

ILLINOIS COMMERCE COMMISSION

IADC EXHIBIT 1.00

**DIRECT TESTIMONY OF
RICH KERCKHOVE**

ILLINOIS-AMERICAN WATER COMPANY

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DIRECT TESTIMONY
OF
RICH KERCKHOVE

IAWC EXHIBIT 1.00

1 I. WITNESS INTRODUCTION

2 **Q1. Please state your name and business address.**

3 **A.** My name is Rich Kerckhove. My business address is 727 Craig Road, St.
4 Louis, Missouri 63141.

5 **Q2. By whom are you employed and in what capacity?**

6 **A.** I am employed by American Water Works Service Company, Inc., a
7 subsidiary of American Water Works Company, Inc. ("American Water")
8 and an affiliate of Illinois-American Water Company ("IAWC" or
9 "Company"), as a Senior Financial Analyst.

10 **Q3. Please describe your background and professional affiliation.**

11 **A.** I earned a Bachelor of Business Administration degree from the University
12 of Iowa, majoring in Accounting and Insurance. In addition, I earned a
13 Master of Business Administration degree from the University of
14 Minnesota's Carlson School of Management, with concentrations in
15 Management Information Systems and Finance. I am a Registered
16 Certified Public Accountant in the State of Illinois and I am a member of
17 the American Institute of Certified Public Accountants. My prior financial
18 experience includes five years as a staff accountant in public accounting
19 and five years in accounting and computer operations for community
20 banks. Subsequent to my public accounting and banking experience, I
21 joined the Staff of the Illinois Commerce Commission ("Commission")
22 where I attained the position of Senior Analyst during my eight years at the
23 Commission. After obtaining my MBA, I served as a Senior Financial Analyst at the
Illinois Commerce Commission in 2009

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24 Analyst for defense contractors United Defense LLP (now BAE Systems
25 Inc.) and Alliant Techsystems, Inc. Prior to joining American Water, I was
26 employed as a Financial Consultant for Xcel Energy Inc., responsible for
27 the compilation of the annual budget and monthly forecasts for the \$3.8
28 billion Public Service Company of Colorado subsidiary. My present duties
29 with American Water consist primarily of preparing rate-related filings for
30 IAWC.

31 **Q4. Have you previously testified before a regulatory body?**

32 **A.** Yes, I have testified several times before the Illinois Commerce
33 Commission.

34 **II. PURPOSE OF DIRECT TESTIMONY**

35 **Q5. What is the purpose of your testimony in this case?**

36 **A.** In this proceeding, the Company proposes to implement Qualifying
37 Infrastructure Plant (QIP) Surcharge Riders in its Champaign, Sterling,
38 Pekin, Lincoln, South Beloit, and Chicago Metro Water and Waste Water
39 districts. The purpose of my Direct Testimony is to describe the proposed
40 QIP Surcharge Riders. The Company currently has QIP Surcharge Riders
41 for the Alton, Cairo, Interurban, Peoria, Streator, and Pontiac districts,
42 which were approved by the Commission in the order in Docket No. 04-
43 0336 dated December 15, 2004. The Company has been collecting QIP
44 Surcharge revenue since 2006 and completed the annual reconciliation
45 process for 2006 and 2007. My testimony describes the proposed QIP
46 riders and summarizes the information provided by the Company in
47 accordance with 83 Ill. Adm. Code Part 656.

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48 **Q6. Are you generally familiar with the operations, books, and records of**
49 **IAWC?**

50 **A. Yes.**

51 **III. QIP SURCHARGE PROPOSAL**

52 **Q7. Would you please describe the current QIP surcharge rider in the**
53 **Streator and Pontiac Districts, and the proposal to amend the rider to**
54 **include the Champaign and Sterling Districts?**

55 **A. Yes.** ILL C. C. No. 5, Tariff Sheets 24 through 24.6, provide for a QIP
56 Surcharge in accordance with Part 656 of the Commission's rules for the
57 Streator and Pontiac Districts. The Company is proposing to amend the
58 tariff sheets to include the Champaign and Sterling Districts. The
59 amended tariff sheets are included as Exhibit 1.4.

60 **Q8. Would you please describe the current QIP surcharge rider in the**
61 **Alton, Cairo, Interurban, and Peoria Districts, and the proposal to**
62 **amend the rider to include the Pekin and Lincoln Districts?**

63 **A. Yes.** ILL C. C. No. 22, Tariff Sheets 22 through 22.6, provide for a QIP
64 Surcharge in accordance with Part 656 of the Commission's rules for the
65 Alton, Cairo, Interurban, and Peoria Districts. The Company is proposing
66 to amend the tariff sheets to include the Pekin and Lincoln Districts. The
67 amended tariff sheets are included as Exhibit 1.5.

68 **Q9. Would you please describe the Company's proposal for a QIP**
69 **surcharge rider in the Chicago Metro Water District?**

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70 **A.** Yes. The Company proposes to submit for the Chicago Metro Water
71 District ILL C. C. No. 4, Tariff Sheets 41 through 41.6, which are
72 essentially identical to the Commission-approved ILL C. C. No. 5, Tariff
73 Sheets 24 through 24.6 and ILL C. C. No. 22, Tariff Sheets 22 through
74 22.6. Tariff Sheets 41 through 41.6 described above are included as
75 Exhibit 1.1.

76 **Q10. Would you please describe the Company's proposal for a QIP**
77 **surcharge rider in the South Beloit District?**

78 **A.** Yes. The Company proposes to submit for the South Beloit District ILL C.
79 C. No. 4, Tariff Sheets 91 through 91.6, which are essentially identical to
80 the Commission-approved ILL C. C. No. 5, Tariff Sheets 24 through 24.6
81 and ILL C. C. No. 22, Tariff Sheets 22 through 22.6. Tariff Sheets 91
82 through 94.6 described above are included as Exhibit 1.2.

83 **Q11. Would you please describe the Company's proposal for a QIP**
84 **surcharge rider in the Chicago Metro Waste Water District?**

85 **A.** Yes. The Company proposes to submit for the Chicago Metro Waste
86 Water District ILL C. C. No. 5 (Sewer), Tariff Sheets 41 through 41.6,
87 which are essentially identical to the Commission-approved ILL C. C. No.
88 5, Tariff Sheets 24 through 24.6 and ILL C. C. No. 22, Tariff Sheets 22
89 through 22.6. Tariff Sheets 41 through 41.6 described above are included
90 as Exhibit 1.3.

91 **Q12. Would you please briefly discuss the Company's current QIP**
92 **Surcharge Riders?**

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93 **A.** Yes. The QIP Surcharge Riders provide for a charge to cover return on
94 and return of the capital costs related to replacement or rehabilitation of
95 qualified non-revenue producing plant infrastructure. Such investment
96 includes replacement mains, meters, meter installations, services and
97 hydrants. The QIP Surcharge would apply only to qualified non-revenue
98 producing investment, which has not yet been included in rate base in a
99 rate case. The QIP Surcharge is capped at 5% of base rates billed to
100 customers. The QIP Surcharge includes a true-up provision to ensure that
101 revenues collected under the QIP Surcharge are equal to the actual costs
102 incurred.

103 **Q13. Will the proposed QIP surcharge riders function in the same manner**
104 **as the current QIP Surcharge Riders?**

105 **A.** Yes. The proposed QIP riders will operate in exactly the same manner as
106 the current QIP riders.

107 **Q14. What is QIP Surcharge intended to accomplish?**

108 **A.** As with many other water utilities, a portion of the Company's
109 infrastructure is nearing the end of its life expectancy and must be
110 replaced. IAWC recognizes the problem and is taking steps to replace its
111 aging infrastructure. Illinois-American, like other water utilities, must
112 provide adequate, reliable, and low cost service. IAWC intends to use the
113 QIP Surcharge Riders to help meet this requirement and recover the cost
114 of its investment in such infrastructure replacements. By allowing
115 recovery of these investments between rate cases, the QIP Surcharge will

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116 also reduce concerns about "rate shock" related to requested rate
117 increases that would otherwise be associated with infrastructure
118 replacement.

119 **Q15. Is the need for construction of QIP facilities a new problem?**

120 **A.** No, but it is an increasing problem for IAWC and other water utilities. The
121 level of required QIP projects is increasing in part due to the increasing
122 age of water facilities. An increasing amount of the Company's
123 infrastructure is in the age range of 50-100 years and is nearing its useful
124 service life. As described by Mr. Kaiser in IAWC Exhibit 2.00, the
125 Company is focusing its replacement program on small diameter mains (4"
126 in diameter and less), which cause the large majority of distribution system
127 leaks and failures. Our larger mains are also increasing in age and are
128 beginning to require additional consideration in our infrastructure
129 replacement planning. Furthermore, main replacement is only one
130 component of an ongoing construction program that is increasing in
131 significance over time. Many programs, such as meter replacement,
132 which is a regulatory requirement, and hydrant replacement, which is
133 necessary to maintain public safety, are continuous and cannot be
134 delayed to reduce the frequency of rate case filings. The QIP surcharge
135 allows the Company to recover its investment in replacement
136 infrastructure without filing a rate case to do so.

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137 **Q16. Would you further explain why the Company is proposing that the**
138 **QIP Surcharge be expanded to include all of the districts that**
139 **currently are not subject to a QIP Surcharge rider?**

140 **A.** The Company's experience with its current QIP riders demonstrates that
141 QIP Riders are an effective means to recover the capital investment in
142 qualifying infrastructure, while minimizing rate impacts on customers.
143 Over the next several years and for the foreseeable future, infrastructure
144 replacement projects consistent with QIP will constitute an increasing part
145 of the Company's construction requirements, not only in the districts that
146 currently have a QIP rider, but in all of the Company's service districts.
147 This increase in QIP projects is mainly due to the continued aging of all of
148 IAWC's existing infrastructure, not just the infrastructure in the districts
149 that currently have a QIP rider, and the need to replace this infrastructure
150 to maintain a safe and reliable system. Therefore, the Company believes
151 extending its QIP Riders to all its rate areas is appropriate.

152 **Q17. What specific plant items may be included?**

153 **A.** For water utilities, the plant additions include items from the following
154 accounts pursuant to 83 Ill. Adm. Code 605: (1) Account 331,
155 Transmission and Distribution Mains; (2) Account 333, Services; (3)
156 Account 334, Meters and Meter Installations; and (4) account 335,
157 Hydrants. In addition to replacements, qualifying mains (Account 331 for
158 water utilities) also includes main extensions to eliminate dead ends and

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159 the unreimbursed costs associated with relocations of mains, services,
160 and hydrants occasioned by street or highway construction.

