



Illinois American Water and Aqua Illinois

Community Experiences With the Largest Investor-Owned Water Utilities in Illinois

food&waterwatch

Issue Brief • October 2011

The poor track records of Illinois American Water and Aqua Illinois demonstrate that privatization is an unacceptable and irresponsible alternative to traditional public provision of water and sewer service. Many of the companies' customers, both households and businesses, have reported paying too much for inadequate service. These consumer experiences underscore the importance of keeping water and sewer systems in local, public hands. They highlight how problematic it is for private interests to control public water resources.

Illinois American Water and Aqua Illinois — the state operations of large corporations called American Water and Aqua America — are the largest investor-owned water utilities in Illinois,¹ providing water to one in ten people in the state.² Across the country, American Water and Aqua America are pushing their privatization agendas by exploiting the fiscal troubles facing many communities,³ and in Illinois they have spent tens of thousands of dollars trying to influence state and local politics in their favor (see box on page 4).⁴ Their poor performance — from exorbitant rates in Bolingbrook,⁵ to billing mistakes in Manteno,⁶ to dangerously low water pressure in Lisle⁷ — should give pause to any elected official considering privatizing, or facilitating the privatization of, a water or sewer system.

Financial Information of the Two Largest Investor-Owned Water Utilities in Illinois

(for year ended December 31, 2010)

Company	Operating Revenues	Profit	Service Population
Illinois American Water Company	\$227 million ^{(a)8}	\$18 million ⁹	1.2 million ^{(b)10}
<i>American Water Works Company, Inc.</i>	\$2.7 billion ¹¹	\$268 million ¹²	15 million ¹³
Aqua Illinois, Inc.	\$43 million ¹⁴	\$6 million ¹⁵	200,000 ¹⁶
<i>Aqua America, Inc.</i>	\$726 million ¹⁷	124 million ¹⁸	3 million ¹⁹

a Combined revenue of Illinois American Water and American Lake Water Company (American Water's other regulated subsidiary in Illinois) was \$232 million²⁰

b Including American Lake Water Company

High Prices

The price of water service is a frequent consumer complaint about investor-owned water companies. Both Illinois American Water and Aqua Illinois have aggressively hiked water rates.

Since 2001, Illinois American Water has increased its rates by a total of 82 percent (excluding infrastructure surcharges).²¹ Most recently, in 2010, the company hiked rates by 23 percent.²² Over the last decade, Aqua Illinois — formerly Consumers Illinois — has more than doubled the rates of its Kankakee Division (excluding infrastructure surcharges).²³ (Unlike Illinois American Water, Aqua Illinois increases the rates of all of its divisions at the same time.) In April 2011, Aqua Illinois sought to consolidate its rate divisions, excluding the Kankakee one, and to hike rates by 23 percent.²⁴ Within four months, 50 customers had written the Illinois Commerce Commission to protest this proposed increase, which was commonly characterized as “unreasonable,” “excessive,” “ridiculous,” “unfair” and “out of line.”²⁵

Rate Increases Following Privatization

After purchasing municipal water systems, Illinois American Water and Aqua Illinois increased water rates substantially.

Since 1998, Illinois American Water has purchased the water systems of four villages: Bolingbrook, Pesotum, Saunemin and Shiloh.²⁶ And since 2001, Aqua Illinois has purchased the systems of six villages: Aroma Park, Grant Park, Indianola, Manteno, Philo and Sun River Terrace.²⁷

By 2011, water rates in these ten communities had more than doubled on average since privatization. This corresponds to an extra \$405 on the typical annual water bill of a household using 72,000 gallons of water a year (or \$356 when adjusted for inflation). Water prices have grown at an average compound rate of 18 percent a year.²⁸

In comparison, national surveys have found that water and sewer bills typically increase by about 5 percent a year.²⁹ That means that customers of these privatized systems are seeing their water rates grow 260 percent faster than usual.

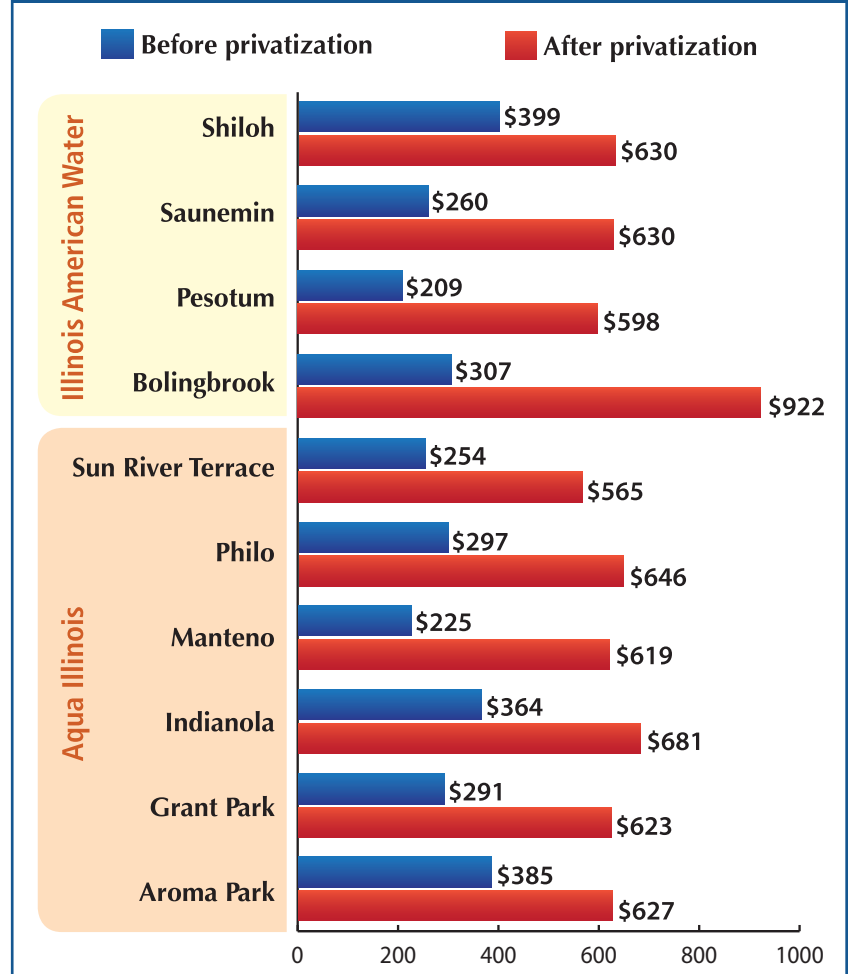
High Costs

Investor-owned water utilities charge higher water prices than municipalities, mostly because of profits, taxes and debt costs.

