was proposed at that time.

22 MR. RENDER: Is the confusion up in Orland

1 Park -- I mean, I'm an Illinois American Water  
2 Company customer. It says on my monthly bill, public  
3 fire protection.

4 I thought that was pretty clear. I don't  
5 know what --

6 HEARING OFFICER BENSKO: Well, they're  
7 taking that and they're saying, I'm already paying.

8 I'm already paying that bill. I pay it in  
9 my property tax or I pay it -- you know, some places  
10 have upped their sales tax a half a percent or  
11 something like that to pay for police and fire and  
12 some other things.

13 And they're saying, I'm already paying,  
14 you know. I'm paying for the fire department to come  
15 and put out my fire. In my mind, that includes the  
16 water that they use.

17 And basically it doesn't include the water  
18 that they use. You're paying for those green or red  
19 fire trucks. You're paying for that building.  
20 You're paying for the training.

21 You're paying for the fact that those  
22 people are there twenty-four-seven ready to come to

1 your house. But that doesn't include the water. And  
2 to get that water, you need hydrants that are working  
3 and operating well.

4 And you know, the companies say, it says,  
5 you know, we're making sure that our customers, you  
6 know, when you go in your house and you turn on the  
7 water faucet, you get water.

8 This is above and beyond just turning on  
9 the faucet in your house. This is providing those  
10 hydrants out there. And that's an expensive, you  
11 know, thing to maintain.

12 And so they in turn want to recoup those  
13 charges. I'm not saying that those charges are  
14 correct or incorrect. What I'm saying is, you know,  
15 they feel that they have a right and we as the  
16 Commission have said in the past that is correct.

17 You know, you do have a right to recoup  
18 those, you know, those charges, those maintenance  
19 fees, you know, the things that you do.

20 MR. RENDER: So if you worded it to fire  
21 protection infrastructure charge -- and I see that on  
22 my telephone bill, that there's an infrastructure

1 charge there, does that clear up the confusion?

2 HEARING OFFICER BENSKO: I couldn't tell  
3 you. I doubt it.

4 MR. RENDER: Well, we would like to go on  
5 record to leave it the way it is, not put it back to  
6 the fire-protection districts.

7 HEARING OFFICER BENSKO: Okay. Let me  
8 have the sign-up sheet and then I'll go through the  
9 sign-up sheet. And each one of you state your name  
10 and -- all over again. And then we'll go through  
11 that.

12 Greg Groot.

13 MR. GROOT: Greg Groot, G-r-o-o-t, the  
14 fire chief of Godfrey Fire Protection District.

15 I would say that we currently have that  
16 agreement with the water utilities where they bill  
17 the customers.

18 I have heard people say that the  
19 water-utility charge on their water bill, they're  
20 being told that money is going to the fire  
21 department. There's some misconception there.

22 We're served by four water utilities. We

1 have 445 hydrants. That would come to be \$55,625 out  
2 of our budget. That would be one person on the line  
3 that we would not able to fund.

4 I could see where, the way that it's done  
5 now, it's kind of in that category 'cause half of our  
6 area, which is about 40 square miles, has hydrants;  
7 the other 20 square miles doesn't.

8 Those people have to pay that same fee on  
9 their water bill, I could see where they're squawking  
10 about that. So maybe in a sense where everybody paid  
11 the same amount, that might be better.

12 But currently I think we're happy with the  
13 way that we're having the hydrants funded for their  
14 maintenance.

15 HEARING OFFICER BENSKO: Thank you, Chief.

16 Jim.

17 MR. SINCLAIR: Yes. My name is James  
18 Sinclair, J-a-m-e-s, S-i-n-c-l-a-i-r. I'm here in a  
19 couple of different capacities tonight.

20 I'm an attorney from Alton. I represent  
21 the Illinois Association of Fire Protection  
22 Districts, legal counsel for that group.