161 For waste water utilities, the plant additions include items from the
162 following accounts pursuant to 83 Ill. Adm. Code 650: (1) Account 360,
163 Collection Sewers – Force; (2) Account 361, Collection Sewers – Gravity;
164 and (3) Account 363, Services to Customers. In addition to replacements,
165 qualifying also includes the unreimbursed costs associated with
166 relocations of sewers occasioned by street or highway construction.

167 QIP includes only plant additions installed on or after January 1 of
168 the year in which the utility files its initial QIP Surcharge Rider in
169 accordance with Sections 656.70 and 656.90 of the rules.

170 **Q18. Has the Company conducted an analysis of infrastructure**
171 **replacement requirements as required by 83 Ill. Adm. Code Section**
172 **656.90?**

173 **A.** Yes. Company witness Mr. Kaiser discusses the analysis of infrastructure
174 replacement requirements of the Company, including a history of current
175 replacement rates of qualifying plant, the reason for each increase in the
176 rate of replacement and specific plans for future replacements.

177 **Q19. Has the Company prepared estimates of the expected revenue**
178 **effects of investment in QIP?**

179 **A.** Yes. The Company has utilized presently available information to develop
180 a preliminary estimate of the Surcharge Percentages for 2009 through
181 2013. The estimates for the combined districts other than those already

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182 participating in the QIP program are shown on IAWC Exhibit 1.6, page 1.
183 In addition, 2009 preliminary estimates for each of the districts for which
184 the Company is requesting implementation of QIP are shown on IAWC
185 Exhibit 1.8.

186 **Q20. Has the Company prepared preliminary information of the type**
187 **required under Section 656.70(d) to be filed at the time that**
188 **Information Sheets are filed?**

189 **A.** Yes. The Company has prepared preliminary estimates of the data, which
190 would be submitted with the Information Sheets to be filed. The
191 preliminary information is set forth in IAWC Exhibit 1.8.

192 **Q21. Has the Company prepared a bill comparison showing the effect of**
193 **the QIP Surcharge for each class of customer?**

194 **A.** Yes. This information is provided in Exhibit 1.7. The bill comparison
195 shows the impact of the 5% maximum allowed increase under 83 Ill. Adm.
196 Code 656. It is estimated that prior to 2012, the QIP surcharge will be less
197 than 5% in total, as shown on IAWC Exhibit 1.6, page 1.

198 **Q22. Were any of the projects identified as QIP reflected in the test year of**
199 **the Company's last rate case?**

200 **A.** No. In the Company's last rate case, Docket Number 07-0507, the
201 Company used a future test year ending June 2009. None of the QIP
202 projects will be placed in service until after June 2009 and, therefore, none
203 were included in the test year utility plant in service.

204 **Q23. Will IAWC be required to attract capital to finance construction?**

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205 **A.** Yes. A portion of the Company's construction needs can be financed by
206 the reinvestment of internally generated funds. IAWC, however, will be
207 required to attract additional capital in coming years from investors in debt
208 and equity securities of the Company. It will be essential for the Company
209 to generate adequate earnings and interest coverage ratios in order to
210 attract the capital necessary to finance construction on reasonable terms.

211 **Q24. Would implementation of the QIP Surcharge in districts that do not**
212 **currently have a QIP program assist the Company in maintaining**
213 **adequate interest coverage ratios and earnings?**

214 **A.** Yes. During the interval between rate cases, the QIP Surcharge would
215 generate revenues to cover the return on and return of investment related
216 to QIP construction. This revenue would contribute to earnings and
217 interest coverage ratios.

218 **Q25. Will implementation of the QIP Surcharge in districts that do not**
219 **currently have a QIP program result in fair, just, and reasonable**
220 **rates?**

221 **A.** Yes. The QIP Surcharge operates only to provide a return on and return
222 of the investment in QIP. Also, as will be discussed, the Company
223 proposes that QIP Surcharge revenue be refunded to ratepayers to the
224 extent that such revenue results in a rate of return for a given year which
225 exceeds the authorized level. For these reasons, the QIP Surcharge will
226 result in fair, just, and reasonable rates.

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227 **Q26. Would you further discuss the operation of the proposed QIP**
228 **Surcharge in districts that do not currently have a QIP program?**

229 **A.** Yes. IAWC will continue to utilize a prospective surcharge approach. The
230 surcharge developed under the QIP Surcharge would be filed in
231 December of a given year, to be effective on January 1 of the following
232 year, consistent with current practice. The QIP Surcharge would provide
233 revenue to cover the capital cost and depreciation expense related to the
234 projected average investment in QIP (net of accumulated depreciation) for
235 the year. To determine this amount, the projected thirteen month average
236 of the level of QIP investment for the year would be utilized. A revised
237 QIP Surcharge would become effective on January 1 of the next year and,
238 thereafter, on an annual basis. The QIP Surcharge also will be revised in
239 accordance with the rule to reflect Company and Commission-ordered
240 reconciliation adjustments. If the year for which the QIP Surcharge is
241 being projected encompasses a rate case future test year, any investment
242 in QIP, which is reflected in the test year rate base, would be excluded in
243 calculating the QIP Surcharge.

244 **Q27. How would the QIP Surcharge revenue be recovered?**

245 **A.** The QIP surcharge would be expressed as a percentage and would be
246 applied to the total amount billed to each customer under the otherwise
247 applicable rates and charges for customer charges, metered usage
248 charges, private and public fire charges. The QIP Surcharge revenue
249 component would be reflected as a line item on the bill to each customer.

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250 **Q28. How will the QIP Surcharge be handled when a new rate filing is**
251 **made?**

252 **A.** The QIP Surcharge will be reset to zero as of the effective date of the new
253 base rates that provides for prospective recovery of the annual costs that
254 had theretofore been recovered under QIP Surcharge. Thereafter, only
255 the eligible plant additions not included in rate base would be reflected in
256 the QIP Surcharge.

257 **Q29. What cost of capital would be utilized in the QIP Surcharge formula?**

258 **A.** The cost of capital would be the approved overall rate of return in the
259 immediately preceding rate order.

260 **Q30. What depreciation rates would be used to determine the depreciation**
261 **expense for QIP?**

262 **A.** The QIP Surcharge calls for use of the depreciation rates last approved by
263 the Commission for the respective plant accounts in which the specific
264 items of QIP are recorded.

265 **Q31. Could the amount of QIP Surcharge revenue collected vary from the**
266 **actual amount of revenue needed to cover a return on and return of**
267 **the Company's investment in QIP plus taxes?**

268 **A.** Yes. This could occur as a result of a difference between either: (i) actual
269 and projected water operating revenues; or (ii) actual and projected
270 investment in QIP for a given year.

271 **Q32. Does the QIP Surcharge include a true-up mechanism in the event**
272 **that the level of QIP Surcharge revenue varies from the actual costs?**

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273 **A.** Yes. As required by 83 Ill. Adm. Code 656.80, the QIP Surcharge will be
274 subject to an annual reconciliation, whereby the revenue received under
275 the QIP Surcharge for the reconciliation period will be compared to the
276 revenue which the Company needs to recover the return on and return of
277 investment plus taxes for that period. The difference between such
278 revenues will be recouped from or refunded to customers, as appropriate.

279 **Q33. Does the QIP Surcharge include a safeguard in the event that**
280 **earnings in a given period exceed the authorized rate of return?**

281 **A.** Yes. Under the QIP Surcharge, for any calendar year in which (i) the QIP
282 Surcharge has been in effect; and (ii) the realized rate of return exceeds
283 the authorized rate of return, QIP Surcharge revenues collected during the
284 year would be reflected as a credit in the QIP Surcharge adjustment factor
285 effective on the first day of April of the following year to the extent that
286 such revenues contributed to realization of a rate of return above the
287 authorized level during the prior calendar year.

288 **Q34. Is implementation of the QIP Surcharge in the public interest?**

289 **A.** Yes, for all the reasons discussed above.

290 **Q35. Does this conclude your testimony?**

291 **A.** Yes, it does.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER

DETERMINATION OF THE QUALIFYING INFRASTRUCTURE PLANT SURCHARGE PERCENTAGE

- (A) Terms not otherwise defined in this rider shall have the meaning given to them in 83 Ill. Adm. Code 656.20.
- (B) The qualifying infrastructure plant ("QIP") surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the total amount billed to each customer located in the same rate zone based on the utility's otherwise applicable rates and charges. The QIP surcharge percentage shall be capped at 5% of the QIP base rate revenues billed to customers and shall not be applied to any add-on taxes, to any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or to any other revenues not recorded in a QIP base rate revenues account.
- (C) The QIP surcharge Percentage shall not be applied to volume charges of competitive contract customers when those charges are established by contract, or to municipal or file district charges where those charges are established by agreement.
- (D) In calculating the QIP surcharge percentage, the utility will use annual prospective operation only if the Company's immediately preceding rate case utilized a future test year as defined in 83 Ill. Adm. Code 287. The utility will use quarterly historical operation based on QIP investment data for a prior three-month period only if the Company's immediately preceding rate case utilized something other than a future test year. The development of the QIP surcharge percentage, whether prospective operation or historic operation, shall be otherwise governed by the requirements of 83 Ill. Adm. Code 656.

1) Annual Prospective Operation

If the utility's QIP surcharge is based on annual prospective operation, the utility shall determine the QIP surcharge percentage for the operation year using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR}) + \text{NetDep} + (\text{R} \times 1.33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PAR}} \times 100\%$$

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

Where:

- S% = QIP surcharge percentage
- NetQIP = The average forecasted cost of the investment in QIP for the rate zone for the operation year less forecasted accumulated depreciation in QIP for the rate zone for the operation year. The average forecasted cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50 (a) (1).
- NetDep = Net depreciation expense related to the average investment in QIP for the rate zone for the operation year. Depreciation expense shall be calculated by multiplying the average forecasted cost of the investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. The average forecasted cost of the investment in QIP by plant account, net of retirements, shall be computed by using an average of 13 end-of-month balances of QIP by plant account and retirements for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
- R = Utility-determined reconciliation component (R component) calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December.
- O = The Commission-ordered adjustment component (O component).
- INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 1.00. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 1.33.
- PAR = The projection of total water or sewer QIP base rate revenues, as applicable, for the rate zone for the period from January 1 through December 31. The projected revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

2) **Quarterly Historical Operation**

If the utility's QIP surcharge is based on quarterly historical operation, the utility shall determine the QIP surcharge percentage for the quarter using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR} \times .25) + \text{NetQDep} + (\text{R} \times .33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PQR}} \times 100\%$$

Where:

- S% = QIP surcharge percentage.
- NetQIP = Original cost of QIP less accumulated depreciation for the rate zone. NetQIP shall be the level of investment in QIP existing at the end of the calendar month preceding the month in which an information sheet is filed.
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- NetQDep = Net quarterly depreciation expense applicable to NetQIP less the quarterly depreciation applicable to plant being retired.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- R = Utility-determined reconciliation component calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December. No reconciliation component amount shall be included for the January through March quarter.
- O = Commission-ordered adjustment component.
INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).
- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 0.25. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 0.33.
- PQR = Projected quarterly water or sewer QIP base rate revenues, as applicable, for the rate zone during the calendar quarter when the QIP surcharge percentage shall be in effect. The projected quarterly revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

3) **Annual Reconciliation**

- a) On or before March 15 of each year, if the utility had a QIP surcharge in effect for all or part of the immediately preceding calendar year, it shall submit to the Commission an annual reconciliation regarding the results for the previous reconciliation year. The annual reconciliation shall be verified by an officer of the utility. As required by this Section, the annual reconciliation shall include a calculation of the R component necessary to adjust revenue collected under the QIP surcharge rider in effect for the rate zone during the reconciliation year to an amount equivalent to the actual level of prudently-incurred QIP cost for the reconciliation year. In the event that the earnings report filed under this Section for the rate zone

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

shows that the utility's actual rate of return has exceeded the level authorized in the utility's last water or sewer general rate proceeding, as applicable, then the R component shall include the credit required by subsections (c) and (d). Any adjustment made through the R component shall be in effect for nine months commencing on the April 1 immediately following submittal of the annual reconciliation.