American Water has argued that one benefit of privatization is the private sector’s greater access to capital,⁶² but the company neglects to mention that private capital is not cheap. In fact,

Typical Annual Water Bills Before and After Privatization

(For Households Using 72,000 Gallons a Year, Adjusted for Inflation, Constant 2011 Dollars)



private financing is usually more expensive than public financing.⁶³ This is apparent in Illinois. In 2010, the average interest rate on the long-term debt of Illinois American Water was 6.24 percent,⁶⁴ and that of Aqua Illinois-Kankakee Division was 6.72 percent.⁶⁵ A typical municipal bond was considerably cheaper with an interest rate of 4.30 percent.⁶⁶ Given the high borrowing costs of investor-owned water utilities, for a typical municipality, privatization would likely increase the cost of building and improving water systems. This translates into higher water prices for consumers.

Compared to taking out debt, it is even more costly for investor-owned water utilities to raise capital from their investors.⁶⁷ Illinois American Water and Aqua Illinois, for example, have authorized rates of return on equity — essentially their profit — of slightly more than 10 percent.⁶⁸ The companies pass on the cost of profit and taxes to water users through water rates.⁶⁹

Rate Hikes and Privatization in Ten Illinois Villages:

How Typical Household Bills Have Increased Since Aqua Illinois and Illinois American Water Acquired Community Water Systems

Based on Annual Water Usage of 72,000 Gallons, As of 2011

Village	Sale Year	Typical Annual Household Water Bill ^c (inflation adjusted) ^d		Total Increase (inflation adjusted) ^d		Compound Annual Growth Rate	
		Public Pre-Sale	Private 2011	Amount	Percent		
Aqua Illinois ^a	Aroma Park	2001 ³⁰	\$303 ³¹ (\$385)	\$627 ³²	\$323 (\$242)	107% (63%)	8%
	Grant Park	2003 ³³	\$237 ³⁴ (\$291)	\$623 ³⁵	\$387 (\$333)	164% (114%)	13%
	Indianola	2003 ³⁶	\$300 ³⁷ (\$364)	\$681 ³⁸	\$381 (\$317)	127% (87%)	12%
	Manteno	2007 ³⁹	\$207 ⁴⁰ (\$225)	\$619 ⁴¹	\$412 (\$394)	199% (175%)	32%
	Philo	2005 ⁴²	\$262 ⁴³ (\$297)	\$646 ⁴⁴	\$384 (\$349)	147% (118%)	18%
	Sun River Terrace	2008 ⁴⁵	\$240 ⁴⁶ (\$254)	\$565 ⁴⁷	\$325 (\$311)	135% (122%)	29%
	Aqua Illinois Average			\$258 (\$302)	\$627	\$369 (\$324)	146% (113%)
Illinois American Water ^b	Bolingbrook	2002 ⁴⁸	\$246 ⁴⁹ (\$307)	\$922 ⁵⁰	\$676 (\$615)	275% (201%)	16%
	Pesotum	2007 ⁵¹	\$192 ⁵² (\$209)	\$598 ⁵³	\$406 (\$389)	212% (187%)	33%
	Saunemin	2004 ⁵⁴	\$219 ⁵⁵ (\$260)	\$630 ⁵⁶	\$411 (\$370)	188% (142%)	17%
	Shiloh	1998 ⁵⁷	\$290 ⁵⁸ (\$399)	\$634 ⁵⁹	\$344 (\$235)	119% (59%)	6%
	Illinois American Average			\$237 (\$294)	\$695	\$459 (\$402)	198% (147%)
TOTAL AVERAGE			\$250 (\$299)	\$655	\$405 (\$356)	167% (127%)	18%

^a Consumers Illinois Water Company changed its name to Aqua Illinois, Inc., in 2004.⁶⁰

^b Illinois American Water Company acquired Citizens Utilities Company of Illinois in 2002.⁶¹

^c Bills calculated for metered general water service residential customers with 5/8 inch meters using 6,000 gallons a month.

^d Inflation adjusted to May 2011 dollars based on the Bureau of Labor Statistics, Consumer Price Index—all urban consumers, seasonally adjusted, extracted June 24, 2011.

Case Studies

Will County: Communities Eye Joint Takeover of American Water Pipeline

In 2010, hoping to gain more control of water rates, Bolingbrook, Homer Glen, Lemont, Romeoville and Woodridge formed a joint action water agency to purchase their water pipeline from American Water.⁷³ In August 2011, the municipalities met their first objective when the state legislature passed a law permitting them to take legal action to compel the company to sell the pipeline, which transports Lake Michigan water to the area.⁷⁴

Previously, state law required unanimous support from the municipalities served by a water system before pursuing eminent domain proceedings to purchase the system.⁷⁵ One pipeline customer, Plainfield — which buys wholesale water and then distributes it to households via its publicly owned system, so that water rates are cheaper than they are for households directly served by Illinois American Water⁷⁶ — chose not to join the joint action water agency.⁷⁷ This had effectively prevented the other five communities from pursuing public control. The new legislation, however, changed this; it tweaked state law to allow the use of eminent domain with the approval of a supermajority — no longer all — of the affected municipalities.⁷⁸

Money in State Politics

American Water and Aqua America have spent thousands of dollars on political contributions and lobbying to protect and further their interests in Illinois. In just the first eight months of 2011 — not a major election year — the companies spent a combined \$33,300 on campaign contributions,⁷⁰ as well as \$3,080 on lobbying general assembly members, taking them to baseball games and treating them to lunch, dinner and drinks.⁷¹ In its annual registration, Illinois American Water explained the purpose of its lobbying efforts: “To protect and enhance the interests of Illinois American Water, the investor owned water industry (*sic*), the water industry and the business community.”⁷²

Because Illinois American Water is unwilling to sell the system, eminent domain may be the only answer for the communities.⁷⁹ “The pipeline is the cash cow of Illinois American, and we’ve just got to get their attention,” Bolingbrook Mayor Roger Claar explained to the *Chicago Tribune*. “We’ve tried to work with them for years.”⁸⁰

Bolingbrook: The High Price of American Water

Bolingbrook has been reeling from high water prices ever since it relinquished control of its water supply to Illinois American Water.

