

Regular Investment Ensures Quality, Reliable Service

According to the U.S. Environmental Protection Agency, the nation's water utilities will need to spend more than \$335 billion to renew and replace facilities over the next 20 years to ensure public health, about \$15 billion in Illinois. Another \$300-400 billion is needed for wastewater facilities across the country with approximately \$13.4 billion needed in Illinois.

We Want to Answer Your Questions

If you have a question about the QIP program, your bill or any aspect of the service we provide, please call us. We want to make sure your questions are answered.

Mike Smyth

Senior Manager of Field Services and Production

Write Mike:

Illinois American Water
1000 Internationale Parkway
Woodridge, IL 60517

E-mail Mike: Michael.Smyth@amwater.com

Call Mike: (630) 962-9740

Fax Mike: (630) 739-0477

Alice Johnson

Customer Advocate

Write Alice:

Illinois American Water
1000 Internationale Parkway
Woodridge, IL 60517

E-mail Alice: Alice.Johnson@amwater.com

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Fax Alice: (630) 739-0488



IMPORTANT INFORMATION ON YOUR RATES...

New QIP Surcharge Will Fund Important Investments to Renew and Replace Infrastructure and Enhance Service



ILLINOIS
AMERICAN WATER



QUALITY INFRASTRUCTURE PROGRAM SURCHARGE BEGINS IN JANUARY FOR CHICAGO METRO CUSTOMERS

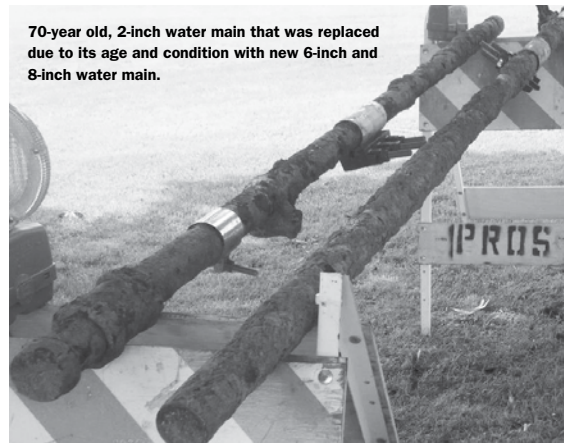
The Quality Infrastructure Program (QIP)* promotes regular, annual investments in your water and wastewater systems. It also supports rate stability by funding certain needed investments on a **timely basis**.

Beginning January 1, you will see a new **QIP surcharge** on your bill. The QIP surcharge, which was approved by the Illinois Commerce Commission (ICC) earlier this year, will be used to recover the costs associated with renewing and replacing pipes, meters, fire hydrants, valves, manholes and other system infrastructure that has reached the end of its useful life.

The revenue generated from the QIP surcharge will be used to pay for eligible improvements Illinois American Water makes in the time period between general rate cases. When the next general rate case is requested, the QIP surcharge will **moderate the overall dollar impact** of the rate increase on your monthly bill.

The QIP surcharge for water customers **WILL ONLY** apply to the “Basic Service” charge and the “Use” charge listed in the Current Water Charges portion of the bill.

The QIP surcharge **WILL NOT** be applied to your total bill, and it **WILL NOT** be applied to purchased Lake Michigan water, fire protection charges, taxes, franchise fees and municipal charges that vary by community.



70-year old, 2-inch water main that was replaced due to its age and condition with new 6-inch and 8-inch water main.

While the final QIP surcharge percentage will not be finalized until late December 2010, Illinois American Water expects the water QIP surcharge percentage to be approximately 0.79%. This means for a customer with a 5/8-inch meter using 5,000 gallons of water, the QIP surcharge will be about 28 cents a month for water. (*The amounts will vary for well water customers and customers with larger meters.*)

Each year, as eligible infrastructure is renewed and replaced by Illinois American Water, the ICC will initiate a proceeding to **review and audit** the investments made and the revenues collected by the QIP surcharge.

* Officially known as *Qualifying Infrastructure Plant per ICC Rules (83 Ill. Admin. Code 656)*.

ACCOUNT NUMBER	
AMOUNT DUE	
DUE DATE	Feb 21, 2011
Amount Paid	

Please return this portion with check
▼ Payable to the address below ▼

Illinois American Water
PO Box 94551
Palatine, IL 60094-4551

Billing Summary

-----Prior Balance-----	
Balance from last bill	.00
Payments as of Jan 31, 2011. Thanks!	.00
Total prior balance, Jan 31, 2011	.00
-----Current Water Charges-----	
Basic Service	13.50
Use (\$ 4.37730 x 5.00)	21.89
0.79% QIP Surcharge	.28
Supply Chg-American Lake Water (\$ 5.02000 x 5.00)	25.10
5/8" Fire Protection Charge	6.55
Total water charges, Jan 31, 2011	67.32
-----Current Wastewater Charges-----	
Blbrk Col&Trt (\$ 1.97000 x 5.00)	9.85
Total wastewater charges, Jan 31, 2011	9.85
-----Other Current Charges-----	
Vig BlngBrk Storm Wtr Storage	2.00
Total other charges, Jan 31, 2011	2.00
-----Taxes-----	
State Recovery Tax	.08
Total taxes, Jan 31, 2011	.08

The water QIP is only applied to the Basic Service and Use Charges.