



The Value of Water

Chicago water & sewer rate adjustment

Suburban Water Customers

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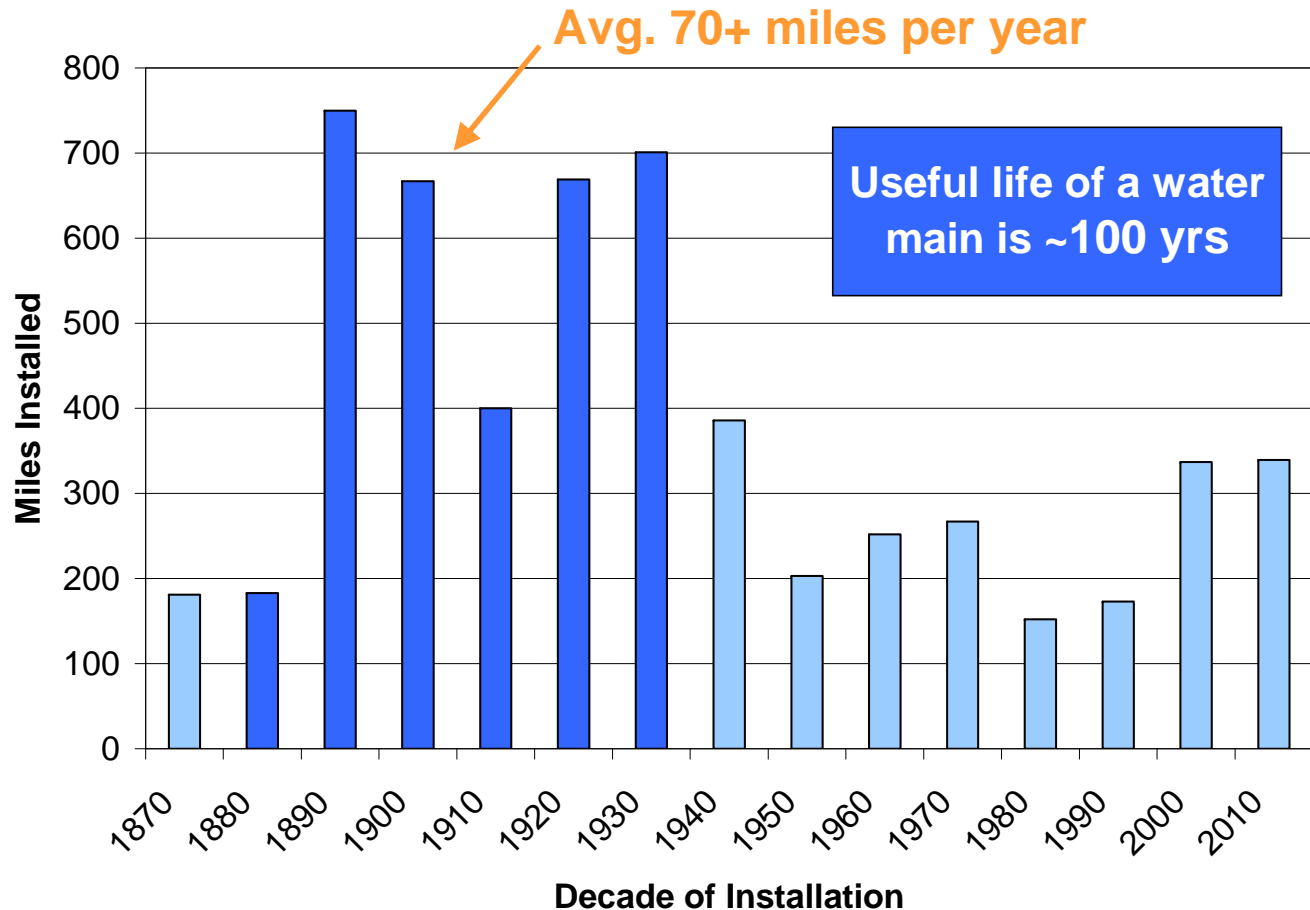
Commissioner