- b) With the annual reconciliation, the utility shall file a petition seeking initiation of the annual reconciliation hearings required by Section 9-220.2 of the Act. After the hearing, the Commission shall determine the amount of the adjustment, if any, that should be made (through the O component) to the level of revenue collected by operation of the QIP surcharge rider during the reconciliation year, so that the amount of such revenue is equal to the actual level of prudently-incurred QIP cost for the reconciliation year (to the extent that such adjustment has not already been reflected through an adjustment made by the utility to the R component of the QIP surcharge percentage).
- c) In the annual reconciliation, the utility shall include, for each rate zone in which a QIP surcharge has been in effect, data showing operating income and rate base for the reconciliation year, such data being developed in accordance with 83 Ill. Adm. Code 656.80(f)(4). If, for any such rate zone, the actual rate of return on rate base for the reconciliation year exceeds the overall rate of return allowed in the utility's last water or sewer general rate proceeding, revenues collected under the QIP surcharge rider shall be reflected as a credit through the R component of the QIP surcharge to the extent that such revenues contributed to the realization of a rate of return above the last approved level. A credit value for the R component will result in a reduction of the QIP surcharge percentage. To the extent, if any, that a required adjustment for a reconciliation year has not been already made by the utility (through the R component), the Commission shall require (through the O component) that such an adjustment be made after the annual reconciliation hearing.
- d) The utility shall calculate the R component using the following formula:

$$R = (\text{ActNetQIP} \times \text{PTR}) + \text{ActNetDep} - \text{QIPRev} + \text{Rpy} + \text{Opy} - \text{EEA}$$

Where:

R = Utility-determined reconciliation component.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- ActNetQIP = The average actual cost of the investment in QIP for the rate zone for the reconciliation year less actual accumulated depreciation of QIP for the rate zone for the reconciliation year. The average actual cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the reconciliation year through December 31 of the reconciliation year. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetQIP shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- ActNetDep = Actual net depreciation expense related to the average investment in QIP for the rate zone for the reconciliation year. Depreciation expense shall be calculated by multiplying the actual investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetDep shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- QIPRev = Actual QIP revenues collected during the reconciliation year through the QIP surcharge.
- Rpy = The R component from the previous reconciliation year.
- Opy = The sum of the O component and the calculated interest attributable to the O component, or the sum of any O components and the calculated interest attributable to the O components, included in the calculation of the QIP surcharge percentage during the reconciliation year.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- EEA = Excess earnings amount calculated in accordance with 83 Ill. Adm. Code 656.80, subsections (a), (c), and (f)(4). There will only be an EEA when the utility's actual rate of return for the reconciliation year exceeds the overall rate of return authorized by the Commission in the utility's last water or sewer rate proceeding.
- e) Any adjustment made by Order of the Commission under subsection (b) or (c) shall be included in the O component and be in effect for either 12 months or nine months, beginning on the next January 1 (if 12 months) or April 1 (if nine months) following the Order of the Commission, or such other period as the Commission may direct in the Order requiring that an adjustment be made.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER

DETERMINATION OF THE QUALIFYING INFRASTRUCTURE PLANT SURCHARGE PERCENTAGE

- (A) Terms not otherwise defined in this rider shall have the meaning given to them in 83 Ill. Adm. Code 656.20.
- (B) The qualifying infrastructure plant ("QIP") surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the total amount billed to each customer located in the same rate zone based on the utility's otherwise applicable rates and charges. The QIP surcharge percentage shall be capped at 5% of the QIP base rate revenues billed to customers and shall not be applied to any add-on taxes, to any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or to any other revenues not recorded in a QIP base rate revenues account.
- (C) The QIP surcharge Percentage shall not be applied to volume charges of competitive contract customers when those charges are established by contract, or to municipal or file district charges where those charges are established by agreement.
- (D) In calculating the QIP surcharge percentage, the utility will use annual prospective operation only if the Company's immediately preceding rate case utilized a future test year as defined in 83 Ill. Adm. Code 287. The utility will use quarterly historical operation based on QIP investment data for a prior three-month period only if the Company's immediately preceding rate case utilized something other than a future test year. The development of the QIP surcharge percentage, whether prospective operation or historic operation, shall be otherwise governed by the requirements of 83 Ill. Adm. Code 656.

1) Annual Prospective Operation

If the utility's QIP surcharge is based on annual prospective operation, the utility shall determine the QIP surcharge percentage for the operation year using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR}) + \text{NetDep} + (\text{R} \times 1.33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PAR}} \times 100\%$$

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

Where:

- S% = QIP surcharge percentage
- NetQIP = The average forecasted cost of the investment in QIP for the rate zone for the operation year less forecasted accumulated depreciation in QIP for the rate zone for the operation year. The average forecasted cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- NetDep = Net depreciation expense related to the average investment in QIP for the rate zone for the operation year. Depreciation expense shall be calculated by multiplying the average forecasted cost of the investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. The average forecasted cost of the investment in QIP by plant account, net of retirements, shall be computed by using an average of 13 end-of-month balances of QIP by plant account and retirements for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
- R = Utility-determined reconciliation component (R component) calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December.
- O = The Commission-ordered adjustment component (O component).
- INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).

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Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 1.00. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 1.33.

PAR = The projection of total water or sewer QIP base rate revenues, as applicable, for the rate zone for the period from January 1 through December 31. The projected revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

2) **Quarterly Historical Operation**

If the utility's QIP surcharge is based on quarterly historical operation, the utility shall determine the QIP surcharge percentage for the quarter using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR} \times .25) + \text{NetQDep} + (\text{R} \times .33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PQR}} \times 100\%$$

Where:

S% = QIP surcharge percentage.

NetQIP = Original cost of QIP less accumulated depreciation for the rate zone. NetQIP shall be the level of investment in QIP existing at the end of the calendar month preceding the month in which an information sheet is filed.

PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).

NetQDep = Net quarterly depreciation expense applicable to NetQIP less the quarterly depreciation applicable to plant being retired.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- R = Utility-determined reconciliation component calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December. No reconciliation component amount shall be included for the January through March quarter.
- O = Commission-ordered adjustment component.
- INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).
- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 0.25. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 0.33.
- PQR = Projected quarterly water or sewer QIP base rate revenues, as applicable, for the rate zone during the calendar quarter when the QIP surcharge percentage shall be in effect. The projected quarterly revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

3) **Annual Reconciliation**

- a) On or before March 15 of each year, if the utility had a QIP surcharge in effect for all or part of the immediately preceding calendar year, it shall submit to the Commission an annual reconciliation regarding the results for the previous reconciliation year. The annual reconciliation shall be verified by an officer of the utility. As required by this Section, the annual reconciliation shall include a calculation of the R component necessary to adjust revenue collected under the QIP surcharge rider in effect for the rate zone during the reconciliation year to an amount equivalent to the actual level of prudently-incurred QIP cost for the reconciliation year. In the event that the earnings report filed under this Section for the rate zone

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shows that the utility's actual rate of return has exceeded the level authorized in the utility's last water or sewer general rate proceeding, as applicable, then the R component shall include the credit required by subsections (c) and (d). Any adjustment made through the R component shall be in effect for nine months commencing on the April 1 immediately following submittal of the annual reconciliation.

- b) With the annual reconciliation, the utility shall file a petition seeking initiation of the annual reconciliation hearings required by Section 9-220.2 of the Act. After the hearing, the Commission shall determine the amount of the adjustment, if any, that should be made (through the O component) to the level of revenue collected by operation of the QIP surcharge rider during the reconciliation year, so that the amount of such revenue is equal to the actual level of prudently-incurred QIP cost for the reconciliation year (to the extent that such adjustment has not already been reflected through an adjustment made by the utility to the R component of the QIP surcharge percentage).
- c) In the annual reconciliation, the utility shall include, for each rate zone in which a QIP surcharge has been in effect, data showing operating income and rate base for the reconciliation year, such data being developed in accordance with 83 Ill. Adm. Code 656.80(f)(4). If, for any such rate zone, the actual rate of return on rate base for the reconciliation year exceeds the overall rate of return allowed in the utility's last water or sewer general rate proceeding, revenues collected under the QIP surcharge rider shall be reflected as a credit through the R component of the QIP surcharge to the extent that such revenues contributed to the realization of a rate of return above the last approved level. A credit value for the R component will result in a reduction of the QIP surcharge percentage. To the extent, if any, that a required adjustment for a reconciliation year has not been already made by the utility (through the R component), the Commission shall require (through the O component) that such an adjustment be made after the annual reconciliation hearing.
- d) The utility shall calculate the R component using the following formula:

$$R = (\text{ActNetQIP} \times \text{PTR}) + \text{ActNetDep} - \text{QIPRev} + \text{Rpy} + \text{Opy} - \text{EEA}$$

Where:

R = Utility-determined reconciliation component.

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- ActNetQIP = The average actual cost of the investment in QIP for the rate zone for the reconciliation year less actual accumulated depreciation of QIP for the rate zone for the reconciliation year. The average actual cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the reconciliation year through December 31 of the reconciliation year. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetQIP shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- ActNetDep = Actual net depreciation expense related to the average investment in QIP for the rate zone for the reconciliation year. Depreciation expense shall be calculated by multiplying the actual investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetDep shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- QIPRev = Actual QIP revenues collected during the reconciliation year through the QIP surcharge.
- Rpy = The R component from the previous reconciliation year.
- Opy = The sum of the O component and the calculated interest attributable to the O component, or the sum of any O components and the calculated interest attributable to the O components, included in the calculation of the QIP surcharge percentage during the reconciliation year.

