

RATE REVIEW PROCESS

The Facts



On January 25, 2024, Illinois American Water submitted a rate change request to the Illinois Commerce Commission (ICC) following an extensive examination of investments to provide safe and reliable water and wastewater service. The filing is a necessary first step in the 11-month ICC rate review process; rates are not changing at this time. Any new rates would not become effective until early 2025, two years since Illinois American Water's last general rate change in 2023.

CRITICAL INVESTMENT IN INFRASTRUCTURE

The request is driven primarily by over \$557 million in completed or planned investment – \$421 million in water system improvements and approximately \$136 million in wastewater system improvements – across the state for 2024 through 2025.

Investments in the rate request include the replacement of approximately 44 miles of aging water and wastewater pipelines and the upgrading of storage tanks, wells, pumping stations, hydrants, meters, wastewater plants, and more across the state. Also included in the rate request is the ongoing replacement of lead water service lines across the state as well as improvements to water treatment facilities.

CUSTOMER ASSISTANCE

For customers facing a financial hardship, Illinois American Water offers customer assistance through the H2O Help to Others program, payment plans and budget billing. More information can be found on the company's website at illinoisamwater.com > **Customer Service & Billing > Customer Assistance Program**.

LOW-INCOME DISCOUNT TARIFF

Part of Illinois American Water's rate change request with the ICC includes a proposal to expand the Income-Based Discount program to make additional customers who need bill assistance eligible for the program. For more information, or to apply for this program, customers can call 888-282-6816.

PROPOSED RESIDENTIAL RATES

If the company's proposed rates are approved as requested, the monthly water service bill for the typical residential customer using 3,500 gallons per month with a 5/8-inch meter would increase about \$24 per month, depending on the service area. The typical residential wastewater bill would increase by about \$3 per month, depending on the service area.

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The company's rate request will undergo extensive public scrutiny by the ICC. This vetting will include numerous data requests and evidentiary hearings. Customers will also have an opportunity to provide public comment. For more information on the company's request and to find out what action customers may take, visit illinoisamwater.com > **Customer Service & Billing > Your Water and Wastewater Rates**.

The proposed increased rates are a request only. The ICC will make the final decision regarding the actual rate change. Once a final decision has been made, customers will receive information on the new rates.



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NOTICE OF PROPOSED CHANGE IN SCHEDULED RATES

Illinois American Water has filed with the Illinois Commerce Commission a proposed change in water and wastewater rates for all operating areas served by the Company, effective approximately January 1, 2025, assuming the Commission utilizes an 11-month review process.

The proposed rates would increase the overall water or wastewater revenue for the Company's tariff groups below as follows:

| | Effective January 1, 2025 | Effective January 1, 2026 | Total Increase |
|---------------------------------|---------------------------|---------------------------|----------------|
| Central Water | 38.9% | 3.5% | 42.4% |
| Pekin Water | 43.7% | 9.8% | 53.4% |
| Central Wastewater | 17.1% | 6.4% | 23.5% |
| Chicago Metro Wastewater | 30.1% | 2.0% | 32.1% |

The proposed changes, which include changes in design of the rates, affect charges for customers in all service classifications (including metered water service, wastewater service, private fire service and public fire service). The estimated bill impact of the proposed changes may vary based on multiple factors, including, but not limited to, meter size, usage volume, service classification, fire protection district, and other factors. For a residential customer with a 5/8-inch meter, the proposed changes would generally increase a monthly bill (including applicable base rate components as proposed within the case, which include base rates, infrastructure surcharges, and public fire charges; excluding all taxes and other pass-through charges such as purchased water and sewage treatment surcharges and franchise fees) by the amounts and percentages shown on the chart on the next page. The proposed change does not involve a change from flat to volumetric rate.

A copy of the proposed rate schedules may be inspected by any interested party at any of the Illinois American Water offices. Additionally, customers may contact Illinois American Water at its customer service number at 800-422-2782, for an explanation regarding how the proposed changes might impact their monthly bill.