1                   And I also represent -- and I wrote them  
2 down so I wouldn't forget anybody -- Godfrey Fire  
3 Protection District; Mitchell Fire Protection  
4 District; Fosterburg Fire Protection District; the  
5 Smithton Fire Protection District; the Northwest St.  
6 Clair County Fire Protection District; the QEM Fire  
7 Protection District; the Waterloo Fire Protection  
8 District; and the Signal Hill Fire Protection  
9 District, most of which have representatives here  
10 tonight.

11                   When this notice came through, the  
12 immediate concern of I think the fire-protection  
13 districts had to do with what you indicated in your  
14 opening statement about the genesis of  
15 Section 9-223, Section A, because that was a  
16 hard-fought legislative battle 20-plus years ago when  
17 this issue first arose.

18                   And it arose, at least from my experience,  
19 in connection with a rate proceeding initiated by  
20 the, then the Alton Water Company, which is now part  
21 of the Illinois American system.

22                   But at that time it involved basically

1 these two jurisdictions here, the City of Alton, who  
2 I didn't represent, and Godfrey Fire Protection  
3 District, which I did.

4 And the issue at that time was that both  
5 the City of Alton and the fire-protection district,  
6 as I recall, were paying initially \$55 per hydrant  
7 per year by agreement with the Alton Water Company.

8 And in that rate proceeding, basically, at  
9 the initiation of the ICC staff, there was a proposal  
10 to raise that I believe to \$125 and to increase it  
11 beyond that to cover what was computed to be the cost  
12 of installing the infrastructure to supply fire  
13 service, have the volume of water, the pressure, and  
14 the hydrants.

15 At that time we participated in that rate  
16 proceeding. And the Commission came back, as I  
17 recall, and ordered \$110-per-hydrant charge in that  
18 rate proceeding.

19 That's when the legislative effort began  
20 at least from our perspective. And the reason it  
21 began is because we did the computations based on the  
22 number of hydrants that Alton and Godfrey -- just

1 those jurisdictions -- had at that time.

2 The combined cost per year would  
3 ultimately have been around \$750,000 a year. And  
4 that was, remember, 20, 30 years ago. So the cost  
5 today would probably be double or more than that if  
6 the same rationale were to be applied.

7 So this was and is a very serious issue  
8 with regard to these jurisdictions, particularly for  
9 fire-protection districts because, unlike  
10 municipalities, fire-protection districts derive  
11 essentially all of their revenue from property taxes.

12 They don't get sales-tax money. They  
13 don't get income-tax money. Some of them get a  
14 little bit of corporate personal-property-tax money,  
15 but most don't.

16 So what happens is if you impose a  
17 significant increase like this one would have been  
18 back those years ago, it would have literally  
19 crippled many of the fire-protection districts  
20 financially that were served by the private  
21 utilities, the water companies.

22 And for that reason, this section in the

1 statute is extremely important.

2           And while there may be some  
3 misunderstanding on the part of customers as to what  
4 they're paying for, as Greg indicated, what may need  
5 to be -- may need to happen is there may need to be  
6 some rewording of that or some educational work done  
7 there.

8           I don't know what the water companies are  
9 indicating to their customers. But it's clear we  
10 don't -- you know, as fire-protection districts, we  
11 don't get that money.

12           There's no funding there. But by the same  
13 token, if that charge were to be passed through the  
14 fire-protection district, it would be a very  
15 significant burden.

16           In some parts of the state where the  
17 property-tax-extension limitation law applies, tax  
18 caps, commonly referred to, property tax caps, in  
19 those areas, those districts would be especially hard  
20 hit because they would not have the ability even to  
21 do anything to try to increase their revenues from  
22 their property taxes.

1                   Most of the districts that are here  
2           tonight that I represent are already at their rate  
3           limits for their property taxes. They really don't  
4           have any more financial capability.

5                   So to that extent, this is a very serious  
6           issue.

7                   If there is to be any kind of an effort to  
8           go back to what was being proposed 20-plus years ago,  
9           that would have serious ramifications for most of the  
10          districts that are here tonight that are served by in  
11          this case Illinois American.

