

REBUTTAL TESTIMONY

of

DANIEL KAHLE

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Illinois-American Water Company

Proposed general increase in water and sewer rates

Docket No. 09-0319

November 13, 2009

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1 **Witness Identification**

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

3 A. My name is Daniel G. Kahle. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. Have you previously filed testimony in this proceeding? ?**

6 A. Yes, my direct testimony was filed as Staff Ex. 1.0 on September 28,
7 2009.

8 **Purpose of Rebuttal Testimony**

9 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

10 A. The purpose of my rebuttal testimony is to:

- 11 1. Present Staff's adjusted Operating Statements and Rate Base for
12 Illinois-American Water Company ("Company" or "IAWC");
- 13 2. Respond to the rebuttal testimony of the Company's witnesses
14 Rich Kerckhove (Co. Ex. 6.00 R1) and Tyler T. Bernsen (Co. Ex.
15 7.00 R1) relating to my proposed adjustments to utility plant-in-
16 service with related adjustments to depreciation expense,
17 accumulated depreciation, and accumulated deferred federal and
18 state income taxes, cash working capital ("CWC"), deferred
19 charges, advertising expense, lobbying activities;
- 20 3. Respond to adjustments to utility plant-in-service, CWC and
21 lobbying expense proposed by AG/Joint Municipalities witness
22 Ralph C. Smith; and

23 4. Respond to adjustments to CWC proposed by Illinois Industrial
24 Water Consumers ("IIWC") witness Michael P. Gorman.

25 **Schedule Identification**

26 **Q. Are you sponsoring any schedules as part of Staff Ex. 8.0?**

27 A. Yes, I prepared the following schedules for the Company, which show
28 data as of, or for the test year ended, December 31, 2010:

29 **REVENUE REQUIREMENT SCHEDULES**

30 Schedule 8.1 – Statement of Operating Income with Adjustments

31 Schedule 8.2 – Adjustments to Operating Income

32 Schedule 8.3 – Rate Base

33 Schedule 8.4 – Adjustments to Rate Base

34 Schedule 8.5 – Interest Synchronization Adjustment

35 Schedule 8.6 – Gross Revenue Conversion Factor

36 **ADJUSTMENT SCHEDULE**

37 Schedule 8.7 – Cash Working Capital Adjustment

38 **Q. Please explain the purpose of the letters that follow the schedule**
39 **numbers.**

40 A. The Company filed for rate changes for several different rate areas. The
41 letters that follow the schedule numbers identify the respective rate areas
42 as follow:

43 Total – Total Company

44 Z1 – Zone 1

45 CMW – Chicago Metro Water

46 CMS – Chicago Metro Sewer
47 P – Pekin
48 L – Lincoln

49 Thus, Schedule 1.1-Z1 provides information for the Champaign, Sterling,
50 Southern, Peoria, Streator, Pontiac and South Beloit rate areas. The rate
51 area designation is a part of each schedule number to ease identification
52 of which rate areas are affected by specific adjustments.

53 **Revenue Requirement Schedules**

54 **Q. Please describe Schedule 8.1 for each rate area, Statement of**
55 **Operating Income with Adjustments.**

56 A. The description of Schedule 8.01 is the same as for Schedule 1.1, which
57 is described in my direct testimony, except that Schedule 8.1 incorporates
58 the Company's rebuttal positions described in Co. Ex. 6.01 R1 FR and
59 Staff's rebuttal positions. Page 2 of Schedule 8.01 shows the Company's
60 direct position with Staff adjustments adopted by the Company and the
61 Company's rebuttal adjustments. In cases where the Company partially
62 adopted a Staff adjustment, the entire Staff adjustment is presented with
63 the Company's offsetting adjustment.

64 **Q. Please describe Schedule 8.2 for each rate area, Adjustments to**
65 **Operating Income.**

66 A. This schedule identifies Staff's adjustment to Operating Income. The
67 source of each adjustment is shown in the heading of each column.
68 Column (i) is carried forward to Staff Ex. 8.0, Schedule 8.1, Column (c).

69 **Q. Please describe Schedule 8.3 for each rate area, Rate Base.**

70 A. The description of Schedule 8.3 is the same as for Schedule 1.3 which is
71 described in my direct testimony, except that Schedule 8.3 incorporates
72 the Company's and Staff's rebuttal positions. Page 2 of Schedule 8.03
73 shows the Company's direct position with Staff adjustments adopted by
74 the Company and the Company's rebuttal adjustments. In cases where
75 the Company partially adopted a Staff adjustment, the entire Staff
76 adjustment is presented with the Company's offsetting adjustment.

77 **Q. Please describe Schedule 8.4 for each rate area, Adjustments to Rate**
78 **Base.**

79 A. Schedule 8.4 identifies Staff's adjustments to rate base. The source of
80 each adjustment is shown in the heading of each column. Column (i) is
81 carried forward to Staff Ex. 8.0, Schedule 8.3, Column (c).

82 **Interest Synchronization**

83 **Q. Please explain Schedule 8.5 for each rate area, Interest**
84 **Synchronization Adjustment.**

85 A. Schedule 8.5 uses the same concept as Staff Ex. 1.0, Schedule 1.5. The

86 theory is discussed at page 6 of my direct testimony.

87 **Gross Revenue Conversion Factor**

88 **Q. Please describe Schedule 8.6 for each rate area, Gross Revenue**
89 **Conversion Factor.**

90 A. Schedule 8.6 uses the same concept as Staff Ex. 1.0, Schedule 1.6. The
91 theory is discussed at page 6 of my direct testimony.

