



# CITIZENS UTILITY BOARD

## Fighting for Illinois Consumers

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### STATE REGULATORY JUDGE RECOMMENDS ILLINOIS AMERICAN WATER RECEIVE \$109.8 MILLION RATE HIKE, CUB URGES ICC TO CUT IT FURTHER

A state regulatory judge has recommended that Illinois American Water receive a \$109.8 million rate hike, but CUB is urging the Illinois Commerce Commission (ICC) to cut the increase further when it issues a final order before the end of the year.

The Proposed Order, submitted October 24, by an ICC Administrative Law Judge, reduced Illinois American's originally proposed \$152.4 million rate hike by about 28 percent, to \$109.8 million. On Thursday, CUB plans to file a brief responding to the Proposed Order.

The five-member ICC will issue a final ruling on the rate case no later than Dec. 17. In its Final Order, the ICC could follow the judge's recommendation or make key changes increasing or decreasing the rate hike. The new rates would take effect in January.

"This is progress, but we would like to see the ICC reduce Illinois American's rate-hike request even more," CUB Executive Director Sarah Moskowitz said. "For years, Illinois American customers have been burdened by escalating bills—the utility doesn't need or deserve the profit rate for shareholders recommended in the Proposed Order. Our goal is to fight to reduce this rate hike as much as possible."

In January, Illinois American Water, the largest investor-owned water and wastewater utility in Illinois, serving about 1.3 million customers, filed a rate-hike request ([ICC Docket 24-0097](#)). The company has estimated the rate hike would increase average residential monthly water bills by about \$24 per month, and the average wastewater bill would increase by about \$3 to \$5 per month. Actual rates would depend on a customer's service area. Moskowitz called the potential increase "unprecedented."

Below are a few highlights of the regulatory judge's Proposed Order:

- Agreed with CUB and other consumer advocates and rejected the second step (\$15.7 million) of the company's proposed two-step rate hike. In an unusual move, Illinois American had proposed a two-step rate hike—a \$136.7 million increase now, and \$15.7 million more about a year from now. CUB had argued that a two-step increase was unprecedented and an improper attempt to pay for 2026 spending, which was outside the scope of the case.
- Agreed with CUB and other advocates that customers shouldn't have to cover employee bonuses for reaching financial goals that benefit shareholders and not everyday customers.
- Adopted the ICC staff's proposed 49 percent "common equity ratio" (how much of the utility's financing comes from issuing stocks), which CUB supported.
- Adopted the ICC staff's 9.84 percent Return on Equity (ROE), also known as the profit rate for shareholders. That is higher than CUB's recommended ROE of 9.34 percent and represents millions of dollars in higher rates. (The company's current ROE is an already-excessive 9.78 percent.)

In May, CUB partnered with multiple parties, including the Village of Bolingbrook, to challenge the proposed rate hike. CUB's brief, to be filed Thursday, will argue for reducing the rate hike as much as possible.

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In forums AARP Illinois requested and the ICC held over the summer, angry customers complained that bills were already too high. During a packed, raucous forum in Bolingbrook, customers yelled out the size of their water bills: “\$256!” “\$350!” “\$300, if I don’t water my grass.” One senior said she’s so worried about her water bills that “we only bathe or shower twice a week now.”

For years, Illinois American customers have contacted CUB to complain about excessive water bills, and those escalating costs are connected to favorable legislation water companies have pushed in past years. Under state law:

- Illinois American charges a “Qualifying Infrastructure Plant” fee on bills.
- Illinois American and Aqua Illinois—the state’s two biggest private water utilities—can buy up depreciated water and wastewater systems across the state and charge their customers to cover 100 percent of the acquisition costs. **CUB Water Tracker**, CUB’s special online center monitoring the problem, found that these for-profit companies have purchased 56 systems since 2013, when state legislators passed a law that allows these water utilities to pass acquisition costs—**\$402 million and counting**—onto their customers.

CUB has fought for legislative reforms to remove the QIP surcharge; require shareholders to cover most of the price tag when they buy a local water/wastewater system; and require local approval through a referendum before Illinois American or Aqua could buy up municipal systems.

Illinois American already has won \$120 million in rate hikes in less than a decade—an \$85 million increase in 2022 and a \$35 million hike in 2016. The utility’s parent company, American Water, has raked in \$1.8 billion in profits over the last two years—including \$820 million in 2022 and \$944 million in 2023.

Customers can sign a petition against the rate hike at [CUBActionCenter.com](https://www.cubactioncenter.com), and file a public comment against the increase [directly with the ICC](#).

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*The Citizens Utility Board (CUB) is celebrating its 40th anniversary as Illinois’ leading nonprofit utility watchdog group. Created by the Illinois Legislature, CUB opened its doors in 1984 to represent the interests of residential and small-business utility customers. Since then, CUB has saved consumers more than \$20 billion by helping to block rate hikes and secure refunds. In 2024, CUB is celebrating its 40th anniversary of consumer advocacy work. For more information, call CUB’s Consumer Hotline at 1-800-669-5556 or visit CUB’s award-winning website, [www.CitizensUtilityBoard.org](https://www.CitizensUtilityBoard.org).*