

1 STATE OF ILLINOIS )  
 ) SS.  
2 COUNTY OF LASALLE )

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4

MEETING OF THE LAKE )

5

HOLIDAY PROPERTY OWNERS )

6

ASSOCIATION HELD JUNE 14, )

7

2018 )

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9 REPORT OF PROCEEDINGS of the meeting of the  
10 Lake Holiday Property Owners Association held on the 14th  
11 day of July, 2018, commencing at the hour of 6:00 p.m.

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13

PRESIDED BY:

14

MR. GEORGE LEIDOLF, President

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1 CHAIRMAN LEIDOLF: Okay. We're all here to  
2 listen to the water company explain to us --

3 AUDIENCE MEMBER: Can't hear you. Turn the mic  
4 around.

5 CHAIRMAN LEIDOLF: What we're going to do tonight  
6 here is first we're going to have a period where your  
7 comments will be recorded. This is your opportunity to  
8 ask questions. Now, the water company will not answer  
9 those questions at this time. They will reserve that  
10 until after the presentation, but after the comments  
11 are -- the initial comments are made, we will then  
12 perhaps spend 30 minutes on that. We'll allow them to go  
13 through the presentation, and at that point they need us  
14 to stop with the court reporter. They don't want those  
15 comments to be apparently officially recorded, but after  
16 that they will answer your questions.

17 So at this time when you come forward,  
18 please speak very plainly into the microphone, state your  
19 name and lot number, and we'll start from there.

20 MS. FLEMING: And they will send answers by  
21 e-mail, George?

22 AUDIENCE MEMBER: Can't hear you.

23 CHAIRMAN LEIDOLF: Will they answer by e-mail or

1 not?

2 Will you answer questions by e-mail?

3 MR. LUBERTOZZI: Yes, sir. Yes, we will, of  
4 course.

5 CHAIRMAN LEIDOLF: Yes, they will.

6 Okay. So at this time I turn things over  
7 to Steve.

8 MR. LUBERTOZZI: Thank you.

9 Good evening. My name is Steve  
10 Lubertozzi. I'm the president of Utility Services of  
11 Illinois. Thank you for coming tonight. Sorry about the  
12 confusion about the court reporter's recording. That was  
13 a miscommunication.

14 So, anyway, we're going to have the  
15 comments section, so we ask that you come up one at a  
16 time, make your comments, and it will be on the record.  
17 Please state your name and lot number. And after that  
18 we'll be giving a presentation and I'll introduce the  
19 rest of the team. Then after that we'll have -- after  
20 the court reporter leaves, we'll have the question and  
21 answer session.

22 I have done about 20, maybe 22 of these  
23 already across the state. Some of these last an hour,

1 some last three hours. We will stay here as long as  
2 necessarily possible to answer every question that you  
3 have. If we can't answer those questions, we will send  
4 you an e-mail or call you or communicate with you in the  
5 next 48 hours to answer any questions that you might  
6 have.

7 So with that, I'm going to call the first  
8 person on the list. And I'm going to apologize for not  
9 getting all the pronunciation of your names correct at  
10 the very beginning. The first name is Jim Wyman.

11 MR. WYMAN: I'm just present.

12 MR. LUBERTOZZI: I'm sorry?

13 MR. WYMAN: I'm present.

14 MR. LUBERTOZZI: Oh, you're present, but no  
15 comments?

16 MR. WYMAN: No.

17 MR. LUBERTOZZI: Okay. Thank you, sir.

18 Chris Morsch?

19 MS. MORSCH: I would just like to know how you  
20 justify --

21 CHAIRMAN LEIDOLF: Please come forward to the  
22 microphone. We can't hear you.

23 MS. MORSCH: I'm Chris Morsch. I live at

1 651 Beachview Drive.

2 I don't understand why because I have a  
3 larger pipe my base rate is so much more. With your last  
4 increase my bill tripled. Thank you.

5 MR. LUBERTOZZI: Thank you, ma'am.

6 And the next name on the list I can't even  
7 remotely read, so if anyone would know, I'm going to ask  
8 the gentleman who started this.