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EEA = Excess earnings amount calculated in accordance with 83 Ill. Adm. Code 656.80, subsections (a), (c), and (f)(4). There will only be an EEA when the utility's actual rate of return for the reconciliation year exceeds the overall rate of return authorized by the Commission in the utility's last water or sewer rate proceeding.

- e) Any adjustment made by Order of the Commission under subsection (b) or (c) shall be included in the O component and be in effect for either 12 months or nine months, beginning on the next January 1 (if 12 months) or April 1 (if nine months) following the Order of the Commission, or such other period as the Commission may direct in the Order requiring that an adjustment be made.

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DETERMINATION OF THE QUALIFYING INFRASTRUCTURE PLANT SURCHARGE PERCENTAGE

- (A) Terms not otherwise defined in this rider shall have the meaning given to them in 83 Ill. Adm. Code 656.20.
- (B) The qualifying infrastructure plant ("QIP") surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the total amount billed to each customer located in the same rate zone based on the utility's otherwise applicable rates and charges. The QIP surcharge percentage shall be capped at 5% of the QIP base rate revenues billed to customers and shall not be applied to any add-on taxes, to any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or to any other revenues not recorded in a QIP base rate revenues account.
- (C) The QIP surcharge Percentage shall not be applied to volume charges of competitive contract customers when those charges are established by contract, or to municipal or file district charges where those charges are established by agreement.
- (D) In calculating the QIP surcharge percentage, the utility will use annual prospective operation only if the Company's immediately preceding rate case utilized a future test year as defined in 83 Ill. Adm. Code 287. The utility will use quarterly historical operation based on QIP investment data for a prior three-month period only if the Company's immediately preceding rate case utilized something other than a future test year. The development of the QIP surcharge percentage, whether prospective operation or historic operation, shall be otherwise governed by the requirements of 83 Ill. Adm. Code 656.

1) Annual Prospective Operation

If the utility's QIP surcharge is based on annual prospective operation, the utility shall determine the QIP surcharge percentage for the operation year using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR}) + \text{NetDep} + (\text{R} \times 1.33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PAR}} \times 100\%$$

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Where:

- S% = QIP surcharge percentage
- NetQIP = The average forecasted cost of the investment in QIP for the rate zone for the operation year less forecasted accumulated depreciation in QIP for the rate zone for the operation year. The average forecasted cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- NetDep = Net depreciation expense related to the average investment in QIP for the rate zone for the operation year. Depreciation expense shall be calculated by multiplying the average forecasted cost of the investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. The average forecasted cost of the investment in QIP by plant account, net of retirements, shall be computed by using an average of 13 end-of-month balances of QIP by plant account and retirements for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
- R = Utility-determined reconciliation component (R component) calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December.
- O = The Commission-ordered adjustment component (O component).
- INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).

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- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 1.00. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 1.33.
- PAR = The projection of total water or sewer QIP base rate revenues, as applicable, for the rate zone for the period from January 1 through December 31. The projected revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

2) **Quarterly Historical Operation**

If the utility's QIP surcharge is based on quarterly historical operation, the utility shall determine the QIP surcharge percentage for the quarter using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR} \times .25) + \text{NetQDep} + (\text{R} \times .33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PQR}} \times 100\%$$

Where:

- S% = QIP surcharge percentage.
- NetQIP = Original cost of QIP less accumulated depreciation for the rate zone. NetQIP shall be the level of investment in QIP existing at the end of the calendar month preceding the month in which an information sheet is filed.
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- NetQDep = Net quarterly depreciation expense applicable to NetQIP less the quarterly depreciation applicable to plant being retired.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- R = Utility-determined reconciliation component calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December. No reconciliation component amount shall be included for the January through March quarter.
- O = Commission-ordered adjustment component.
INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).
- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 0.25. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 0.33.
- PQR = Projected quarterly water or sewer QIP base rate revenues, as applicable, for the rate zone during the calendar quarter when the QIP surcharge percentage shall be in effect. The projected quarterly revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

3) **Annual Reconciliation**

- a) On or before March 15 of each year, if the utility had a QIP surcharge in effect for all or part of the immediately preceding calendar year, it shall submit to the Commission an annual reconciliation regarding the results for the previous reconciliation year. The annual reconciliation shall be verified by an officer of the utility. As required by this Section, the annual reconciliation shall include a calculation of the R component necessary to adjust revenue collected under the QIP surcharge rider in effect for the rate zone during the reconciliation year to an amount equivalent to the actual level of prudently-incurred QIP cost for the reconciliation year. In the event that the earnings report filed under this Section for the rate zone

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shows that the utility's actual rate of return has exceeded the level authorized in the utility's last water or sewer general rate proceeding, as applicable, then the R component shall include the credit required by subsections (c) and (d). Any adjustment made through the R component shall be in effect for nine months commencing on the April 1 immediately following submittal of the annual reconciliation.

- b) With the annual reconciliation, the utility shall file a petition seeking initiation of the annual reconciliation hearings required by Section 9-220.2 of the Act. After the hearing, the Commission shall determine the amount of the adjustment, if any, that should be made (through the O component) to the level of revenue collected by operation of the QIP surcharge rider during the reconciliation year, so that the amount of such revenue is equal to the actual level of prudently-incurred QIP cost for the reconciliation year (to the extent that such adjustment has not already been reflected through an adjustment made by the utility to the R component of the QIP surcharge percentage).
- c) In the annual reconciliation, the utility shall include, for each rate zone in which a QIP surcharge has been in effect, data showing operating income and rate base for the reconciliation year, such data being developed in accordance with 83 Ill. Adm. Code 656.80(f)(4). If, for any such rate zone, the actual rate of return on rate base for the reconciliation year exceeds the overall rate of return allowed in the utility's last water or sewer general rate proceeding, revenues collected under the QIP surcharge rider shall be reflected as a credit through the R component of the QIP surcharge to the extent that such revenues contributed to the realization of a rate of return above the last approved level. A credit value for the R component will result in a reduction of the QIP surcharge percentage. To the extent, if any, that a required adjustment for a reconciliation year has not been already made by the utility (through the R component), the Commission shall require (through the O component) that such an adjustment be made after the annual reconciliation hearing.
- d) The utility shall calculate the R component using the following formula:

$$R = (\text{ActNetQIP} \times \text{PTR}) + \text{ActNetDep} - \text{QIPRev} + \text{Rpy} + \text{Opy} - \text{EEA}$$

Where:

R = Utility-determined reconciliation component.

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ActNetQIP = The average actual cost of the investment in QIP for the rate zone for the reconciliation year less actual accumulated depreciation of QIP for the rate zone for the reconciliation year. The average actual cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the reconciliation year through December 31 of the reconciliation year. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetQIP shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)

PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).

ActNetDep = Actual net depreciation expense related to the average investment in QIP for the rate zone for the reconciliation year. Depreciation expense shall be calculated by multiplying the actual investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetDep shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)

QIPRev = Actual QIP revenues collected during the reconciliation year through the QIP surcharge.

Rpy = The R component from the previous reconciliation year.

Opy = The sum of the O component and the calculated interest attributable to the O component, or the sum of any O components and the calculated interest attributable to the O components, included in the calculation of the QIP surcharge percentage during the reconciliation year.

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CHIEF CLERK'S OFFICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- EEA = Excess earnings amount calculated in accordance with 83 Ill. Adm. Code 656.80, subsections (a), (c), and (f)(4). There will only be an EEA when the utility's actual rate of return for the reconciliation year exceeds the overall rate of return authorized by the Commission in the utility's last water or sewer rate proceeding.
- e) Any adjustment made by Order of the Commission under subsection (b) or (c) shall be included in the 0 component and be in effect for either 12 months or nine months, beginning on the next January 1 (if 12 months) or April 1 (if nine months) following the Order of the Commission, or such other period as the Commission may direct in the Order requiring that an adjustment be made.

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Applies to All Districts Illinois
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WATER SERVICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER

DETERMINATION OF THE QUALIFYING INFRASTRUCTURE PLANT SURCHARGE PERCENTAGE

- (A) Terms not otherwise defined in this rider shall have the meaning given to them in 83 Ill. Adm. Code 656.20.
- (B) The qualifying infrastructure plant ("QIP") surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the total amount billed to each customer located in the same rate zone based on the utility's otherwise applicable rates and charges. The QIP surcharge percentage shall be capped at 5% of the QIP base rate revenues billed to customers and shall not be applied to any add-on taxes, to any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or to any other revenues not recorded in a QIP base rate revenues account.
- (C) The QIP surcharge percentage shall not be applied to volume charges of competitive contract customers when those charges are established by contract, or to municipal or fire district charges where those charges are established by agreement
- (D) In calculating the QIP surcharge percentage, the utility will use annual prospective operation only if the Company's immediately preceding rate case utilized a future test year as defined in 83 Ill. Adm. Code 287. The utility will use quarterly historical operation based on QIP investment data for a prior three-month period only if the Company's immediately preceding rate case utilized something other than a future test year. The development of the QIP surcharge percentage, whether prospective operation or historic operation, shall be otherwise governed by the requirements of 83 Ill. Adm. Code 656.

1) Annual Prospective Operation

If the utility's QIP surcharge is based on annual prospective operation, the utility shall determine the QIP surcharge percentage for the operation year using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR}) + \text{NetDep} + (\text{R} \times 1.33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PAR}} \times 100\%$$

Where:

S% = QIP surcharge percentage

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WATER SERVICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

NetQIP = The average forecasted cost of the investment in QIP for the rate zone for the operation year less forecasted accumulated depreciation in QIP for the rate zone for the operation year. The average forecasted cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the operation year through December 31 of the operation year.

PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).

NetDep = Net depreciation expense related to the average investment in QIP for the rate zone for the operation year. Depreciation expense shall be calculated by multiplying the average forecasted cost of the investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. The average forecasted cost of the investment in QIP by plant account, net of retirements, shall be computed by using an average of 13 end-of-month balances of QIP by plant account and retirements for the period from December 31 of the year preceding the operation year through December 31 of the operation year.

R = Utility-determined reconciliation component (R component) calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December.

O = The Commission-ordered adjustment component (O component).

INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).

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ILLINOIS COMMERCE COMMISSION
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WATER SERVICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 1.00. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 1.33.

PAR = The projection of total water or sewer QIP base rate revenues, as applicable, for the rate zone for the period from January 1 through December 31. The projected revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

2) Quarterly Historical Operation

If the utility's QIP surcharge is based on quarterly historical operation, the utility shall determine the QIP surcharge percentage for the quarter using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR} \times .25) + \text{NetQDep} + (\text{R} \times .33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PQR}} \times 100\%$$

Where:

S% = QIP surcharge percentage.

