

Dec. 15, 2016

Rosemaria DiBenedetto
708-712-4629
rosemaria@newsmakersinc.com

Rate Adjustment for Illinois American Water Approved by Illinois Commerce Commission

Rate change request driven by approximately \$76 million in local investments

Woodridge, Ill. (Dec. 15, 2016) – Following an 11-month review, the Illinois Commerce Commission (ICC) issued an order adjusting rates for Illinois American Water. Ongoing enhancement and maintenance of the company’s water and wastewater infrastructure to ensure reliable treatment and delivery systems were the main drivers behind the rate change request filed on Jan. 21, 2016. Included in the rate change request was approximately \$342 million in infrastructure investments across Illinois, including approximately \$76 million in the Chicago Metro District, that was not previously reflected in rates.

“Periodic rate adjustments allow us to continue making critical investments in water and wastewater plants, pumps and pipelines that help to enhance quality, service reliability, and fire protection for customers,” said Rich Hermann, senior manager of field operations and production for the Chicago Metro District. “Reliable water and wastewater service is essential to everyday life and a community’s strong economy.”

Illinois American Water President Bruce Hauk added that the company has worked to control costs, reducing operating expenses by about 3 percent since the last rate order, while providing customers with nationally-recognized service. Illinois American Water received the J.D. Power award for ranking “Highest in Customer Satisfaction among Water Utilities in the Midwest” according to J.D. Power’s 2016 Water Utility Residential Customer Satisfaction StudySM. The utility also achieved the highest score in the region for price and communications. Hauk said, “Customer satisfaction is a top priority for our team. J.D. Power’s recognition of our team reinforces our efforts for continuous improvement so we can provide quality service at a fair price.”

The new rates resulting from the order are expected to take effect Jan. 1, 2017. The last change in base rates for water service and wastewater treatment occurred over four years ago, in 2012. Wastewater collection base rates have not increased since 2003. Illinois American Water cannot change base rates without ICC approval. The chart below outlines estimated rate changes for residential customers.

CUSTOMERS WHO LIVE IN	ESTIMATED BILL CHANGE *
Arlington Heights, Bolingbrook, Des Plaines, Elk Grove, Homer Glen, Homer Township, Lemont, Lockport, Mount Prospect, Norwood Park Township, Orland Hills, Orland Park, Prospect Heights, Romeoville, Wheeling, & Woodridge. And receive wastewater collection service or receive wastewater collection and treatment service	Water charge: \$0.54 per month decrease Wastewater charge: \$6.51 per month increase Wastewater charge: \$17.70 per month increase
Carol Stream, Elmhurst, Glen Ellyn, Lisle, Lisle Township, Lombard, Villa Park, Winfield, Wheaton And receive wastewater collection service	Water charge: \$5.57 per month decrease Wastewater charge: \$6.51 per month increase
Elgin, Frankfort Township, Mokena, Montgomery, Morris, Oswego, Plainfield, Prairie Grove, Sandwich and St. Charles. And receive wastewater collection service or receive wastewater collection and treatment service	Water charge: \$1.26 per month increase Wastewater charge: \$6.51 per month increase Wastewater charge: \$17.70 per month increase
Palos	Water charge: \$3.60 per month increase
Glenview and Rolling Meadows.	Wastewater charge: \$6.57 per month increase

* **Note:** Impacts are shown for a residential customer using 4,500 gallons of water per month with a 5/8-inch meter. Rates include fire protection charge and ICC tax.

The rates are dependent upon the type of service a customer receives and are pending final approval from ICC staff. Customers will continue to receive quality, reliable water and wastewater service at a good value.

According to Hermann, local investments included replacing and installing fire hydrants, valves, meters, manholes and over 23 miles of water main. It also included significant investment to rehabilitate over 24 miles of sewer mains through replacement or cured-in-place lining.

The Arbury Water Treatment Plant was also upgraded to help to improve water quality. The project included the construction of a new deep well and related ion exchange treatment process.

A new wastewater pump station was also constructed to ensure reliability. Upgrades to the Santa Fe water reclamation facility helped to meet new regulatory requirements. The Santa Fe facility upgrade included two new 750,000-gallon oxidation ditches with mechanical surface aerators. Electrical and control equipment was also updated.

The need to upgrade water and sewer systems is a national challenge. In 2013, the American Society of Civil Engineers said that an estimated \$1 trillion in capital spending would be needed across the nation over 25 years to replace thousands of miles of pipe, upgrade treatment plants and comply with stricter water quality standards. Illinois American Water is addressing this challenge.

Illinois American Water's rates are based on the costs of providing water and sewer service as reviewed and approved by the ICC. While many municipally-owned water systems are able to cover costs with taxes, fees and other revenue sources as a way to keep water bills lower, investor-owned, regulated water utilities are required to recover all costs through water rates charged on the customer's bill.

Customers will receive communication further explaining the rate change. Customers needing assistance paying their water bills can access the company's H₂O Help to Others program. The Salvation Army administers this program. Customers are urged to contact their local Salvation Army if they need assistance. Information can also be found at www.illinoisamwater.com. For information about the J.D. Power 2016 Water Utility Residential Customer Satisfaction StudySM visit <http://tinyurl.com/hbv5t6>.

About Illinois American Water

Illinois American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 1.2 million people. American Water also operates a customer service center in Alton and a quality control and research laboratory in Belleville.

Illinois American Water ranked "Highest in Customer Satisfaction with Water Utilities in the Midwest" according to J.D. Power's 2016 Water Utility Residential Customer Satisfaction StudySM.

American Water is the largest and most geographically diverse publicly traded U.S. water and wastewater utility company. Marking its 130th anniversary this year, the company employs 6,700 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to an estimated 15 million people in 47 states and Ontario, Canada. More information can be found by visiting www.amwater.com.

###