In 2002, the village and the company swapped water infrastructure, with the village selling its municipal water system and buying certain wastewater treatment plants from the company.⁸¹ Bolingbrook agreed to the exchange in 1996, when the company was finalizing plans to build a pipeline to transport Lake Michigan water to Bolingbrook and other communities.⁸² The sale occurred after the company completed the pipeline.⁸³

At the time of the swap, Bolingbrook households paid \$246 a year for 72,000 gallons of well water or \$524 a year for Lake Michigan water.⁸⁴ (A water supply arrangement with the company dictated the rates for the latter.⁸⁵) In 2011, less than a decade after the sale, a household had to pay \$922 a year for the same amount of water.⁸⁶ After adjusting for inflation, that’s a total increase of \$267 over the public rates for Lake Michigan water and \$615 over the public rates for well water.⁸⁷

Lake Michigan water isn’t inherently this expensive. Residents of neighboring communities with water service from their local government pay much less than Illinois American Water customers do. Based on a 2011 survey by the City of Naperville, Bolingbrook’s water prices were 228 percent higher than the average price of ten nearby publicly owned water systems supplying Lake Michigan water.⁸⁸

Fed up with the high rates, Bolingbrook took two major actions against the company in 2010. In November, it sued the company accusing it of overcharging consumers in violation of its water sale contract.⁸⁹ The lawsuit is pending.⁹⁰ Eight months earlier, it joined the Northern Will County Joint Action Water Agency to purchase the company’s pipeline that transports Lake Michigan water. By municipalizing the system, the village intends to reduce water rates for consumers and gain local public control over its water supply.⁹¹

Homer Glen: Paying for American Water’s Lack of Good Business Practices

Homer Glen is another member of the joint action water agency that wants to purchase its pipeline from American Water.⁹² The village has long contested Illinois American Water’s rates and customer service quality.⁹³ For example, at a state regulatory hearing in July 2008, about 150 people protested the company’s plan to hike rates.⁹⁴ If skyrocketing rates weren’t bad enough, the reason for them was sure to incite ire. The company wanted to recover the cost of its unaccounted-for

water. Mayor Jim Daley summed up the situation: “The bottom line is that Homer residents are paying for Illinois American Water’s lack of good business and management practices and inability to control unaccounted for water.”⁹⁵

Homer Glen began exploring how to take over its water system from Illinois American Water after public outrage over the company’s high water bills.⁹⁶ A 2008 study commissioned by the village and neighboring towns found that a publicly owned system could provide its residents with water at a lower rate.⁹⁷ In 2011, the village commissioned another study to see how much money public operation would save.⁹⁸ Daley said in 2011, “I look forward to the day when our water rates no longer cost a family a minor fortune to provide a basic necessity.”⁹⁹

Pekin: “A Terrible, Terrible Mistake” with American Water

Nearly a decade ago, in 2002, voters in Pekin supported a public purchase of their water system by a margin of 22 percent (61 percent versus 39 percent).¹⁰⁰ Illinois American Water has owned the city’s water system since buying it from a small private company in 1982.¹⁰¹ Dirk Hierstein, who was city manager at the time of the referendum, told *USA Today* in 2010 that water privatization is “a terrible, terrible mistake.”¹⁰²

The city council acted quickly on the public referendum and voted unanimously to pursue buying the system,¹⁰³ but the Illinois Commerce Commission rebuffed the city’s plans.¹⁰⁴

In July 2006, the state legislature passed a law that stripped the commission’s power to block public takeovers,¹⁰⁵ but Pekin has not renewed a municipalization effort.¹⁰⁶ Nonetheless, city manager Denny Kief told *USA Today* in 2010 that he still believed public ownership would reduce rates, facilitate pipeline projects and allow the city to “control our own destiny.”¹⁰⁷



Lisle: Illinois American Water’s High Rates, Low Pressure

In 2001, Illinois American Water bought Citizens Utilities Company and began serving several communities, including the Oak View subdivision.¹⁰⁸ Since then, service problems have plagued the system, as they had under previous private owners.¹⁰⁹ Hydrant maintenance was also poor,¹¹⁰ and cus-

tomers viewed the company’s response to water main breaks and other service issues as inadequate.¹¹¹

Low water pressure may be the most serious and dangerous issue.¹¹² Tom Freeman, the local fire chief, told Illinois American Water in 2005 that “the available water for firefighting is woefully inadequate.”¹¹³ Two years later, Freeman was still trying to get the company to make necessary repairs to the hydrants.¹¹⁴ Believing that their water pressure was too low to extinguish fires, a group of Oak View residents sued the village and company in 2007.¹¹⁵ The class-action lawsuit, which was unsuccessful, accused the village of violating the Equal Protection Clause of the 14th Amendment by not expanding city-run water service to Oak View, as it had to other subdivisions.¹¹⁶ (The court did not ascertain whether the company provided insufficient water pressure; municipalities have immunity from those types of claims.)¹¹⁷

In response to numerous complaints from residents about the company’s rates and service, the village of Lisle established a water task force to investigate the company.¹¹⁸ In its final report in 2006, the task force concluded, “Whether the service issue is public safety and fire flow, or sufficient water pressure for daily use in the bathroom, or simply seeking information from the utility on a day-to-day basis, the Task Force believes these are serious concerns that have persisted over time.”¹¹⁹ It also noted, “Private sector systems sacrifice maintenance for company profits.”¹²⁰

At the time of the report, Illinois American Water charged three times as much as the village did for water and sewer service.¹²¹ That’s still true today. In 2011, a typical household paid \$322 a year — \$410 a year, if they lived outside municipal boundaries — for water and sewer service from the village, and \$1,149 a year for service from Illinois American Water.¹²²

Kankakee County: Do Aqua’s Rate Hikes Drive Away Business and Cost Jobs?

