

Aqua Illinois Advisory Council

Thursday, January 18, 2024

7:00 PM

Attendees:

1. David Carter, Aqua Illinois
2. Bryce Baker, Aqua Illinois
3. Keli Hodges, Aqua Illinois
4. Michelle Buffenbarger, Aqua Illinois
5. Alan Stark, Aqua Illinois
6. Neil S. Koplitz, Advisory Council Member
7. John Malcolm, Advisory Council Member
8. Susan Bauer, Advisory Council Member
9. Nancy Gold, Advisory Council Member
10. Paul Pike, Advisory Council Member
11. Roberto Diaz, Advisory Council Member
12. Lyle Staab, Advisory Council Member
13. Michael Talbett, Advisory Council Member
14. John Manguiera, Hawthorn Woods Resident

Welcome and Opening Remarks

- David Carter: Introduced himself, Aqua leadership, Advisory Council members (ACM), and one guest Hawthorne Woods Resident (HWR) introduced themselves.

Overall Recap & Progress Report

- David Carter: Shared updates on system monitoring, emergency response, infrastructure and communications. Tabletop exercise is still scheduled for Q1 2024. New pipe samples and additional soil samples were taken and sent for testing. Disruption map will launch 1/29, Aqua app will launch 2/19.
- ACM asked how long of a stretch of pipe was examined near the main break.
 - David Carter replied with approximately 1,000 ft.
- ACM asked for clarification on looking for dryer/wetter area as a place to lay pipe.
 - Alan Stark explained any new pipe installed in the impacted area will be re-routed to higher ground and around wet marsh wherever possible. If pipe cannot be relocated, it would be replaced with proper stone base and poly-wrapped pipe to minimize the impact of corrosive soil.
- HWR asked about the pipe corrosion, mentioned a specific regulation for Aqua.
 - Alan Stark and Dave Carter indicated all testing and infrastructure improvements are required to meet industry and regulatory standards.
- HWR asked about dry vs. wet areas for pipes, failure of pipes in general.
 - David Carter and Alan Stark explained how the wetland area can contribute to corrosion and how soil and sections of pipe were sent to labs for analysis. Further testing and results are pending.
- HWR asked about pipe saddles and welding.

- Alan Stark replied that brass is used and no pipes in the system are welded.
- HWR asked if thrust blocks were in the system and how many. Aqua has a standard detail requiring thrust blocks at changes in water direction such as at elbows, hydrants, etc. These do not show up on as-built drawings so we cannot comment on the number present. But we can state that under our ownership, thrust blocks are required.
 - Alan Stark replied that he is unsure on the number, Aqua follows AWWA practices and uses thrust blocks as required in new lines.
 - Michelle Buffenbarger provided further clarification.
- HWR asked if freeze blocks were used.
 - Aqua does not use freeze blocks for repairs.

Water Treatment Plant Project Plan

- David Carter shared updates that the contractor for the project has been awarded and edits to the IEPA permitting were made and resubmitted. Project renderings were shared with the group.

2024 Rate Filing

- David Carter went over rate filing FAQs.
- ACM shared that the statement about the July 2023 incident not being included in the rate increase is misleading because system improvements to fix the issue are capital investments.
 - David Carter replied that all overtime hours, bottled water, supplemental Village staff, and materials were costs Aqua assumed and that Aqua is not seeking recovery for these costs in the rate case.
 - ACM followed up to ask about the cost of the July 2023 incident.
 - Bryce Baker mentioned it was around 200,000 but Dave Carter indicated it was likely more (>\$500,000 after reviewing).
 - ACM members asked about the Hawthorn Woods compensation being included in that number and if they could receive a more detailed chart of spending for the whole incident.
 - Dave Carter indicated they could provide an itemized list to the AC.
 - ACM asked if there was any talk about revamping billing to only include what water consumption they are using versus a minimum fee. Minimum fees are required to ensure that water is available on demand. Keeping the water plant operational requires labor, power, chemicals, administrative costs and other costs of daily maintenance to ensure that system demand can be met, as required. Likewise, fire protection flows must be maintained for all residences, whether water is being used at a residence or not. As an advisory council suggestion, would it be possible? Unlikely that a zero base charge could be utilized due to the factors identified above. ACM asked if this could be submitted to ICC as a comment on the rate case proposal. Keli Hodges and an ACM discussed a personal call with the 1-800 number and their bill and that the customer service rep may have provided inaccurate information on a minimum charge.
- David Carter shared how the rate filing process works including filling with the ICC, how long the process can take and how the ICC may reduce the amount of cost recovery that Aqua can receive.