92 **Uncontested Issues**

93 **Q. Please identify the recommendations or issues contained or**
94 **identified in your direct testimony that are not contested by the**
95 **Company.**

96 A. The rebuttal testimony of Rich Kerckhove (Co. Ex. 6.00 R1) indicates that
97 the Company is in agreement with my adjustment of the lead days for
98 chemical expenses and waste disposal expenses as used in the CWC
99 calculation. While Mr. Kerckhove did not take issue with my proposed
100 adjustment to CWC, he stated that he believed the cash working capital
101 calculation should reflect the values in the accounts included within the
102 working capital calculation that are included in the revenue requirement
103 provided in the Final Order in this proceeding. I agree with that statement.

104 Mr. Kerckhove also indicated that the Company accepted my proposed
105 adjustments to utility plant-in-service with related adjustments to

106 depreciation expense, accumulated depreciation, and accumulated
107 deferred federal and state income taxes and to deferred charges;
108 however, with modifications. For both areas, Mr. Kerckhove performed a
109 more in-depth study than I performed for my adjustment; therefore, our
110 results differ. I accept Mr. Kerckhove's results. Mr. Kerckhove's results
111 are included in the Company's beginning rebuttal position numbers in
112 Column (b) of Staff Schedules 8.1 (Operating Statement) and 8.3 (Rate
113 Base).

114 **Q. Are there any other staff adjustments that are not contested by the**
115 **Company?**

116 A. Yes. The following adjustments were accepted by the Company in Mr.
117 Bernsen's rebuttal testimony (Co. Ex. 7.00 R1) and are therefore included
118 in the Company's beginning rebuttal position numbers in Column (b) of
119 Staff Schedules 8.1 (Operating Statement) and 8.3 (Rate Base).

- 120 1. Schedule 1.10 – Advertising Expense Adjustment
- 121 2. Schedule 1.11 – Lobbying Activities Adjustment

122 **Q. Did the Company accept any adjustments from Intervener direct**
123 **testimony?**

124 A. Yes. Mr. Kerckhove indicated the Company agreed with several of
125 Attorney General and Joint Municipality Witness Mr. Ralph Smith's
126 adjustments to CWC (IAWC Ex. 6.00 R2, lines 142 – 170 and 209 - 212)

127 and to Mr. Smith's adjustment to lobbying expense (IAWC Ex. 7.00 R2,
128 lines 20 - 35). The Company also adopted a lesser general inflation factor
129 in its response to Mr. Smith (IAWC Ex. 6.00 R2, lines 221 - 244).
130 Intervener adjustments accepted by the Company are included in the
131 Company's beginning rebuttal position numbers in Column (b) of Staff
132 Schedules 8.1 (Operating Statement) and 8.3 (Rate Base).

133 **Utility Plant-in-Service**

134 **Q. Did you review Mr. Smith's recommendation for an adjustment for**
135 **Utility Plant-in-Service?**

136 A. Yes. To the extent that I concur with Mr. Smith's recommendations, the
137 issues have been addressed in the Company's rebuttal testimony (IAWC
138 Ex. 6.00 R 1) and included in the Company's beginning rebuttal position
139 numbers in Column (b) of Staff Schedules 8.1 (Operating Statement) and
140 8.3 (Rate Base).

141 **Lobbying Activities**

142 **Q. Did you review Mr. Smith's recommendation for an adjustment for**
143 **lobbying activities?**

144 A. Yes. I concur with Mr. Smith's recommendation which was accepted by
145 the Company (IAWC Ex. 7.00 R2, lines 20 - 35). This adjustment is
146 included in the Company's beginning rebuttal position numbers in Column

147 (b) of Staff Schedule 8.1 (Operating Statement).

148 **Cash Working Capital Adjustment**

149 **Q. Did you review Mr. Smith's recommendations for adjustment of**
150 **CWC?**

151 A. Yes. For the adjustments accepted to by the Company (IAWC Ex. 6.00
152 R2, lines 142 – 170 and 209 - 212), I also concur.

153 **Q. Did you review recommendations for adjustment of CWC made by**
154 **both Mr. Smith and Mr. Gorman?**

155 A. Yes. I also agree with recommendations made by both Mr. Smith and Mr.
156 Gorman and have modified my proposed CWC adjustment:

157 1. To add a payment factor to the expense lead for transactions
158 between the Company and its affiliate American Water Works
159 Service Company (AWWS) (AG/Joint Municipalities Ex. 1.0, lines
160 604 – 608; IIWC Ex. 1.0, lines 1464 - 1478); and

161 2. To reduce the collection factor of revenue lag to terms defined in
162 the Commission's rules (AG/Joint Municipalities Ex. 1.0, lines 599 –
163 603; IIWC Ex. 1.0, lines 1418 - 1443).

164 **Expense Lead for Transactions between the Company and AWWS**

165 **Q. What was your reasoning for concurrence with the recommendation**
166 **to add a payment factor to the expense lead for transactions**
167 **between the Company and AWWS?**

168 A. I found the rationale put forth by Mr. Smith and Mr. Gorman to be logical

169 and reasonable. I agree that the addition of a payment factor is
170 consistent with payments to other vendors of the Company. Mr. Gorman
171 recommended adding a payment factor of 15 days to expense leads for
172 transactions between the Company and AWWS. Unless the Company
173 provides an alternative analysis, I agree that Mr. Gorman's 15 day
174 addition to expense leads is reasonable.