In Kankakee County, where Aqua Illinois has more than doubled its water rates in the last decade,¹²³ elected officials have tried to fight the company’s most recent rate increases. The county board hired an outside consulting firm to fight an increase in 2006, and it unanimously voted to oppose another proposed increase four years later.¹²⁴

Sharp public resistance met the company’s plan to increase rates by 24 percent in 2010. “I don’t think, economically, this is something that is good for our area,” said board member Ann Bernard in 2010. “I think it’s going to hurt what industries we do have here.”¹²⁵ The *Daily Journal*, the local newspaper, made a similar observation in an editorial: “If your business is a large consumer of water, the rate hike might just mean the difference between hiring a worker back or letting someone go.”¹²⁶

Fighting the hike even became a campaign issue during the county elections, with board candidates circulating flyers and chartering buses to provide residents with a chance to speak out against the increase.¹²⁷ More than 80 residents attended

one public forum, with more than a quarter standing up to speak out against the hike.¹²⁸ According to the *Daily Journal*, one resident said, “Aqua is trying to hoodwink the people,” and then turned to the company’s regional vice president adding, “I’m not giving you jack.”¹²⁹ In December 2010, the company received approval to increase rates by 17 percent.¹³⁰

Manteno: Billing Issues and a Rocky Transition to Aqua Illinois

Problems have plagued the village of Manteno, a small community in Kankakee County, since Aqua Illinois bought its water system in June 2007.¹³¹ In less than a year, about a hundred customers had problems with their bills; in some cases, the company overcharged them by as much as ninefold.¹³²

Village officials agreed that billing was very erratic after Aqua Illinois took over. “Most bills are exceedingly high, several hundred dollars more than they should be,” Janice Schulteis, the village’s resource manager, told the *Daily Journal*.¹³³

Everyone has similar stories. Aqua Illinois charged one customer for supposedly using 270,000 gallons of water on a vacant lot. Another customer said that one month the company charged him for six times his normal water use, and his water bills were calculated as if the size of his water line varied from month to month. “We have a lot of senior citizens in town who don’t know what their water charges are,” he told the *Daily Journal* in 2008. “[Aqua is] scalping people by overcharging them.”¹³⁴

In 2010, Mayor Tim Nugent spoke out against the company’s latest rate hike proposal, which he called “excessive.” He was particularly worried about how it would affect the village’s senior citizen population, telling the *Daily Journal*, “That added cost is food for a couple of days for some of our seniors.”¹³⁵ About one in six Manteno residents is over the age of 65.¹³⁶

As residents struggle with growing water bills, a former village official is riding high. Within a year of buying Manteno’s water system, Aqua Illinois hired Craig Blanchette — who was village administrator at the time of the sale¹³⁷ — as a vice president and regional manager.¹³⁸

Woodhaven Lakes: Removing Aqua Illinois

In October 2007, property owners in Woodhaven Lakes — a recreational development of 6,144 campsites in Lee County — voted overwhelmingly by a margin of 4-to-1 to purchase their water and sewer systems from Aqua Illinois.¹³⁹ The community wanted to stabilize rates, improve service and enable “local control and responsibility for service.”¹⁴⁰ “As a property owner association, we are driven by service rather than profit,” the board of directors of the Woodhaven Association explained. “Our goal will be to maximize the efficiency and effectiveness of the operations.”¹⁴¹

The company had hiked the community’s water rates by 48 percent in 2001 and 58 percent in 2005. “The 58% increase



the [Illinois Commerce Commission] allowed in 2005 was the straw that broke the camel’s back in our minds,” said Russ Brown, president of the Woodhaven Association at the time. “We knew then we had to take more proactive measures to prevent this from continuing to happen.”¹⁴² The association completed the purchase in 2008.¹⁴³

Public-Public Partnerships Offer Better Solutions

The track records of Illinois American Water and Aqua Illinois demonstrate that privatization is not a responsible or acceptable way to address the needs of water and sewer systems in Illinois. Many customers have questioned the corporations’ prices, practices and service quality. Their experiences reflect a larger national trend. Across the country, when private interests control water and sewer systems, households and businesses can end up paying too much for inadequate service.

For better outcomes at a lower cost, municipalities can partner together through public-*public* partnerships to share resources and expertise. Intermunicipal cooperation, interlocal agreements, bulk purchasing consortiums and other similar arrangements can enhance service quality and save money while allowing communities to retain local public control.¹⁴⁴ Small utilities can use regional cooperation to help create economies of scale in areas such as purchasing, treatment and administration.¹⁴⁵ Researchers have found that these partnerships are more equitable than privatization among rural and disadvantaged municipalities.¹⁴⁶

Illinois officials should not facilitate the transfer of municipal water systems to private interests. Instead, they should encourage public-*public* partnerships and support responsible public management of water services.

