

**ILLINOIS-AMERICAN WATER COMPANY**  
**MORELAND SERVICE DISTRICT**  
 Calculation of Variable Purchased Water Price  
 December 2007

<b>FORMULA FACTORS</b>
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1. Purchases water charge in effect, per 1,000 gallons, effective April 1, 2007:	\$	1.41
2. Unit rate for variable purchased water cost and/or alternate delivery (wheeling) costs, per 1,000 gallons, per Exhibit B:	\$	1.529
3. Metered usage plus unaccounted-for water usage during the prior base period, in 1,000's of gallons, per Exhibit C (April through December) with an assumed 0% unaccounted for water:		15,091
4. Metered usage during the prior base period, in 1,000's of gallons, per Exhibit C (April through December):		15,091
5. Balance of unrecovered or (overrecovered) Supply Charge costs, per Exhibit D:	\$	(16,544)

<b>CALCULATION OF VARIABLE COMPONENT</b>
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In accordance with Ill. Adm. Code 655:

Purchased Variable Water Charge in Effect (\$M/gal)	Estimated Purchased Water Cost and/or Alternate Delivery Variable Costs	+	Commission-ordered adjustment component for variable charge amortized over 3 years	+	Utility-determined adjustment component for variable charge amortized over 3 years	=	Recomputed Purchased Variable Water Charge (\$M/gal)
\$ 1.41	\$ 23,078.76	+	\$ (694.01)	+	\$ (5,514.70)	=	\$ 1.12
			15,091				

**ILLINOIS-AMERICAN WATER COMPANY**  
**MORELAND SERVICE DISTRICT**  
 Change in Purchased Water Cost  
 December 2007

Description:	Rate Per 1,000 Gallons
<b>Change in Purchased Water Charge:</b>	
<b><u>Metered Service Rate:</u></b>	
Metered Service Rate as of January, 2008:	\$ 1.529
Previous rate per 1,000 gallons (\$9.95 per 1,000 cu ft/7.48052)	1.330
<b>Total Change in Purchased Water Cost:</b>	\$ 0.199

Source: Billing Invoices

**ILLINOIS-AMERICAN WATER COMPANY**  
**MORELAND SERVICE DISTRICT**  
 Water Usage  
 December 2007

Description	Metered Usage (1,000 of gallons)	Metered Usage Plus Unaccounted-for Water Usage (1,000 of gallons)
For the monthly billing period ending in the month of:		
2007 January	1,458	703
2007 February	1,608	711
2007 March	1,431	741
2007 April	1,394	591
2007 May	1,326	785
2007 June	1,922	621
2007 July	1,944	524
2007 August	2,021	1,017
2007 September	1,651	935
2007 October	1,803	995
2007 November	1,562	598
2007 December	1,468	1,002
Total for the 12 most recent months:	19,588	9,223
Total April through December:	15,091	7,068
<b>Maximum Unaccounted For Water Per Tariff:</b>		12.00%
<b>Actual Unaccounted for Water for calendar year 2007:</b>		-112.38%
<b>Actual Unaccounted for Water for April-December, 2007:</b>		-113.51%

Source: Billing Reports and Purchased Water Invoices for Moreland Service Area.

**ILLINOIS-AMERICAN WATER COMPANY**  
**MORELAND SERVICE DISTRICT**  
 Summary of Lake Water Purchases and Cost Recovery  
 December 2007

VARIABLE COSTS	(A) Actual Cost of Lake Water Purchased	(B) Cost Recovery via Lake Water Supply Charge	(A-B) Monthly Unrecovered (Overrecovered) Supply Charge Cost	Cumulative Unrecovered (Overrecovered) Supply Charge Cost
Month				
Balance forwarded from prior year:				\$ <u>(1,538)</u>
January	\$ 935	\$ 1,954	(1,018)	\$ (2,556)
February	945	2,155	(1,209)	(3,766)
March	985	1,918	(932)	(4,698)
April	786	1,936	(1,150)	(5,848)
May	1,045	1,870	(825)	(6,673)
June	826	2,710	(1,884)	(8,557)
July	697	2,741	(2,045)	(10,602)
August	1,353	2,850	(1,496)	(12,098)
September	1,244	2,328	(1,084)	(13,182)
October	1,323	2,542	(1,219)	(14,401)
November	796	2,202	(1,406)	(15,808)
December	<u>1,333</u>	<u>2,070</u>	<u>(737)</u>	<u>(16,544)</u>
<b>Total:</b>	<u>\$ 12,268</u>	<u>\$ 27,274</u>	<u>(15,006)</u>	<u>\$ (16,544)</u>
Unrecovered (Overrecovered) variable supply charges:				\$ <u>(16,544)</u>
Utility-determined reconciliation component:				\$ <u>(16,544)</u>
Cost of Water Exceeding the Non-revenue Water Level of 13.25% during the Year				\$ <u>0</u>
Total Level Unrecovered (Overrecovered) variable supply charges (VSC):				\$ <u>(16,544)</u>
Metered Usage	19,588	Per Exhibit C		
Maximum allowed + UFW	22,259	Metered usage divided by 1 minus the UFW maximum		
Metered Usage + UFW	9,223	Per Exhibit C		
Metered Usage + UFW > Max	(13,036)	Actual Metered Usage + UFW less Max allowed per tariff (12%)		
Rate / 1,000 gallons	1.3302	Cost of Lake Water divided by Metered Usage + UFW		
Cost of Lakewater over UFW	\$ -	Lakewater cost exceeding the Max UFW		

Source: Bill Data and Purchase Data reports.