



December 18, 2008

The Honorable Barack Obama
President Elect of the United States
Washington D.C.

Dear President Elect Obama:

As you know, the current financial and credit crises are causing severe challenges and dislocations throughout virtually every sector of the U.S. economy, and there is no indication that the crisis will abate anytime soon. No sector, however, is more essential to public health and welfare than the providers of high quality water and wastewater services in this country. No public utility sector, and few, if any, businesses of any type, is more capital intensive than the water sector. Capital investment is the life blood of this industry and without it the ability to continue providing these essential services is threatened. The EPA has estimated that the costs to replace ageing water and wastewater infrastructure and comply with water quality requirements could approach \$1 trillion. The current financial crises make the continued ability to attract that investment at a reasonable cost to customers highly problematic.

I believe that history provides us with a number of examples of programs that have been effectively utilized in the past to stimulate investment in infrastructure necessary to the public health and welfare and economic development in challenging financial times. We do not have to reinvent the wheel. Attached hereto please find a Paper that provides an overview of the water and wastewater industries and discusses a number of proposals, based on positive past experience, that we believe should be incorporated into any economic stimulus package, in order to facilitate capital attraction necessary to continue providing high quality water and wastewater services. In summary these programs include the following:

- Investment Tax Credits
- Public Utility Dividend Reinvestment Programs
- Tax Exempt Financing
- Accelerated Depreciation
- Accessibility to State Revolving Loan Funding

These programs and their use in the past are described in more detail in the Paper. We hope it will receive your attention and support for inclusion of similar programs in the economic stimulus packages that are developed to address the current financial crises.

Thank you very much for your consideration and if you should have any questions about these programs or anything in the Paper, please don't hesitate to contact me or Peter Cook at the National Association of Water Companies at 202-833-8383.

Sincerely,

Don Correll
President and CEO of American Water
President of the National Association of Water Companies