NetQIP = Original cost of QIP less accumulated depreciation for the rate zone. NetQIP shall be the level of investment in QIP existing at the end of the calendar month preceding the month in which an information sheet is filed.

PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).

NetQDep = Net quarterly depreciation expense applicable to NetQIP less the quarterly depreciation applicable to plant being retired.

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WATER SERVICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- R = Utility-determined reconciliation component calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December. No reconciliation component amount shall be included for the January through March quarter.
- O = Commission-ordered adjustment component.
- INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).
- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 0.25. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 0.33.
- PQR = Projected quarterly water or sewer QIP base rate revenues, as applicable, for the rate zone during the calendar quarter when the QIP surcharge percentage shall be in effect. The projected quarterly revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

3) Annual Reconciliation

On or before March 15 of each year, if the Utility had a QIP surcharge in effect for all or part of the immediately preceding calendar year, it shall submit to the Commission an annual reconciliation regarding the results for the previous reconciliation year. The annual reconciliation shall be verified by an officer of the utility. As required by this Section, the annual reconciliation shall include a calculation of the R component necessary to adjust revenue collected under the QIP surcharge rider in effect for the rate zone during the

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WATER SERVICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

reconciliation year to an amount equivalent to the actual level of prudently-incurred QIP cost for the reconciliation year. In the event that the earnings report filed under this Section for the rate zone shows that the utility's actual rate of return has exceeded the level authorized in the utility's last water or sewer general rate proceeding, as applicable, then the R component shall include the credit required by subsections (c) and (d). Any adjustment made through the R component shall be in effect for nine months commencing on the April 1 immediately following submittal of the annual reconciliation.

- a) With the annual reconciliation, the utility shall file a petition seeking initiation of the annual reconciliation hearings required by Section 9-220.2 of the Act. After the hearing, the Commission shall determine the amount of the adjustment, if any, that should be made (through the O component) to the level of revenue collected by operation of the QIP surcharge rider during the reconciliation year, so that the amount of such revenue is equal to the actual level of prudently-incurred QIP cost for the reconciliation year (to the extent that such adjustment has not already been reflected through an adjustment made by the utility to the R component of the QIP surcharge percentage).
- b) In the annual reconciliation, the utility shall include, for each rate zone in which a QIP surcharge has been in effect, data showing operating income and rate base for the reconciliation year, such data being developed in accordance with 83 Ill. Adm. Code 656.80(f)(4). If, for any such rate zone, the actual rate of return on rate base for the reconciliation year exceeds the overall rate of return allowed in the utility's last water or sewer general rate proceeding, revenues collected under the QIP surcharge rider shall be reflected as a credit through the R component of the QIP surcharge to the extent that such revenues contributed to the realization of a rate of return above the last approved level. A credit value for the R component will result in a reduction of the QIP surcharge percentage. To the extent, if any, that a required adjustment for a reconciliation year has not been already made by the utility (through the R component), the Commission shall require (through the O component) that such an adjustment be made after the annual reconciliation hearing.
- c) The utility shall calculate the R component using the following formula:

$$R = (\text{ActNetQIP} \times \text{PTR}) + \text{ActNetDep} - \text{QIPRev} + \text{Rpy} + \text{Opy} - \text{EEA}$$

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WATER SERVICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

Where:

- R = Utility-determined reconciliation component.
- ActNetQIP = The average actual cost of the investment in QIP for the rate zone for the reconciliation year less actual accumulated depreciation of QIP for the rate zone for the reconciliation year. The average actual cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the reconciliation year through December 31 of the reconciliation year. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetQIP shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- ActNetDep = Actual net depreciation expense related to the average investment in QIP for the rate zone for the reconciliation year. Depreciation expense shall be calculated by multiplying the actual investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. (If the Utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetDep shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- QIPRev = Actual QIP revenues collected during the reconciliation year through the QIP surcharge.
- Rpy = The R component from the previous reconciliation year.
- Opy = The sum of the O component and the calculated interest attributable to the O component, or the sum of any O components and the calculated interest attributable to the O components, included in the calculation of the QIP surcharge percentage during the reconciliation year.

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WATER SERVICE

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

EEA = Excess earnings amount calculated in accordance with 83 Ill. Adm. Code 656.80, subsections (a), (c), and (f)(4). There will only be an EEA when the utility's actual rate of return for the reconciliation year exceeds the overall rate of return authorized by the Commission in the utility's last water or sewer rate proceeding.

- d) Any adjustment made by Order of the Commission under subsection (b) or (c) shall be included in the O component and be in effect for either 12 months or nine months, beginning on the next January 1 (if 12 months) or April 1 (if nine months) following the Order of the Commission, or such other period as the Commission may direct in the Order requiring that an adjustment be made.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER

DETERMINATION OF THE QUALIFYING INFRASTRUCTURE PLANT SURCHARGE PERCENTAGE

- (A) Terms not otherwise defined in this rider shall have the meaning given to them in 83 Ill. Adm. Code 656.20.
- (B) The qualifying infrastructure plant ("QIP") surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the total amount billed to each customer located in the same rate zone based on the utility's otherwise applicable rates and charges. The QIP surcharge percentage shall be capped at 5% of the QIP base rate revenues billed to customers and shall not be applied to any add-on taxes, to any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or to any other revenues not recorded in a QIP base rate revenues account.
- (C) The QIP surcharge Percentage shall not be applied to volume charges of competitive contract customers when those charges are established by contract, or to municipal or file district charges where those charges are established by agreement.
- (D) In calculating the QIP surcharge percentage, the utility will use annual prospective operation only if the Company's immediately preceding rate case utilized a future test year as defined in 83 Ill. Adm. Code 287. The utility will use quarterly historical operation based on QIP investment data for a prior three-month period only if the Company's immediately preceding rate case utilized something other than a future test year. The development of the QIP surcharge percentage, whether prospective operation or historic operation, shall be otherwise governed by the requirements of 83 Ill. Adm. Code 656.

1) Annual Prospective Operation

If the utility's QIP surcharge is based on annual prospective operation, the utility shall determine the QIP surcharge percentage for the operation year using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR}) + \text{NetDep} + (\text{R} \times 1.33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PAR}} \times 100\%$$

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

Where:

S% = QIP surcharge percentage

NetQIP = The average forecasted cost of the investment in QIP for the rate zone for the operation year less forecasted accumulated depreciation in QIP for the rate zone for the operation year. The average forecasted cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the operation year through December 31 of the operation year.

PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).

NetDep = Net depreciation expense related to the average investment in QIP for the rate zone for the operation year. Depreciation expense shall be calculated by multiplying the average forecasted cost of the investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. The average forecasted cost of the investment in QIP by plant account, net of retirements, shall be computed by using an average of 13 end-of-month balances of QIP by plant account and retirements for the period from December 31 of the year preceding the operation year through December 31 of the operation year.

R = Utility-determined reconciliation component (R component) calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December.

O = The Commission-ordered adjustment component (O component).

INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 1.00. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 1.33.
- PAR = The projection of total water or sewer QIP base rate revenues, as applicable, for the rate zone for the period from January 1 through December 31. The projected revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

2) **Quarterly Historical Operation**

If the utility's QIP surcharge is based on quarterly historical operation, the utility shall determine the QIP surcharge percentage for the quarter using the following formula:

$$S\% = \frac{(\text{NetQIP} \times \text{PTR} \times .25) + \text{NetQDep} + (\text{R} \times .33) + ((\text{O} + \text{INT}) \times \text{Om})}{\text{PQR}} \times 100\%$$

Where:

- S% = QIP surcharge percentage.
- NetQIP = Original cost of QIP less accumulated depreciation for the rate zone. NetQIP shall be the level of investment in QIP existing at the end of the calendar month preceding the month in which an information sheet is filed.
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- NetQDep = Net quarterly depreciation expense applicable to NetQIP less the quarterly depreciation applicable to plant being retired.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

- R = Utility-determined reconciliation component calculated for the reconciliation year under the reconciliation feature as described in 83 Ill. Adm. Code 656.80(d). The reconciliation component shall be collected over nine months from April through December. No reconciliation component amount shall be included for the January through March quarter.
- O = Commission-ordered adjustment component.
INT = The calculated interest attributable to the O component. This interest shall be calculated as described in 83 Ill. Adm. Code 656.80(i).
- Om = The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 0.25. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 0.33.
- PQR = Projected quarterly water or sewer QIP base rate revenues, as applicable, for the rate zone during the calendar quarter when the QIP surcharge percentage shall be in effect. The projected quarterly revenue shall not include any add-on taxes, any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or any other revenues not recorded in a QIP base rate revenues account.

3) **Annual Reconciliation**

- a) On or before March 15 of each year, if the utility had a QIP surcharge in effect for all or part of the immediately preceding calendar year, it shall submit to the Commission an annual reconciliation regarding the results for the previous reconciliation year. The annual reconciliation shall be verified by an officer of the utility. As required by this Section, the annual reconciliation shall include a calculation of the R component necessary to adjust revenue collected under the QIP surcharge rider in effect for the rate zone during the reconciliation year to an amount equivalent to the actual level of prudently-incurred QIP cost for the reconciliation year. In the event that the earnings report filed under this Section for the rate zone

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

shows that the utility's actual rate of return has exceeded the level authorized in the utility's last water or sewer general rate proceeding, as applicable, then the R component shall include the credit required by subsections (c) and (d). Any adjustment made through the R component shall be in effect for nine months commencing on the April 1 immediately following submittal of the annual reconciliation.

- b) With the annual reconciliation, the utility shall file a petition seeking initiation of the annual reconciliation hearings required by Section 9-220.2 of the Act. After the hearing, the Commission shall determine the amount of the adjustment, if any, that should be made (through the O component) to the level of revenue collected by operation of the QIP surcharge rider during the reconciliation year, so that the amount of such revenue is equal to the actual level of prudently-incurred QIP cost for the reconciliation year (to the extent that such adjustment has not already been reflected through an adjustment made by the utility to the R component of the QIP surcharge percentage).
- c) In the annual reconciliation, the utility shall include, for each rate zone in which a QIP surcharge has been in effect, data showing operating income and rate base for the reconciliation year, such data being developed in accordance with 83 Ill. Adm. Code 656.80(f)(4). If, for any such rate zone, the actual rate of return on rate base for the reconciliation year exceeds the overall rate of return allowed in the utility's last water or sewer general rate proceeding, revenues collected under the QIP surcharge rider shall be reflected as a credit through the R component of the QIP surcharge to the extent that such revenues contributed to the realization of a rate of return above the last approved level. A credit value for the R component will result in a reduction of the QIP surcharge percentage. To the extent, if any, that a required adjustment for a reconciliation year has not been already made by the utility (through the R component), the Commission shall require (through the O component) that such an adjustment be made after the annual reconciliation hearing.
- d) The utility shall calculate the R component using the following formula:

$$R = (\text{ActNetQIP} \times \text{PTR}) + \text{ActNetDep} - \text{QIPRev} + \text{Rpy} + \text{Opy} - \text{EEA}$$

Where:

R = Utility-determined reconciliation component.