Dept. of Water Management

October 2011

Aging Distribution System

We Must Maintain Our Infrastructure, including Feeder Mains that serve the Suburbs



8" Water Main Break & 7 ft Sewer Breach at Elston & Foster

July 2011

- 8" water main installed in 1927
- Leaking water main breached a 7-foot sewer installed in 1915
- ComEd duct package & street lights damaged
- DWM worked to have the water and sewer mains repaired in 2 days



24" Water Feeder Main Break at 47th & Loomis

October 2011

- Installed 1920s
- Street closure
- Several businesses closed
- Neighborhood basements flooded



Workforce Efficiencies

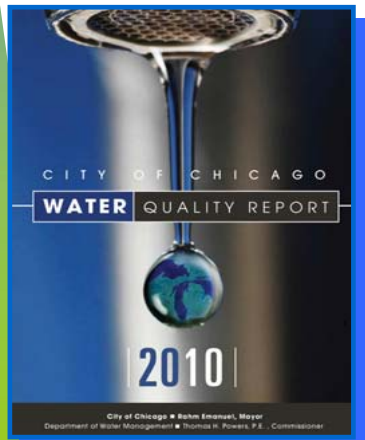
Doing more with less

- Increased productivity without adding resources
 - ◆ Specialty crews
 - ◆ Cluster work
 - ◆ Schedule & route using GIS technology
 - ◆ Accountability through GPS, GIS and workorder system

- Utilizing New, Efficient Technologies
 - ◆ GIS prioritization & mapping for work scheduling
 - ◆ Automatic Meter Reading
 - ◆ Computerized Maintenance Management System
 - ◆ Water distribution network converted to GIS System

Conservation Efforts

- Replacing infrastructure to decrease water leaks
- Hydraulic testing to proactively identify leaks
- Volunteer water meter program
- Installing custodian hydrant locks
- Rain barrel & downspout disconnection program
- Educating the public



Education



Rain Barrels



Custodial Locks

Modernization of facilities comes with a price

Well maintained but aging

- South Plant: in service for **64 yrs**
- Jardine Plant: in service for **47 yrs**
- 8 of the 12 pumping stations are over **75 years old** and 4 are still **steam-powered**

Recent Examples

- Security expenses since 9/11/01: **\$25 M**
- SWPP chlorine bldg: **\$54 M**
- Springfield Pumping Station conversion from steam-power to electric-power: **\$70 M**