9 CHAIRMAN LEIDOLF: The gentleman who can't read  
10 the list.

11 MS. REZIN: Well, I'll see if I can help you.

12 MS. FLEMING: Is there a lot number?

13 CHAIRMAN LEIDOLF: Jim --

14 MR. LUBERTOZZI: I'll just go around and ask  
15 anyone who wants to make comments.

16 CHAIRMAN LEIDOLF: Okay.

17 MR. LUBERTOZZI: All right. Sorry about that.  
18 We're having some issues reading the names, so how about  
19 if anyone wants to give a public comment, we will start  
20 maybe on this side. Come on up to the microphone and  
21 give your public comments. We'll do it that way, and  
22 we'll make sure everyone has an opportunity to give a  
23 public comment. As long as it takes we'll take public

1 comments. Like I said, as long as it takes we'll answer  
2 questions afterwards.

3 Please state your name and lot number.

4 MS. SHEPHERD: My name is Sharon Shepherd, and  
5 I'm Lot 660 Beachview. I notice that you're monthly  
6 service rate is double and sometimes triple from other  
7 utilities that -- ComEd and Nicor. My rate for Nicor is  
8 \$13.40 to have that service come into my house, and it's  
9 12.80 for ComEd to run electricity to my house, yet your  
10 fees are double and triple that.

11 MR. OTTO: Joe Otto, 185 Holiday. I think  
12 it's -- we're all here for, obviously, the same reason.  
13 It's all just the things -- these increases are  
14 absolutely absurd. 2013 I was paying somewhere around 13  
15 to 15 dollars a month for a base rate --

16 MS. FLEMING: Joe, can you talk into the  
17 microphone? Because you're higher.

18 MR. OTTO: -- for a one-inch meter. Now it's  
19 59.30, and now you want to raise it to 87 something or --  
20 you know, it's -- there's -- I don't think there's any  
21 way you can explain to me this base rate being so  
22 absurdly high to have it make sense to me or anyone else  
23 here. I mean, I have worked the sewer and water industry

1 my entire life. I -- everybody is here for the same  
2 thing. We're getting bent over on our rates. I mean, I  
3 understand it's an aging community. We do need  
4 improvements. You know, the stuff is old. There are  
5 things that need to be done, and I'm sure most people  
6 would probably be okay with something reasonable, but I  
7 mean, even the last increase, it was far from reasonable.  
8 And there's got to be a way to get a happy medium here  
9 instead of having an entire community that's just  
10 outraged. So that's all I have.

11 MR. ZAESKE: Ladies.

12 MS. BRIESCHKE: Thank you. I'll be short.

13 MR. ZAESKE: Only three pages.

14 MS. BRIESCHKE: Nancy Brieschke, 790 Holiday. I  
15 went through my last seven months bills. I spent \$415.10  
16 for \$59 worth of water. I'm the only one in the house.  
17 A typical bill is between 8 and 10 dollars for water, and  
18 yet I'm paying 59.30. Prior to this when we first moved  
19 here, I think it was 24.73 if I'm right. I couldn't go  
20 back any farther because you couldn't provide bills back  
21 to 2011 or '13. But it would have been 173.11 just for  
22 base charges. My water pressure hasn't changed. The  
23 quality of the water has not changed. I want to know

1 why.

2 MR. ZAESKE: Alan Zaeske, 394 Holiday. I'm  
3 concerned, even disturbed that you will not answer these  
4 questions while you are on the record. What is wrong  
5 with that honesty system? Please.

6 MS. WILLIAMS: Carol Williams, 2010 Suzy. There  
7 was a rate increase October of 2015. What did that  
8 entail? Why is there another rate increase in less than  
9 three years, and what is that going to do for us? And  
10 why can you justify another rate increase so soon? Thank  
11 you.

12 MR. ADAMS: John Adams, 1184, 85 and 86. My  
13 question is with the last rate increase, what was done,  
14 what improvements were made? Since the last increase I  
15 had a water main replaced in front of my house. So not  
16 only do I have rusty water now, but now my toilets get  
17 moldy every week. And I'm going to pay more money for  
18 the next increase? Does that mean we're actually going  
19 to get rid of the mold and get rid of the rusty water  
20 since the 15 years that I moved here? What are we paying  
21 for?