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- ActNetQIP = The average actual cost of the investment in QIP for the rate zone for the reconciliation year less actual accumulated depreciation of QIP for the rate zone for the reconciliation year. The average actual cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the reconciliation year through December 31 of the reconciliation year. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetQIP shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- PTR = Pre-tax return as described in 83 Ill. Adm. Code 656.50(a)(1).
- ActNetDep = Actual net depreciation expense related to the average investment in QIP for the rate zone for the reconciliation year. Depreciation expense shall be calculated by multiplying the actual investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. (If the utility elects to base the QIP surcharge on quarterly historical operation, the amount of the ActNetDep shall be limited by the provisions of 83 Ill. Adm. Code 656.70(c).)
- QIPRev = Actual QIP revenues collected during the reconciliation year through the QIP surcharge.
- Rpy = The R component from the previous reconciliation year.
- Opy = The sum of the O component and the calculated interest attributable to the O component, or the sum of any O components and the calculated interest attributable to the O components, included in the calculation of the QIP surcharge percentage during the reconciliation year.

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QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER (cont'd)

EEA = Excess earnings amount calculated in accordance with 83 Ill. Adm. Code 656.80, subsections (a), (c), and (f)(4). There will only be an EEA when the utility's actual rate of return for the reconciliation year exceeds the overall rate of return authorized by the Commission in the utility's last water or sewer rate proceeding.

- e) Any adjustment made by Order of the Commission under subsection (b) or (c) shall be included in the O component and be in effect for either 12 months or nine months, beginning on the next January 1 (if 12 months) or April 1 (if nine months) following the Order of the Commission, or such other period as the Commission may direct in the Order requiring that an adjustment be made.

Issued: April 23, 2009

Effective: June 8, 2009

Issued by: Karla Olson Teasley
300 N. Water Works Drive
Belleville, Illinois 62223

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INFRASTRUCTURE SURCHARGE REVENUE SUMMARY

	2009	2010	2011	2012	2013
	Surcharge	Surcharge	Surcharge	Surcharge	Surcharge
	Revenues	Revenues	Revenues	Revenues	Revenues
<u>Summary by Category</u>					
Mains	186,416	762,242	1,254,593	1,786,751	2,285,611
Services	22,383	114,150	200,916	284,283	358,947
Meters	76,662	479,910	885,757	1,186,509	1,446,493
Meter Installations	0	0	0	0	0
Hydrants	26,068	138,842	277,144	418,835	560,786
Collecting Mains	61,544	304,755	547,641	801,849	1,086,169
Sewer Services	10,693	49,225	79,864	111,170	143,364
Non-STP Group QIP Surcharge	<u>383,766</u>	<u>1,849,123</u>	<u>3,245,916</u>	<u>4,589,396</u>	<u>5,881,371</u>
Billed Water Revenues (2009 - 2013 Plan)	<u>43,011,656</u>	<u>84,623,101</u>	<u>86,963,986</u>	<u>88,553,306</u>	<u>89,847,325</u>
QIP Surcharge Percentage As Calculated	<u>0.89%</u>	<u>2.19%</u>	<u>3.73%</u>	<u>5.18%</u>	<u>6.55%</u>
QIP Surcharge Percentage with Cap at 5%	<u>0.89%</u>	<u>2.19%</u>	<u>3.73%</u>	<u>5.00%</u>	<u>5.00%</u>

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QIP SURCHARGE CALCULATION FOR 2009

Depreciation Rates:	
Mains	1.58%
Services	5.57%
Meters	12.07%
Meter Installations	4.91%
Hydrants	3.91%
Collecting Sewers Force	2.59%
Collecting Mains	2.38%
Sewer Services	2.69%

Historical Retirement Ratio:	
Mains	3.80%
Services	5.43%
Meters	3.10%
Meter Installations	5.69%
Hydrants	7.61%
Collecting Sewers Force	1.32%
Collecting Mains	0.01%
Sewer Services	0.74%

PTR = ((WCCE+WCPE)*GRCF)+WCLTD+WCSTD	10.59%
Utility Determined Reconciliation Component (R)	\$0
Commission Ordered Adjustment Component (0)	\$0
Commission Ordered O Component Multiplier	0.00
Last Rate Order:	
Weighted Cost of Common Equity (WCCE)	4.53%
Weighted Cost of Preferred Equity (WCPE)	0.00%
Weighted Cost of Long-Term Debt (WCLTD)	3.14%
Weighted Cost of Short-Term Debt (WCSTD)	0.17%
Personal Property Tax Rate (PPRT)	0.00%
State Income Tax Rate (SIT)	4.27%
Federal Income Tax Rate (FIT)	35.00%
Gross Revenue Conversion Factor (GRCF): GRCF = 1/ (1-PPRT)(1-SIT)(1-FIT)	1.6071

	QIP Adds	QIP Rets	QIP Investment	QIP Rets	QIP Acc Depr	QIP Accum Depr	Net QIP	Net QIP x PTR	QIP Depr Exp	Total
MAINS Acct. 331										
Recurring Project QIP Revenues	1,037,928	(39,439)	998,489	39,439	(15,776)	23,663	1,022,152	108,246	15,776	124,022
Liberty West 4 Inch Main Replacement	194,782	(7,401)	187,381	7,401	(2,961)	4,441	191,821	20,314	2,961	23,275
Lombard - Install Main on Sunset	135,251	(5,139)	130,112	5,139	(2,056)	3,083	133,195	14,105	2,056	16,161
Liberty East Fire Flow Project	192,135	(7,301)	184,834	7,301	(2,920)	4,380	189,215	20,038	2,920	22,958
Non-STP Group QIP Revenues	1,560,096	(59,280)	1,500,816	59,280	(23,713)	35,567	1,536,383	162,703	23,713	186,416
SERVICES Acct. 333										
Recurring Project QIP Revenues	146,295	(7,946)	138,349	7,946	(7,706)	240	138,589	14,677	7,706	22,383
Non-STP Group QIP Revenues	146,295	(7,946)	138,349	7,946	(7,706)	240	138,589	14,677	7,706	22,383
METERS Acct. 334110										
Recurring Project QIP Revenues	364,230	(11,281)	352,949	11,281	(42,601)	(31,320)	321,629	34,061	42,601	76,662
Non-STP Group QIP Revenues	364,230	(11,281)	352,949	11,281	(42,601)	(31,320)	321,629	34,061	42,601	76,662
METER INSTALLATIONS Acct. 334200										
Recurring Project QIP Revenues	0	0	0	0	0	0	0	0	0	0
Non-STP Group QIP Revenues	0	0	0	0	0	0	0	0	0	0
HYDRANTS Acct. 335										
Recurring Project QIP Revenues	188,629	(14,355)	174,274	14,355	(6,814)	7,541	181,815	19,254	6,814	26,068
Non-STP Group QIP Revenues	188,629	(14,355)	174,274	14,355	(6,814)	7,541	181,815	19,254	6,814	26,068
COLLECTING MAINS Acct. 361100										
Recurring Project QIP Revenues	483,923	(56)	483,867	56	(11,516)	(11,460)	472,407	50,028	11,516	61,544
Non-STP Group QIP Revenues	483,923	(56)	483,867	56	(11,516)	(11,460)	472,407	50,028	11,516	61,544
SEWER SERVICES Acct. 363000										
Recurring Project QIP Revenues	82,401	(613)	81,788	613	(2,200)	(1,587)	80,201	8,493	2,200	10,693
Non-STP Group QIP Revenues	82,401	(613)	81,788	613	(2,200)	(1,587)	80,201	8,493	2,200	10,693

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QIP SURCHARGE CALCULATION FOR 2010

Depreciation Rates:	
Mains	1.58%
Services	5.57%
Meters	12.07%
Meter Installations	4.91%
Hydrants	3.91%
Collecting Sewers Force	2.59%
Collecting Mains	2.38%
Sewer Services	2.69%

Historical Retirement Ratio:	
Mains	3.80%
Services	5.43%
Meters	3.10%
Meter Installations	5.69%
Hydrants	7.61%
Collecting Sewers Force	1.32%
Collecting Mains	0.01%
Sewer Services	0.74%

PTR = ((WCCE+WCPE)*GRCF)+WCLTD+WCSTD	10.59%
Utility Determined Reconciliation Component (R)	\$0
Commission Ordered Adjustment Component (O)	\$0
Commission Ordered O Component Multiplier	0.00
Last Rate Order:	
Weighted Cost of Common Equity (WCCE)	4.53%
Weighted Cost of Preferred Equity (WCPE)	0.00%
Weighted Cost of Long-Term Debt (WCLTD)	3.14%
Weighted Cost of Short-Term Debt (WCSTD)	0.17%
Personal Property Tax Rate (PPRT)	0.00%
State Income Tax Rate (SIT)	4.27%
Federal Income Tax Rate (FIT)	35.00%
Gross Revenue Conversion Factor (GRCF): GRCF = 1/(1-PPRT)(1-SIT)(1-FIT)	1.6071

