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Lisa Reisen  
563.468.9221 office  
563.343.6127 mobile

## Iowa Utilities Board Approves Rates for Iowa American Water

***Significant infrastructure investment drives increase;  
cost of water service remains about a penny per gallon for most households***

**Davenport, Iowa. (Nov. 3, 2009)** – On Oct. 8, 2009, the Iowa Utilities Board (IUB) approved a settlement of Iowa American Water's rate case that was filed on April 30, 2009. The new rates are effective Nov. 3, 2009. The need for the rate adjustment was driven primarily by about \$20 million invested by the company over the past two years in its treatment and distribution facilities to ensure continued high-quality water service.

According to Randy Moore, president of Iowa American Water, the company has invested \$10.5 million in water system improvements in the Clinton District and \$9.5 million in the Quad Cities District since it last increased rates in January 2008. Some of the larger projects and investments include:

- \$6.9 million investment for normal, recurring installation and replacement of water pipelines, meters and hydrants, including the addition and replacement of 16.9 miles of water main, 251 fire hydrants and 10,863 meters in Bettendorf, Davenport, LeClaire, Panorama Park and Riverdale.
- \$4.9 million to construct a new water treatment facility in Clinton County. This 3.5 million gallon per day facility increases production capacity and improves system reliability using an innovative technology to reduce naturally-occurring radium levels that have been rising as communities across Iowa and Illinois draw increasing amounts from the aquifer.
- \$3 million investment to relocate 14,500 feet of water main in Liberty Avenue as required by the Iowa Department of Transportation in conjunction with Highway 30 improvements through Clinton.
- \$2 million for storage tank maintenance to inspect, repair and re-paint two elevated storage tanks in Bettendorf and Davenport. The work is necessary to extend the service life of the facilities and assure that they remain in compliance with current Occupational Safety and Health Administration and state of Iowa standards.
- \$1.9 million investment for normal, recurring installation and replacement of water pipelines, services, meters and hydrants, including the addition and replacement of over

2.9 miles of water main, 51 fire hydrants, 1,060 meters and 332 customer service lines in Clinton.

- Over \$470,000 to rehabilitate buildings, water quality laboratory and chemical storage at the East River Station treatment facility.
- Almost \$250,000 in improvements to the Middle Road Booster Pumping Station to stabilize pressure in the rapidly growing area of northern Bettendorf and LeClaire, including installation of almost 3,000 feet of 12-inch water main in Forest Grove Road and creation of a new water pressure zone to further support the LeClaire service area.
- \$147,000 to replace over 5,525 feet of small diameter mains in Clinton to reduce main breaks. Replacement of small diameter mains improves the distribution grid, permits installations of public fire hydrants, improves water quality, and minimizes service interruptions and reduces maintenance costs in the long run.

“Proactive water system upgrades save money in the long run,” Moore said. “All these investments in local water infrastructure systems enhance water quality, service reliability and fire protection for customers while keeping the cost of water service for most local households at about a penny per gallon.”

The need to upgrade water systems is not only an issue for Iowa American Water; it is a national issue. The United States Environmental Protection Agency says the nation's water utilities will need to make more than \$335 billion in infrastructure investments over the next 20 years to replace aging water infrastructure and to comply with stricter water quality standards. Iowa American Water is ahead of the curve because of its continual investment in its water systems.

The settlement was reached between Iowa American Water and the Office of Consumer Advocate and approved by the Iowa Utilities Board. It calls for an overall revenue increase over current rates of about \$6.06 million per year. Effective Nov. 3, 2009, rates for the average residential customer in Clinton will increase about \$5.41 to approximately \$30.19 per month. In the Quad Cities District, the average residential customer will pay about \$6.16 more for an average bill of approximately \$30.19 per month.

In July, the Iowa Utilities Board set interim or temporary rates for Iowa American Water of about 26 percent. Because the interim amount collected by Iowa American Water is more than the final settlement order issued by the Iowa Utilities Board, customers will receive a refund with interest credited to their water account if an overpayment was made.

“Even with this rate adjustment, at about a penny a gallon, water service will remain a good value for our customers,” said Moore.

Customers can contact American Water's call center toll free at 1-866-641-2108 with additional questions.

Iowa American Water, a wholly owned subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water services to approximately 200,000 people. Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs more than 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15 million people in 32 states and Ontario, Canada. More information can be found by visiting [www.amwater.com](http://www.amwater.com).