22 MR. WILSON: Mike Wilson, 1759 Laverne. My  
23 question is, since you're our only provider, how and why



1 are you not regulated in a way that we can clearly see  
2 this and observe this? This is borderline monopoly, and  
3 if I wanted to use a different service, where and how  
4 would I go about doing that?

5 MR. FELTZ: Hello, my name is George Feltz. I'm  
6 at 1755 Suzy. Financial reports show that private water  
7 companies are becoming the newest financial gain in the  
8 investment market. There is little to no regulation.  
9 The Illinois Commerce Commission is a rubber stamp for  
10 you guys. In 2010 the Illinois Supreme Court, I  
11 believe -- we took you to court, went to the Supreme  
12 Court. You said you were consolidating 23 independent  
13 agencies into one so you could better control costs. In  
14 the ruling by the judge it was cited seven utilities were  
15 going to bear the brunt of most of that cost. Lake  
16 Holiday was the one. The judge even said that a 30  
17 percent increase would be seen as a sticker chock -- or a  
18 sticker shock. We have seen over three, four times  
19 increase. I moved here in 1996, my bill was \$15 every  
20 three months. I'm now looking at over 40, \$45 every  
21 three months. You're a privately owned company --

22 AUDIENCE MEMBER: Every month.

23 MR. FELTZ: Or, I'm sorry, every month. My

1 mistake.

2                   You're a privately held company. You do  
3 not show what your profit intake is versus what your cost  
4 is. And I hate to use this word, but you are raping  
5 everyone's wallets here, and it's unfair. Now, if we go  
6 through this again, because I know the Illinois Commerce  
7 Commission is going to rubber stamp it, I strongly  
8 suggest that the board and the members of the association  
9 vote to sever our relationship with you. (Inaudible due  
10 to applause.) We will vote as a community to say we'll  
11 individually separate ourselves and dig our own darn  
12 wells.

13                   MR. ZAESKE: I'm back. 394 Holiday. I came up  
14 here first time concerned, then disturbed. At this  
15 point, after 20 questions or more, I'm outraged that not  
16 one of you has made a note of any question to deal with  
17 after the legal representative leaves. What are you guys  
18 doing? That's not -- now this is not the questions.  
19 Come on. It's a couple of little notes, and that's all  
20 it is. Your attentiveness is just disrespectful of this  
21 group.

22                   MS. HILL: Hi, Dianna Hill, Lot 340. Just an  
23 observation. In addition to what everyone else here has

1 said, there's six of you sitting up here this evening on  
2 overtime, so I'm thinking maybe the company's got a  
3 little bit of a budget issue to do a presentation that  
4 maybe the boss and another helper could handle. Just  
5 saying. A little budgeting to help us with some  
6 financial stuff.

7 MR. BEAL: James Beal, Lot 1142. I guess the --  
8 it's already been said about the unfairness of the pipe  
9 size and your -- regarding it that you have one large  
10 utility, all your companies together, different utility  
11 agencies. You know what, you guys bought this facility,  
12 and we're not going to pay for your bad judgment and bad  
13 investment in other utility companies that you purchased.  
14 We are who we are here, and I'll tell you what, I have  
15 complained, I have protested, and now it's time to  
16 agitate. I suggest that we start paying our bills late,  
17 you know, take a little bite out of your profits. You  
18 try to pin anything on all of us at once. And by the  
19 way, maybe we shouldn't be meeting here. Maybe we should  
20 all come down to your office. Maybe we should do that.

21 MR. SOPOCI: Gary Sopoci, 964. Just another  
22 comment that -- involving the iron. It's not enough to  
23 color the water. You can't see it, but if we don't use

1 the rust preventive water softener salt, which costs  
2 extra, we end up with red residue in the bottom of the  
3 toilet tank or we end up with yellow stain on the back of  
4 other appliances like sinks.

5 MR. SCHUSTER: Bill Schuster, Lot 1511. I  
6 noticed one of your factors in calculating the rate  
7 increase is what you call a fair rate of return. I  
8 wonder if you could tell us what your idea of a fair rate  
9 of return is.