12                   And I think you'd find the same thing or  
13          will find the same thing throughout the state. We  
14          were -- I will tell you -- a little unclear as to  
15          exactly what this hearing was to be about when the  
16          notice first came out.

17                   And in looking -- your opening was very  
18          helpful at least to me to understand that the basis  
19          for this and the problems that they may be having up  
20          north with this question of, you know, people  
21          thinking they're being double-taxed. As you point  
22          out, they're not being double-taxed.

1                   The cost of providing an adequate  
2           infrastructure to deliver the water is a necessary  
3           part of the water system in the ratings for fire  
4           departments that are done by the Insurance Services  
5           Organization, a lot of these chiefs can tell you  
6           better than me what the impact of that is.

7                   But the water supply is critical. It's a  
8           major component in how fire departments are rated.  
9           So there's no question that adequate water supply is  
10          critical.

11                   And it's also critical that that be part  
12          of the rate base of the utilities and that they  
13          provide that without imposing an undue charge on the  
14          fire-protection districts.

15                   So from the standpoint of the Illinois  
16          Association of Fire Protection districts and the  
17          fire-district clients that I have, we definitely want  
18          to send a signal back that we do not want to see a  
19          change in Section 9-223(a).

20                   Thank you.

21                   HEARING OFFICER BENSKO: Thank you,  
22          James.

1 Terry Ford.

2 MR. FORD: I have to go after Jim?

3 Terry Ford, T e r r y, F-o-r-d,  
4 vice-president of the Illinois Firefighters'  
5 Association.

6 We represent approximately 500 fire  
7 departments, 24,000 firefighters throughout the state  
8 of Illinois.

9 And at our board meeting, our board  
10 unanimously voted to oppose any changes to any of the  
11 rate structures and so forth.

12 Thank you.

13 HEARING OFFICER BENSKO: Thank you,  
14 Terry.

15 Dennis.

16 MR. OAKS: Yeah. Dennis Oaks,  
17 D-e-n-n-i-s, O-a-k-s, Northwest Fire District.

18 And again, what Jim related about the  
19 budget crises, it would definitely impact my  
20 department considerably. And we would like to see it  
21 stay the same as it is now.

22 HEARING OFFICER BENSKO: Thank you.

1                   Greg.

2                   MR. RENDER: I can recall what Mr.  
3 Sinclair talked about 20 years ago when we were able  
4 to take the fire-hydrant rental fee off of our  
5 budget.

6                   And one time we only put a fire hydrant  
7 30,000 feet apart 'cause it was a budgetary issue.

8                   The ISO, Insurance Service Organization,  
9 has a public protection grading schedule that the  
10 closer the fire hydrants are, the better water flow,  
11 etc., the lower the -- in general terms, the lower  
12 the insurance premiums are that homeowners and  
13 businesses would pay for fire-insurance premiums.

14                   As a result of that shift being given back  
15 to the water-company customers, we were able to  
16 install fire hydrants every 500 feet apart to meet  
17 the ISO recommendation or guidelines. That got us  
18 down to an ISO Class III.

19                   So people may be paying a little more on  
20 their water bill, but they're saving it back on the  
21 insurance saving side.

22                   The ISO on their public rating schedule,

1 50 percent of the grading schedule is for fire  
2 hydrants in the water system; 10 percent is for  
3 communications; and 40 percent of the schedule is for  
4 the fire-department operations.

5 And what goes in there, as Mr. Sinclair,  
6 has indicated, this would be a significant impact on  
7 us. And I don't know that we wouldn't wind up  
8 pulling fire hydrants out of the ground for  
9 budgetary reasons if we went back to the old way.

10 Thank you.

11 HEARING OFFICER BENSKO: Thank you, Greg.  
12 Douglas.

13 MR. SCOTT: Douglas Scott, D-o-u-g-l-a-s,  
14 S-c-o-t-t, president of the Caseyville Fire  
15 Protection District.

16 We would oppose this also. We currently  
17 pay no fees to several different water companies that  
18 I'm aware. In fact, I know we do not. And we  
19 certainly do not want to in the future.