Deteriorated Steel

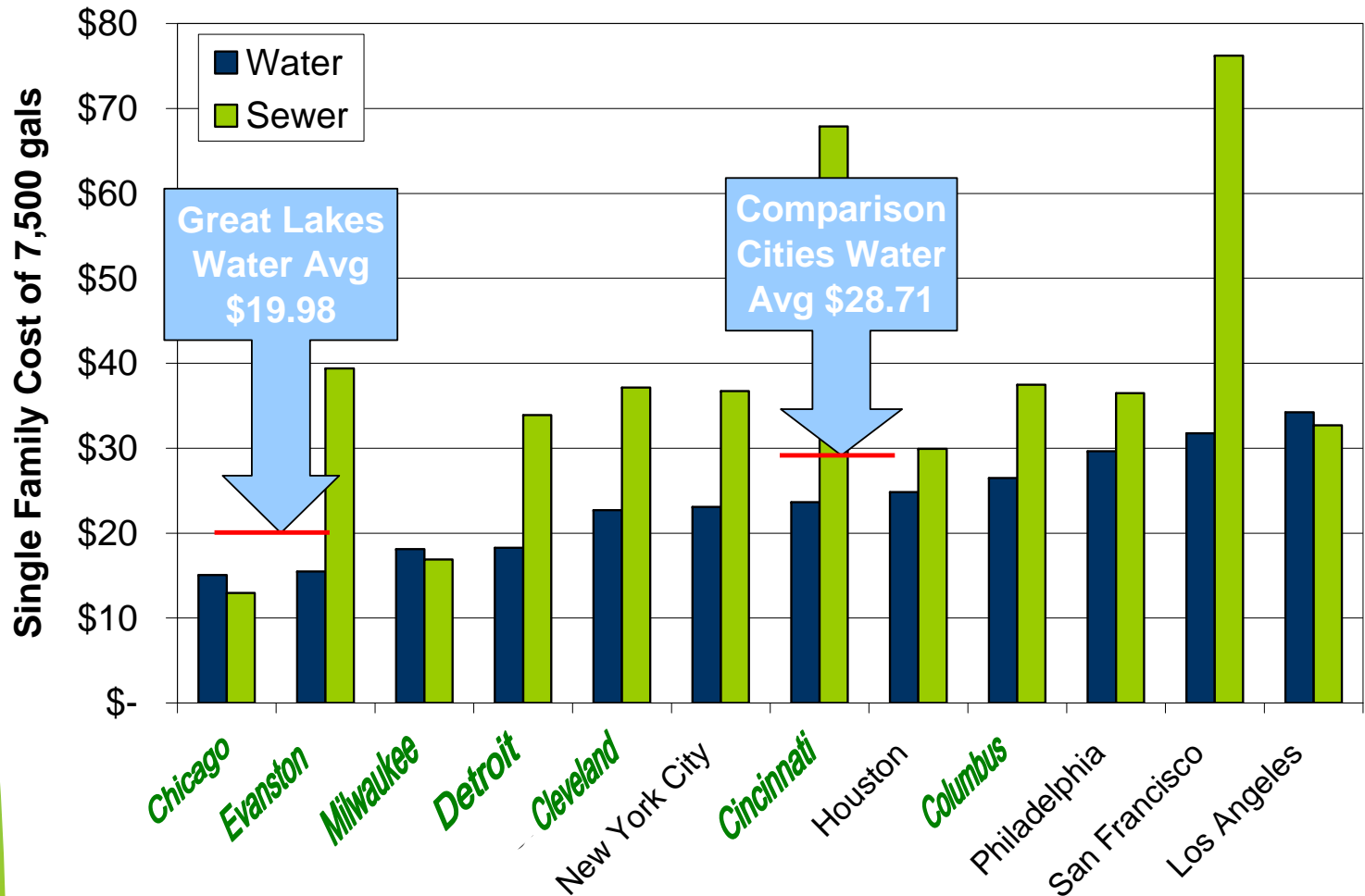


East Filter Building
Replace 10 Acre roof:
\$60 M
(**West Filter Building**
\$25 M in 2001)



Roof Collapse 8.9.2011

How do Chicago 2010 rates compare across the U.S.?