175 **Q. Do you have any comments on the Company's rebuttal of Mr. Smith's**
176 **and Mr. Gorman's recommendation regarding an adjustment for**
177 **prepaying costs from AWWS?**

178 A. Yes. Mr. Kerckhove points out that his calculations are consistent with the
179 agreement between AWWS and the Company ("Service Agreement")
180 requiring prepayment of each month's service company costs (IAWC Ex.
181 6.00 R2, lines 199 – 208 and 345 - 347). The Service Agreement,
182 however, should not dictate rate making policy. I would ask that, in its
183 surrebuttal testimony, the Company:

- 184 1. Explain how its practice of prepaying its affiliate benefits
185 ratepayers.
- 186 2. Explain why prepaying costs is a prudent business practice.
- 187 3. Provide a list of all vendors that were prepaid during 2008 including
188 a description of the goods and services received.
- 189 4. Provide a schedule of all prepayments made during 2008.
- 190 5. Provide a calculation of CWC with and without a payment factor of
191 15 days added to the expense lead for transactions between the

192 Company and AWWWS.

193 **Q. Do you have a recommendation regarding the Company's practice of**
194 **prepaying costs from AWWWS?**

195 **A.** If the Commission has concerns about the prepayment terms that the
196 Company pays AWWWS for services under the Service Agreement
197 requiring prepayment of each month's service company costs, I
198 recommend that the Commission reopen Docket No. 04-0595 to
199 reconsider the terms of the agreement which require prepayment of each
200 month's service company costs.

201 Collection factor of revenue lag to terms defined in the Commission's rules

202 **Q. What was your reasoning for concurrence with the recommendation**
203 **to reduce the collection factor of revenue lag to terms defined in the**
204 **Commission's rules?**

205 **A.** I agree with Mr. Gorman's reasoning that, since the Company has the
206 right to charge late fees to customers who do not pay their bills within the
207 timeframes specified in the Commission's rules, the Company's revenue
208 lag should be limited to the Company's bill payment terms. For late
209 payments, the Company is collecting a late fee and earning a return on
210 the revenue lag which is in excess of the timeframes specified in the
211 Commission's rules; resulting in the Company being double compensated

212 for late payments.

213 **Q. Do you have any comments on the Company's rebuttal of Mr. Smith's**
214 **and Mr. Gorman's recommendation regarding limiting the collection**
215 **factor of revenue lag to terms defined in the Commission's rules?**

216 A. Yes. Mr. Kerckhove points out that the Company is required to waive
217 one late charge per customer per year (IAWC Ex. 6.00 R2, lines 275 –
218 279). Revenue lag, however, applies to all twelve months of the year. It
219 is the Company's obligation to determine if late fees have been set at an
220 appropriate amount. One cannot assume that the Commission's rule
221 requiring Companies waive one late fee per year means that cost of that
222 waiver was meant to be passed on to ratepayers.

223 **Q. Please explain Schedule 8.7 for each rate area, Cash Working Capital**
224 **Adjustment**

225 A. Schedule 8.7 presents my proposed adjustments to CWC to limit revenue
226 lag days to the timeframes specified in the Commission's rules. No
227 adjustment was made to the Lincoln service area since the Company's
228 adjustment of Lincoln's revenue lag for the impact of moving Lincoln from
229 bi-monthly billing to monthly billing compensated for the potential
230 adjustment.