	QIP Adds	QIP Rets	QIP Investment	QIP Rets	QIP Acc Depr	QIP Accum Depr	Net QIP	Net QIP x PTR	QIP Depr Exp	Total
MAINS Acct. 331										
Recurring Project QIP Revenues	5,101,108	(193,829)	4,907,279	193,829	(93,311)	100,518	5,007,797	530,326	77,535	607,861
Liberty West 4 Inch Main Replacement	506,433	(19,243)	487,190	19,243	(10,858)	8,585	495,775	52,503	7,698	60,201
Lombard - Install Main on Sunset	293,043	(11,135)	281,908	11,135	(6,510)	4,625	286,533	30,344	4,454	34,798
Liberty East Fire Flow Project	499,550	(18,982)	480,568	18,982	(10,513)	8,468	489,037	51,789	7,593	59,382
Non-STP Group QIP Revenues	6,400,134	(243,189)	6,156,945	243,189	(120,993)	122,197	6,279,141	684,962	97,280	762,242
SERVICES Acct. 333										
Recurring Project QIP Revenues	751,434	(40,816)	710,618	40,816	(47,287)	(6,471)	704,147	74,569	39,581	114,150
Non-STP Group QIP Revenues	751,434	(40,816)	710,618	40,816	(47,287)	(6,471)	704,147	74,569	39,581	114,150
METERS Acct. 334110										
Recurring Project QIP Revenues	2,301,556	(71,287)	2,230,269	71,287	(311,794)	(240,508)	1,989,762	210,716	269,194	479,910
Non-STP Group QIP Revenues	2,301,556	(71,287)	2,230,269	71,287	(311,794)	(240,508)	1,989,762	210,716	269,194	479,910
METER INSTALLATIONS Acct. 334200										
Recurring Project QIP Revenues	0	0	0	0	0	0	0	0	0	0
Non-STP Group QIP Revenues	0	0	0	0	0	0	0	0	0	0
HYDRANTS Acct. 335										
Recurring Project QIP Revenues	1,009,875	(76,855)	933,020	76,855	(43,295)	33,560	966,580	102,361	36,481	138,842
Non-STP Group QIP Revenues	1,009,875	(76,855)	933,020	76,855	(43,295)	33,560	966,580	102,361	36,481	138,842
COLLECTING MAINS Acct. 361100										
Recurring Project QIP Revenues	2,411,162	(31,806)	2,379,356	31,806	(68,145)	(36,339)	2,343,017	248,126	56,629	304,755
Non-STP Group QIP Revenues	2,411,162	(31,806)	2,379,356	31,806	(68,145)	(36,339)	2,343,017	248,126	56,629	304,755
SEWER SERVICES Acct. 363000										
Recurring Project QIP Revenues	381,113	(2,837)	378,276	2,837	(12,376)	(9,539)	368,737	39,049	10,176	49,225
Non-STP Group QIP Revenues	381,113	(2,837)	378,276	2,837	(12,376)	(9,539)	368,737	39,049	10,176	49,225

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QIP SURCHARGE CALCULATION FOR 2011

Depreciation Rates:	
Mains	1.58%
Services	5.57%
Meters	12.07%
Meter Installations	4.91%
Hydrants	3.91%
Collecting Sewers Force	2.59%
Collecting Mains	2.38%
Sewer Services	2.69%

Historical Retirement Ratio:	
Mains	3.80%
Services	5.43%
Meters	3.10%
Meter Installations	5.69%
Hydrants	7.61%
Collecting Sewers Force	1.32%
Collecting Mains	0.01%
Sewer Services	0.74%

PTR = ((WCCE+WCPE)*GRCF)+WCLTD+WCSTD	10.59%
Utility Determined Reconciliation Component (R)	\$0
Commission Ordered Adjustment Component (0)	\$0
Commission Ordered O Component Multiplier	0.00
Last Rate Order:	
Weighted Cost of Common Equity (WCCE)	4.53%
Weighted Cost of Preferred Equity (WCPE)	0.00%
Weighted Cost of Long-Term Debt (WCLTD)	3.14%
Weighted Cost of Short-Term Debt (WCSTD)	0.17%
Personal Property Tax Rate (PPRT)	0.00%
State Income Tax Rate (SIT)	4.27%
Federal Income Tax Rate (FIT)	35.00%
Gross Revenue Conversion Factor (GRCF): GRCF = 1/(1-PPRT)(1-SIT)(1-FIT)	1.6071

	QIP Addds	QIP Rets	QIP Investment	QIP Rets	QIP Acc Depr	QIP Accum Depr	Net QIP	Net QIP x PTR	QIP Depr Exp	Total
MAINS Acct. 331										
Recurring Project QIP Revenues	9,307,769	(353,672)	8,954,097	353,672	(234,786)	118,886	9,072,983	960,830	141,475	1,102,305
Liberty West 4 Inch Main Replacement	506,433	(19,243)	487,190	19,243	(18,356)	887	488,077	51,687	7,698	59,385
Lombard - Install Main on Sunset	293,043	(11,135)	281,908	11,135	(10,964)	171	282,079	29,872	4,454	34,326
Liberty East Fire Flow Project	499,550	(18,982)	480,568	18,982	(18,106)	875	481,444	50,985	7,583	58,578
Non-STP Group QIP Revenues	10,606,795	(403,032)	10,203,763	403,032	(282,212)	120,820	10,324,583	1,093,374	161,219	1,254,593
SERVICES Acct. 333										
Recurring Project QIP Revenues	1,345,939	(73,108)	1,272,831	73,108	(118,184)	(45,076)	1,227,755	130,019	70,897	200,916
Non-STP Group QIP Revenues	1,345,939	(73,108)	1,272,831	73,108	(118,184)	(45,076)	1,227,755	130,019	70,897	200,916
METERS Acct. 334110										
Recurring Project QIP Revenues	4,365,241	(135,205)	4,230,036	135,205	(822,360)	(687,154)	3,542,881	375,192	510,565	885,757
Non-STP Group QIP Revenues	4,365,241	(135,205)	4,230,036	135,205	(822,360)	(687,154)	3,542,881	375,192	510,565	885,757
METER INSTALLATIONS Acct. 334200										
Recurring Project QIP Revenues	0	0	0	0	0	0	0	0	0	0
Non-STP Group QIP Revenues	0	0	0	0	0	0	0	0	0	0
HYDRANTS Acct. 335										
Recurring Project QIP Revenues	2,038,578	(155,143)	1,883,435	155,143	(116,937)	38,206	1,921,641	203,502	73,642	277,144
Non-STP Group QIP Revenues	2,038,578	(155,143)	1,883,435	155,143	(116,937)	38,206	1,921,641	203,502	73,642	277,144
COLLECTING MAINS Acct. 361100										
Recurring Project QIP Revenues	4,372,432	(57,677)	4,314,755	57,677	(170,836)	(113,159)	4,201,596	444,950	102,691	547,641
Non-STP Group QIP Revenues	4,372,432	(57,677)	4,314,755	57,677	(170,836)	(113,159)	4,201,596	444,950	102,691	547,641
SEWER SERVICES Acct. 363000										
Recurring Project QIP Revenues	625,512	(4,656)	620,856	4,656	(29,077)	(24,421)	596,435	63,163	16,701	79,864
Non-STP Group QIP Revenues	625,512	(4,656)	620,856	4,656	(29,077)	(24,421)	596,435	63,163	16,701	79,864

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QIP SURCHARGE CALCULATION FOR 2012

Depreciation Rates:	
Mains	1.58%
Services	5.57%
Meters	12.07%
Meter Installations	4.91%
Hydrants	3.91%
Collecting Sewers Force	2.59%
Collecting Mains	2.38%
Sewer Services	2.69%

Historical Retirement Ratio:	
Mains	3.80%
Services	5.43%
Meters	3.10%
Meter Installations	5.69%
Hydrants	7.61%
Collecting Sewers Force	1.32%
Collecting Mains	0.01%
Sewer Services	0.74%

PTR = ((WCCE+WCPE)*GRCF)+WCLTD+WCSTD	10.59%
Utility Determined Reconciliation Component (R)	\$0
Commission Ordered Adjustment Component (0)	\$0
Commission Ordered O Component Multiplier	0.00
Last Rate Order:	
Weighted Cost of Common Equity (WCCE)	4.53%
Weighted Cost of Preferred Equity (WCPE)	0.00%
Weighted Cost of Long-Term Debt (WCLTD)	3.14%
Weighted Cost of Short-Term Debt (WCSTD)	0.17%
Personal Property Tax Rate (PPRT)	0.00%
State Income Tax Rate (SIT)	4.27%
Federal Income Tax Rate (FIT)	35.00%
Gross Revenue Conversion Factor (GRCF): GRCF = 1/ (1-PPRT)(1-SIT)(1-FIT)	1.6071

	QIP Adds	QIP Rets	QIP Investment	QIP Rets	QIP Acc Depr	QIP Accum Depr	Net QIP	Net QIP x PTR	QIP Depr Exp	Total
MAINS Acct. 331										
Recurring Project QIP Revenues	13,904,204	(528,325)	13,375,879	528,325	(446,125)	82,201	13,458,079	1,425,213	211,339	1,636,552
Liberty West 4 Inch Main Replacement	506,433	(19,243)	487,190	19,243	(26,053)	(6,810)	480,380	50,872	7,698	58,570
Lombard - Install Main on Sunset	293,043	(11,135)	281,908	11,135	(15,418)	(4,283)	277,625	29,401	4,454	33,855
Liberty East Fire Flow Project	499,550	(18,982)	480,568	18,982	(25,699)	(6,718)	473,851	50,181	7,593	57,774
Non-STP Group QIP Revenues	15,203,230	(577,685)	14,625,545	577,685	(513,296)	64,389	14,689,934	1,555,687	231,084	1,786,751
SERVICES Acct. 333										
Recurring Project QIP Revenues	1,939,906	(105,371)	1,834,535	105,371	(220,368)	(114,997)	1,719,538	182,099	102,184	284,283
Non-STP Group QIP Revenues	1,939,906	(105,371)	1,834,535	105,371	(220,368)	(114,997)	1,719,538	182,099	102,184	284,283
METERS Acct. 334110										
Recurring Project QIP Revenues	6,051,048	(187,420)	5,863,628	187,420	(1,530,100)	(1,342,679)	4,520,948	478,769	707,740	1,186,509
Non-STP Group QIP Revenues	6,051,048	(187,420)	5,863,628	187,420	(1,530,100)	(1,342,679)	4,520,948	478,769	707,740	1,186,509
METER INSTALLATIONS Acct. 334200										
Recurring Project QIP Revenues	0	0	0	0	0	0	0	0	0	0
Non-STP Group QIP Revenues	0	0	0	0	0	0	0	0	0	0
HYDRANTS Acct. 335										
Recurring Project QIP Revenues	3,120,273	(237,464)	2,882,809	237,464	(229,655)	7,809	2,890,618	306,117	112,718	418,835
Non-STP Group QIP Revenues	3,120,273	(237,464)	2,882,809	237,464	(229,655)	7,809	2,890,618	306,117	112,718	418,835
COLLECTING MAINS Acct. 361100										
Recurring Project QIP Revenues	6,461,365	(85,232)	6,376,133	85,232	(322,588)	(237,356)	6,138,777	650,097	151,752	801,849
Non-STP Group QIP Revenues	6,461,365	(85,232)	6,376,133	85,232	(322,588)	(237,356)	6,138,777	650,097	151,752	801,849
SEWER SERVICES Acct. 363000										
Recurring Project QIP Revenues	880,377	(6,552)	873,825	6,552	(52,583)	(46,030)	827,794	87,664	23,506	111,170
Non-STP Group QIP Revenues	880,377	(6,552)	873,825	6,552	(52,583)	(46,030)	827,794	87,664	23,506	111,170

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QIP SURCHARGE CALCULATION FOR 2013