10 MR. KLEIN: Francis Klein, lot 1572. I'd like to  
11 know what justification you have to charge me or everyone  
12 here by a pipe size. I have been in construction all my  
13 life, and if I had a 60-amp service or I have a 400-amp  
14 service, I don't have to pay a premium for ComEd because  
15 it's a larger size because I may draw at some point in  
16 the time more power. Or my gas pipe, the same way. What  
17 justification do you have for charging everyone here by a  
18 pipe size? That is totally unconscionable and unfair,  
19 and I think it ought to be changed right now.

20 MS. REZIN: Good evening. I'm Sue Rezin,  
21 formerly of 221 Holiday Drive, but I am the State senator  
22 that represents this area now, and we have heard  
23 consistently from the constituents in this room about the

1 increase in their water bill as well. I understand that  
2 we'll be able to get into more of a back and forth  
3 conversation later, and I look forward to that. Until  
4 then I have two questions from constituents that have  
5 called our office.

6 One is, there is a constituent that has a  
7 smaller pipe size but has been charged for a larger pipe  
8 size. He'd been trying to -- he was in the process to  
9 get that more fairly reflected on his bill and has not to  
10 this date been able to do that. So that's one concern.

11 Another concern that has been brought up  
12 to our office -- and I also have Representative Welter  
13 over here as well that represents this area. Another  
14 concern that has been brought up to the office is -- and  
15 correct me if I'm wrong -- being charged on your bill for  
16 a fire hydrant. So for the fire hydrants, is that an  
17 additional charge on the bill?

18 MR. LUBERTOZZI: No.

19 MS. REZIN: Okay. So I will just say that's the  
20 one question I have for you tonight. In closing -- and I  
21 do look forward to having this conversation back and  
22 forth, because as a member of an energy committee, we  
23 deal with many utility bills and infrastructure update

1 bills in Springfield. All of the bills that have come  
2 through Springfield, the -- you know, the smart grid  
3 bill, the future jobs bill for Exelon, the infrastructure  
4 update for Nicor Gas, all have caps to protect the rate  
5 payers, these people in this room, and unfortunately --  
6 and this has been a little bit of an issue for me, water  
7 companies -- and I get it. I get it. You're coming in,  
8 you're updating infrastructure, but it seems that water  
9 companies are the only utility that for whatever reason  
10 does not have a cap to do exactly what we're trying to  
11 do, is to protect the people paying the bill, because  
12 they are on fixed incomes. So I look forward to that  
13 conversation. That's a conversation we're going to have  
14 not only with you but with other companies for the State  
15 of Illinois as well. Thank you.

16 MR. MATTHIES: Chuck Matthies, 423 Holiday Drive.  
17 I have a one-inch meter in my house. I would like a  
18 five-eighths meter put on there to reduce my delivery  
19 cost. Thank you.

20 MR. OTTO: Joe Diado, 185, again. I will say  
21 that there is an option for reducing your meter, and I  
22 had two different people from utilities come to my house  
23 and they were -- they were fantastic, very helpful, very

1 knowledgable, but you have to go through the process, a  
2 \$73 charge involved to have an inspection, but unless you  
3 basically have a house that has the equivalent of an  
4 outhouse and gets the same connect, you won't qualify for  
5 a five-eighths meter. That's all.

6 MS. BEAL: Hi, my name is Anita Beal. I live at  
7 1142 LaSalle. I have a question as to the quality of the  
8 water that we're getting. Um, my house several months  
9 ago, all was clean, never had a problem with mold. Now  
10 all of a sudden I would say in the last month or so,  
11 maybe longer, I have pink mold in all my toilets and in  
12 my bathtub and anyplace else that has water. I want to  
13 know what this pink mold is, where it came from and how  
14 it suddenly occurred.

15 MR. BEAL: And how you're going to fix it.

16 Or maybe the health department could shut  
17 'em down and they could give us bottled water until they  
18 resolve the problem.

19 MR. HANLON: Paul Hanlon (phonetic), and we don't  
20 live in the Lake, but we use your water. And to me what  
21 all this conversation is that it looks to me like water  
22 is the new oil the way I look at it. The water we use is  
23 \$2, and the rest is for pipes or whatever it is.

