



CITIZENS UTILITY BOARD

Fighting for Illinois Consumers

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CUB, SUBURBAN LEADERS URGE GOV. RAUNER TO VETO BAD WATER BILL, SAY HB 4508 GIVES IL AMERICAN TOO MUCH POWER TO IMPOSE RATE HIKES

Suburban Chicago leaders and the state's top consumer watchdog group on Monday urged Gov. Bruce Rauner to veto a bill that will give special treatment to Illinois' most powerful private water companies, making it easier for them to buy municipal water systems and slap their customers with higher rates.

At a news conference in Homer Glen, state Sen. Sue Rezin and the Citizens Utility Board (CUB) warned that House Bill 4508 gives Illinois American Water and Aqua Illinois far too much power to march across the state and take over municipal water systems.

"Families across the suburbs and in my district have been sticker shocked over the years by the steep increases in their water bills," Sen. Rezin said. "Private water companies across the state have had a history of large water increases. This legislation would only allow those rates to climb higher, offering a blank check for these private water companies to use ratepayers to expand their company footprint throughout the state. What customers need is a real, hard cap on future rate increases for all ratepayers affected, stricter oversight by the Illinois Commerce Commission, and the ability for local voters to have a voice by referendum before their water systems are sold to a private company."

HB 4508, which passed the General Assembly this spring, renews earlier legislation that allows Aqua Illinois and Illinois American Water to impose automatic rate hikes to bankroll the purchase of municipal water systems.

Under HB 4508, the companies can automatically raise their existing customers' rates to fund municipal acquisitions—by 2.5 percent for one acquisition, or a total of 5 percent for multiple acquisitions. The new bill is actually worse than the legislation passed in 2013, because it removes a 7,500-connection cap on the size of systems that the water companies can buy.

HB 4508 easily passed the Senate, but failed to get a veto-proof majority in the House, opening the door for a gubernatorial veto. The legislation is now on the governor's desk, and he has 60 calendar days to sign it.

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“We want Gov. Rauner to know that this bill is bad news for Illinois American Water and Aqua Illinois customers, as well as any communities in their path,” said Bryan McDaniel, CUB’s director of governmental affairs. “It allows two profit-hungry private water companies to expand at a pace heretofore unseen in Illinois.”

The parent companies of Aqua and Illinois American made a combined profit of \$150 million in the first quarter of 2018 alone. A Chicago Tribune investigation last year found that those private companies charged 20 to 70 percent more than public systems in the region.

The companies have received numerous rate hikes over the last decade. CUB is currently challenging a \$35 million Illinois American increase before the Illinois Appellate Court, arguing that the company was granted an inflated profit rate for shareholders of nearly 10 percent. In Homer Glen, served by Illinois American, the frustration over increasing water bills became so intense that the community joined with others and sued to take control of a water line owned by Illinois American.

CUB is Illinois’ leading nonprofit utility watchdog organization. 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. For more information, call CUB’s Consumer Hotline at 1-800-669-5556 or visit www.CitizensUtilityBoard.org.

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