

PUBLIC NOTICE

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

February 1, 2010

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 Kankakee Division, which includes the City of Kankakee, the Village of Aroma Park, the Village of Bradley, the Village of Bourbonnais, the Village of Grant Park, the Village of Limestone, the Village of Manteno, the Village of Sun River Terrace, the Illinois Diversatech Campus located east of the Village of Manteno, and the unincorporated areas around the periphery of these municipalities in Kankakee County which includes parts of the townships of Aroma, Bourbonnais, Kankakee, Manteno, Limestone, Sumner, St. Anne, Rockville, Otto, Ganeer, and Yellowhead.

RATE REQUEST

The changes for all classes of water service, if approved by the ICC, would result in an overall revenue increase of 23.56 percent. The proposed increase in rates is set out in Tariff ILL. C.C. No. 47, Section 2 filed with the Illinois Commerce Commission (ICC). The last rate case was filed in 2006. This request will undergo a review by the ICC for up to 11 months.

Since the last general rate order issued in 2006 through the applicable period covered by this rate filing (December 31, 2011), Aqua will have put into service more than \$23.6 million in infrastructure and other water quality improvements, including a new elevated tank, security, reliability and process improvements for source-of-supply and water treatment, as well as projects that upgraded the distribution system to enhance water quality and fire protection service, which should lower homeowner insurance – representing an investment of approximately \$850 per water customer.

If this rate request is granted in full as filed, an average monthly residential bill (5,223 gallons) would increase by \$9.49, (\$.31 cents per day) to \$46.65, plus public fire protection charges. At the new rate, customers would have a full day's worth of water (172 gallons) for \$1.53 per day – less than a penny per gallon.

ICC ROLE

Customers should be advised that the Illinois Commerce Commission 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 South Schuyler Avenue in 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.



Craig L. Blanchette
Vice President and Regional Manager
Aqua Illinois, Inc.
Kankakee Division

AQUA ILLINOIS' IMPROVEMENTS INCLUDE MORE THAN \$23.6 MILLION OF PROJECTS IN THE KANKAKEE DIVISION WATER SYSTEM

- Aqua Illinois, Inc. (Aqua) is filing with the Illinois Commerce Commission (ICC) its first base rate request in four years for its Kankakee Division. The last request for increased rates was made four years ago in 2006.
- The majority of the request is related to the more than \$23.6 million in primarily infrastructure and other improvements the company will have put into service since the last rate proceeding. This amounts to improvements of about \$850 per customer.
- These capital investments—which help ensure service reliability and environmental compliance—are the major drivers for the 23.56 percent rate request in addition to operational expenses, such as increased costs for power, fuel for the company's vehicle fleet, water treatment chemicals, and administrative and labor costs to run our company.
- Aqua's capital improvements to the Kankakee Division include:
 - Replacement of old and undersized water mains in several parts of Aqua's service area to improve water quality and pressure and to upgrade fire protection service to these areas.
 - Addition of booster stations and grid reinforcements in the water system to provide added system pressure, better fire flows throughout the populated parts of the system and eliminate bottlenecks that limit water flow. The booster stations also improve ISO ratings, which lower insurance for homeowners.
 - Replacement of old, deteriorated and (in some cases) undersized water services to increase pressure and volume to residential properties and to ensure reliability of service to customers.
 - The complete replacement of old water meters with new radio frequency meters for the convenience of its customers. Meter readers no longer need to have access to customers' property to read water meters and to get accurate bills based on actual usage instead of those based on estimates.
 - Relocating and replacing water mains, fire hydrants, and water services associated with road reconstruction projects in the Village of Bourbonnais and the Village of Bradley as well as water main relocations for various municipal storm sewer projects.
 - Improvements to rehabilitate and raise the deep river intake structure above the sand level in the Kankakee River to ensure adequate water supply well into the future for the treatment plant in order to serve Kankakee area customers and to provide redundancy in the intake process.
 - The planned addition of a new 1 million gallon elevated storage tank in the Village of Limestone to increase total water system storage capacity by 7 percent, enough to meet a peak day's demand. More importantly, it will increase pressure and fire flows and improve fire protection in the southern pressure zone of the Kankakee Water System.
 - Improvements to existing water storage facilities in Kankakee, Manteno, and Aroma Park to extend the useful life of the structures and improve water quality to customers.
- If the ICC were to grant the company its entire request, customers would have a full day's worth of water (172 gallons) for \$1.53 per day or about a penny per gallon.