1 Ridiculous.

2 MS. GRAINGER: My name is Ruth Grainger. I'm a  
3 new property owner at 257. I have very grave concerns.  
4 We spent one night in the house, and the first water bill  
5 was \$208 for 25,000 gallons of water. And we only spent  
6 one night in the house, and there's not been any type of  
7 solution to this issue.

8 CHAIRMAN LEIDOLF: Any other comments?

9 MR. KARL: Ken Karl, 1605 Holiday. As we all  
10 know that there are certain costs and expenses, and since  
11 you're structured all over and there's infrastructure  
12 problems, are we sharing the cost of all these  
13 infrastructure problems throughout the state rather than  
14 the structure problems or infrastructure problems that we  
15 have here in Lake Holiday? And can you justify us  
16 sharing the cost that you're taking on as a utility  
17 company from, say, Lake of the Hills or one of the other  
18 facilities? Why would we be paying for their  
19 infrastructure cost when we don't have those here? And  
20 if we do, would you be so kind as to highlight what  
21 infrastructure cost or infrastructure needs to be  
22 addressed here so we would feel more comfortable with  
23 your issues? We know you're profit motivated, but not on



1 our backs.

2 CHAIRMAN LEIDOLF: Anyone else?

3 AUDIENCE MEMBER: Are we going to be able to ask  
4 questions after the presentation?

5 CHAIRMAN LEIDOLF: Yes, you can answer (sic)  
6 questions after the presentation. The only stipulation  
7 is they have requested that we not use our court reporter  
8 for their answers.

9 AUDIENCE MEMBER: Why is that?

10 CHAIRMAN LEIDOLF: Ask them later. I don't know.  
11 At the time we set this up we thought we would be  
12 permitted to do that, but it's been since clarified --

13 AUDIENCE MEMBER: Who designed these protocols  
14 (inaudible)?

15 THE REPORTER: I'm sorry, I didn't hear that.

16 CHAIRMAN LEIDOLF: I guess I have one question.  
17 George Leidolf, Lot 1585. Could you tell us what your  
18 present rate of return is on investment and what your  
19 future rate of return is expected to be?

20 Okay. If there's no other questions, I  
21 guess I would like to move then to the presentation part  
22 of the meeting.

23 MS. FLEMING: I have a question. There was a

1 gentleman that asked you a question while you were  
2 speaking.

3 CHAIRMAN LEIDOLF: What was the question you  
4 asked? Was it related to the format of the meeting?

5 AUDIENCE MEMBER: Yes.

6 CHAIRMAN LEIDOLF: You want to know who's in  
7 control of the format?

8 AUDIENCE MEMBER: Who designed this protocol?

9 CHAIRMAN LEIDOLF: They did.

10 AUDIENCE MEMBER: This doesn't follow any Roberts  
11 Rules of Order that I have ever seen.

12 CHAIRMAN LEIDOLF: It was not my understanding  
13 that we would not be able to record comments. They have  
14 stated that they are not going to permit us to. If we  
15 want to continue, we have to follow what they want to do.

16 AUDIENCE MEMBER: So are we going to get a copy  
17 of this transcript if we want it to make sure that all  
18 these questions are answered?

19 CHAIRMAN LEIDOLF: We won't have a copy.

20 AUDIENCE MEMBER: Well, we'll all get out our  
21 phones and record it.

22 CHAIRMAN LEIDOLF: We won't have a copy of the  
23 answers. We can post on our website the transcript that

1 we are going to get from our court reporter, and that's  
2 as far as we can go. I guess if any of you get e-mails,  
3 you can share that with us, and we can post those, too.

4 AUDIENCE MEMBER: Let's do that. Everybody turn  
5 on their phones.

6 MS. WILLIAMS: Can I ask one more question real  
7 quick?

8 CHAIRMAN LEIDOLF: Sure.

9 MS. WILLIAMS: Sorry. Carol Williams, 2010. My  
10 question is, for this rate increase to go through, you're  
11 going under water and sewage? We're only water. We pay  
12 for our own sewage. So how can you possibly go under  
13 that classification? That's what I want to know.