231

232 **Conclusion**

233 **Q. Does this question end your prepared direct testimony?**

234 A. Yes.

Illinois-American Water Company
Total Company
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule C-2 Second Revised)	Adjustments Accepted				Company Rebuttal Adjustments						Interest Synchronization		Company Rebuttal Case Pro Forma Adjusted (Co. Ex. 6.01 R1)				
			Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9)	Advertising Expense (Staff Ex. 1.0 Sch. 1.10)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.11)	Utility Plant-in-Service (IAWC Ex. 6.02 R1 FR)	Deferred Charges (IAWC Ex. 6.02 R1 FR)	Miscellaneous Expense - Inflation (IAWC Ex. 6.02 R1 FR)	Lobbying Adjustment (IAWC Ex. 6.02 R1 FR)	Chemicals Expense (IAWC Ex. 6.02 R1 FR)	Invested Capital Tax (IAWC Ex. 6.02 R1 FR)	Deferred Income Taxes (IAWC Ex. 6.02 R1 FR)	Staff Direct (Staff Ex. 1.0 Sch. 1.5)		Company Rebuttal (IAWC Ex. 6.02 R1 FR)			
			(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)		(o)	(p)		
1	Tariff Revenue	\$ 175,960,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175,960,149
2	Other Revenue	3,630,209	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,630,209
3	Total Operating Revenue	179,590,358	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	179,590,358
4	Uncollectible Accounts Expense	2,247,844	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,247,844
5	Labor	24,471,164	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,471,164
6	Fuel & Power	8,839,819	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,839,819
7	Chemicals	8,388,265	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,388,265
8	Waste Disposal	1,493,390	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,493,390
9	Management Fees	21,136,057	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,136,057
10	Group Insurance	6,683,717	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,683,717
11	Pensions	4,200,614	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,200,614
12	Regulatory Expense	1,340,547	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,340,547
13	Insurance - other	3,721,452	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,721,452
14	Customer Accounting	2,610,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,610,745
15	Rents	1,183,927	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,183,927
16	General Office Expense	2,384,290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,384,290
17	Maintenance - other	8,779,800	-	128,978	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,779,800
18	Miscellaneous	9,773,270	-	-	(101,211)	(16,322)	-	-	-	-	-	-	-	-	-	-	-	-	9,773,270
19	Depreciation & Amortization	39,728,882	(282,118)	-	-	-	(15,321)	-	-	(104,368)	(678)	-	-	-	-	-	-	-	39,728,882
20	Taxes other than Income	12,650,583	-	-	-	-	-	-	-	-	-	-	(8,003)	-	-	-	-	-	12,650,583
21	Total Operating Expense																		
22	Before Income Taxes	159,634,366	(282,118)	128,978	(101,211)	(16,322)	(15,321)	(170,164)	(104,368)	(678)	(830,854)	(8,003)	-	-	-	-	-	-	158,234,304
23	State Income Tax	37,000	11,586	(5,298)	4,157	670	629	6,989	4,286	28	34,122	328	-	65,644	(4,892)	-	-	-	37,000
24	Federal Income Tax	2,523,000	94,685	(43,288)	33,969	5,478	5,142	57,111	35,029	228	278,856	2,686	-	536,452	(39,990)	-	-	-	2,523,000
25	Deferred Taxes and ITCs Net	(2,905,049)	-	-	-	-	-	-	-	-	-	-	50,195	-	-	-	-	-	(2,905,049)
26	Total Operating Expenses	159,289,317	(175,847)	80,392	(63,085)	(10,174)	(9,550)	(106,064)	(65,053)	(422)	(517,876)	(4,989)	50,195	602,096	(44,882)	-	-	-	159,024,057
27	NET OPERATING INCOME	\$ 20,301,041	\$ 175,847	\$ (80,392)	\$ 63,085	\$ 10,174	\$ 9,550	\$ 106,064	\$ 65,053	\$ 422	\$ 517,876	\$ 4,989	\$ (50,195)	\$ (602,096)	\$ 44,882	\$ -	\$ -	\$ -	\$ 20,566,301

Illinois-American Water Company
Total Company
Adjustments to Operating Income
 For the Test Year Ending December 31, 2010

		Sum of schedules for: Zone 1 "Z1", Chicago Metro Water "CMW", Chicago Metro Sewer "CMS", Pekin "P" & Lincoln "L"							
Line No.	Description	Interest Synchronization (Staff Ex. 8.0 Sch. 8.5)	Utility Plant-in-Service (Staff Ex. 8.0 Sch. 8.7)	Deferred Charges (Staff Ex. 8.0 Sch. 8.9)	Advertising Expense (Staff Ex. 8.0 Sch. 8.10)	Lobbying Adjustment (Staff Ex. 8.0 Sch. 8.11)	Rate Case Expense (Staff Ex. 9.0 Sch. 9.1)	Insurance Expense (Staff Ex. 9.0 Sch. 9.2)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts Expense	-	-	-	-	-	-	-	-
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	-	-
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Management Fees	-	-	-	-	-	-	-	-
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	-	-	-	-	(62,000)	-	(62,000)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	-	-	-	-	-	-
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	-	-	-	-	(62,000)	-	(62,000)
23	State Income Tax	18,831	-	-	-	-	2,545	-	21,376
24	Federal Income Tax	153,895	-	-	-	-	20,810	-	174,705
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	172,726	-	-	-	-	(38,645)	-	134,081
27	NET OPERATING INCOME	\$ (172,726)	\$ -	\$ -	\$ -	\$ -	\$ 38,645	\$ -	\$ (134,081)

Illinois-American Water Company
Total Company
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Rebuttal Case Pro Forma Present Adjusted (Sch. 8.03, p. 2)	Staff Adjustments (Staff Ex. 8.0 Sch 8.4-Total)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant in Service	\$ 1,224,750,066	\$ -	\$ 1,224,750,066
2	Less: Accumulated Depreciation	(425,875,448)	-	(425,875,448)
3	Net Utility Plant in Service	798,874,618	-	798,874,618
4	Construction Work in Progress	\$ -	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	154,534	-	154,534
6	Additions to Rate Base			
7	Cash Working Capital	4,689,000	(6,465,054)	(1,776,054)
8	Materials & Supplies	3,002,240	-	3,002,240
9	Deferred Charges - Tank Painting	10,228,877	-	10,228,877
10	FAS 109 Reg. Asset-Net of Liability	(99,840)	-	(99,840)
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15	Deductions From Rate Base			
16	Customer Advances	(80,966,272)	-	(80,966,272)
17	Pension Liability	(3,772,986)	-	(3,772,986)
18	OPEB Liability	(2,165,869)	-	(2,165,869)
19	Contributions in Aid of Construction	(138,948,076)	-	(138,948,076)
20	Accum. Depr. On CIAC	57,677,723	-	57,677,723
21	Budget Payment Plan	(11,623)	-	(11,623)
22	Deferred Federal Income Taxes	(34,751,610)	-	(34,751,610)
23	Deferred State Income Taxes	(1,205,401)	-	(1,205,401)
24	Investment Tax Credit - pre 1971	(3,715)	-	(3,715)
25	Rate Base	<u>\$ 612,701,601</u>	<u>\$ (6,465,054)</u>	<u>\$ 606,236,547</u>