20 HEARING OFFICER BENSKO: Thank you, Doug.  
21 Earl.

22 MR. DOERR: My name is Earl Doerr,

1 D-o-e-r-r. I represent the Columbia Rural Fire  
2 Protection District.

3 A small country district has limited  
4 resources. About ten years ago Illinois American  
5 laid a new water line in Columbia.

6 And some of it went through the rural  
7 area, and they tried to assess us close to \$300 a  
8 fire plug. And we deferred that to the customers.  
9 And I think we'd like to keep things the way we are.

10 We just don't have the resources to pick  
11 up the amount of money they're talking about. They  
12 may say \$75 here today, but they told us close to  
13 \$300 a fire plug.

14 HEARING OFFICER BENSKO: Thank you, Earl.

15 MR. SOWDERS: Yes. John Sowders,  
16 S-o-w-d-e-r-s. I'm the fire chief of the City of  
17 Alton.

18 I don't have a lot more to add to what's  
19 been said other than the city of Alton, we have  
20 somewhere in the neighborhood of 1200 fire hydrants,  
21 all served by Illinois American Water Company. We  
22 get excellent service from them.

1                   We're very satisfied with the way the  
2                   system's set up now.  If in fact these charges were  
3                   put back onto the city to the fire department, I  
4                   would reiterate what Chief Render said.

5                   We would be removing fire hydrants and  
6                   removing fire protection in order to make our budget.  
7                   So we are very much opposed to any changes in these  
8                   rules.

9                   HEARING OFFICER BENSKO:  Thanks, John.  
10                   Steven.

11                   MR. RYNDERS:  Steven, S-t-e-v-e-n,  
12                   R-y-n-d-e-r-s, president, board of trustees Godfrey  
13                   Fire Protection District.

14                   We are also opposed to this.  We just  
15                   recently hired two new paid men.  If something like  
16                   this would go through, we'd be laying our new paid  
17                   men off as a way of meeting our budget.

18                   Mr.Sinclair said before, we are limited in  
19                   our resources in how to get our money for the fire  
20                   district.  And we're just opposed to it.

21                   HEARING OFFICER BENSKO:  Thank you,  
22                   Steve.

1 Ed.

2 MR. FLETCHER: My name is Ed Fletcher,  
3 trustee for Mitchell Fire Protection District.

4 Definitely just -- Mr. Sinclair, you  
5 know, stated earlier, with our current budget that we  
6 have now, it would be impossible to, you know, pay  
7 for these charges on this fire hydrant.

8 So we'd be opposed to it.

9 HEARING OFFICER BENSKO: Thank you, Ed.  
10 Eddie.

11 MR. LEE: Yeah. My name's Eddie,  
12 E-d-d-i-e, Lee, L-e-e. I'm with Mitchell Fire  
13 Department Fire Chief.

14 And yes, we are opposed to this.

15 We have a little different situation. Where we're  
16 at, we have three TIF districts.

17 And I got 15 warehouses going in, with  
18 fire hydrants every 300 feet. And if something like  
19 this goes in, it would bankrupt our fire protection,  
20 basically.

21 HEARING OFFICER BENSKO: Thank you, Eddie.  
22 Bryan.

1                   MR. DOYLE: Again, Bryan Doyle. I would  
2 have to agree with the other chiefs here and  
3 Mr. Sinclair and their comments.

4                   I'll just have to get with Illinois  
5 American to find out why I'm the only one in the room  
6 still paying Illinois American for fire hydrants and  
7 no one else is.

8                   HEARING OFFICER BENSKO: Thank you. Thank  
9 you.

10                   Is there anyone else in the room that  
11 would like to speak?

12                   Yes, sir. I need you to state --

13                   MR. PARKE: John Parke.

14                   HEARING OFFICER BENSKO: John, I need you  
15 to state your name and spell it for me.

16                   MR. PARKE: John Parke, P-a-r-k-e.

17                   HEARING OFFICER BENSKO: Thank you.

18                   MR. PARKE: And I'm president of the  
19 Smithton Fire Protection District.

20                   And Bryan, you're not alone. I'm also  
21 paying them a token fee which I've had a call in  
22 since I was advised of this hearing to try to see

1       why I was   still paying that.