Depreciation Rates:	
Mains	1.58%
Services	5.57%
Meters	12.07%
Meter Installations	4.91%
Hydrants	3.91%
Collecting Sewers Force	2.59%
Collecting Mains	2.38%
Sewer Services	2.69%

Historical Retirement Ratio:	
Mains	3.80%
Services	5.43%
Meters	3.10%
Meter Installations	5.69%
Hydrants	7.61%
Collecting Sewers Force	1.32%
Collecting Mains	0.01%
Sewer Services	0.74%

PTR = ((WCCE+WCPE)*GRCF)+WCLTD+WCSTD	10.59%
Utility Determined Reconciliation Component (R)	\$0
Commission Ordered Adjustment Component (O)	\$0
Commission Ordered O Component Multiplier	0.00
Last Rate Order:	
Weighted Cost of Common Equity (WCCE)	4.53%
Weighted Cost of Preferred Equity (WCPE)	0.00%
Weighted Cost of Long-Term Debt (WCLTD)	3.14%
Weighted Cost of Short-Term Debt (WCSTD)	0.17%
Personal Property Tax Rate (PPRT)	0.00%
State Income Tax Rate (SIT)	4.27%
Federal Income Tax Rate (FIT)	35.00%
Gross Revenue Conversion Factor (GRCF): GRCF = 1/ (1-PPRT)(1-SIT)(1-FIT)	1.6071

	QIP Addrs	QIP Rets	QIP Investment	QIP Rets	QIP Acc Depr	QIP Accum Depr	Net QIP	Net QIP x PTR	QIP Depr Exp	Total
MAINS Acct. 331										
Recurring Project QIP Revenues	18,283,917	(694,744)	17,589,173	694,744	(724,034)	(29,290)	17,559,883	1,859,594	277,909	2,137,503
Liberty West 4 Inch Main Replacement	506,433	(19,243)	487,190	19,243	(33,751)	(14,508)	472,682	50,057	7,698	57,755
Lombard - Install Main on Sunset	293,043	(11,135)	281,908	11,135	(19,872)	(8,737)	273,171	28,929	4,454	33,383
Liberty East Fire Flow Project	499,550	(18,982)	480,568	18,982	(33,292)	(14,311)	466,258	49,377	7,593	56,970
Non-STP Group QIP Revenues	19,582,943	(744,103)	18,838,840	744,103	(810,949)	(66,846)	18,771,994	1,987,957	297,654	2,285,611
SERVICES Acct. 333										
Recurring Project QIP Revenues	2,498,644	(135,720)	2,362,924	135,720	(351,983)	(216,263)	2,146,661	227,332	131,615	358,947
Non-STP Group QIP Revenues	2,498,644	(135,720)	2,362,924	135,720	(351,983)	(216,263)	2,146,661	227,332	131,615	358,947
METERS Acct. 334110										
Recurring Project QIP Revenues	7,642,371	(236,709)	7,405,662	236,709	(2,423,963)	(2,187,254)	5,218,408	552,630	893,863	1,446,493
Non-STP Group QIP Revenues	7,642,371	(236,709)	7,405,662	236,709	(2,423,963)	(2,187,254)	5,218,408	552,630	893,863	1,446,493
METER INSTALLATIONS Acct. 334200										
Recurring Project QIP Revenues	0	0	0	0	0	0	0	0	0	0
Non-STP Group QIP Revenues	0	0	0	0	0	0	0	0	0	0
HYDRANTS Acct. 335										
Recurring Project QIP Revenues	4,233,804	(322,208)	3,911,596	322,208	(382,599)	(60,391)	3,851,205	407,843	152,943	560,786
Non-STP Group QIP Revenues	4,233,804	(322,208)	3,911,596	322,208	(382,599)	(60,391)	3,851,205	407,843	152,943	560,786
COLLECTING MAINS Acct. 361100										
Recurring Project QIP Revenues	8,828,526	(116,457)	8,712,069	116,457	(529,935)	(413,478)	8,298,591	878,822	207,347	1,086,169
Non-STP Group QIP Revenues	8,828,526	(116,457)	8,712,069	116,457	(529,935)	(413,478)	8,298,591	878,822	207,347	1,086,169
SEWER SERVICES Acct. 363000										
Recurring Project QIP Revenues	1,147,646	(8,542)	1,139,104	8,542	(83,225)	(74,683)	1,064,421	112,722	30,642	143,364
Non-STP Group QIP Revenues	1,147,646	(8,542)	1,139,104	8,542	(83,225)	(74,683)	1,064,421	112,722	30,642	143,364

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 ROBERT W. D.
 ILLINOIS COMMERCE COMMISSION
 CHIEF CLERK'S OFFICE

QIP SUMMARY ADDITIONS- 2009

	Accum QIP Dec-08	Accum QIP Jan-09	Accum QIP Feb-09	Accum QIP Mar-09	Accum QIP Apr-09	Accum QIP May-09	Accum QIP Jun-09	Accum QIP Jul-09	Accum QIP Aug-09	Accum QIP Sep-09	Accum QIP Oct-09	Accum QIP Nov-09	Accum QIP Dec-09	13 Month Average
<u>MAINS Acct. 331</u>														
Recurring Projects	0	0	0	0	0	0	0	620,941	1,328,641	2,059,901	2,786,295	3,231,815	3,465,467	1,037,928
Liberty West 4 Inch Main Replacement	0	0	0	0	0	0	0	0	506,433	506,433	506,433	506,433	506,433	194,782
Lombard - Install Main on Sunset	0	0	0	0	0	0	0	293,043	293,043	293,043	293,043	293,043	293,043	135,251
Liberty East Fire Flow Project	0	0	0	0	0	0	0	0	499,550	499,550	499,550	499,550	499,550	192,135
Non-STP Group QIP Additions	0	913,984	2,627,667	3,358,927	4,085,321	4,530,841	4,764,493	1,560,096						
<u>SERVICES Acct. 333</u>														
Recurring Projects	0	0	0	0	0	0	0	99,092	189,060	279,219	376,077	455,542	502,851	146,295
Non-STP Group QIP Additions	0	99,092	189,060	279,219	376,077	455,542	502,851	146,295						
<u>METERS Acct. 334110</u>														
Recurring Projects	0	0	0	0	0	0	0	219,241	494,544	711,573	925,517	1,123,508	1,260,611	364,230
Non-STP Group QIP Additions	0	219,241	494,544	711,573	925,517	1,123,508	1,260,611	364,230						
<u>METER INSTALLATIONS Acct. 334200</u>														
Recurring Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-STP Group QIP Additions	0	0												
<u>HYDRANTS Acct. 335</u>														
Recurring Projects	0	0	0	0	0	0	0	123,558	251,922	375,518	497,663	581,107	622,414	188,629
Non-STP Group QIP Additions	0	123,558	251,922	375,518	497,663	581,107	622,414	188,629						
<u>COLLECTING MAINS Acct. 336000</u>														
Recurring Projects	0	0	0	0	0	0	0	294,066	609,521	924,977	1,248,352	1,538,063	1,676,026	483,923
<u>SEWER SERVICES Acct. 33611000</u>														
Recurring Projects	0	0	0	0	0	0	0	58,000	116,000	162,398	208,796	251,410	274,608	82,401

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ILLINOIS COMMERCE COMMISSION
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QIP SUMMARY ADDITIONS- 2010

	Accum QIP Dec-09	Accum QIP Jan-10	Accum QIP Feb-10	Accum QIP Mar-10	Accum QIP Apr-10	Accum QIP May-10	Accum QIP Jun-10	Accum QIP Jul-10	Accum QIP Aug-10	Accum QIP Sep-10	Accum QIP Oct-10	Accum QIP Nov-10	Accum QIP Dec-10	13 Month Average
<u>MAINS Acct. 331</u>														
Recurring Projects	3,465,467	3,559,983	3,635,645	3,745,651	3,925,023	4,274,505	4,631,431	5,148,164	5,729,493	6,350,419	6,965,427	7,339,343	7,543,847	5,101,108
Liberty West 4 Inch Main Replacement	506,433	506,433	506,433	506,433	506,433	506,433	506,433	506,433	506,433	506,433	506,433	506,433	506,433	506,433
Lombard - Install Main on Sunset	293,043	293,043	293,043	293,043	293,043	293,043	293,043	293,043	293,043	293,043	293,043	293,043	293,043	293,043
Liberty East Fire Flow Project	499,550	499,550	499,550	499,550	499,550	499,550	499,550	499,550	499,550	499,550	499,550	499,550	499,550	499,550
Non-STP Group QIP Additions	4,764,493	4,859,009	4,934,671	5,044,677	5,224,049	5,573,531	5,930,457	6,447,190	7,028,519	7,649,445	8,264,453	8,638,369	8,842,873	6,400,134
<u>SERVICES Acct. 333</u>														
Recurring Projects	502,851	520,153	529,080	546,113	597,468	653,971	714,410	789,528	855,951	922,267	996,121	1,052,660	1,088,064	751,434
Non-STP Group QIP Additions	502,851	520,153	529,080	546,113	597,468	653,971	714,410	789,528	855,951	922,267	996,121	1,052,660	1,088,064	751,434
<u>METERS Acct. 334110</u>														
Recurring Projects	1,260,611	1,317,735	1,374,810	1,527,836	1,769,872	1,980,353	2,203,581	2,453,355	2,742,924	2,990,821	3,235,501	3,463,190	3,599,632	2,301,556
Non-STP Group QIP Additions	1,260,611	1,317,735	1,374,810	1,527,836	1,769,872	1,980,353	2,203,581	2,453,355	2,742,924	2,990,821	3,235,501	3,463,190	3,599,632	2,301,556
<u>METER INSTALLATIONS Acct. 334200</u>														
Recurring Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-STP Group QIP Additions	0	0												
<u>HYDRANTS Acct. 335</u>														
Recurring Projects	622,414	630,742	633,797	637,745	657,223	766,135	908,038	1,050,099	1,196,770	1,339,843	1,482,462	1,577,859	1,625,251	1,009,875
Non-STP Group QIP Additions	622,414	630,742	633,797	637,745	657,223	766,135	908,038	1,050,099	1,196,770	1,339,843	1,482,462	1,577,859	1,625,251	1,009,875
<u>COLLECTING MAINS Acct. 336000</u>														
Recurring Projects	1,676,026	1,704,834	1,725,500	1,782,990	1,872,525	2,035,925	2,204,935	2,433,451	2,694,731	2,956,011	3,212,088	3,459,008	3,587,085	2,411,162
<u>SEWER SERVICES Acct. 33611000</u>														
Recurring Projects	274,608	284,207	284,207	290,606	316,205	341,804	367,403	399,403	431,403	457,001	482,600	506,111	518,910	381,113

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