

SCHEDULE NO. 1 - GENERAL METERED SERVICE.

CL QC

APPLICABILITY

Applicable to the territory served by the Company for general metered service, including residential, commercial, industrial and public authorities, except as provided in Rate Schedule No. 2.

METER RATES

The following shall be the rates for monthly and quarterly consumption and are in addition to the Customer Charge shown below:

|               | 100 Cubic Feet<br>Per Month | 100 Cubic Feet<br>Per Quarter | Clinton District<br>Rate Per<br>100 Cubic Feet | Quad Cities District<br>Rate Per<br>100 Cubic Feet |     |     |
|---------------|-----------------------------|-------------------------------|--|--|-----|-----|
| For the first | 30                          | 90                            | \$2.480  | \$2.750  | (I) | (I) |
| For the next  | 570                         | 1,710                         | 1.830  | 2.066  | (I) | (I) |
| For the next  | 9,400                       | 28,200                        | 1.618  | 1.904  | (I) | (I) |
| For all over  | 10,000                      | 30,000                        | 1.249  | 1.205  | (I) | (I) |

CUSTOMER CHARGES

All metered general water service customers shall pay a Customer Charge based on the size of meter installed, (or multiple meters installed - in which case, the charge is based on the total of all meters installed). The Customer Charge rates listed below do not include any allowance for water usage.

| Size of<br>Meter | Customer Charge         |                    |                             |                    |     |     |
|------------------|-------------------------|--------------------|-----------------------------|--------------------|-----|-----|
|                  | <u>Clinton District</u> |                    | <u>Quad Cities District</u> |                    |     |     |
|                  | <u>Per Month</u>        | <u>Per Quarter</u> | <u>Per Month</u>            | <u>Per Quarter</u> |     |     |
| 5/8"             | \$9.90                  | \$29.70            | \$7.53                      | \$22.59            | (I) | (I) |
| 3/4"             | 14.85                   | 44.55              | 11.30                       | 33.90              | (I) | (I) |
| 1"               | 24.75                   | 74.25              | 18.84                       | 56.52              | (I) | (I) |
| 1-1/2"           | 49.50                   | 148.50             | 37.66                       | 112.98             | (I) | (I) |
| 2"               | 79.20                   | 237.60             | 60.25                       | 180.75             | (I) | (I) |
| 3"               | 148.49                  | 445.47             | 112.98                      | 338.94             | (I) | (I) |
| 4"               | 247.49                  | 742.47             | 188.29                      | 564.87             | (I) | (I) |
| 6"               | 494.98                  | 1,484.94           | 376.59                      | 1,129.77           | (I) | (I) |
| 8"               | 791.97                  | 2,375.91           | 602.54                      | 1,807.62           | (I) | (I) |

TERMS OF PAYMENT

All bills for metered service furnished under this Schedule will be rendered either quarterly or monthly, in arrears, at the option of the Company, and are due and payable when rendered.

Issued: January 16, 2008  
 By: K. B. Earnhardt, Jr., President  
 5201 Grand Ave.  
 Davenport, IA 52807

Effective Date: January 23, 2008

RATE SCHEDULE NO. 1A - GENERAL METERED SERVICE - INCENTIVE RATE

CL QC  
(N) (N)

CLASS OF SERVICE

Incentive Rate

AVAILABLE

In all of the Company's service area, including both the Clinton and Quad Cities District

APPLICABLE

To general metered service customers whose average daily water usage on an annual basis is or will exceed 250,000 gallons and who qualify under the terms and conditions set forth in this tariff. Other existing customers that directly compete with the qualifying customer in the same service territory at the time the initial agreement is entered into with the qualifying customer would also be offered the same discounted rate to the extent that they substantiate their status as a "directly competing customers." Customers are direct competitors if they make the same product (or offer the same service) for the same general group of consumers.

TERMS AND GUIDELINES

The Company will offer incentive rates under the following terms and guidelines adapted from the Board's flexible rate rules for gas and electric utilities, Chapter 199 Iowa Administrative Code, Sections 19.12 and 20.14, respectively, which are incorporated herein by reference:

1. Incentive rates will be offered only where the customer will contribute significantly to economic development within the Company's service area, including, but not limited to, providing new or increased employment, new or increased production, or preventing the loss of jobs or loss of consumption, and other such contributions.
2. In deciding whether to offer a specific discount, the Company will evaluate the customer's situation and perform a cost-benefit analysis before offering the discount.
3. Any discount offered should be such as to significantly affect the customer's or customers' decision to stay on the system or to increase consumption, or to significantly affect a prospective customer's decision to locate in the service territory.
4. Other customers should not be at risk of loss as a result of incentive rates; in addition, the offering of incentive rates shall in no way lead to subsidization of the incentive rates by other customers in the same or different classes.
5. The Company will conduct a cost-benefit analysis and such analysis must demonstrate that offering the discount will be more beneficial to both the Company and all customers than not offering the discount.

