



NOTICE OF WATER RATE INCREASE

Dear Iowa-American Customer:

On May 1, 2024, Iowa-American Water Company (“Iowa-American”) is submitting a proposal to the Iowa Utilities Board (“IUB”) for an increase in water utility rates and charges to be effective April 1, 2025. The Company is also seeking a temporary rate increase (not including Donahue customers), effective on May 11, 2024. The Company’s proposal is driven by completed or planned system improvements in its system.

In this proceeding, the IUB will consider the Company’s projected costs and revenues to determine rates. In a subsequent proceeding, the IUB will consider whether the Iowa-American’s actual costs and revenues are reasonably consistent with the projected costs and revenues used to set final rates and shall adjust the rates accordingly. The rates under review by the IUB are called base rates and account for approximately 98.4% of a residential water bill. Base rates include capital costs, operation and maintenance costs, a return on investment and taxes. The estimated average monthly bill shown in the chart below includes all costs included for a typical customer’s bill, including estimated rate case expense.

The proposed increase in annual water revenue will be approximately \$21,106,223 or 46.7%, bringing the Company’s total proposed water revenue requirement to approximately \$66,297,242.

Under Iowa law, the Company can implement a temporary increase in rates that will remain in effect until the IUB completes its review of the proposal. The Company will implement a temporary rate increase (not including Donahue customers) of approximately \$5,165,835 or 11.15%, effective on May 11, 2024. Temporary rates are included as a part of but not in addition to the proposed final increase in rates. If final rates are lower than temporary rates or the temporary rates are not based upon previously established regulatory principles, the Company shall make refunds, including interest, to customers.

The table below shows total typical monthly bill amounts based on temporary and proposed final rates for each customer class. The highlighted row in the table below represents the customer class listed for your account. The effect of the proposed increase on your bill may vary depending upon the type and extent of usage.



Proposed Water Rates*

Customer Class	Typical Monthly Bill (2023)	Bill Impact – Proposed TEMPORARY Rates (not applicable to Donahue water customers) (effective May 11, 2024)		Bill Impact – Proposed FINAL Rates (effective April 1, 2025)	
		Typical Monthly Bill with Temporary Rates	Typical Bill % Change with Temporary Rates	Typical Monthly Bill with Final Rates	Typical Bill % Change with Final Rates
Residential ¹	\$41.10	\$45.78	11.40%	\$63.49	38.68%
Commercial	\$185.27	\$211.25	14.02%	\$276.17	30.73%
Industrial	\$4,055.71	\$4,738.14	16.83%	\$6,440.36	35.93%
Private Fire Service	\$61.70	\$61.70	0%	\$61.70	0%
Public Authorities	\$268.62	\$302.96	12.79%	\$388.74	28.31%

¹This bill impact is calculated using a typical monthly consumption of 4,000 gallons.

Donahue Water Customers

Residential ¹	\$50.00	N/A	N/A	\$63.49	26.98%
Non-residential ²	\$47.60	N/A	N/A	\$276.17	480.19%

¹This bill impact is calculated using a typical monthly consumption of 4,000 gallons.

²This rate includes industrial, commercial, private fire service, and public authorities.

Proposed Regulatory Mechanisms

Iowa-American is also asking the IUB to approve modifications to the Qualified Infrastructure Plant (QIP) Mechanism. The QIP was approved in the prior case and reflects the additional cost incurred by Iowa-American to replace or relocate qualified infrastructure plant placed into service after the end of the rate proceeding. The QIP surcharge appears on the customer bill as a separate charge and is in addition to the base rates shown above. The QIP surcharge would remain in place, and may increase each year and may accumulate over time. The modifications sought in this case are the removal of an initial threshold of \$4.2 million annually, the increase of the cumulative recovery between rate cases, exemption of lead service line replacements from any threshold, request for a return on investment equal to all other investments, and expansion of the types of projects eligible for inclusion in the QIP.

Iowa-American also seeks approval to implement a new alternative rate design mechanism, the Revenue Decoupling Mechanism (RDM), which would allow Iowa-American to adjust future base rates due to seasonal changes and consumption trends. Upon approval by the IUB, the RDM may result in partial rate adjustments on an annual basis, subject to an opportunity for customer comment and investigation by the IUB.

* includes a proposed increase in the monthly water charge from \$14.00 to \$20.00 (5/8" meter), \$21.00 to \$24.20 (3/4" meter) for final rates effective in 2025. There are no proposed water service charge changes in temporary rates.



The Rate Case Process

This proposed increase in rates and charges may be docketed by the IUB for investigation, which suspends the approval and potentially the effective date of the proposed final rates and charges. After a thorough investigation, the IUB will make a determination on the amount and effective date of final rates, which may be different from those that the Company proposes.

You have the right to file a written comment or objection to this proposed increase with the IUB and to request a public hearing. All written comments and objections should be addressed to: Iowa Utilities Board, 1375 E. Court Avenue, Des Moines, Iowa 50319-0069. Comments and objections may be submitted by email to customer@iub.iowa.gov and should include a reference to the docket number, RPU-2024-0002. Comments or objections may also be submitted by using the comment form on the Utilities Board's website, <https://iub.iowa.gov/online-services/open-docket-comment-form>. The IUB should be provided with any facts that would assist in determining the justness and reasonableness of the requested increase and the regulatory mechanisms discussed above. This information will be made available to the Office of Consumer Advocate, a division of the Iowa Department of Justice, which represents the public interest in rate cases before the IUB.

As part of this process, the IUB will hold one virtual and two in-person consumer comment meetings. The IUB will hold in-person consumer comment meetings in Clinton and Davenport and a virtual meeting. The IUB encourages customers of Iowa-American to participate in a customer comment meeting. A customer comment meeting is the best opportunity to provide feedback directly to the IUB and other parties involved in the rate case. The dates, times, and locations of the consumer comment meetings are provided below. Additional details about participating in the virtual consumer comment meetings will be provided on the IUB's website, iub.iowa.gov.

Clinton in-person meeting

Date: August 6, 2024

Time: 6:00 p.m.

Location: Wild Rose Casino,
777 Wild Rose Drive,
Clinton, IA 52732

Davenport in-person meeting

Date: August 7, 2024

Time: 6:00 p.m.

Location: Quad-Cities
Waterfront Convention Center,
2021 State Street,
Bettendorf, IA 52722

Virtual meeting

Date: August 8, 2024

Time: 12:00 p.m.

Location: iub.iowa.gov

A written explanation of all current and proposed rate schedules is available without charge from our local business office by calling (563) 468-9201 or by visiting <https://amwater.com/iaaw/customer-service-billing/your-water-rates>. If you have any questions, please contact your local office.