2                   I haven't been able to get an answer yet.  
3       But we are definitely opposed.   We have just a few  
4       hydrants in our district.

5                   We are giving them a token amount at the  
6       present time, but we also are on a limited budget.  
7       That's why I'm here.   I had a hard time finding the  
8       place, but I'm here.

9                   HEARING OFFICER BENSKO:   Thank you.

10                  MR. PARKE:   Sorry I'm late.

11                  HEARING OFFICER BENSK:   That's everyone  
12       that's signed up.

13                  Are there any other questions that -- you  
14       know, is there anything else that you guys would like  
15       to talk about on the record?

16                  This is a -- it's a little strange to me  
17       doing a public hearing.   Generally when I do  
18       hearings,   it's in a setting where, you know, you  
19       come up and you   testify before me and it's sort of  
20       like in a court of   law, you know.

21                  These public hearings, these are totally  
22       different.   There's no case number.   We're just doing

1 these sort of, you know, aside from anything that we  
2 generally would do.

3 I understand that there are some people  
4 that have some misconceptions. Why those  
5 misconceptions weren't addressed outside of the  
6 legislative process, we had no idea.

7 We have no comment on that. I don't know  
8 where it came from. But when I was over in Champaign  
9 the other night, not a person showed up.

10 So you know, it kind of left me thinking,  
11 you know, I guess these people like the status quo.  
12 But you know, on the 15th when I go up north, I know  
13 exactly what I'm going to have.

14 I'm going to have a roomful of people that  
15 want to talk about how high their water bills are.  
16 They're not going to be allowed to talk about that.  
17 The only thing that we're going to talk about is what  
18 the law states.

19 And James, you know as well as I do, you  
20 know, where this came from. You've enlightened me  
21 tonight a bit because, you know, I wasn't there when  
22 this happened.

1                   And it's good to know a little bit of the  
2 strategy that was used when this whole thing was  
3 thought out.

4                   I know exactly -- coming from Springfield,  
5 I used to be the ESDA director for the city and the  
6 county. I was the head of the rescue squad. I  
7 taught fire rescue.

8                   I know what fire departments go through.  
9 I know how expensive training is. I know how  
10 expensive the gear is and the fire trucks and stuff  
11 like that. I know exactly what you have and what you  
12 can afford and what you can't afford.

13                   And to some fire-protection districts,  
14 what you can't afford is that little bit of extra  
15 training or maybe a rope or two or maybe a hose that  
16 needed replaced. And we're not always talking about  
17 buying new great big red fire trucks or anything like  
18 that.

19                   So I understand exactly what you're saying  
20 when you're saying we can't afford to pay for that  
21 water, we can't afford to pay for that maintenance.

22                   And in reality, you know, there in

1 Springfield, I'm tickled to death that I have never  
2 had to call the fire department for a fire at my  
3 house.

4 But I'm also tickled to death to see that  
5 fire hydrant right in front of my house and to know  
6 that on a yearly basis that fire hydrant is tested to  
7 know that if the -- if the fire department were to  
8 come to my house and check it -- I live in a new  
9 subdivision, so they've been doing it yearly just to  
10 make sure that -- I know it's done on a yearly basis.

11 But you know, I know it's there. And I  
12 know that, you know, somebody's going to be there and  
13 somebody's going to help me. I know in  
14 unincorporated areas the rescue squad had to go put  
15 out fires.

16 And the rescue squad, you know, they had  
17 to be at the mercy that there would be a water  
18 tanker someplace, or you know, they brought their own  
19 or something like that.

20 So I know exactly what you guys are saying  
21 here. I don't have any idea what, you know, what's  
22 going to happen when I go up north.

