



Dear Customer,

It is important for you to know why Iowa American Water is requesting a rate increase from the Iowa Utilities Commission (“IUC”). We know there is never a good time to ask for an increase, but we have the responsibility to properly maintain and upgrade our systems to provide high quality water, reliable service, and fire protection to the communities we serve 24 hours a day, every day. The IUC will conduct an extensive review of Iowa American Water’s rate application before making its final decision, likely in Spring 2025. Since the process can take up to ten months for a decision to be rendered in the case, Iowa American Water will put a portion of the requested increase into effect on May 11, 2024, as an interim rate increase while its full request is considered by the IUC. These interim rates may be subject to refund with interest based on the IUC’s decision.

Since our last rate increase in October 2021 through March 2026, we have or will have invested more than \$157 million in water and wastewater system improvements in our service communities. Proactive water system upgrades save money in the long run. By continually improving our water systems, we help reduce the frequency of service interruptions, prevent property damage from water main breaks and enhance fire protection. The need to upgrade water systems is a national issue.

Over the next 20 years in Iowa, the U.S. Environmental Protection Agency says the state’s combined water and wastewater infrastructure investment needs total over \$9 billion. Over the next five years, Iowa-American will invest approximately \$31.3 million annually to improve its infrastructure. The infrastructure plan includes projects that will help improve water pressure, replace aged pipes and other infrastructure to improve system reliability, safeguard continued water and wastewater compliance with all federal and state regulations, and add new water storage tanks. In the last 10 years, Iowa-American has invested more than \$214 million to improve water and wastewater service in the communities we serve – from replacing water pipelines to upgrading water treatment plants and pumping stations. Continuous upgrades ensure customers have clean, safe, reliable water service for health, comfort and fire protection – today and for future generations. Some of our largest investments include:

- ✓ Over \$37 million investment in water main relocations, replacements, and upgrades to improve reliability for customers, reduce service disruptions and increase water flows for firefighting is or will be completed between October 2021 to March 2026. Nearly 10 miles of water main has already been replaced from 2022-2023.
- ✓ About \$18 million investment for normal, recurring installation and replacement of water services, meters, valves and hydrants in Clinton, Blue Grass, Donahue, and the Quad Cities is planned through March 2026.
- ✓ About \$9.5 million investment in a new 2-million-gallon elevated tank located at the Iowa-American operations facility in northwest Davenport to serve residential, commercial, and industrial customers.
- ✓ About \$4.5 million investment in a 1.5 million gallon per day groundwater well near the Genesis East Hospital Campus. This project will ensure uninterrupted supply of water to the hospital and through a future phase of this project to begin in 2026, provide treatment of this water to serve all customers in the Quad Cities districts through the distribution system.

If the IUC approves our full proposed water rate request, the average residential water customer using 4,000 gallons per month would pay an additional \$22.39 per month or about 74 cents more per day.

We understand, however, that in these tough economic times, some of our customers are struggling. In this rate review, Iowa-American is requesting the IUC’s approval to allow the establishment of the Customer Affordability Program (“CAP”), which if approved by the IUC, would provide a 20 to 80 percent monthly bill reduction for income-eligible customers. Iowa-American was one of the first in the state to offer utility emergency assistance programs through our **H2O “Help to Others”** for customers in need. We also offer payment arrangements and budget billing for customers requesting these programs and provide wise water use tips and leak detection kits to help customers find hidden leaks to reduce their usage and lower their bill.

More information is available on our website at <https://www.amwater.com/iaaw/>. Please let us know if you have any questions about the proposed increase or your water service in general.

Sincerely,

Brad Nielsen, President