



**For Immediate Release**  
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## **MADIGAN, KOSEL CALL FOR DECREASE IN WATER RATES**

### **Officials Team Up to Fight Increase in Rates for Customers of Illinois American Water Company**

Chicago - State Representative Renée Kosel (R-New Lenox) and Attorney General Lisa Madigan have teamed up to oppose a water rate increase requested by Illinois American Water Company (IAWC), arguing the company's rates in the Chicago suburban area should actually be decreased. The company, which provides water service to 37,700 customers in several west and southwest suburban Chicago communities, has asked the Illinois Commerce Commission (ICC) to approve a \$2.2 million increase for water service, and a \$418,000 decrease for sewer service. The ICC is in the process of reviewing the request, and its final rate order is due on July 30.

“Area residents are often shocked at how much more they pay for water service when compared to neighboring communities with municipal water sources. The analysis offered by Attorney General Madigan’s office shows just how disproportionate IAWC’s costs and rates really are,” Rep. Kosel said. “I trust the ICC will give this issue close attention.”

The expert analysis that Madigan submitted to the ICC concludes that IAWC does not need an increase in its Chicago suburban service areas and that it should actually decrease water rates by \$2 million. It also concludes that IAWC should provide a greater decrease in sewer rates, equaling \$1.9 million.

The experts retained by Attorney General Madigan concluded that the company:

- Spends too much money on management fees paid to Illinois American’s affiliated management company;
- Inappropriately sought to charge consumers for “incentive” payments it provides to managers; and
- Requested a profit level that was too high.

“Rep. Kosel and I have asked the ICC to strongly consider the findings in our analysis and order a decrease in water rates for IAWC’s Chicago suburban area

customers,” said Madigan. “High quality, affordable water service is important to the general quality of life for Illinoisans, and their families and consumers should not have to pay more due to poor management or greed on behalf of the company.”

The expert analysis compared IAWC’s rates with those of water utilities nationwide and in four neighboring communities with municipal water service. The analysis showed that IAWC spends substantially more on its Chicago area operations than other water utilities spend on both a per account and a per gallon basis. The analysis showed that the company was spending \$2.05 million more to operate its water system than most municipal systems based on per customer and usage ratios.

The Attorney General’s office also concluded that sewer charges actually should drop even more than proposed by IAWC to a total decrease of \$1.9 million, rather than only \$418,000. In addition, the Attorney General's office pointed out that IAWC failed to reform its policy of using flat fees for sewer collection services. The General Assembly directed the company to base its sewer charges on the amount of water customers use rather than charging all customers the same amount regardless of usage, but the company failed to adjust its sewer collection rate to comply with this law.

Rep. Kosel praised Attorney General Madigan for following up on the issues raised by residents in 2006 and noted that in 2007 the Illinois Commerce Commission specifically stated that it would consider how IAWC’s performance compared to local municipal utilities.

Rep. Kosel also encouraged consumers to let the ICC know their opinion of the rate request. She pointed out that the General Assembly recently directed the ICC to establish a “public comment” Web site and consumers can post messages to the ICC at the site at <http://www.icc.illinois.gov/docket/comment/>. Consumers can find the Illinois American Water Company rate request on that page, identified as docket 07-0507

Senior Assistant Attorney General Susan Satter and Assistant Attorney General Elias Mossos are handling the case for Madigan’s Public Utilities Bureau.

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