



For Immediate Release
December 13, 2016

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ICC Reduces Illinois American Water Company Rate Request by \$14 Million

CHICAGO: The Illinois Commerce Commission (ICC) today approved approximately \$35.3 million in additional annual revenue for Illinois American Water Company (IAWC), \$14.2 million less than the company requested (Docket No. 16-0093).

Illinois American Water Company filed a request to increase annual revenue by approximately \$49.5 million with the ICC on February 24, 2016. The Commission determined certain expenses the company proposed to recover through consumer rate increases were too high and should be reduced, and today's order reflects major reductions to the company's cost of capital, deferred income tax expense and incentive compensation, among others.

Illinois American Water Company provides service to 314,000 customers in service districts that stretch from far Southern Illinois to the suburbs of Chicago. The company's requested revenue level for each division and the Commission's decision, based on an 11-month review of hundreds of pages of evidence and arguments offered by dozens of intervening parties and customers, are as follows:

- Zone 1 (Champaign, Peoria, Pontiac, Streator, Sterling, South Beloit, Alton, Cairo and Interurban service areas): IAWC proposed \$42 million in new revenue; ICC approved \$29.6 million
- Chicago Metro Waste Water: IAWC proposed \$6.3 million, ICC approved \$5.5 million
- Pekin: IAWC proposed \$925,864, ICC approved \$202,826
- Lincoln: IAWC proposed \$179,687, ICC approved a revenue *decrease* of \$122,481

The ICC approved a rate of return on equity for the company of 9.79 percent and an overall rate of return of 7.47 percent. The company must file new rates for ICC staff to review to ensure compliance with the order.

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About the Illinois Commerce Commission

The Illinois Commerce Commission's mission is to pursue an appropriate balance between the interests of consumers and existing and emerging service providers to ensure the provision of adequate, efficient, reliable, safe and least-cost public utility services. The Commission consists of three bureaus: the Bureau of External Affairs, which provides educational information on utility issues for consumers, governmental entities and communities and through its Consumer Services Division, resolves customer/utility disputes and develops rules on utility service and consumer protection; the Public Utilities Bureau, which focuses on financial and operational analysis, policy development, public safety and enforcement activities related to electric, natural gas, water, sewer and telecommunications companies; and the Transportation Bureau, which includes trucking insurance and registration, railroad safety, relocation towing, safety towing and household goods moving company enforcement activities. The ICC's five commissioners are appointed by the Governor and approved by the Illinois State Senate for five-year terms.

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