Rate Increase Proposal

Water Rate Increase

25.0%
15.0%
15.0%
15.0%

Sewer Rate Increase

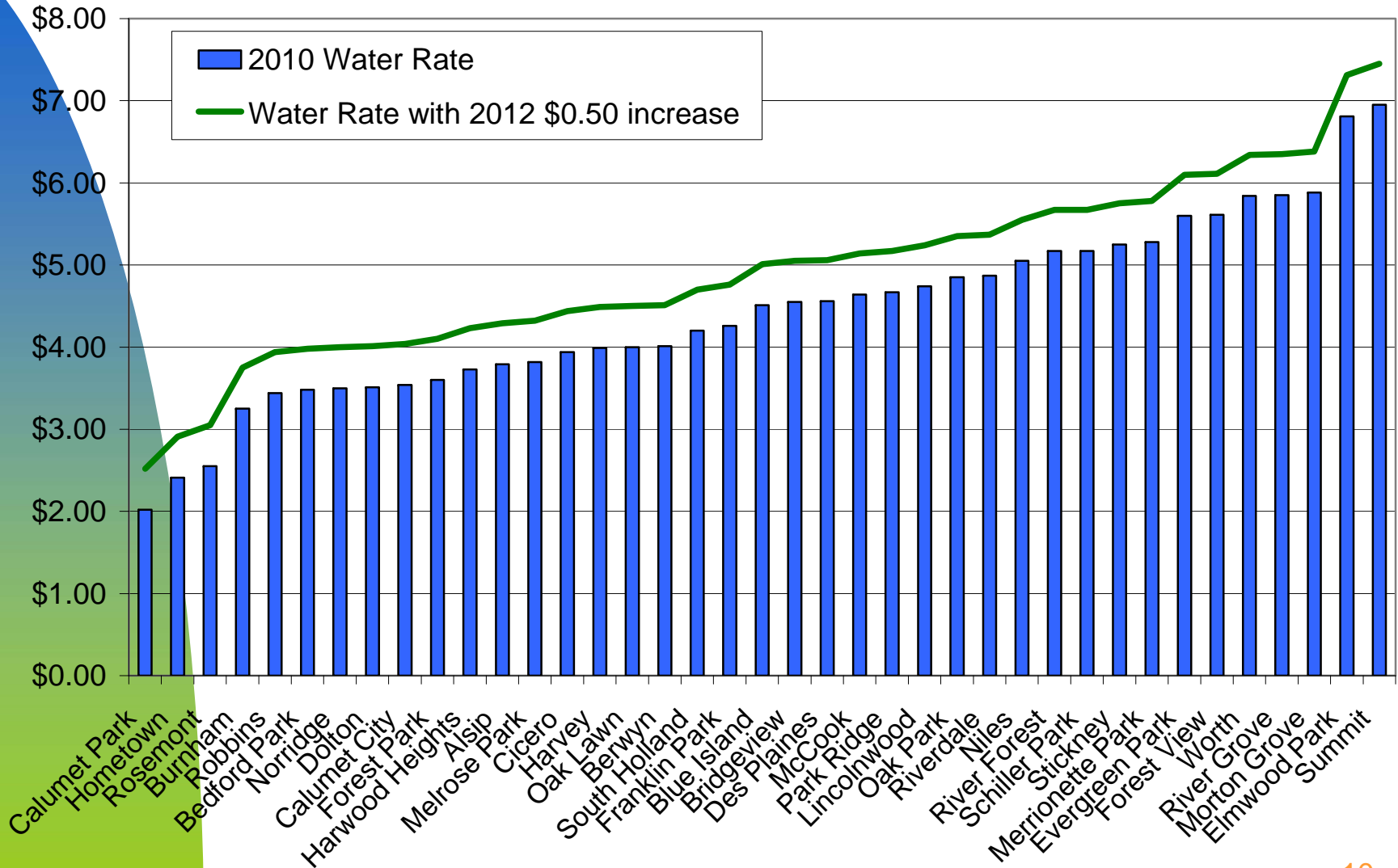
from 86% to 89%
from 89% to 92%
from 92% to 96%
from 96% to 100%

Effective Date

January 1, 2012
January 1, 2013
January 1, 2014
January 1, 2015

| | Water Rate per 1,000 gal | | Impact | |
|----------------|-----------------------------|------|--------|------|
| Chicago (2011) | \$ | 2.01 | | |
| Chicago (2012) | \$ | 2.51 | \$ | 0.50 |
| Chicago (2013) | \$ | 2.88 | \$ | 0.38 |
| Chicago (2014) | \$ | 3.31 | \$ | 0.43 |
| Chicago (2015) | \$ | 3.81 | \$ | 0.50 |

