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January 6, 2011

**Re: Veolia Water Class Action Lawsuit
Marion County Superior Court No. 1
Cause No. 49D01-0804-CC-018081**

To All Concerned Indianapolis Water Customers:

You are receiving this correspondence because you have indicated an interest in knowing more about the class action lawsuit filed against Veolia Water Indianapolis, LLC (“Veolia”) and the Department of Waterworks, City of Indianapolis (“Department”) in April, 2008. This is my eighth update on the status of the lawsuit and related matters. The last update was sent on May 21, 2010.

Status of the Lawsuit

On June 15, 2010, shortly after my last update to you, Plaintiffs filed their Petition for Class Certification. As you may know from past updates, merely referring to a case as a “class action” does not make it so. Formal class certification is only permitted after a petition is filed with the Court and the Court approves the petition. Briefing on the Petition for Class Certification has been completed. Unsurprisingly, both Veolia and the Department object to our request to have this case designated as a class action. Consequently, the Court has set Plaintiffs’ Petition for Class Certification for a hearing beginning at 9:30 a.m. on January 13, 2011. The hearing will be held before the Honorable Judge Shaheed in Marion County Superior Court 1 in Room No. W-407 in the City-County Building. You are, of course, welcome to attend. During that hearing, the Court will receive the arguments of counsel for and against class certification. You can find copies of the briefs filed by all parties on our website www.silegal.com. Look for the “Veolia Class Action Update” link.

Some of you who are receiving this update may note that the hearing I refer to above is not being heard by Judge Zore. In the summer of 2010, Judge Zore transferred to the Marion County Probate Court and shortly thereafter recused himself from this case. Subsequently, the case was transferred to Judge Shaheed.

Miscellaneous Information

Many of you, I am sure, have been following recent news coverage regarding the proposed transfer of the water utility to Citizens. Although that proceeding is separate

January 6, 2011
Page 2

and distinct from this lawsuit, that transaction does have some bearing on this case. Part of the Citizens' transaction includes the termination of the Management Agreement between the Department and Veolia. Veolia, as you know, has operated the water utility on behalf of the Department since 2002. In connection with that termination, Veolia is to receive a contract termination fee of 29 million dollars. After that contract termination fee is paid, Veolia will no longer be actively involved in running the water utility. Since I do not expect this case to be resolved prior to Veolia's departure, I am actively considering the impact this proposed transaction would have on Veolia's status in this case.

I have begun to receive telephone calls and e-mails from some of you who have experienced recent inflated water bills, much like those received in the 2007-2008 timeframe. I also noticed a letter to the editor in a recent edition of the Indianapolis Star expressing the frustration of one water customer to a substantially increased water bill. While I do not have direct information regarding the cause of these complaints, I would not be surprised if many of you will experience inflated water bills in the upcoming months. The reason for this is rather simple. First, approximately one-half of the customers of Indianapolis Water should have been scheduled to receive an actual meter reading in December, 2010 (about 150,000 customers). Because snow covered many meter pits during a large part of December, I suspect many of those actual readings were not taken. Second, for those of you who water lawns, the late summer and early fall of 2010 were very dry requiring additional water usage. Finally, the Department and/or Veolia have yet to comply with their own Tariff by using the correct estimation formula which could account for such seasonal variations. It is commonly known and even acknowledged by Veolia that water usage in the winter months is very stable and predictable and typically much lower than water usage during the summer months. Combine all of these factors and many of you will have multiple estimates in a row which bear little resemblance to your actual water usage. Specifically, those of you who were scheduled to receive an actual meter reading in December but instead received an estimate will have, at a minimum, three estimates in a row. Your next meter reading will probably not occur until February, 2011 (barring further weather issues). These estimates, because they are based on Veolia and/or the Department's flawed estimation methodology and will typically be calculated using high water usage from late summer/early fall, 2010, result in inflated bills.

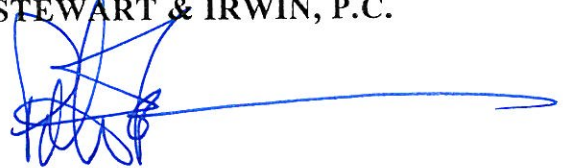
If you are experiencing this problem, I urge you to take the following steps. First, if you have questions regarding what you believe to be an inflated water bill, contact Veolia at their Customer Service number: 317-631-1431. If you do not receive satisfaction from Veolia, contact the Indiana Utility Regulatory Commission, Consumer Affairs Division, at 317-232-2712.

January 6, 2011
Page 3

I hope this update has been informative. If you have any questions or concerns or desire to contact me with respect to this lawsuit, please do so. If you do not wish to receive further updates, please send me an e-mail or call.

Very truly yours,

STEWART & IRWIN, P.C.



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