14 CHAIRMAN LEIDOLF: If there are no more  
15 questions, I'm going to turn this over to the water  
16 company.

17 MR. LUBERTOZZI: Thank you.

18 Like I said, my name is Steve Lubertozzi,  
19 the president of Utility Services of Illinois. And sorry  
20 about the confusion, again, about the court reporter and  
21 those type things. So we're going to go through the  
22 presentation, and then we'll go to the question and  
23 answer session.

1                   So I want to introduce the team. We're  
2 all here from Utility Services of Illinois, Inc. We are  
3 100 percent regulated by the Illinois Commerce  
4 Commission.

5                   AUDIENCE MEMBER: It's just a joke.

6                   MR. LUBERTOZZI: The Illinois Commerce Commission  
7 is -- the commissioners are appointed by the Governor  
8 requiring there's a balance between Republicans and  
9 Democrats.

10                   So we'll start with the introductions.  
11 I'm Steve Lubertozzi, like I said. Mike Miller, our  
12 regional manager. Wrong order, but Lucas Smith is here.  
13 He's our compliance manager. Manager Shawn is here.  
14 He's our project manager for the State of Illinois. We  
15 have Kevin who is our area manager, and Collin, and Diane  
16 Arnoux is here today. She has access to all your  
17 accounts to pull up any questions that you may have about  
18 high bills, a customer who had a questions about the very  
19 high bill. We record every phone call that comes in from  
20 the CSRs -- to the CSRs, the customer service  
21 representatives, so if you called and you didn't get the  
22 resolution that you wanted, we can pull that up and  
23 listen to the conversation and see how that went

1 depending on how good the internet speed is here. That  
2 could be problematic. So we detail every phone call that  
3 comes in, every communication that we have had, so if you  
4 called up and didn't get resolution, we should be able to  
5 pull it up relatively quickly assuming that she can get  
6 on the internet to do that.

7           Okay. As we said, we filed for a rate  
8 increase to the Illinois Commerce Commission at the end  
9 of 2017. The Illinois Commerce Commission takes about 11  
10 months to make a decision about a rate case. So after we  
11 filed the case, the Attorney General intervened in our  
12 case. The Illinois Commerce Commission staff  
13 participated in the case, and about four communities just  
14 like your own participated in the rate case, meaning they  
15 asked for discovery. They looked at our financials. Our  
16 financial statements are online right now as we speak.  
17 Anybody in this room can go to the ICC's website and see  
18 our financial statements. You can see our rate of  
19 return. You can see how much we plan to invest. Our  
20 financial statements are out there every year. They're  
21 publicly available to anyone who would want them.

22           AUDIENCE MEMBER: What's the website?

23           MR. LUBERTOZZI: The Illinois Commerce

1 Commission's I don't recall, but if you just Google  
2 Illinois Commerce Commission, it will come right up.

3 AUDIENCE MEMBER: And they will be under the  
4 subcategory of what?

5 MR. LUBERTOZZI: Annual reports.

6 AUDIENCE MEMBER: Annual reports for your  
7 company?

8 MR. LUBERTOZZI: Well, they have every company  
9 out there, so you have to look for Utility Services of  
10 Illinois. But if you Google ICC docket 17-1106, on the  
11 right-hand side there's a section called comments, so  
12 customers can put comments in that the Commission will  
13 take under advisement and be included in the record as  
14 well. Underneath the section for comments there's a  
15 section for documents. If you click on the documents, go  
16 to the very first thing we filed, our financial  
17 statements are listed on there. Our income statement's  
18 on there, our balance sheet and our planned capital that  
19 we did. So all of that is publicly available for anyone  
20 who would want to see that. I would have put a pathway  
21 on here, but it's way too long for you to see on the  
22 spreadsheet. Google ICC dockets number 17-1106, all that  
23 information is publicly available. As a regulated

1 utility, all of that information is required to be out in  
2 the public.

