



NEWS & INFORMATION

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Board sets Iowa-American Water temporary rates

Iowa-American Water Company has been granted a 12.7 percent temporary rate increase in its ongoing rate case before the Iowa Utilities Board (IUB). The increase could generate an additional \$2.98 million in annual revenue. Temporary rates will become effective immediately and remain in effect until the Board's final decision and order in this case, which is expected by June 30, 2008.

This temporary rate increase is significantly less than the company's asking of 17.6 percent, or \$4.1 million additional annual revenue. As a result of the temporary rates established, the average water bills of Iowa-American residential customers will increase approximately 13.1 percent, or about \$2.65 per month in the Quad Cities district and \$2.73 per month in the Clinton district. Temporary rates are based on specific criteria and principles required by Iowa law. The temporary rates are lower than the permanent rate increase requested by the utility. However, if the final approved increase is lower than the temporary increase, the over-collection is subject to customer refund with interest.

On August 30, 2007, Iowa-American filed its petition for a permanent annual revenue increase of approximately \$6.1 million (26.7 percent). It cited an increase in utility infrastructure, increased maintenance costs, increased rate base, increased capital costs, and a decline in revenues over the past six years as primary reasons for seeking the rate increase.

Under Iowa law, the Iowa Utilities Board is obligated to ensure that charges made by rate-regulated public utilities, for any service rendered, are reasonable and just and also for considering all factors relating to value. Iowa-American customers provided public comments in this case during consumer comment hearings on the proposed rate increase on November 1 in Davenport and November 7 in Clinton. The IUB is also accepting written public comments in this rate case, identified as Docket No. RPU-07-3. The most effective written comments are concise and make specific points about why someone supports or objects to the rate request. They may be mailed to the Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069 or submitted electronically by completing a comment form on the IUB Web site, www.state.ia.us/iub.

Iowa-American serves about 59,000 customers in Iowa.

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Attention News Editors/Directors: The Board's Temporary Rates Decision Order (Docket No. RPU-07-3) is accessible at www.state.ia.us/iub under Board Activity and Board Orders.