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Iowa Utilities Board establishes rate increase in Iowa-American Water decision, rejects automatic cost recovery mechanism

(Des Moines) – During its decision meeting today in [Docket No. RPU-2013-0002](#), the Iowa Utilities Board determined that Iowa-American Water Company’s annual revenues could increase approximately \$1.22 million over revenue generated by temporary rates the company implemented in May 2013, as allowed by Iowa law during a pending rate case. The Board rejected Iowa-American’s proposed automatic adjustment mechanism (customer bill surcharge) to recover costs of certain capital investments prior to its next rate proceeding.

Today’s public decision announcement is not final and the Board has the discretion to alter or reverse its decision on the issues. The Board’s decision will only become final when a written order is issued on or before February 28, 2014. Information regarding customer bill increase amounts will also be available when the decision order is issued and posted to the Board’s electronic filing system at <http://efs.iowa.gov>.

Also in today’s decision, the Board established Iowa-American Water’s return on common equity at 9.9 percent.

On April 30, 2013, Iowa-American filed its proposal for an overall permanent annual revenue increase of \$6.44 million (18 percent). Today’s Board decision allows an overall annual revenue increase of approximately \$3.9 million (10.9 percent), which includes Iowa-American’s temporary revenue increase of \$2.68 million (7.5 percent) that did not require pre-approval from the Board.

Prior to today’s decision, the Board received written public comments in this rate case, held consumer comment meetings in Bettendorf and Clinton, and conducted an evidentiary hearing in Des Moines.

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The Iowa Utilities Board regulates utilities to ensure that reasonably priced, reliable, environmentally responsible, and safe utility services are available to all Iowans.

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