Illinois-American Water Company
Total Company
Rate Base
For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule B-1 Second Revised)	Adjustments Accepted			Company Rebuttal Adjustments (IAWC Ex. 6.04 R1 FR)	Company Rebuttal Case Pro Forma Adjusted (IAWC Ex. 6.03 R1 FR)
			Cash Working Capital (Staff Ex. 1.0 Sch. 1.8-Z1)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-Z1)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-Z1)		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gross Utility Plant in Service	\$ 1,231,619,757	\$ -	\$ (8,693,913)	\$ -	\$ 1,824,222	\$ 1,224,750,066
2	Less: Accumulated Depreciation	(425,289,109)	-	1,227,338	-	(1,813,677)	(425,875,448)
3	Net Utility Plant in Service	806,330,648	-	(7,466,575)	-	10,545	798,874,618
4	Construction Work in Progress	\$ -	-	-	-	-	\$ -
5	Utility Plant Acquisition Adj. - DuPage	154,534	-	-	-	-	154,534
6	Additions to Rate Base						
7	Cash Working Capital	5,648,000	(976,525)	-	-	17,525	4,689,000
8	Materials & Supplies	3,002,240	-	-	-	-	3,002,240
9	Deferred Charges - Tank Painting	10,843,277	-	-	(189,081)	(425,319)	10,228,877
10	FAS 109 Reg. Asset-Net of Liability	(99,811)	-	-	-	(29)	(99,840)
11		-	-	-	-	-	-
12		-	-	-	-	-	-
13		-	-	-	-	-	-
14		-	-	-	-	-	-
15	Deductions From Rate Base						
16	Customer Advances	(81,851,047)	-	-	-	884,775	(80,966,272)
17	Pension Liability	(3,772,986)	-	-	-	-	(3,772,986)
18	OPEB Liability	(2,165,869)	-	-	-	-	(2,165,869)
19	Contributions in Aid of Construction	(138,948,076)	-	-	-	-	(138,948,076)
20	Accum. Depr. On CIAC	57,677,723	-	-	-	-	57,677,723
21	Budget Payment Plan	(11,623)	-	-	-	-	(11,623)
22	Deferred Federal Income Taxes	(34,894,063)	-	(246,454)	45,142	343,766	(34,751,610)
23	Deferred State Income Taxes	(1,213,151)	-	(8,569)	5,298	11,021	(1,205,401)
24	Investment Tax Credit - pre 1971	(3,715)	-	-	-	-	(3,715)
25	Rate Base	\$ 620,696,081	\$ (976,525)	\$ (7,721,598)	\$ (138,642)	\$ 842,284	\$ 612,701,601

**Illinois-American Water Company
 Zone 1
 Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2010**

Line No.	Description	Company Pro Forma Present (Company Schedule C-2 Second Revised)	Adjustments Accepted				Company Rebuttal Adjustments						Interest Synchronization		Company Rebuttal Case Pro Forma Adjusted (Co. Ex. 6.01 R1)	
			Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-Z1)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-Z1)	Advertising Expense (Staff Ex. 1.0 Sch. 1.10-Z1)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.11-Z1)	Utility Plant-in-Service (IAWC Ex. 6.02 R1 FR)	Deferred Charges (IAWC Ex. 6.02 R1 FR)	Miscellaneous Expense - Inflation (IAWC Ex. 6.02 R1 FR)	Lobbying Adjustment (IAWC Ex. 6.02 R1 FR)	Chemicals Expense (IAWC Ex. 6.02 R1 FR)	Invested Capital Tax (IAWC Ex. 6.02 R1 FR)	Deferred Income Taxes (IAWC Ex. 6.02 R1 FR)	Staff Direct (Staff Ex. 1.0 Sch. 1.5-Z1)		Company Rebuttal (IAWC Ex. 6.02 R1 FR)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Tariff Revenue	\$ 130,691,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,691,510
2	Other Revenue	2,142,198	-	-	-	-	-	-	-	-	-	-	-	-	-	2,142,198
3	Total Operating Revenue	132,833,708	-	-	-	-	-	-	-	-	-	-	-	-	-	132,833,708
4	Uncollectible Accounts Expense	1,476,241	-	-	-	-	-	-	-	-	-	-	-	-	-	1,476,241
5	Labor	18,434,289	-	-	-	-	-	-	-	-	-	-	-	-	-	18,434,289
6	Fuel & Power	7,079,807	-	-	-	-	-	-	-	-	-	-	-	-	-	7,079,807
7	Chemicals	8,053,697	-	-	-	-	-	-	-	(684,913)	-	-	-	-	-	7,368,784
8	Waste Disposal	996,132	-	-	-	-	-	-	-	-	-	-	-	-	-	996,132
9	Management Fees	16,304,347	-	-	-	-	-	-	-	-	-	-	-	-	-	16,304,347
10	Group Insurance	5,103,169	-	-	-	-	-	-	-	-	-	-	-	-	-	5,103,169
11	Pensions	3,235,530	-	-	-	-	-	-	-	-	-	-	-	-	-	3,235,530
12	Regulatory Expense	1,034,099	-	-	-	-	-	-	-	-	-	-	-	-	-	1,034,099
13	Insurance - other	2,871,701	-	-	-	-	-	-	-	-	-	-	-	-	-	2,871,701
14	Customer Accounting	2,050,444	-	-	-	-	-	-	-	-	-	-	-	-	-	2,050,444
15	Rents	603,659	-	-	-	-	-	-	-	-	-	-	-	-	-	603,659
16	General Office Expense	1,516,790	-	-	-	-	-	-	-	-	-	-	-	-	-	1,516,790
17	Maintenance - other	5,848,791	-	83,024	-	-	-	(96,972)	-	-	-	-	-	-	-	5,834,843
18	Miscellaneous	6,896,193	-	-	(88,110)	(11,489)	-	(79,518)	(1,511)	-	-	-	-	-	-	6,715,565
19	Depreciation & Amortization	28,059,962	(211,129)	-	-	-	12,674	-	-	-	-	-	-	-	-	27,861,507
20	Taxes other than Income	9,738,523	-	-	-	-	-	-	-	-	-	(6,172)	-	-	-	9,732,351
21	Total Operating Expense															
22	Before Income Taxes	119,303,374	(211,129)	83,024	(88,110)	(11,489)	12,674	(96,972)	(79,518)	(1,511)	(684,913)	(6,172)	-	-	-	118,219,258
23	State Income Tax	8,000	8,671	(3,410)	3,619	472	(521)	3,983	3,266	62	28,129	253	-	45,274	910	98,708
24	Federal Income Tax	1,770,000	70,860	(27,865)	29,572	3,856	(4,254)	(27,865)	29,572	507	229,875	2,071	-	369,984	7,433	2,511,273
25	Deferred Taxes and ITCs Net	(2,240,952)	-	-	-	-	-	-	-	-	-	38,719	-	-	-	(2,202,233)
26	Total Operating Expenses	118,840,422	(131,598)	51,749	(54,919)	(7,161)	7,899	(60,443)	(49,564)	(942)	(426,909)	(3,848)	38,719	415,258	8,343	118,627,006
27	NET OPERATING INCOME	\$ 13,993,286	\$ 131,598	\$ (51,749)	\$ 54,919	\$ 7,161	\$ (7,899)	\$ 60,443	\$ 49,564	\$ 942	\$ 426,909	\$ 3,848	\$ (38,719)	\$ (415,258)	\$ (8,343)	\$ 14,206,702