Endnotes

- 1 Illinois Commerce Commission, Water Department. "Illinois Public Water and Sewer Utilities Number of Customers and Annual Revenues." January 1, 2011.
- 2 Food & Water Watch calculation 1. Based on American Water Works. U.S. Securities and Exchange Commission. Form 10-K. February 25, 2011 at 8; Walker, Harold III. Aqua Illinois, Inc. "Direct Testimony." Illinois Commerce Commission. (Case No. 11-0436). Exhibit No. 5. April 6, 2011 at 6; U.S. Census Bureau. 2010 Census. DP-1: Profile of General Population and Housing Characteristics: 2010. Illinois.
- 3 Correll, Don. American Water Works Co. "American Water Works Co. Inc. at Macquarie Global Infrastructure Conference – Final." *Fair Disclosure Wire*. May 25, 2010; Correll, Don. American Water Works Co. "American Water Works Co. Inc. at Credit Suisse Group Energy Summit – Final." *Fair Disclosure Wire*. February 3, 2010; Keen, Judy. "Cities consider selling water, sewer systems for cash." *USA Today*. April 21, 2010; Smeltzer, Dave. "Aqua America at Macquarie Global Infrastructure Conference – Final." *Fair Disclosure Wire*. May 26, 2010; DeBenedictis, Nick. Aqua America. "Q2 2011 Aqua America earnings conference call-final." *Fair Disclosure Wire*. August 3, 2011.
- 4 Illinois State Board of Elections. Contribution Search- All Contributions. Name contains "American Water" or "Aqua." Received 1/1/2011 to 6/30/2011. Available at <http://www.elections.il.gov/CampaignDisclosure/ContributionsSearchByAllContributions.aspx>, accessed September 8, 2011; Illinois American Water Company. Lobbying Entity Expenditure Information. Illinois Secretary of State. Expenditure reports for period 1 to 16. September 1, 2011; Aqua Illinois, Inc. Lobbying Entity Expenditure Information. Illinois Secretary of State. Expenditure reports for period 1 to 16. September 2, 2011.
- 5 Grigas, Don. "Bolingbrook, utility in holding pattern over suit." *Bolingbrook Reporter*. April 20, 2011.
- 6 Byrns, Bill. "Incorrect water bills have Aqua Illinois users boiling mad." *The Daily Journal*, March 4, 2008.
- 7 Water Task Force. Village of Lisle. "Final Report." January 6, 2006 at 8.
- 8 Illinois-American Water Company. "Financial Statements as of and for the years ended December 31, 2010 and 2009." April 6, 2011 at 3. *Ibid.* at 3.
- 9 American Water Works. Form 10-K, 2011 at 8.
- 10 *Ibid.* at 43.
- 11 *Ibid.* at 43.
- 12 *Ibid.* at 3.
- 13 Aqua Illinois, Inc. "Financial Statements as of and for the years ended December 31, 2010 and 2009." April 21, 2011 at 3. *Ibid.* at 3.
- 14 Walker, 2011 at 6.
- 15 Aqua America, Inc. "2010 Annual Report." March 11, 2011 at 8. *Ibid.* at 8.
- 16 *Ibid.* at 2.
- 17 American Water Works, Form 10-K, 2011 at 8.
- 18 Food & Water Watch calculation 2. Based on: Illinois Commerce Commission, Financial Analysis Division. "Rate Case Histories." March 2011; Illinois Commerce Commission, Final Orders, Dockets 09-0319, 07-0507, 02-0690 and 00-0340, Appendices.
- 19 Illinois-American Water Company, April 6, 2011 at 20.
- 20 Food and Water Watch calculation 3. Based on Illinois Commerce Commission. "Rate Case Histories." March 2011; Aqua Illinois, Inc., April 21, 2011 at 16.
- 21 Rakocy, Terry J. Aqua Illinois, Inc. "Re: Proposed Consolidated Rates for Water and Sewer." Illinois Commerce Commission. (Case No. 11-0436). April 6, 2011 at 2.
- 22 Illinois Commerce Commission. Public Comments. (Case No. 11-0436). Available at <http://www.icc.illinois.gov/docket/PublicComments.aspx?no=11-0436>, accessed August 29, 2011.
- 23 Illinois-American Water Company. "Part 285 standard information requirements supporting a general increase in water and sewer rates." Illinois Commerce Commission. [Docket No. 09-0319]. May 29, 2009 at 285.301(a)1; Stafford, Ronald D. Illinois-American Water Service. "Docket No. 01-0001 Journal Entry to Record Asset Exchange with the Village of Bolingbrook." Illinois Commerce Commission. (Docket No. 01-0001). February 5, 2003; Shaw, Michael. "Illinois-American Water Co. buys Shiloh village's water system." *Belleville News-Democrat*. August 24, 1998.
- 24 Aqua Illinois, Inc. "Petition for proposed consolidated rates for water and sewer." Illinois Commerce Commission. [Docket No. 11-0436]. April 6, 2011 at 285.301(a)1.
- 25 Food & Water Watch calculation 4. Based on information from documents referenced herein.
- 26 National Association of Clean Water Agencies. "2010 Service Charge Index." May 2011; Black & Veatch. "2009/2010 50 Largest Cities Water/Wastewater Rate Survey." May 27, 2010 at 2.
- 27 Philadelphia Suburban Corporation. [Press release]. "Philadelphia Suburban Illinois subsidiary to purchase Aroma Park municipal water system for \$1 million today." May 25, 2001.
- 28 Weighted average of the inside and outside corporate limits rates. Source: King, Roy. Illinois Commerce Commission, Financial Analysis Division. Direct Testimony to the Illinois Commerce Commission. (Docket No. 00-0784). February 2001 at Exhibit 1.0, Schedule 1.01.
- 29 Illinois Commerce Commission, Water Department. "Illinois Public Water Utilities – Rate Structure Expressed in Gallons — General Service." January 1, 2011; Aqua Illinois, Inc. "Response of Aqua Illinois, Inc. to Administrative Law Judges' Ruling." Illinois Commerce Commission. (Docket No. 10-0194). November 12, 2010 at Exhibit 1.
- 30 Bratetic, Michael. Consumers Illinois Water Company. "Report per order." Illinois Commerce Commission. (Docket No. 02-0480). November 5, 2003.
- 31 Consumers Illinois Water Company. "Amended Verified Petition." Illinois Commerce Commission. (Docket No. 02-0480). August 21 2002 at Attachment D.
- 32 Illinois Commerce Commission, January 1, 2011; Aqua Illinois, Inc., November 12, 2010 at Exhibit 1.
- 33 Bratetic, Michael. Consumers Illinois Water Company. "Report per order." Illinois Commerce Commission. (Docket No. 03-0069). March 30, 2004.
- 34 Consumers Illinois Water Company. "Verified Petition." Illinois Commerce Commission. (Docket No. 03-0069). January 21, 2003 at 5.
- 35 Illinois Commerce Commission, January 1, 2011; Monie, David R. Aqua Illinois, Inc. Direct Testimony to the Illinois Commerce Commission. (Docket No. 11-0436). April 6, 2011 at Exhibit 6.0, Schedule 6.1, Vermilion Water Division, Table 11.
- 36 Rakocy, Terry J. Village of Manteno. "Acquisition Acknowledgement to ICC Order." Illinois Commerce Commission. (Docket No. 06-0203). June 18, 2007.
- 37 Aqua Illinois, Inc. "Verified Petition." Illinois Commerce Commission. (Docket No. 06-0203). March 17, 2006 at Attachment D.
- 38 Illinois Commerce Commission, January 1, 2011; Aqua Illinois, Inc., November 12, 2010 at Exhibit 1.
- 39 Hanley, Paul. Aqua Illinois. "Journal entries per order." Illinois Commerce Commission. (Docket No. 04-0362). March 1, 2006.
- 40 Aqua Illinois, Inc. "Petition." Illinois Commerce Commission. (Docket No.04-0362). April 29, 2004 at 6.
- 41 Illinois Commerce Commission, January 1, 2011; Monie, 2011 at Exhibit 6.0, Schedule 6.1, Vermilion Water Division, Table 11.
- 42 Hanley, Paul. Aqua Illinois, Inc. "Report – Village of Sun River Terrace Acquisition." Illinois Commerce Commission. (Docket N. 07-0296). June 30, 2008.
- 43 Connolly, Gerard P. Aqua Illinois, Inc. Direct Testimony to the Illinois Commerce Commission. (Docket No. 07-0296). July 20, 2007 at Aqua Exhibit 1.4.
- 44 Illinois Commerce Commission, January 1, 2011; Aqua Illinois, Inc., November 12, 2010 at Exhibit 1.
- 45 Stafford, Ronald D. Illinois-American Water Service. "Docket No. 01-0001 Journal Entry to Record Asset Exchange with the Village of Bolingbrook." Illinois Commerce Commission. (Docket No. 01-0001). February 5, 2003.
- 46 Bolingbrook, Illinois. Municipal Code. §23-302 (Ordinance No. 00-075, April 25, 2000).
- 47 Illinois-American Water Company, Chicago-Metro, Water Service. "Schedule of Rates and Charges." (ILL.C.C. No. 24 §2). May 6, 2011 at sheets 1, 3, 9, 10, 15 (supplemental sheet 6) and 18 (supplemental sheet 1).
- 48 Reichart, John J. Illinois-American Water Company. "Re: Illinois American Water Company — ICC Docket No. 06-0564." Illinois Commerce Commission. (Docket No. 06-0564). May 10, 2007.

