

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.

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IMPORTANT INFORMATION ON YOUR RATES...

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



ILLINOIS
AMERICAN WATER



WWCT

QUALITY INFRASTRUCTURE PROGRAM SURCHARGE BEGINS IN JANUARY FOR CHICAGO METRO CUSTOMERS

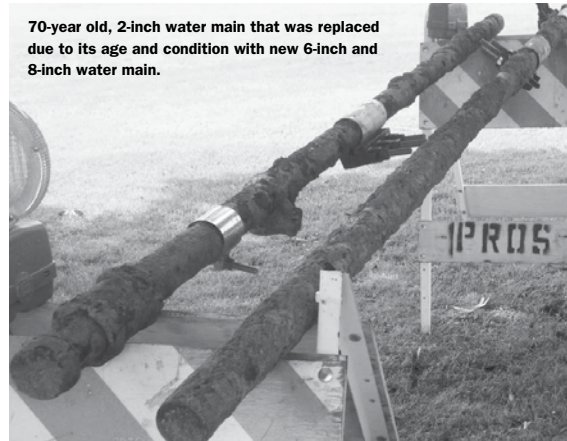
The Quality Infrastructure Program (QIP)* promotes regular, annual investments in your water and wastewater systems. It also supports rate stability by funding certain needed investments on a **timely basis**.

Beginning January 1, you will see two new **QIP surcharges** on your bill – one for water and one for wastewater. 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 for wastewater customers **WILL ONLY** apply to the “Use” charge and the “Sewer Collect” or “Sewer Treatment” charge listed in the Current Wastewater 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.

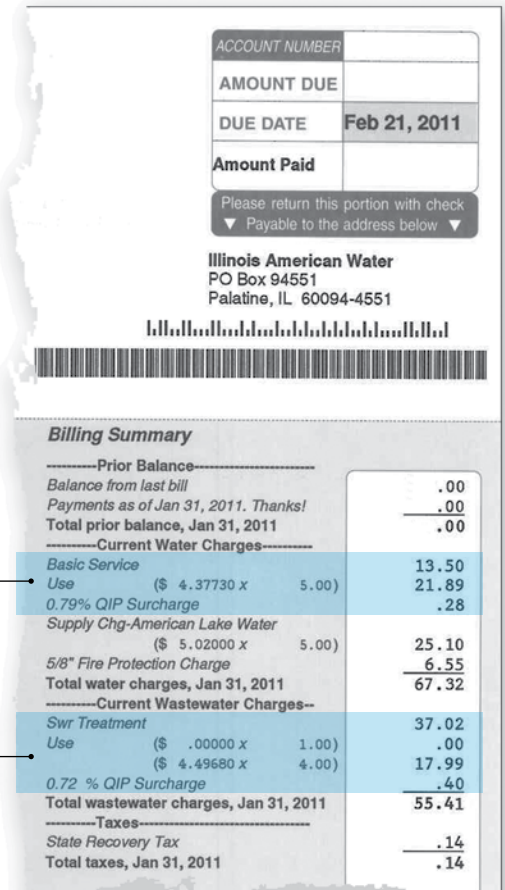


70-year old, 2-inch water main that was replaced due to its age and condition with new 6-inch and 8-inch water main.

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% and the wastewater collection and treatment QIP surcharge percentage to be approximately 0.72%. 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 and about 40 cents a month for wastewater. (*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).



The wastewater QIP is only applied to the Sewer Treatment and Use Charges.

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