

INVESTING IN OUR INFRASTRUCTURE

At Missouri American Water, we are invested in the future of the communities we serve. We continually improve our infrastructure by replacing or upgrading the treatment plants, water tanks, pumping systems and pipes used to provide high-quality water service to your home or business.

The water industry is a capital-intensive business. It takes ongoing investment to build and maintain the complex systems that provide quality water service to customers.

For many water utilities in the U.S., most of the water treatment plants and pipes carrying water were installed 50 to 100 years ago. In its 2007 report, The Clean Water and Drinking Water Infrastructure Gap Analysis, the United States Environmental Protection Agency says that an estimated \$334.8 billion in capital spending across the nation will be needed between 2007 and 2026 to replace aging water infrastructure and comply with stricter water quality standards.

Missouri American Water is planning for the continued reliability of our systems so that our customers now and in the future can continue to count on us for high-quality water service.

“Our investments help ensure the needs of the communities we serve can be met, and our customers will continue to receive high-quality, reliable water service,” said Gilbert Cole, operations superintendent of the Jefferson City District. “At about a penny a gallon, water is a good value for our customers.”

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 serve. We understand how important, how precious, and how critical water is to daily life.

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

Printed on paper containing recycled content. Each ton of recycled paper saves 7,000 gallons of water.



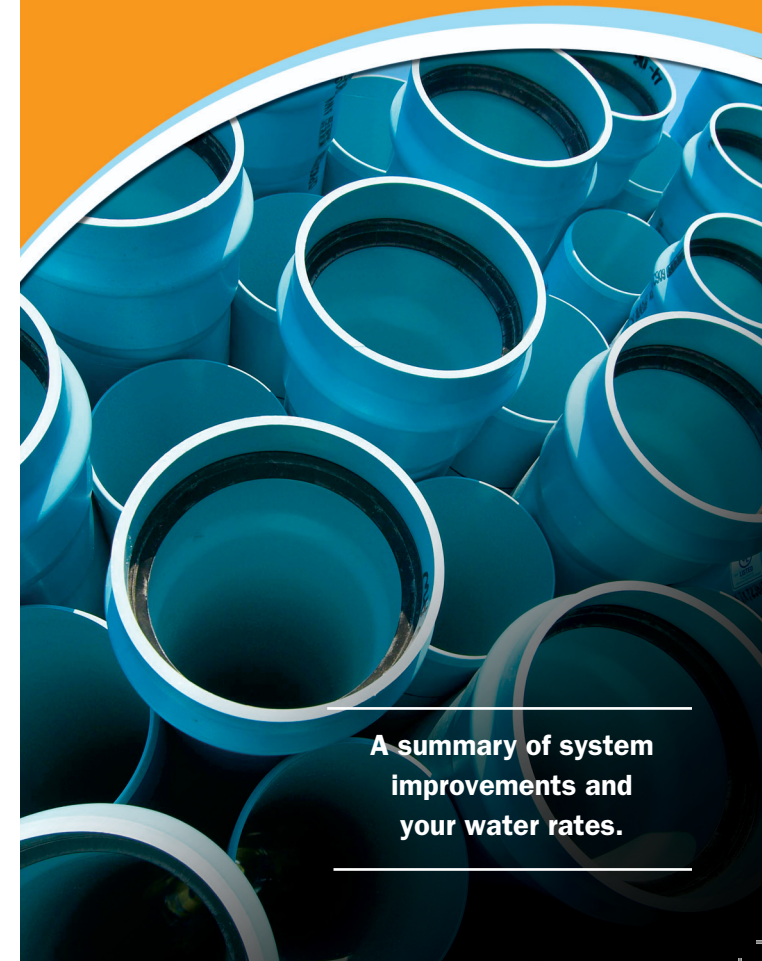
AMW321



We Are Invested In Jefferson City



MISSOURI
AMERICAN WATER



**A summary of system
improvements and
your water rates.**

Quality, reliable water service is essential to the public health, safety and economic vitality of our community.

To provide quality water service 24/7, Missouri American Water teams treat and test our water for quality. We maintain the water pumps, storage facilities and pipelines that deliver water to homes and businesses. We check fire hydrants and water meters, continually upgrade our water system and provide customer service around the clock.

INVESTING IN JEFFERSON CITY

We work hard every day to make sure our customers in Jefferson City receive high-quality, reliable water service.

Recently, we've completed several projects in our community:

- Installed a standby generator at the water treatment plant to improve electrical service reliability.
• Replaced water filter media at the plant to maintain water quality.
• Replaced aging water mains with new, larger-diameter mains.

IN JEFFERSON CITY, QUALITY WATER SERVICE COSTS ABOUT A PENNY PER GALLON.

THE VALUE OF WATER

The water service that quenches our thirst, extinguishes fires and fuels our local economy brings value to our community every day.

It's also a good economic value for households. The typical Jefferson City residential customer using 5,000 gallons of water per month pays about \$31.26 for water service. Your water bill is based upon the amount of water you use.

You can learn more about your water rates at www.missouriamwater.com. Click on "Customer Service" and then "Rate Information." Our website also features information about how to conserve water—saving a precious resource and reducing your water bill.

HELP WITH YOUR WATER BILL

If you need help with your water bill, our customer service center representatives can assist you with payment arrangements, or connect you to the Missouri Community Action Agencies that implement our H2O Help to Others Program™. The program helps provide supplemental funding to Missouri American Water customers who would otherwise have trouble paying their bills. Representatives are available 24 hours a day, seven days a week at 866-430-0820.

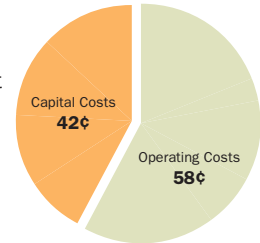
EVERY PENNY COUNTS

We understand that when you're running a business or a household, every penny counts. That's why we take steps to control operating and maintenance expenses and make sure the improvements we make to our water system provide true customer benefits.

WHERE YOUR WATER DOLLAR GOES*

Operating Costs

Delivering quality water 24/7 requires an ongoing commitment to efficient operations and customer service. We invest time and resources in:



Water Production

– the power, fuel and chemicals used to produce and deliver quality drinking water from the plant to your tap.

Maintenance

– repairs to our water systems, plus preventive programs to help ensure service reliability.

Customer Service

– the cost of 24/7 customer service, plus supporting services such as accounting and billing.

Labor, Wages and Benefits

– for local employees who provide water service – from plant operators to meter readers.

Capital Costs

We make continuous, prudent investments in system upgrades and replacements to help ensure service reliability now and in the future. We recover the costs of these investments, only after they are in operation and serving our customers. Our capital costs include:

System Upgrades

– Communities grow. System assets, from pumps to storage tanks, depreciate as they age. Continuous investment in improvements helps maintain reliable service.

Interest Costs

– Like all businesses, we pay interest on loans, typically for water system improvements.

Taxes

– Missouri American Water pays state and federal income taxes and local property taxes.

Net Income

– We reinvest net income into company facilities and/or pay investor dividends.

*The chart depicts an approximate breakdown and is based on statewide figures from 2007 financial reports.