Illinois-American Water Company
Zone 1
Adjustments to Operating Income
 For the Test Year Ending December 31, 2010

Line No.	Description	COMPANY ACCEPTED							Total Operating Statement Adjustments
		Interest Synchronization (Staff Ex. 8.0 Sch. 8.5-Z1)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-Z1)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-Z1)	Advertising Expense (Staff Ex. 1.0 Sch. 1.10-Z1)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.11-Z1)	Rate Case Expense (Staff Ex. 9.0 Sch. 9.1)	Insurance Expense (Staff Ex. 9.0 Sch. 2.2)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts Expense	-	-	-	-	-	-	-	-
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	-	-
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Management Fees	-	-	-	-	-	-	-	-
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	-	-	-	-	(48,000)	-	(48,000)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	-	-	-	-	-	-
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	-	-	-	-	(48,000)	-	(48,000)
23	State Income Tax	8,185	-	-	-	-	1,971	-	10,156
24	Federal Income Tax	66,890	-	-	-	-	16,110	-	83,000
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	75,075	-	-	-	-	(29,919)	-	45,156
27	NET OPERATING INCOME	\$ (75,075)	\$ -	\$ -	\$ -	\$ -	\$ 29,919	\$ -	\$ (45,156)

Illinois-American Water Company
Zone 1
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Rebuttal Case Pro Forma Present Adjusted (Sch. 8.03, p. 2)	Staff Adjustments (Staff Ex. 8.0 Sch 8.4-Z1)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant in Service	\$ 819,265,902	\$ -	\$ 819,265,902
2	Less: Accumulated Depreciation	(279,262,964)	-	(279,262,964)
3	Net Utility Plant in Service	540,002,938	-	540,002,938
4	Construction Work in Progress	\$ -	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-
6	Additions to Rate Base			
7	Cash Working Capital	2,396,000	(3,193,738)	(797,738)
8	Materials & Supplies	2,670,964	-	2,670,964
9	Deferred Charges - Tank Painting	7,006,640	-	7,006,640
10	FAS 109 Reg. Asset-Net of Liability	(77,017)	-	(77,017)
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15	Deductions From Rate Base			
16	Customer Advances	(52,061,456)	-	(52,061,456)
17	Pension Liability	(2,904,726)	-	(2,904,726)
18	OPEB Liability	(1,670,750)	-	(1,670,750)
19	Contributions in Aid of Construction	(45,880,407)	-	(45,880,407)
20	Accum. Depr. On CIAC	15,757,468	-	15,757,468
21	Budget Payment Plan	(11,623)	-	(11,623)
22	Deferred Federal Income Taxes	(23,099,400)	-	(23,099,400)
23	Deferred State Income Taxes	(801,230)	-	(801,230)
24	Investment Tax Credit - pre 1971	(2,865)	-	(2,865)
25	Rate Base	<u>\$ 441,324,536</u>	<u>\$ (3,193,738)</u>	<u>\$ 438,130,798</u>

