



NOTICE OF SEWER 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 sewer utility rates and charges to be effective April 1, 2025. 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 Iowa Utilities Board are called base rates and 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. In addition to base rates, the Company is proposing a regulatory mechanism addressed below which may impact rates.

The proposed increase in annual sewer revenue will be approximately \$615,060 or 116.25%, bringing the Company’s total proposed sewer revenue requirement to approximately \$1,144,121.

The table below shows total typical monthly bill amounts based on 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 Sewer Rates*

Customer Class	Typical Monthly Bill (2023)	Bill Impact – Proposed FINAL Rates (effective April 1, 2025)	
		Typical Monthly Bill with Final Rates	Typical Bill % Change with Final Rates
Donahue Customers			
Residential ¹	\$54.42	\$82.68	51.93%
Non-residential	\$235.13	\$306.75	30.46%
¹ This bill impact is calculated using a typical monthly usage of 4,000 gallons.			
Blue Grass Customers			
All customers ¹	\$58.01	\$82.68	42.52%
¹ This bill impact is calculated using a typical monthly usage of 4,000 gallons.			

Proposed Regulatory Mechanism

Iowa-American is also asking the IUB to approve a Qualified Infrastructure Plant (QIP) Mechanism for sewer service. The QIP would reflect 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 would appear on the customer bill as a separate charge and is in addition to

*Includes a proposed increase in the monthly sewer service charge from \$24.00 to \$40.00 (Donahue) and \$39.48 to \$40.00 (Blue Grass) for final rates effective in 2025. There are no proposed sewer service charge changes in temporary rates.



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the base rates shown above. The QIP surcharge may increase each year and may accumulate over time. The proposed QIP would include a cumulative recovery limitation between rate cases, exclude certain replacements from the cumulative recovery limitation, request a return on investment equal to all other investments, and include specific types of projects as eligible for inclusion in the QIP.

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-2024-2002. 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.