1                   I don't -- I can't really think that  
2 they've been where the whole situation has been  
3 explained to them in a logical setting that everybody  
4 can understand.

5                   If the general public thinks that they're  
6 being cheated, you know, let's sit down and talk  
7 about this.

8                   Well, the talk went from me sitting in a  
9 room face to face with somebody saying this is how it  
10 is, you know, you're not being double-taxed, to going  
11 to the legislature and the legislature telling us  
12 what to do.

13                   John has been charged with writing up the  
14 final report. That's why he comes with me. Plus the  
15 fact that he's a good partner for dinner at night.

16                   And you know, John -- is it just you that  
17 is going to do this file?

18                   MR. HENDRICKSON: I'm sure I can delegate  
19 it to somebody. I'll certainly have the  
20 responsibility, yeah.

21                   HEARING OFFICER BENSKO: And when we take  
22 this back, you know, with what you've said on the

1 record tonight, you know, we have a piece of paper  
2 with words on it that say that you guys are opposed  
3 to anything.

4 So that's a good thing. And you know, I  
5 really do appreciate you guys being here. I  
6 apologize for the mixup on the days.

7 I had changed it. I thought everybody --  
8 I have a memo here that says, Please Note, in big  
9 letters, Please note change in date for Fairview  
10 Heights.

11 But aside from that, I really appreciate  
12 you guys being here tonight.

13 Is there anything else that you want to  
14 put on the record?

15 MR. SOWDERS: Chief Sowders again from  
16 Alton.

17 I would like to add I've got a total of  
18 about seven years of being the chief, not all  
19 continuous. But in those seven years, I bet I've  
20 only fielded maybe two or three taxpayers questions  
21 regarding that charge.

22 And I don't recall ever not satisfying

1 the, you know. But it's really a rare thing. I  
2 don't know what the experience is of the other  
3 chiefs. But it's very rare that anyone even  
4 questions that.

5 And then once I explain it to them,  
6 there's never been a problem with it.

7 HEARING OFFICER BENSKO: Has anybody ever  
8 had anybody ask them about this?

9 MR. SINCLAIR: Just very quickly, Jim  
10 Sinclair again.

11 When the legislation was first introduced,  
12 there was some publicity about this charge. And  
13 there were some statements made that people were  
14 going to be paying a quarterly charge I think of \$7  
15 apiece.

16 And the reason I know that is I went back  
17 and looked at my file today. And we actually did a  
18 press statement, a statement of position on behalf of  
19 the Godfrey district when that occurred.

20 So there was some initial commentary that  
21 was picked up in the local press.

22 But like John, after that, I don't think

1 that at Godfrey we've heard and the other districts I  
2 don't recall anybody ever complained about it.

3 Several of the districts did because they  
4 had been paying a charge, some \$25 a hydrant, some 55  
5 a hydrant.

6 They continued that for a period of time  
7 after the legislation went through basically as sign  
8 of good faith that they weren't simply trying to take  
9 advantage.

10 Ultimately most of them -- I think  
11 probably all -- John Parke at Smithton might be an  
12 exception -- eventually did stop making the payment  
13 basically because of budgetary constraints. They  
14 needed all the money that they could get.

15 One of the things that happened I didn't  
16 mention in the first remarks that I should have, one  
17 of the big things that happened after this and very  
18 close to it was that the Illinois Department of  
19 Labor promulgated regulations for firefighter safety  
20 which over time have been a very good thing for the  
21 safety of firefighters but imposed a very significant  
22 additional financial burden on a lot of fire

1 departments in the form of equipment, additional  
2 training.

3 And on the heels of the water-charge  
4 issue, that's basically why a lot of the districts  
5 said, we can't pay it anymore because now we have  
6 this new obligation that we have to take care of.

7 So that's a point I should have made early  
8 on, one of the reasons why many of them have just  
9 phased that out.

10 HEARING OFFICER BENSKO: Yeah. One of the  
11 -- and I know this to be true, you know.

12 Some of the areas that, you know, the --  
13 across the board, average salaries are, you know, up  
14 there, those people basically pick up the charge and  
15 because their tax receipts are such that they have  
16 that liberty to do that.

