

CATERPILLAR TRAIL PUBLIC WATER DISTRICT  
404 Ten Mile Creek Rd.  
East Peoria, IL 61611-9240  
(309) 383-4002

of Woodford County, Illinois

Re: Fee and Rate Changes/New Monthly Billing

The Caterpillar Trail Water District (the "Water District") is an organization committed to providing reliable, high quality water service at the lowest rates we can sustain. The Water District is not a tax supported utility and runs solely on the revenue received from the ratepayers within the Water District. Accordingly, when the costs of providing service increase, the costs to our ratepayers must increase as well.

Effective July 1, 2011, each residential and commercial customer will be assessed a loan service fee of \$5.00 per month. This fee will be itemized and appear on your bill as a "Loan Service Fee." These monies will be used strictly for the repayment of a loan the proceeds of which were used by the Water District for the construction of the new water treatment plant in 2007. The construction of the new water treatment plant was necessary both because the aging water system was reaching the end of its useful service life and to expand the capacity of the Water District to accommodate growth in the area. The new water treatment plant has also allowed us to achieve greater efficiencies in providing reliable water service to those within the Water District. At the time the new water treatment plant was constructed, it was reasonably anticipated that the projected growth in the area would cover the costs of repaying the debt for construction. Unfortunately due to the economic downturn, the growth has been much lower than projected and hence the amount of revenue coming in has not grown as projected. Therefore, the Loan Service Fee has become necessary to recoup a portion of the costs from lower than projected growth.

In addition, beginning July 1, 2011, the Water District will begin billing residential customers on a monthly basis, rather than a quarterly basis, based on the following new monthly residential rate structure:

**Caterpillar Trail Water District Residential Rates Effective July 1, 2011**

Minimum charge for first 2,500 gallons per month	\$22.79
Gallons over 2,500 to 10,000 gallons per month	\$6.62 per 1,000 gallon or part
Gallons over 10,000 gallons per month	\$9.54 per 1,000 gallon or part

We believe the majority of our customers will appreciate having smaller monthly bills instead of a larger water bill once every three months. In addition, monthly billing will allow customers and the Water District to identify leaks on a timelier basis; based on abnormal water usage spikes that can be monitored on a monthly basis as compared to the current 3 month time period.

Billing on a monthly, rather than a quarterly, basis will enable the Water District to better match the timing of its revenue with the timing of its expenses. Also, these residential water rates and the commercial water rates will be subject to an [annual] cost of living adjustment based on the Consumer Price Index (3.6% for the past 12 months) due to Water District increased costs for chemicals, postage, fuel surcharges, etc.. This CPI increase will be effective July 1<sup>st</sup> of each year which is reflected in the rate table above.

The Water District is very conscious of the economic hardships everyone is facing. However, it is our mandate and responsibility to provide high quality and safe water to our customers even under difficult economic conditions. We are committed now and in the future to meeting the Water District's mandates and responsibilities at the lowest sustainable rates. Our last rate increase was July 2008.

Very truly yours,



Richard L. Diestelhorst  
Chairperson  
Caterpillar Trail Public Water District Board of Trustees