Issued: August 4, 1995  
By: K. B. Earnhardt, Jr., VP & Mgr  
5201 Grand Ave.  
Davenport, IA 52807

Effective Date: August 23, 1995

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RATE SCHEDULE NO. 1A - GENERAL METERED SERVICE - INCENTIVE RATE

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(N) (N)

TERMS AND GUIDELINES CONT'D:

6. The ceiling for all discounted rates shall be the approved rate on file for the customer's rate class. Discounted rates shall not result in aggregate bills over the term of the agreement, which are greater than the aggregate bills that would have been produced by the approved rate on file for the customer's rate class.
7. The floor of the discount rate shall be equal to the production costs and customer costs of serving the specific customer.
8. A discount may be offered for a period as long as sixty (60) consecutive months so long as annual cost-benefit analyses support continuation of the discount.
9. Discounts should not be offered if they will encourage deterioration in the usage characteristics of the customer receiving the discount.
10. Each applicant for the incentive rate must agree to release the information required under the reporting requirements of this rate.
11. Discounts for directly competing customers are applicable only to the portion of the operation which is directly competing.
12. All agreements made under this schedule shall be in writing.

COST-BENEFIT ANALYSIS:

These factors will be considered in establishing a cost-benefit analysis:

1. Determine the gain in margin resulting from the incentive rate.
2. Determine the gain in employment resulting from the incentive rate.
3. Evaluate the efficiency gains made in system utilization resulting from the incentive rate.

The projections and estimates in the cost-benefit analysis will include, but are not limited to:

Employment Gain  
Existing Consumption  
Increase in Consumption  
Margin Gained  
Customer Savings  
Other Factors as Appropriate

INCENTIVE RATES:

The Company and the customer or prospective customer to which incentive rates are offered shall agree on the procedure under which bills are to be calculated to provide discounts, or opportunities for discounts, from the provisions of the existing tariff. However, the discounts shall not result in bills less than identifiable production costs and customer costs.

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REPORTING REQUIREMENTS:

Semi-annual reports shall be filed with the Utilities Board within thirty days of the end of each six months. Reports shall include the following information:

- a. Section 1 of the report will concern discounts initiated in the last six months. For all discounts initiated in the last six months, the report shall include:
  - 1) The identity of the new customers (by account number, if necessary);
  - 2) The value of the discount offered;
  - 3) The cost-benefit analysis results; and
  - 4) The cost of alternative water supplies available to the customer, if relevant.
  - 5) The consumption by month of the amount of water sold to the customer in the preceding six months.
  - 6) A copy of all new or revised incentive rate contracts executed between the utility and its customers.
- b. Section 2 of the report relates to overall program evaluation. For all discounts currently being offered, the report shall include:
  - 1) The identity of each customer (by account number, if necessary);
  - 2) The amount of water sold in the last six months to each customer at discounted rates, by month;
  - 3) The amount of water sold to each customer in the same six months of the preceding year, by month;
  - 4) The dollar value of the discount in the six months to each customer, by month; and
  - 5) The dollar value of sales to each customer for each of the previous twelve month.
  - 6) If customer charges are discounted, the dollar value of the discount shall be separately reported.
- c. Section 3 concerns discounts denied or discounts terminated. For all customers specifically evaluated and denied or having a discount terminated in the last six months, the report shall include:
  - 1) Customer identification (by account number, if necessary)
  - 2) The amount of water sold in the last six months to each customer, by month;
  - 3) The amount of water sold to each customer in the same six months of the preceding year, by month; and,
  - 4) The dollar value of sales to each customer for each of the past twelve months.
- d. No report is required if Company has no customers receiving a discount during the relevant period and had no customers which were evaluated for the discount and rejected during the relevant period.

RATE CASE TREATMENT:

The rate case treatment to be proposed by the Company with respect to incentive rates offered under this tariff shall be consistent with that set forth in the Board's flexible rate rules for gas and electric utilities, Chapter 199 Iowa Administrative Code, Sections 19.12(5) and 20.14(5), respectively as now in effect or hereafter amended.