17 You know, when you're dealing with a rural  
18 area, when you're dealing with towns, you know, say  
19 40-, 50,000, people, you don't have that luxury.

20 You don't have that tax base to take that  
21 money from. And the way I'm looking at this is it's  
22 a nice balance.

1                   One of the things that, you know, I'm sure  
2                   somebody's going to say, well, you know, the water  
3                   companies make enough money that they shouldn't  
4                   charge us for, you know, the meters and stuff like  
5                   that.

6                   I've had people say that to me before.  
7                   And the fact of the matter is, it's our job at the  
8                   Illinois Commerce Commission to balance everything  
9                   out.

10                   When a company comes in and has a rate  
11                   case before us, we have a number of different staff  
12                   that we put on that case, staff that represent the  
13                   general public, staff that go in there with a  
14                   fine-toothed comb and say, you know, Company A, no  
15                   matter whether it be electric rate or a telephone  
16                   charging higher, you know, higher rates for telephone  
17                   service, we go through those things with a  
18                   fine-toothed comb and try and figure out what is  
19                   reasonable.

20                   And to some people, that's a relative  
21                   word. What's reasonable for you, you know, might not  
22                   be reasonable for me.

1                   But what we do is we try to go in there  
2                   and we do it with a level hand. The Illinois  
3                   Commerce Commission is made up of a Chairman and  
4                   four Commissioners.

5                   We only have three right now. We're  
6                   waiting for another one to be appointed. But when we  
7                   make a decision and we have something, it's just --  
8                   it's exactly like a court of law.

9                   You have a judge that's assigned to the  
10                  case. You have lawyers, the defending lawyer and the  
11                  prosecuting lawyer. Well, we have the same thing.

12                  The companies come in and testify under  
13                  oath before us. They have expert witnesses. We have  
14                  expert witnesses. We have staff economists, staff  
15                  accountants, you know.

16                  And when the case is finely done, the  
17                  judge has a proposed order that he offers to the  
18                  Chairman and Commissioners.

19                  The Chairman and Commissioners can say, I  
20                  want you to go back and consider something that was  
21                  -- something that Bob Bensko picked up in one of his  
22                  public hearings, I want you to go back and give me an

1 answer on something like that.

2 But when it's all over and done with and  
3 they vote on it, if you don't like what they voted on  
4 it, the public has or anybody has a chance to say, I  
5 don't like what you had to say.

6 But to do that, you have to go to the  
7 appellate court, so. This is a legal standing body.  
8 And I usually equate the Commission to the Supreme  
9 Court of -- Supreme Court of Public Utility Law and  
10 stuff like that.

11 And if you don't like what we, the  
12 Illinois Supreme Court, you go to the appellate  
13 court and take us to court and argue your case  
14 before us.

15 So we don't take things lightly. That's  
16 the reason that, you know, we're here tonight. We  
17 didn't take it lightly that they said to do these  
18 three public hearings.

19 We decided to do it at seven o'clock at  
20 night to give people time to get home, get a bite to  
21 eat, and then come and speak before us.

22 We didn't -- we chose not to have it at

1 the Springfield or Chicago office. We chose to have  
2 it in your backyard.

3 And we do that because we want you to know  
4 that we do care about everything that you have to say  
5 and your statements and your feelings do count.

6 And I just want you to know I really  
7 appreciate you guys being here tonight. I appreciate  
8 your comments on the record.

9 I appreciate the questions that we've had.  
10 And we had a good back-and-forth question-and-answer  
11 period and stuff like that.

12 So if there's anything that you want to  
13 say to say to me after I've left tonight, you can  
14 send it to me -- you can mail me a letter or send me  
15 an e-mail and I'll put that in the record.

16 Is there anyone else that has any comments  
17 or would like to speak about anything?

18 MR. GROOT: I lived in the Orland Park  
19 fire-protection area on the outskirts for over  
20 45 years. And I can tell you that the area is  
21 heavily monied. There is a lot of big houses.