Illinois-American Water Company
Zone 1
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule B-1 Second Revised)	Adjustments Accepted			Company Rebuttal Adjustments (IAWC Ex. 6.04 R1 FR)	Company Rebuttal Case Pro Forma Adjusted (IAWC Ex. 6.03 R1 FR)
			Cash Working Capital (Staff Ex. 1.0 Sch. 1.8-Z1)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-Z1)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-Z1)		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gross Utility Plant in Service	\$ 824,183,969	\$ -	\$ (6,221,871)	\$ -	\$ 1,303,804	\$ 819,265,902
2	Less: Accumulated Depreciation	(278,876,572)	-	2,105,275	-	(2,491,667)	(279,262,964)
3	Net Utility Plant in Service	545,307,397	-	(4,116,596)	-	(1,187,863)	540,002,938
4	Construction Work in Progress	\$ -	-	-	-	-	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-	-	-
6	Additions to Rate Base						
7	Cash Working Capital	3,190,000	(733,194)	-	-	(60,806)	2,396,000
8	Materials & Supplies	2,670,964	-	-	-	-	2,670,964
9	Deferred Charges - Tank Painting	7,217,794	-	-	(121,713)	(89,441)	7,006,640
10	FAS 109 Reg. Asset-Net of Liability	(76,994)	-	-	-	(23)	(77,017)
11		-	-	-	-	-	-
12		-	-	-	-	-	-
13		-	-	-	-	-	-
14		-	-	-	-	-	-
15	Deductions From Rate Base						
16	Customer Advances	(52,606,885)	-	-	-	545,429	(52,061,456)
17	Pension Liability	(2,904,726)	-	-	-	-	(2,904,726)
18	OPEB Liability	(1,670,750)	-	-	-	-	(1,670,750)
19	Contributions in Aid of Construction	(45,880,407)	-	-	-	-	(45,880,407)
20	Accum. Depr. On CIAC	15,757,468	-	-	-	-	15,757,468
21	Budget Payment Plan	(11,623)	-	-	-	-	(11,623)
22	Deferred Federal Income Taxes	(23,590,457)	-	(178,087)	29,058	640,086	(23,099,400)
23	Deferred State Income Taxes	(820,162)	-	(6,192)	3,410	21,714	(801,230)
24	Investment Tax Credit - pre 1971	(2,865)	-	-	-	-	(2,865)
25	Rate Base	\$ 446,578,754	\$ (733,194)	\$ (4,300,875)	\$ (89,245)	\$ (130,904)	\$ 441,324,536

Illinois-American Water Company
Zone 1
Adjustments to Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	COMPANY ACCEPTED				Total Rate Base Adjustments			
		Cash Working Capital (Staff Ex. 1.0 Sch. 8.7-Z1)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-Z1)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-Z1)	(Source)	(Source)	(Source)	(Source)	(i)
	(a)	(b)	(c)	(e)	(f)	(f)	(g)	(h)	(i)
1	Gross Utility Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Less: Accumulated Depreciation	-	-	-	-	-	-	-	-
3	Net Utility Plant in Service	-	-	-	-	-	-	-	-
4	Construction Work in Progress	-	-	-	-	-	-	-	-
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-	-	-	-	-
6	Additions to Rate Base								
7	Cash Working Capital	(3,193,738)	-	-	-	-	-	-	(3,193,738)
8	Materials & Supplies	-	-	-	-	-	-	-	-
9	Deferred Charges - Tank Painting	-	-	-	-	-	-	-	-
10	FAS 109 Reg. Asset-Net of Liability	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Deductions From Rate Base								
16	Customer Advances	-	-	-	-	-	-	-	-
17	Pension Liability	-	-	-	-	-	-	-	-
18	OPEB Liability	-	-	-	-	-	-	-	-
19	Contributions in Aid of Construction	-	-	-	-	-	-	-	-
20	Accum. Depr. On CIAC	-	-	-	-	-	-	-	-
21	Budget Payment Plan	-	-	-	-	-	-	-	-
22	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
23	Deferred State Income Taxes	-	-	-	-	-	-	-	-
24	Investment Tax Credit - pre 1971	-	-	-	-	-	-	-	-
25	Rate Base	<u>\$ (3,193,738)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,193,738)</u>

Illinois-American Water Company
Zone 1
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2010

Line No.	Description (a)	Amount (b)
1	Gross Utility Plant in Service	\$ 438,130,798 (1)
2	Weighted Cost of Debt	3.20% (2)
3	Synchronized Interest Per Staff	14,011,352
4	Company Interest Expense	<u>14,210,650</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(199,298)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 4.107%	<u>\$ 8,185</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 66,890</u>

(1) Source: ICC Staff Ex. 8.0, Schedule 8.3-Z1 Column (d)
 (2) Source: ICC Staff Exhibit 10.0, Schedule 10.1
 (3) Source: Company Rebuttal Schedule - IAWC Ex. 6.05 R1

Illinois-American Water Company
Zone 1
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2010

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.2000%	<u>0.012000</u>	
3	State Taxable Income		0.988000	1.000000
4	State Income Tax	4.1070%	<u>0.040577</u>	<u>0.041070</u>
5	Federal Taxable Income		0.947423	0.958930
6	Federal Income Tax	35.0000%	<u>0.331598</u>	<u>0.335626</u>
7	Operating Income		<u>0.615825</u>	<u>0.623304</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.623838</u>	<u>1.604354</u>

Illinois-American Water Company
Zone 1
Cash Working Capital Adjustment
 For the Test Year Ending December 31, 2010

