



Investing in Our Water System

The Infrastructure System Replacement Surcharge (ISRS) helped to fund approximately \$24.5 million in St. Louis County water system upgrades from October 1, 2008 to May 31, 2009. This plan of continuous investment in our water delivery system helps improve system reliability at a cost of about \$1.46 per quarter for the average residential customer.

What is ISRS?

ISRS is the Infrastructure System Replacement Surcharge (ISRS) – a program authorized by the State of Missouri in 2003. The program allows Missouri American Water to fund necessary and ongoing improvements to our St. Louis County water delivery system.

What are the current ISRS rates?

The Mo. Public Service Commission has approved an ISRS surcharge to appear on St. Louis County customers' bills starting on or about July 18, 2009. The surcharge will add an extra \$1.46 per **quarter** to the water bill of the average residential customer using 22,500 gallons of water per quarter. The surcharge rates are shown in the table below.

Why do we need the ISRS program?

Missouri American Water uses the ISRS program to accelerate our replacement of aging waterlines and other eligible water delivery system components, using a planned, systematic approach. In St. Louis County, we maintain more than 4,200 miles of water mains. Throughout our system, many of the older water mains are wearing out due to age and corrosion. The resulting water main breaks can cause service interruptions, damage to property and inconvenience to our customers.

This \$24.5 million ISRS investment helps reduce the number of water main breaks, improve service reliability and fire protection and enhance the integrity of our water system for future generations.

Is there regulatory oversight for these charges?

Yes. As water mains and other eligible water system components are replaced and put into service for our customers, the costs are accumulated and reviewed by the Missouri Public Service Commission (MoPSC). The ISRS program recovers the costs of these improvements over time.

Following is a summary of the ISRS surcharges, by customer type, effective on or about July 18, 2009.

Customer	Rate per 100 cubic feet of water (CCF)
Residential, Commercial or Other Public Authority	\$0.0488
Large Industrial	\$0.0025
Resale Customers	\$0.0035
ISRS is implemented pursuant to Sections 393.1000, 393.1003, 393.1006 RSMo; CSR 240-2.060 (1) and 4 CSR 240-3.650	