22 And the previous chief was Chief Buzz.

1 When he retired, he was replaced by Chief  
2 Bettenhauser. He currently left the job under  
3 pressure from his trustees.

4 There's a lot of strife in that  
5 fire-protection district. The Village of Orland Park  
6 actively works against that fire-protection district.

7 And there's a lot of turmoil there. So  
8 that may be the reason for this taxation stress  
9 they're feeling.

10 HEARING OFFICER BENSKO: Thank you.

11 Greg Render.

12 MR. RENDER: What happens next?

13 HEARING OFFICER BENSKO: The next thing I  
14 do is I go hold the hearing on the 15th up in  
15 Northern Illinois in Orland Park.

16 And then we'll take that information from  
17 that one and the one from today.

18 And John, you want to give your two cents  
19 here about what you're going to do?

20 MR. HENDRICKSON: At that point we'll have  
21 all the information that the law requires us to get.  
22 And we're charged with writing a report for the

1 legislature.

2 That report will have to be approved by  
3 the Commission before it gets sent down to Capitol  
4 Building. We have until the end of the veto session  
5 of 2008, so roughly a year from now.

6 While I hesitate to say we're not going to  
7 take that long to write this report, I'm not going to  
8 promise that we won't or that it won't get out until  
9 this time next year.

10 But that's the timetable. And what the  
11 report will say, I don't know, other than, you know,  
12 your comments and the comments we get next couple of  
13 weeks.

14 What the legislature will do with that  
15 report, how they'll interpret it, that's up to them.

16 AUDIENCE: Will there be a recommendation  
17 from the ICC to the legislature?

18 MR. HENDRICKSON: Again, I don't know if  
19 there would be a recommendation or not. There might  
20 be.

21 I mean, if you took everything that was  
22 said tonight, it would be easy to say here's the

1 recommendation.

2                    Depending on the comments we get in a  
3 couple of weeks, I don't know if it will be quite as  
4 easy.

5                    We're not required to make a  
6 recommendation. But the Commissioners may say, Yes,  
7 let's put some recommendation into it. They may say,  
8 No, we're not recommending anything, here's what was  
9 said.

10                    So other than that, I don't know how  
11 that will finally turn out.

12                    AUDIENCE: If we leave you our business  
13 card, are we entitled to a copy of that report when  
14 it's complete?

15                    HEARING OFFICER BENSKO: We'll have it on  
16 our Web site.

17                    AUDIENCE: When do we start looking? A  
18 year from now? Six months? Nine months from now?

19                    HEARING OFFICER BENSKO: Jim, why don't  
20 you just -- why don't we deal with one person.

21                    MR. SINCLAIR: We can do that. I mean, I  
22 can get it to everybody here, and they can get it on

1 the association Web site.

2 HEARING OFFICER BENSKO: Why don't -- Jim,  
3 why don't you deal with John and myself.

4 And the hardest thing is -- the hardest  
5 thing is, if you read what the legislation says and  
6 what we have to do, we have to make a report on what  
7 was said.

8 Whether the Chairman and Commissioners  
9 want to take that extra step and say we're going to  
10 make this recommendation, if you asked me after the  
11 15th, I couldn't say.

12 If you asked me December 1st, I probably  
13 couldn't tell you, you know, what exactly they're  
14 going to do. We were told to do this and we're doing  
15 it. We'll do it with exactly what you guys said.

16 That's why we take a record of it, exactly  
17 word for word what you said. We will make that  
18 available to them so that there's no question, you  
19 know, well, that's just your feeling of what they  
20 said.

21 No. That's exactly what they said that  
22 particular night. So I think your feelings, you

1 know, your feelings will be heard.

2 John will write up the report. You  
3 know. If somebody asks me to write up a report, I'd  
4 write it on what I had learned. And I know that's  
5 what John's going to do, so.

6 FORUM ADJOURNED

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