

Dana / Long Point / Reading / Ancona Public Water District

Water Distribution Acquisition

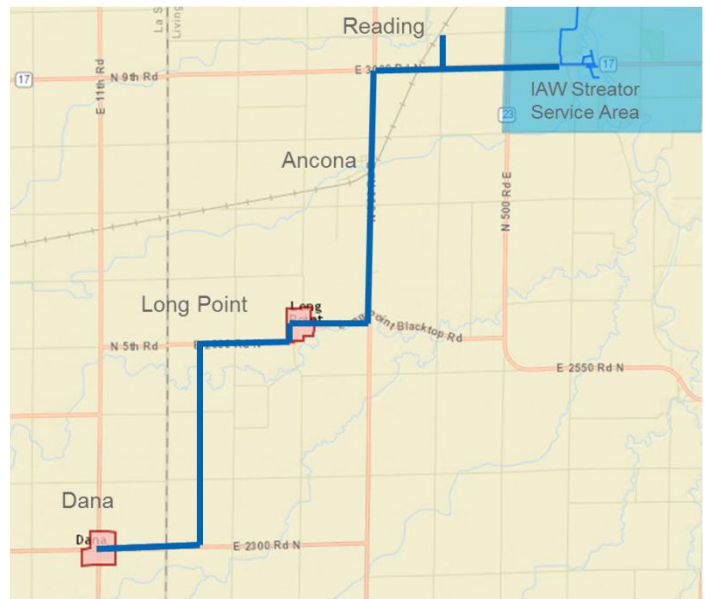
Four communities came together to form the Dana / Long Point / Reading / Ancona Public Water District (DLPRA) to address groundwater quality issues southwest of Streator, Illinois in 2008. DLPRA served approximately 150 customers. In 2009, the District obtained a loan to construct 21 miles of water pipeline which included a transmission main. The transmission main connected to Illinois American Water (IAW) Streator District and became a wholesale customer of IAW which improved the water quality and reliability of their previous water source.

CHALLENGES:

Financial: DLPRA had an existing USDA loan for \$1.2 million from the debt of the construction of the distribution system and interconnection.

Rates: Due to the debt service on the construction loan, the DLPRA customers were charged an additional \$45.00 a month to go towards paying off the loan. This brought an average water bill of users of 5,000 gallons to \$90 month, approximately twice of that of surrounding communities.

Operational: IAW was currently operating the system for DLPRA on a contract operations basis since there was no existing operational staff for the system.



IAW acquiring DLPRA infrastructure provided significant rate relief.

SOLUTION: DLPRA entered into discussions with IAW regarding the benefits of an acquisition and determined the best course of action was for the dissolution of the district and to sell the system to IAW.

BENEFITS:

Financial: By utilizing the Systems Viability Act to set the value of the system, DLPRA was able to receive \$1.075 million for its system which was sufficient funds to retire the remaining debt on the USDA loan.

Rates: Customer bills were cut by 50% by eliminating the debt service and placing them on the existing IAW rate structure. The same customers who were paying \$90 month are now paying \$44 month.

Customer Service: Customers are receiving the same high quality service they had become accustomed to under the contract operations arrangement at no additional cost.