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. Admin Code 200, and may increase or decrease individual rates in amounts other than those requested by Illinois American Water.

Illinois Commerce Commission procedures for intervention are contained in its Rules of Practice and include the timely filing of a verified petition to intervene with the Chief Clerk of the Commission and service of the petition to Illinois American Water, the Commission's Administrative Law Judge, Commission Staff witnesses, and all other parties. This petition must contain the information required by the Rules of Practice. In addition, customers may request a public forum regarding this proposed increase by making a written request to the Illinois Commerce Commission in accordance with procedures specified in Section 8-306(n) of the Public Utilities Act (220 ILCS 5/8-306 (n)).

You may obtain additional information either directly from Illinois American Water, 300 N. Water Works Drive, Belleville, Illinois 62223, tel: 800-422-2782; by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701; or via the Illinois Commerce Commission's website at icc.illinois.gov. Information, including tips on water conservation, is also available at Illinois American Water's website at illinoisamwater.com.

Customers receiving both water and wastewater service from Illinois American Water have the option of requesting a separate meter for irrigation to help mitigate sewer charges. Water-only customers may also benefit as water that doesn't enter the wastewater system won't be included in their wastewater provider bill. To request an irrigation meter, please call 800-422-2782. If approved, a customer may be required to run a separate line or additional plumbing for the new meter. Illinois American Water does not charge for the installation of irrigation meters. Billing for irrigation-related water usage will be completed via a separate billing statement. Customers can request a combined statement by reaching out to a customer service representative at 800-422-2782.

Notice of Proposed Change in Scheduled Rates

| Tariff Group | Use Level (gal/mo) | Monthly Bill at Current Rates | Monthly Bill at Proposed Rates - Step One | Monthly Bill at Proposed Rates - Step Two | \$ Increase - Step One | \$ Increase - Step Two | % Increase - Step One | % Increase - Step Two |
|--------------------------------------|--------------------|-------------------------------|---|---|------------------------|------------------------|-----------------------|-----------------------|
| Central Water Residential | 2,000 | \$43.32 | \$60.80 | \$62.24 | \$17.48 | \$1.44 | 40.4% | 2.4% |
| | 3,500 | \$58.02 | \$81.19 | \$83.56 | \$23.17 | \$2.38 | 39.9% | 2.9% |
| | 10,000 | \$121.72 | \$169.53 | \$175.99 | \$47.81 | \$6.46 | 39.3% | 3.8% |
| Pekin Water Residential | 2,000 | \$35.05 | \$49.34 | \$52.72 | \$14.29 | \$3.38 | 40.8% | 6.9% |
| | 3,500 | \$42.75 | \$60.19 | \$64.31 | \$17.44 | \$4.12 | 40.8% | 6.9% |
| | 10,000 | \$76.14 | \$107.19 | \$114.54 | \$31.05 | \$7.35 | 40.8% | 6.9% |
| Central Wastewater Residential | 2,000 | \$50.01 | \$49.37 | \$51.37 | \$(0.64) | \$2.00 | -1.3% | 4.0% |
| | 3,500 | \$74.20 | \$73.48 | \$78.48 | \$(0.71) | \$5.00 | -1.0% | 6.8% |
| | 10,000 | \$178.99 | \$177.96 | \$195.95 | \$(1.03) | \$17.98 | -0.6% | 10.1% |
| Chicago Metro Wastewater Residential | 2,000 | \$94.18 | \$93.91 | \$93.69 | \$(0.27) | \$(0.22) | -0.3% | -0.2% |
| | 3,500 | \$104.45 | \$105.63 | \$105.07 | \$1.18 | \$(0.55) | 1.1% | -0.5% |
| | 10,000 | \$148.95 | \$156.39 | \$154.40 | \$7.44 | \$(1.99) | 5.0% | -1.3% |

**As noted: Monthly Bill at Current and Proposed Rates represent base IAWC rates as proposed within this case, including fixed and volumetric service charges, fire protection and QIP surcharge (excludes taxes and other pass-through charges such as purchased water/purchased sewage treatment surcharge).*