- 52 Hoffman, Michael J. Illinois-American Water Company. Testimony to the Illinois Commerce Commission. (Docket No. 06-0564). IAWC Exhibit No. MJH-1.0. August 17, 2006 at 4 and Exhibit MJH 1.1; Illinois Commerce Commission. "Order." (Docket No. 06-0564). March 6, 2007 at 3 and 6.
- 53 Illinois-American Water Company, Central Division, Water Service. "Schedule of Rates and Charges." (ILL.C.C. No. 24 §1). May 6, 2011 at sheets title page, 1, 3.2, 9, 10, and 18 (supplemental sheet 7).
- 54 Schultz, Sue A. Illinois-American Water Company. "Report on Closing." Illinois Commerce Commission. (Docket No. 03-0768). August 30, 2004.
- 55 Luth, Mike. Illinois-American Water Company. Direct Testimony to the Illinois Commerce Commission. (Docket No. 03-0768). March 4, 2004 at Schedule 2.03.
- 56 Illinois-American Water Company, Central Division, 2011 at sheets title page, 1, 3.0, 9, 10, and 18 (supplemental sheet 6).
- 57 Shaw, Michael. "Illinois-American Water Co. buys Shiloh village's water system." *Belleville News-Democrat*. August 24, 1998.
- 58 *Ibid*.
- 59 Illinois-American Water Company, Central Division, 2011 at sheets title page, 1, 3.1, 9, 10, and 18 (supplemental sheet 3); Shiloh, Illinois. "Guide to Village Services." At 3.
- 60 Aqua America. [Press release]. "Consumers Illinois Water Company Changes name to Aqua Illinois, Inc." March 2, 2004.
- 61 Schultz, Sue A. Illinois-American Water Company. "Report regarding acquisition of water and waste water assets of Citizens Utilities Company of Illinois." Illinois Commerce Commission. (Docket No. 00-0476). September 9, 2002.
- 62 American Water. [White Paper]. "The Benefits of Investor-Owned Water Utilities." April 2009.
- 63 Boland, John J. "The Business of Water." *Journal of Water Resources Planning and Management*. May/June 2007 at 190; Smith, Harold. "Overview of delivery methods." In Raftelis, George A. (ed). (2005). *Water and Wastewater Finance and Pricing: A Comprehensive Guide, Third Edition*. Boca Raton, FL: Taylor & Francis Group at 119.
- 64 Illinois Commerce Commission. "Order." (Docket No. 09-0319). April 13, 2010 at 113.
- 65 Illinois Commerce Commission. "Order." (Docket No. 10-0194). December 2, 2010 at 22.
- 66 The Bond Buyer. 20-GO Bond Index. Annual Averages, Highs & Lows. July 1, 2011.
- 67 National Association of Water Companies. "2008 NAWC Water Policy Forum – Summary Report." April 2008 at 23; Smith, 2005 at 119.
- 68 Illinois Commerce Commission, "Rate Case Histories." March 2011.
- 69 Hughes, Jeff et al. UNC Environmental Finance Center. "Drinking Water and Wastewater Infrastructure in Appalachia: An Analysis of Capital Funding and Funding Gaps." July 2005 at 10; National Research Council, Committee on Privatization of Water Services in the United States. (2002). *Privatization of Water Services in the United States: An Assessment of Issues and Experience*. Washington, D.C.: National Academy Press at 77, 88 and 101.
- 70 Illinois State Board of Elections. Contribution Search- All Contributions. Name contains "American Water" or "Aqua." Received 1/1/2011 to 6/30/2011. Available at <http://www.elections.il.gov/CampaignDisclosure/ContributionsSearchByAllContributions.aspx>, accessed September 8, 2011.
- 71 Illinois American Water Company. Lobbying Entity Expenditure Information. Illinois Secretary of State. Expenditure reports for period 1 to 16. September 1, 2011; Aqua Illinois, Inc. Lobbying Entity Expenditure Information. Illinois Secretary of State. Expenditure reports for period 1 to 16. September 2, 2011.
- 72 Illinois American Water Company. Lobbying Entity Registration. Annual. February 2, 2011 at 4.
- 73 Sorensen, Karen. "5 suburbs create water agency." *Chicago Tribune*. April 23, 2010.
- 74 Grigas, Don. "Bill could pave way for village, others taking over utility pipeline." *Bolingbrook Reporter*. August 31, 2011; Sorensen, Karen. "5 suburbs create water agency." *Chicago Tribune*. April 23, 2010.
- 75 Nolan, Mike. "Legislation could help local towns control water pipeline." *The Herald-News*. June 1, 2011.
- 76 Manchir, Michelle. "5 suburbs see savings in water line seizure." *Chicago Tribune*. August 14, 2011.
- 77 Lundquist, Janet. "Plainfield rejects water coalition." *The Herald News – Joliet*. April 7, 2010.