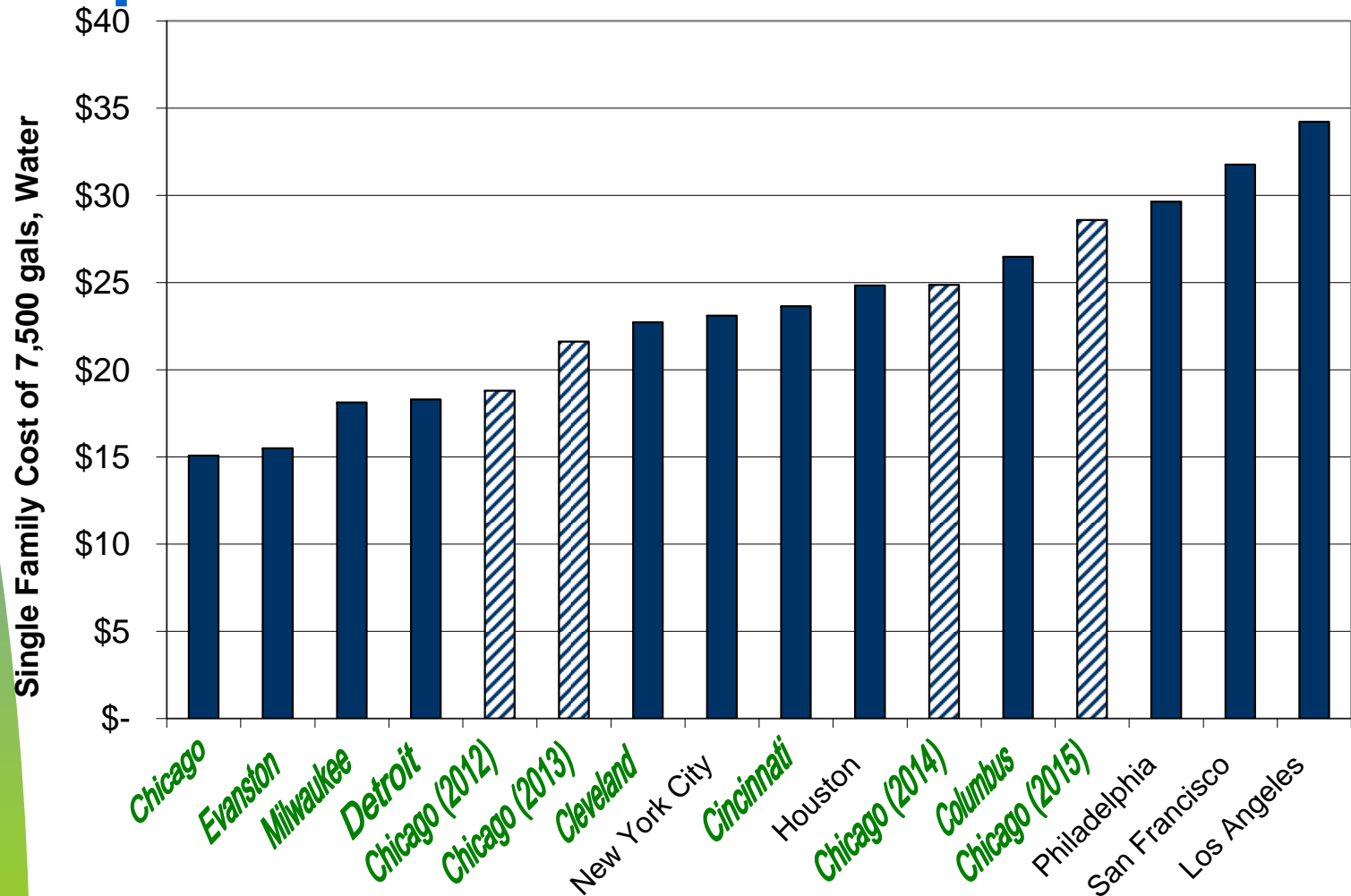
Suburban Water Rates with \$0.50 Increase



Explanation of Water Rates

- Current water rate structure
 - ◆ Metered customers: *uniform rate* of \$2.01 per 1,000 gallons
- As a result of prior litigation, the directly connected suburbs are charged the same rate as Chicago residents

How will Chicago water rates compare across the U.S.?



Based on 2010 consumption charge & service charge for 5/8" meter

Great Lakes cities in green

****assumes no increases in other cities' rates****

Putting your dollars to work

Seeking ways to upgrade, minimize cost, & provide excellent service

Water Projects

- Avg. of 88 miles of water main (including feeder mains) replacement per year
- Accelerate 4 pumping station (feed suburban customers) conversions from steam to electric power
- Modernize Jardine Water Purification Plant laboratories to ensure compliance with IEPA & USEPA standards for water quality
- Replace South Water Purification Plant electrical switchgear to prevent interruptions in water service