3 Sorry, I need my water.

4 So like I said, we filed for a rate  
5 increase at the end of 2017. The Commission has  
6 11 months to rule on that. Last week we had a hearing in  
7 Chicago where your lawyer participated in the evidentiary  
8 hearing where we were cross-examined. We presented  
9 evidence in front of the -- it's an administrative law  
10 judge. After the hearing your lawyer and our lawyer file  
11 a bunch of briefs and documents starting June 28th and go  
12 on until September 7th, 2018. There will be one more  
13 hearing. It will be in Chicago. Customers are welcome  
14 to attend. They can make comments. Those comments will  
15 be included in the record. We do not know the date of  
16 that hearing. If I knew it, we would put it on that  
17 screen. The Commission meets two or three times a month.  
18 They don't know which meeting they're going to have this  
19 case show up for a vote. Customers can go to that and  
20 have their comments heard. Once it's known and  
21 available, it will be on their website. Sometimes they  
22 don't publish that until the week before or two weeks  
23 before. I understand that it's a long drive to Chicago,

1 but that's where the Illinois Commerce Commission meets.  
2 You're more than welcome to go there and have your  
3 comments heard on the record. Like I said, you can also  
4 go to the website, click on comments, and those comments  
5 will be included in the record and the Commission will  
6 take those under advisement as well.

7           So we did hear some questions about rates  
8 earlier on, which we'll get to those in a second. So  
9 right here is the existing rates. It's the  
10 five-eighths-inch, the three-quarter and the one-inch.  
11 So there's different base facility charge, a flat rate  
12 per month for customers based on the meter size. It's  
13 not the pipe size. It's based on the meter size.

14           In our last rate case when we went to  
15 consolidated rate, at the Illinois Commerce Commission  
16 staff's request and the Illinois Commerce Commission  
17 mandated us that we prepare a cost of service study. The  
18 cost of service study dictates that rates should be based  
19 on the meter size. So that was at the request of the  
20 Illinois Commerce Commission staff, and we were mandated  
21 by the Illinois Commerce Commission to do that.

22           AUDIENCE MEMBER: Who made the study?

23           MR. LUBERTOZZI: I'm sorry?



1 AUDIENCE MEMBER: Who did the study?

2 MR. LUBERTOZZI: A consultant. His name is Phil  
3 Giasendis (phonetic) and the name of the firm is  
4 ScottMadden.

5 AUDIENCE MEMBER: Paid by whom?

6 MR. LUBERTOZZI: Paid by the customers through  
7 the rate case expense process.

8 So these are the existing rates. Since  
9 that time we have filed a case. We have proposed a  
10 surrebuttal position of the rates going to \$34 per month,  
11 34.36 per month and \$8.06 per thousand gallons. The  
12 rates I just quoted was the five-eighths-inch meter only.

13 We wrote testimony recommending that the  
14 Commission consolidate these three rates into one. We  
15 have heard a lot of customers ask why do we have  
16 different rates for different meter sizes. So we put  
17 together a proposal to the Illinois Commerce Commission,  
18 and that rate -- just to state the obvious, right -- that  
19 means the five-eighths-inch customers would have to pay  
20 more because their rate would go up to about \$38.54.  
21 Because when you consolidate these rates, there's only so  
22 many number of customers, right, and the majority of the  
23 customers are in the five-eighths-inch rate.

1           There is a process to have your meter --  
2 your meter size reduced. There's a tariff rule that the  
3 Illinois Commerce Commission mandates that we follow.  
4 Call up the company, call up the 1-800 number on your  
5 bill. We'll send someone out to the house, audit how  
6 many fixtures you have in the house. We don't dictate  
7 the size of the meter. It's the Illinois Plumbing Code  
8 that says what the meter size should be, just like the  
9 customer mentioned earlier on. If you have probably two  
10 baths, washing machine, dishwasher, you're probably going  
11 to be at a three-fourth or one-inch meter base. That's  
12 what he's saying.

13           So you know a little bit about the system,  
14 but we have two wells here and about 25 miles of pipe.  
15 The system is about 53 years old, and we do have iron  
16 infiltration here, so unfortunately some customers were  
17 complaining about discolored water. We haven't had a lot  
18 of complaints of discolored water for this system. If  
19 you do have a complaint about discolored water, please  
20 call the 1-800 number on your bill. If you do not call  
21 that number and tell us that you have a problem, we won't  
22 know about it and there's nothing we can do about it. We  
23 have to get the input in so we log it. We log every call

1 that comes in, and we track them based on discolored  
2 water. We have GIS maps that we've put together so we  
3 can track where all the discolored water is happening.  
4 So if you're not sure where that is, check your bill.  
5 Make sure you have that number. Call in with any  
6 complaints you have. We do track those and respond to  
7 those as quickly as possible.