- 78 Nolan, 2011.
- 79 Brass, Louise. "Public forum to give Homer Glen residents chance to talk about water rates." *The Sun* (Home Township, Lockport, Lemont), July 9, 2008.
- 80 Manchir, 2011.
- 81 Stafford, Ronald D. Illinois-American Water Service. "Docket No. 01-0001 Journal Entry to Record Asset Exchange with the Village of Bolingbrook." Illinois Commerce Commission. (Docket No. 01-0001). February 5, 2003.
- 82 Illinois Commerce Commission. "Interim Order." (Docket No. 01-0001). March 7, 2001 at 1 to 2; Citizens Utilities Company of Illinois, the Village of Bolingbrook and Citizens Water Resources Company. "Asset Purchase and Exchange Agreement." October 8, 1996. \$1.1 at 1 to 3, \$3.1 at 5 and \$4.1 at 13; Citizens Utilities Company of Illinois. "Petition." Illinois Commerce Commission. (Docket No. 01-0182). February 20, 2001 at 2.
- 83 Bolingbrook, Village of. "Initial Brief and Argument of the Intervenor." Illinois Commerce Commission. (Docket No. 02-0690). May 22, 2003 at 1 to 2; Citizens Utilities Company of Illinois, the Village of Bolingbrook and Citizens Water Resources Company. "Asset Purchase and Exchange Agreement." October 8, 1996. \$6.1(a) at 24.
- 84 Bolingbrook, Illinois. Municipal Code. §23-302 (Ordinance No. 00-075, April 25, 2000).
- 85 "Administrator says water rate ad was misleading." *Sun Publications*. February 14, 1997.
- 86 Illinois-American Water Company, Chicago-Metro, 2011 at sheets 1, 3, 9, 10, 15 (supplemental sheet 6) and 18 (supplemental sheet 1).
- 87 Food & Water Watch calculation 5. Based on information from documents referenced herein.
- 88 Food & Water Watch calculation 6. Based on City of Naperville, Illinois. "Comparison of present monthly utility billings." May 17, 2011.
- 89 Grigas, April 20, 2011.
- 90 Grigas, August 31, 2011.
- 91 Feldt, Brian. "Village close to creating its own water agency, using eminent domain." *Bolingbrook Patch*. May 31, 2011; Foutz, Katie. "Water debate continues in Bolingbrook." *The Chicago Sun-Times*. April 9, 2010.
- 92 Homer Glen. [Press release]. "Senate Bill 83 grants joint action water agency power to acquire Bedford Park water transmission pipeline." August 29, 2011.
- 93 Ferrell, Patrick. "Homer Glen studies Illinois American Water alternative." *The Chicago Tribune's TribLocal (Homer Glen)*. July 13, 2011.
- 94 Harper, Pat. "Water bills soak residents? Company wants to hike costs for Homer Glen." *The Herald News*. July 23, 2008.
- 95 Brehm, Kimberly A. "Don't drink the water – it costs too much." *South Town Star*, July 27, 2008.
- 96 DeVivo, Marcia. "Water issues in Homer Glen." *The Village Messenger*, vol. 1, iss. 5. March 2009 at 4; Harper, Pat. "Progress made on water talks." *The Herald News (IL)*. September 29, 2008.
- 97 Eldeib, Duaa. "Homer Glen OKs further study of acquiring water system." *Chicago Southtown Star*. May 14, 2008.
- 98 Ferrell, Patrick. "Homer Glen studies Illinois American Water alternative." *The Chicago Tribune's TribLocal (Homer Glen)*. July 13, 2011.
- 99 Homer Glen. [Press release]. "Senate Bill 83 grants joint action water agency power to acquire Bedford Park water transmission pipeline." August 29, 2011.
- 100 Woods, Donald L. Appellate Court of Illinois, Third District. "Order." *Petition for Review of the Order of the Illinois Commerce Commission Entered in Docket No. 02-0352*. November 7, 2005 at 2.
- 101 Keen, Judy. "In Pekin, Ill., washing money down the drain?" *USA Today*. April 21, 2010.
- 102 *Ibid*.
- 103 Pekin, Illinois. "Ordinance Authorizing the City of Pekin to File a Petition with The Illinois Commerce Commission Requesting Approval to Commence Eminent Domain Proceedings Against Illinois American Water Company." (Ordinance No. 2289). March 25, 2002.
- 104 Woods, Donald L. Appellate Court of Illinois, Third District. "Order." *Petition for Review of the Order of the Illinois Commerce Commission Entered in Docket No. 02-0352*. November 7, 2005 at 1, 14.
- 105 Tri-County Regional Planning Commission. "City of Pekin, Illinois, Comprehensive Plan 2006." March 16, 2007 at III-8.
- 106 *Ibid*. at III-8; Keen, Judy. "In Pekin, Ill., washing money down the drain?" *USA Today*. April 21, 2010.

