

May 16, 2019

RE: City of Elmhurst Rate Increase

Dear Customer,

As you may know, the water and sewer rates you pay to Illinois American Water include pass-through charges, without mark up, from the City of Elmhurst for water service and wastewater treatment service. On Monday, May 6, 2019, our team was notified of substantial City of Elmhurst rate increases that would impact our customers. While none of these charges are Illinois American Water charges, they will impact your Illinois American Water water and wastewater bill.

After reaching out to the City of Elmhurst for more information, our team addressed the City's Finance Committee at its meeting on May 13, 2019. During our presentation, we urged the City to delay any action so we could have sufficient time to analyse the proposed rates and communicate with our customers about the impact to their bills. **As you may know, City residents are billed for sewage treatment service based on the amount of clean water sold to them on the front end, while non-City residents, like those who reside in the Country Club District, are billed for sewage treatment service by the amount of wastewater and sewage treated on the back end.** This difference in billing means that customers in the Country Club District currently pay more on a per customer basis for wastewater and sewage treatment service than the City's residents. Because of this, Illinois American Water asked the City of Elmhurst Finance Committee to consider aligning both the rate and the volume basis with City residents.

Unfortunately, the City of Elmhurst did not delay action. The City's Finance Committee recommended an increase from the current charge of \$3.87 per thousand gallons of sewage treated to approximately \$7.17 per thousand gallons for non-City residents in the Country Club District. Based on preliminary estimates, this increase, when combined with the different formula for calculating the costs for non-City residents, would increase the wastewater treatment portion of an average residential customer bill in the Country Club District by over 70%. The enclosed sample bill highlights the proposed impact.

We understand that this increase may be considered by the City Council as soon as May 20, 2019. The City of Elmhurst is not required to have rate increases like this one reviewed by a regulating body like the Illinois Commerce Commission. Therefore, any rate increases approved by the City of Elmhurst could have a near immediate impact on your water and sewer rates.

As we understand it, there are additional rate increases that are being considered. Illinois American Water has asked the City of Elmhurst for more information to better understand these increases and for the opportunity to work with the Finance Committee on a fair and reasonable approach for any rate increases that will be passed on to the Country Club District customers. **We urge you to do the same and to express your views.**

Illinois American Water will continue to seek information on the increases under consideration and urge you to reach out to the City of Elmhurst. You can also contact Illinois American Water at ILAWsewerinspections@amwater.com.

Thank you,
Illinois American Water
enclosure