

Lowell, Ind. FAQ – April 2021

Why is the sale of the Lowell water system a good deal for residents?

The sale of the Lowell water system would have many benefits for the community, including:

- \$24.5 million in sale proceeds that can be used to address other community needs and issues
- Additional new proceeds for other uses to the community through the payment of property taxes by Indiana American Water
- Eliminates debt obligations, operating expenses, and future capital investment requirements for water infrastructure—freeing up balance sheet cash for the town
- Long-term rate stability because of Indiana American Water’s large customer base, access to capital, commitment to operating efficiently, and the ability to leverage its buying power to procure goods and services less expensively
- Access to industry-leading expertise and resources
- Access to full-time capital asset management, and operations professionals
- Access to 24/7 award-winning customer service and several convenient billing and payment and online customer service options
- Enhanced economic development opportunities
- Indiana American Water and its employee are committed to engaging in the communities we serve by giving of their time and money to local charitable, service, and other types of community organizations

What would Indiana American Water do to address water quality concerns in Lowell?

Every system is different, and these unique characteristics require real-life operations to determine and address water quality. As Indiana American Water begins operation of the Lowell system, we will work to determine best practices, system improvements and investments necessary to address any water quality or operational concerns. Upon closing of the acquisition, we will continue to use the existing Lowell wellfield as our water source for the system.

What is Indiana American Water’s plan regarding investment in our infrastructure?

We continually invest in infrastructure improvements across the state to provide sustainable access to clean water and resilient wastewater services for our customers. In Indiana, we annually invest more than \$100 million to address aging infrastructure, reduce/eliminate leaks, meet evolving water quality regulations, improve cyber/physical security, and enhance service reliability. We also work collaboratively with communities to support their growth and economic development goals and objectives.

After the acquisition, we plan to complete a more thorough evaluation to develop both short and long-term improvement plans for the Lowell water system. Our team of professionals is passionate about delivering high-quality water services and solutions to our customers. We have tremendous expertise throughout our business, including water quality specialists, design engineers, plant operators, and field service representatives, among others who provide value every day for our customers.



What would a sale mean to current city employees?

Indiana American Water will have employees on site, just as Lowell currently does. We will need employees to operate the system and Lowell utility employees will have the opportunity for employment with Indiana American Water, both because of the need for personnel and the knowledge and expertise they bring to the town's system. There will be management and leadership opportunities for current employees, as well as competitive wages and benefits, training, career advancement, and professional development opportunities.

The sale would not affect any of the other services, such as wastewater and solid waste, that the town currently provides.

How would the sale affect my water rates?

Indiana American Water would be asking the Indiana Utility Regulatory Commission to implement the existing Lowell water rates that are in place at the time of the sale. Moving forward, water rates would be regulated by the IURC, and would not change unless approved by this state agency. The IURC is an administrative agency that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the Commission is required by state statute to make decisions in the public interest to ensure utilities provide safe and reliable service at just and reasonable rates.

What is the process for determining your rates?

Water rates are typically set for both a service fee and a charge based on the amount of water. These fees are determined through a proceeding called a Rate Case. Rate cases can take anywhere from 6 months to a year to complete. They involve a thorough examination of all components of the company's operations, investments, and expenses. The process involves a variety of stakeholders, including not only state government, but also consumer advocates, local governments, and sometimes trade associations or business groups.

Prices are based on the cost of providing service. In general, we recover our operating expenses and taxes on a dollar-for-dollar basis, and we are allowed a return on our investments equal to our cost of capital.

We do not profit from our expenses. Whether it's the chemicals we buy to treat your water, the water quality tests we run, or the staffing of our maintenance crews, we only charge you what it costs to provide the service. The Indiana Utility Regulatory Commission makes an allowance for providing a return to our shareholders for the infrastructure they fund. Just as you would expect a return for an investment you made in a business, providing a return to our shareholders when they fund the construction of pipes, plants, and pumps, is critical to our ability to continue to attract capital and make the necessary investments to keep water safe, clean, and reliable.

Do customers have a voice in the rate-setting process?

Yes. The IURC regulatory process is open and transparent. Communities can become involved in the IURC's rate-making process and individual customers may also make their voices heard through comments on regulatory proceedings through the agency's website or at public hearings.



What is Indiana American Water’s history on water rate/bill increases?

Since 2009, Indiana American Water’s rates only increased an annual average of 2.3 percent, just slightly more than the increase of the consumer price index. At the same time however, the company invested approximately \$1 billion in its water and wastewater infrastructure around the state to ensure service reliability, water quality, and fire protection capabilities for the 1.3 million people who depend on us every day.

We have been able to make these significant investments by working hard to hold our operating and maintenance expenses relatively flat by implementing efficiencies and leveraging technology and innovation throughout the workplace. At the same time, we have been able to maintain top-quartile customer satisfaction and efficiency levels, enhance our water quality and environmental compliance record, reduce water loss in our distribution system, and significantly improve safety for our employees.

What types of customer service options does Indiana American Water offer to its customers?

Indiana American Water is dedicated to continuously improving the customer experience and providing the kind of experience our customers expect. In 2019, we upgraded our customer self-service portal, MyWater, to make it easier for our customers to access and pay their bills online, 24/7, from anywhere in the world. As a part of our customer focus, we are constantly looking for innovative ways to make working with us easier.

For our residential customers, that means providing them options to get alerts about high-water usage, planned work in their communities and emergency repairs, easy-to-read bills, and convenient payment options and plans. We also provide several services for our larger customers, like collective billing and personalized services to help them better manage their accounts and water usage.

We consistently rank among the best performing water utilities in the nation and have won several awards for our excellent customer service.

What is Indiana American Water’s approach to involvement in the communities you operate in?

Indiana American Water has long believed in doing well by doing good. Our team is committed to being a good neighbor and good stewards of the environment. We are, have always been, and will always be the local water and wastewater company—that just so happens to have a national footprint.

Community involvement and charitable giving is at the heart of Indiana American Water and our employees. We encourage volunteerism and donate many thousands of dollars to charitable organizations throughout our service areas each year. We believe by working together with partners, sponsoring charity events, supporting organizations through grants and participating in community activities, we can help to build better, stronger communities.

In 2020 alone, Indiana American Water employees volunteered more than 1,200 hours in the communities we serve. The company and its employees also donated more than \$430,000 to organizations in our communities through grants, general charitable contributions, and programming support.



The American Water Charitable Foundation also matches employee donations to nonprofits each year up to \$1,000 per employee and has invested more than \$5.5 million across the nation in programs and organizations important to the company's employees and their communities.

What is Indiana American Water's background and history in Indiana?

Indiana American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 1.32 million people. With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. The company employs more than 7,000 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to 15 million people in 46 states. American Water provides safe, clean, affordable and reliable water services to our customers to make sure we keep their lives flowing. For more information, visit amwater.com and follow American Water on [Twitter](#), [Facebook](#) and [LinkedIn](#).