- 107 *Ibid.*
- 108 Water Task Force. Village of Lisle. "Final Report." January 6, 2006 at 6.
- 109 *Ibid.* at 2.
- 110 *Ibid.* at 8.
- 111 *Ibid.* at 11.
- 112 *Ibid.* at 8.
- 113 *Ibid.* at 8.
- 114 Saviniand, Dave and Michele Youngerman. "Local fire hydrants thirsty for repair." *The Naperville Sun*. May 8, 2007.
- 115 McKendrick, Eva. "Water rate increase on the way for Illinois American customers." *The Lisle Sun*. August 8, 2008.
- 116 *Srail et al v. Village of Lisle, Illinois*. Nos. 08-3206 & 09-1049. U.S. Court of Appeals, Seventh Circuit. December 7, 2009 at 1 to 3.
- 117 *Srail et al v. Village of Lisle, Illinois*. No. 07 C 2617. U.S. District Court for the Northern District of Illinois, Eastern Division. August 7, 2008 at 14.
- 118 Water Task Force. Village of Lisle. "Final Report." January 6, 2006 at 1.
- 119 *Ibid.* at 11 and 15.
- 120 *Ibid.* at 15.
- 121 *Ibid.* at 9
- 122 Food & Water Watch calculation 7. Based on Lisle Village. Ordinances 2011-4379 and 2011-4398. "An Ordinance Establishing Fees, Charges, Fines, Penalties and Other Regulatory Measures (Annual Fee Ordinance). August 15, 2011 at 43 and 45; Illinois-American Water Company. "Rules, Regulations and Conditions." August 1, 2011 at §24.2.1, §24.2.3, §24.2.9, §24.2.15.3, §24.2.18.1, §5.37, §5.58, §5.41.1.
- 123 Illinois Commerce Commission, "Rate Case Histories." March 2011; Aqua Illinois, Inc. "Financial Statements as of and for the years ended December 31, 2010 and 2009." April 21, 2011 at 16.
- 124 Kalantzis, Dimitrios. "Aqua grilled on rate increase." *The Daily Journal*. February 10, 2010.
- 125 *Ibid.*
- 126 "Editorial: Water-rate case." *The Daily Journal*. May 4, 2010.
- 127 Kalantzis, Dimitrios. "Kankakee County board candidates offer bus rides to Aqua Illinois fee hike forum at Olivet." *The Daily Journal*. May 15, 2010.
- 128 Kalantzis, Dimitrios. "Bourbonnais: Area residents take on Aqua rate hike at forum." *The Daily Journal*. May 18, 2010.
- 129 *Ibid.*
- 130 Aqua Illinois, Inc., April 21, 2011 at 16.
- 131 Szremski, Kristin. "Aqua Illinois." *The Daily Journal*, June 21, 2008; Rakocy, 2007.
- 132 Szremski, 2008; Byrns, Bill. "Incorrect water bills have Aqua Illinois users boiling mad." *The Daily Journal*, March 4, 2008.
- 133 Byrns, 2008.
- 134 *Ibid.*
- 135 Byrns, Bill et al. "Manteno, Grant Park trustees object to Aqua rate hike." *The Daily Journal*. February 17, 2010.
- 136 U.S. Census Bureau. 2010 Census. DP-1: Profile of General Population and Housing Characteristics: 2010. Manteno village, Illinois.
- 137 Aqua America, Inc. [Press release]. "Aqua America acquires municipal water system in Illinois." June 18, 2007; Blanchette, Craig. Aqua Illinois, Inc. Direct Testimony to Illinois Commerce Commission. (Docket No. 11-0436). April 6, 2011 at Aqua Exhibit 1.0, pp. 1 to 2.
- 138 "Local briefs for Sunday, May 18: Cabery girl honored." *The Daily Journal*, May 17, 2008.
- 139 Illinois Commerce Commission. "Order." *Aqua Illinois, Inc. Petition for Approval of Sale and Discontinuation of Service, and to Cancel Certificate of Public Convenience and Necessity*. (Docket No. 08-0281). July 16, 2008 at 2.
- 140 Hickey, Jeffrey S. Woodhaven Association, Inc. "Revised Direct Testimony." Illinois Commerce Commission. (Dock No. 08-0281). June 27, 2008 at 4 to 5.
- 141 Woodhaven Association. Letter to Property Owners. August 6, 2007 at 2.
- 142 Woodhaven Association. [Press release]. "Woodhaven Lakes Association completes purchase of water and wastewater utilities." August 28, 2008.
- 143 *Ibid.*
- 144 Bel, Germà and Xavier Fageda. "Between privatization and intermunicipal cooperation: Small municipalities, scale economies and transaction costs." *Urban Public Economics Review*. 2006 at 15, 25 and 27; Doin, Dave. "Public financing and procurement methods." *Water World*. June 2007 at 60; Boag, Gemma and David A. McDonald. "A critical review of public-public partnerships in water services." *Water Alternatives*, vol. 3, iss. 1. February 2010 at 10 to 11.
- 145 Stanford, Melissa. National Regulatory Research Institute. "Small Water Systems: Challenges and Recommendations." (08-02). February 7, 2008 at 4.
- 146 Warner, Mildred and Amir Hefetz. "Rural-urban differences in privatization: limits to the competitive state." *Environment and Planning C: Government and Policy*, vol. 21. 2003 at 703, 711, 714 and 715; Boag and McDonald, 2010 at 11.

Food & Water Watch works to ensure the food, water and fish we consume is safe, accessible and sustainable. So we can all enjoy and trust in what we eat and drink, we help people take charge of where their food comes from, keep clean, affordable, public tap water flowing freely to our homes, protect the environmental quality of oceans, force government to do its job protecting citizens, and educate about the importance of keeping shared resources under public control.