8           So a little bit of why we are in for a  
9 rate increase right now. Since our last rate increase,  
10 we will have spent about \$17 million on capital  
11 improvements since the last rate case. There's been some  
12 comments that the last rate case was three years ago.  
13 That is correct. Every three years it's typical for  
14 water and waste water utilities, the regulated ones, that  
15 are regulated by the Illinois Commerce Commission are in  
16 for rate increases every three to four years. We are  
17 spending money faster than depreciation. We are  
18 investing capital at a higher rate of depreciation which  
19 causes the increase in rates.

20           So we have capital that we have spent that  
21 benefits all the customers in the state of Illinois. We  
22 also have capital that's only spent here. We also have  
23 capital that's spent in one of the other 23 water systems

1 that we own and operate in the state. So here's some of  
2 the capital investments that we have. We have some AMRs,  
3 automatic meter reading that's going in. We're doing  
4 about 10 percent a year. We're starting with the oldest  
5 meters and replacing those, and this represents two years  
6 worth of capital right here. We also have a hydrant  
7 rehab, replacement and feeding program. That's about  
8 \$800,000 of capital investment. That's for the entire  
9 state of Illinois, not just for this area. We're also  
10 doing some leak studies. We want to find where the leaks  
11 are, trying to keep our unaccounted for water down to a  
12 minimum. We also have a GIS mapping that we're finishing  
13 up. That's almost about a quarter of a million dollars  
14 of capital that we're investing. The last one right here  
15 is a customer mobile app. Those of you that have other  
16 utilities, you probably have the ability on your phone to  
17 pay your bill, look at your usage, contact customer  
18 service. We'll be going to that by the end of this year  
19 or early 2019, so if there is an outage or boil water  
20 advisory, you will be able to get that notice on your  
21 phone. You'll be able to pay your bill on the phone and  
22 see your usage on your phone as well.

23 For the planning capital investment here

1 in Lake Holiday, they are listed right here (indicating).  
2 We have rehabilitated well number three. We put in the  
3 status system. We put in a new generator, fencing for  
4 security around the facilities. We reconditioned the  
5 tank. We are installing some new valves, and we had some  
6 hydrants that needed replaced in your community as well.  
7 So this isn't all the projects. This is some of them.  
8 We also had some smaller projects that were spent here as  
9 well. And this represents spending for the remainder  
10 portion of '18 through 2019.

11 AUDIENCE MEMBER: What is well number three?  
12 There's only two wells. You said now there's three?

13 MR. LUBERTOZZI: Well, it's number three, but  
14 there are two working wells, correct.

15 So that takes us to the end of the  
16 presentation. So if we could maybe take a break and the  
17 court reporter leave, and then we'll get back to the  
18 questions and answers.

19 (Whereupon, the court reporter  
20 was dismissed.)  
21  
22  
23

1 STATE OF ILLINOIS )  
 ) SS:  
2 COUNTY OF LASALLE )

3 I, BRENDA KAY LAUNIUS, being first duly sworn  
4 on oath, say that I am a Certified Shorthand Reporter  
5 doing business in the City of Ottawa, County of LaSalle,  
6 Illinois; that I reported in shorthand the proceedings of  
7 the Lake Holiday Property Owners Association meeting on  
8 the 14th day of July, 2018, and that the foregoing is a  
9 true and correct transcript of my shorthand notes so  
10 taken aforesaid and contains all the proceedings reported  
11 at said meeting.

12 IN TESTIMONY WHEREOF I have hereunto set my  
13 hand and affixed my Notarial Seal this 12th day of July,  
14 2018.

15  
16 \_\_\_\_\_  
17 BRENDA KAY LAUNIUS  
18 Certified Shorthand Reporter  
19 Ill. License No. 084-001462  
20  
21  
22  
23