- ACM asked how comments can be added and how to find additional information on the rate case docket. Questions and comments can be directed to the ICC on their website. Aqua is also available to answer questions that residents have regarding the rate case.
- ACM asked where they could find the information to evaluate the rate case.
 - Information regarding the rate case is available through the ICC. Tariff sheets are also available for review at Aqua, IL offices.
- ACM asked about Aqua, IL profit and the percentage for year-over-year growth.
 - David Carter explained how Aqua established the proposed rates which includes capital investments since the last rate case in 2018 through capital investments that will be operational and put into service before the end of 2024. Dave also explained they do not receive profit on operational costs, only infrastructure improvements and investments with ICC-allowed profit targets hovering between 8 and 11 percent year over year.
- ACM asked how this number shows up on the bill.
 - David Carter said it is built into a bill, expanded more on how it works with rate case filings. Rates are established to allow the company to obtain recovery of its operating costs and an 8-11% return on company money invested in infrastructure.
- ACM asked for clarification on the \$200k from the July incident, if it was an operating cost.
 - David Carter said Aqua is not seeking recovery for that cost in the rate case.
- ACM asked how the rate case works if they get their water from Lake County.
 - David Carter replied that the Aqua rate case does not apply to Lake County residents, but would result in an increase in the rates applicable for the water that Lake County purchases in bulk from Aqua. Lake County resident rates are set by the County, and it would be up to the County to determine if the increased water costs should be passed on to residents.
- ACM asked if Hawthorn Woods would host a meeting for the rate increase.
 - David Carter replied that Aqua would be available to meet with Village residents as requested.
- ACM asked a question about their bill.
 - Keli Hodges replied with clarification on how the usage is included for water and sewer.
- HWR asked who pays for the flushing of the hydrants.
 - David Carter replied that it is built into chemical/operating costs.
 - Michelle B. provided further clarification.
- ACM asked for clarification on billing with Lake County.
 - Keli Hodges replied that the county itself is billed.
- David Carter went over what improvements are included in the rate filing and shared information on how the new rates will impact monthly bills.
 - ACM asked if other costs are built in.
 - David Carter confirmed this.
 - ACM asked for an explanation on fire protection fee.

- Bryce Baker replied that it would be for hydrants, maintenance, system capacity, etc.
- ACM asked if Aqua retains that money.
 - David Carter confirmed this.
- ACM asked why there is a recurring charge for fire flow protection.
 - Keli mentioned that there was an FAQ in a previous rate case about fire flow protection.
- ACM asked about the Volume Balancing Adjustment.
 - David Carter provided an explanation of the adjustment.

Next Steps & Open Forum for Questions

- ACM appreciated these slides, but wants more conversation about billing, potentially to go through line by line.
- ACM mentioned that the rate case is occurring at a difficult time.
 - David Carter mentioned that this likely won't happen until November and the Commission approved rates could be lower.
- ACM asked about removing radium and with Lake Zurich.
 - Alan Stark replied that Aqua removes radium from the Hawthorn Woods water supply via ion exchange.
- ACM asked if there were studies comparing Aqua's bills to other companies.
 - Aqua, IL does not have a rate comparison but many municipal water and sewer rates are published on Village or City websites.
- ACM expressed concern about the rate increase and the level of service.
- ACM asked for clarification on the numbers in the table on the slide deck.
 - Bryce Baker explained that current rates include other charges including QIPS (qualifying infrastructure plant surcharge), volume balancing adjustments, and other riders.
- HWR asked about the July incident, why there is only an inconclusive report.
 - David and Alan provided details.

Proposed Agenda Items for Next Meeting

- Disruption Map
- Bill Reading
- Any update on the rate case filing