



555 East County Line Road, Suite 201
Greenwood, IN 46143

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Water Rate Information

Northwest Indiana



INDIANA
AMERICAN WATER

Information about your
proposed water rate.

On May 2, 2011, Indiana American Water filed a request with the Indiana Utility Regulatory Commission (IURC) that, if approved, would change rates for the water service in all of the company's operating districts. If approved as submitted, the typical Northwest Indiana bi-monthly residential customer using 4,800 gallons of water per month would see their monthly billing increase approximately \$2.58 per month, or 9 cents per day. Non-residential customers can learn more about the impact to their bills by calling Indiana American Water's customer service center at 1-800-492-8373.

As a part of this request, the company is proposing to include costs for public fire protection capabilities in the monthly customer service charge for residents of the towns of Porter and Burns Harbor and within the Lake Ridge fire protection district in the amount of approximately \$4.10 per month. This amount is not included in the \$2.58 typical monthly increase presented above. This additional increase only impacts customers located within Porter, Burns Harbor, and the Lake Ridge fire protection district as other customers in the Northwest Indiana Operation already pay a surcharge for public fire protection. Customers that do not benefit from these capabilities (those that live outside the city limits and farther than 1,000 feet from a fire hydrant) would receive a \$4.10 credit on their bill each month.

As a regulated utility, it is the obligation of Indiana American Water to provide quality service at a reasonable cost. Rate requests are thoroughly reviewed by the state's consumer advocate, the Indiana Office of the Utility Consumer Counselor (OUCC), and the IURC, which will ultimately determine if the proposed rates are reasonable and justified and the amount of any rate adjustment. The IURC's review process takes approximately one year and includes numerous opportunities for input from our customers. Copies of the data used to support our rate request (cause number 44022) are available on the IURC's website at www.in.gov/iurc.

INVESTING IN INDIANA

The rates we have requested are based on the actual cost of providing water service. More than 60 percent of the revenue requested is related to capital expenditures made throughout the state from June 30, 2009 to June 30, 2011 – an investment of more than \$115 million.

Water and wastewater projects include the replacement and installation of new water lines, meters and hydrants, as well as improvements at water treatment, pumping, storage and office facilities.

Prudent investment in the system helps to ensure quality water service by reducing the frequency of service interruptions, preventing property damage from water main breaks and enhancing fire protection. The need to upgrade facilities is a national issue. In its 2009 report, based on the Drinking Water Infrastructure Needs Survey and Assessment, the United States Environmental Protection Agency says that more than \$335 billion in capital spending will be needed across the nation over the next 20 years to replace aging water infrastructure and to comply with stricter water quality standards.

EVERY PENNY COUNTS

We understand economic times are hard, and they impact us as well. We have not asked for a general rate increase since our last filing in April 2009. Those rates went into effect May 3, 2010.

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.

Water service remains an exceptional value for our customers. Even if our proposed rate increase is approved, water will still only cost about a penny a gallon.

To learn about ways to reduce your water use and check for leaks in your home, please visit our website at www.indianaamwater.com or call our customer service center toll free at 1-800-492-8373.

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

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