

On January 24, 2014, Indiana American Water filed a request with the Indiana Utility Regulatory Commission (IURC) that, if approved, would change rates for water & wastewater service in all of the company's operating districts.

The typical bill for a residential water customer in the Area One rate group using 4,600 gallons per month, would increase by 6.75%, or \$2.40 per month (8 cents per day). The Area One rate group includes customers in **Crawfordsville, Johnson County (Franklin, Greenwood & New Whiteland), Kokomo, Mecca, Muncie, Newburgh, Noblesville, Northwest Indiana Operations (Burns Harbor, Chesterton, Gary, Hobart, Merrillville, Portage, Porter & South Haven), Richmond, Seymour, Shelbyville, Somerset, Southern Indiana (Jeffersonville, Clarksville & New Albany), Sullivan, Summitville, Terre Haute (including Terre Haute, Riley, Marion Heights & Farmersburg), Warsaw, Waveland and West Lafayette.**

For wastewater customers in **Somerset and the Farmington neighborhood in Muncie**, Indiana American Water is proposing a 10.14% increase, or \$7.04 per month (23 cents per day).

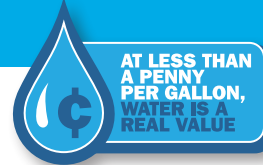
Non-residential customers can learn more about the proposed impact to their bills by calling Indiana American Water's customer service center at 1-800-492-8373 or visiting us online at [www.indianaamwater.com](http://www.indianaamwater.com) and clicking on **"rates information"** under the Customer Service tab located on the top left portion of our home page.

In a world where everything we touch frequently changes, water is our constant. We've never stopped needing it to drink, to cook, to clean, to live. We'll always need it for sanitation, for fire protection, for watering our lawns and washing our cars.

It's easy to take water for granted. And, because so many do, we don't.

We are scientists, environmentalists, innovators, and protectors. We are also residents and employees in the communities we service. We understand how important, how precious, and how critical water is to daily life.

**WE CARE ABOUT WATER.  
IT'S WHAT WE DO.**



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**Information About Your Water and  
Wastewater Rates**

# We are Investing in Indiana.



## Fire Protection Capabilities

Also included in the company's request is a proposed increase of the Public Fire Protection Surcharge paid by all customers (except sale for resale) located within municipal boundaries where authorized by ordinance or within 1,000 feet of a public fire hydrant. The proposed change would increase the charge for the typical residential customer with a 5/8" meter from \$4.12 to \$5.21 per month. Fees collected through the Public Fire Protection Surcharge cover the costs for construction, maintenance, operation, administration and financing of fire protection water infrastructure in your community. To ensure we can provide adequate fire service capability, we regularly invest in our distribution system through capital investments and continued maintenance activities.

## Ratemaking Process

As a regulated utility, it is the obligation of Indiana American Water to provide quality service at a reasonable cost. Rate requests are thoroughly reviewed by the state's consumer advocate, the Indiana Office of the Utility Consumer Counselor (OUCC), and the IURC, which will ultimately determine if the proposed rates are reasonable and justified and the amount of any rate adjustment. By statute, the IURC review process takes 300 days and includes numerous

opportunities for input from our customers. Copies of the data used to support our rate request (cause number 44450) are available on the IURC's website at [www.in.gov/iurc](http://www.in.gov/iurc).

## Investing in Indiana

The rates we have requested are based on the actual cost of providing water service. In the company's filing, all of the revenue requested is related to capital expenditures made or projected throughout the state from July 1, 2011 through November 30, 2015 – an investment of nearly \$221 million.

Water and wastewater projects include the replacement and installation of new water lines, meters and hydrants, as well as improvements at water treatment, pumping, storage, and office facilities.

Prudent investments in the system helps to ensure quality water service by reducing the frequency of service interruptions, preventing property damage from water main breaks and enhancing fire protection capabilities.

## Every Penny Counts

Since Indiana American Water's last general rate request in May 2011, which granted an increase in annual revenues of 1%, the company has continued to implement efficiencies and best

practices throughout the business to reduce its operating and maintenance (O&M) expenses. Employees are doing more with less through productivity gains like process improvements, attrition in the labor force and using and deploying new technology. The net effect is a projected reduction in O&M costs of more than \$7 million from 2010 to 2015. In contrast, if the company had simply allowed these types of expenses to rise at the inflation rate during this time, the result would have been an increase in O&M expenses of more than 21%, or approximately \$16.1 million.

These savings are particularly important as the company faces a growing need to replace much of its infrastructure that is nearing the end of its useful life. For every dollar of O&M expenses that are cut, the company is able to invest just over six dollars in infrastructure without impacting customer rates.

Many communities across the country are facing a challenge of deteriorating water and wastewater infrastructure and associated rate increases. The United States EPA says the nation's water and wastewater utilities will need to invest approximately \$1 trillion in their infrastructure over the next two decades to replace thousands of miles of pipe and for upgrades to treatment plants, storage tanks and other assets to ensure public health.

## Value of Water

Water service remains an exceptional value for our customers. Even if our proposed increase is approved, water will still cost less than a penny a gallon. To learn about ways to reduce your water use and check for leaks in your home, please visit our website at [www.indianaamwater.com](http://www.indianaamwater.com) or call our toll-free customer service center at 1-800-492-8373.