Line No.	Item	Amount ⁽¹⁾	Average Daily Amount (C)/365	Expense (Lead)/Lag ⁽²⁾	Cash Requirement (D)*(E)	Source
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenue	\$ 168,970,443				Staff Ex. 8.0, Sch. 8.7-Z1, page 2, line 3
2	Return on Equity	(22,117,263)				Staff Ex. 8.0, Sch. 8.7-Z1, page 2, line 19
3	Non-cash OPEB expenses	-				
4	Uncollectible Accounts	(1,904,378)				
5	Total Depr/Amortization	(29,643,792)				Staff Ex. 8.0, Sch. 8.7-Z1, page 2, line 13
6						
7	Net Revenues	\$ 115,305,010	\$ 315,904	36.02	\$ 11,377,437	Staff Ex. 8.0, Sch. 8.7-Z1, page 3, line 22
8						
9	Labor	\$ 18,434,289	50,505	(12.00)	(606,061)	
10	Fuel and Power	7,079,807	19,397	(26.98)	(523,390)	
11	Chemicals	7,368,784	20,188	(27.37)	(552,607)	Co. Sch. C-2.9, line 9
12	Purchased Water	439,952	1,205	(7.84)	(9,447)	
13	Waste Disposal	996,132	2,729	(28.74)	(78,432)	
14	Service Company Charges	16,304,347	44,669	3.11	138,795	
15	Group Insurance	5,103,169	13,981	7.42	103,692	
16	OPEB's	-	-	-	-	
17	Pensions	3,235,530	8,864	(8.00)	(70,916)	Co. WPB-8.I
18	Insurance Other than Group	2,871,701	7,868	0.00	-	
19	Customer Accounting	2,050,444	5,618	(33.36)	(187,424)	
20	Rents	603,659	1,654	8.00	13,223	Co. WPB-8.o
21	General Office	1,516,790	4,156	(17.01)	(70,696)	
22	Maintenance	5,038,657	13,805	(24.53)	(338,688)	Staff Ex. 8.0, Sch. 8.7-Z1, page 2, line 16
23	Miscellaneous	6,715,565	18,399	(16.82)	(309,509)	
24						
25	Total O&M Expenses	\$ 77,758,826			(2,491,459)	
26						
27	General Taxes	9,732,351	26,664	(151.81)	(4,047,796)	
28	Federal Income Tax - Current	14,424,988	39,521	(52.32)	(2,067,808)	
29	State Income Tax - Current	1,556,587	4,265	(52.31)	(223,069)	
30	Deferred Income Taxes	(2,202,233)	(6,034)	-	-	
31	Interest Expense	14,011,352	38,387	(87.14)	(3,345,042)	Staff Ex. 8.0, Sch. 8.5-Z1, line 3
32						
33	Subtotal Other Expenses	\$ 37,523,045			(9,683,715)	
34						
35	Total Cash Working Capital Requirement				\$ (797,738)	Line 7 + Line 25 + Line 33
36						
37	Cash Working Capital per Staff	\$ (797,738)				Line 35
38	Cash Working Capital per Company	2,396,000				IAWC Ex. 6.12 R1
39						
40	Staff Proposed adjustment	\$ (3,193,738)				

Source:

(1) Staff Ex. 8.0, Sch. 8.1-Z1, except where noted.

(2) Co. Schedule B-8 First Revised, page 2, Cash Requirement/Average Daily Expense, except where noted.

Illinois-American Water Company
Zone 1
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No.	Item	Amount	Source
(A)	(B)	(C)	(D)
1	Total operating revenue	\$ 168,511,617	Staff Ex. 8.0, Sch. 8.1-Z1, line 3, column (i)
2	Surcharge revenue	458,826	Co. Sch. C-2.9, line 1
3	Total revenue	<u>\$ 168,970,443</u>	Line 1 + Line 2
4	Chemical expense CWC per Co.	\$ (527,596)	IAWC Ex. 6.12 R1
5	Avg. daily chemical expense per Co.	20,408	IAWC Ex. 6.12 R1
6	Chemical expense lead days per Co.	(25.85)	Line 4 / Line 5
7		-	
8	Service period midpoint	(1.52)	DGK-5.03
9	Chemical expense lead days per Staff	<u>(27.37)</u>	Sum of lines 6 through 8
10	Depr/amortization per Income Statement	\$ 27,861,507	Staff Ex. 8.0, Sch. 8.1-Z1, line 19, column (i)
11	Amortization of rate case expense	986,099	Staff Ex. 8.0, Sch. 8.1-Z1, line 12, column (i)
12	Reclassify amortization of tank painting	796,186	IAWC E. 6.14 R1
13	Total depr/amortization for CWC	<u>\$ 29,643,792</u>	Sum of lines 10 through 12
14	Maintenance-other per Income Statement	\$ 5,834,843	Staff Ex. 8.0, Sch. 8.1-Z1, line 17, column (i)
15	Reclassify amortization of tank painting	796,186	Line 12
16	Total Maintenance-other for CWC	<u>\$ 5,038,657</u>	Line 14 - Line 15
17	Total Rate Base	\$ 438,130,798	Staff Ex. 8.0, Sch. 8.1-Z1, line 29, column (i)
18	Weighted Cost of Capital	5.0481%	Staff Ex. 10.0, Sch. 10.1
19	Return on equity deduction from revenue	<u>\$ 22,117,263</u>	Line 17 * Line 18

Illinois-American Water Company
Zone 1
 Cash Working Capital Adjustment
 For the Test Year Ending December 31, 2010

Line No. (A)	Item (B)	Collection Lag Days (C)	Amount (D)	Source (E)
1	Residential Present Rates Revenue		\$ 163,521,945	Co. Sch. A-3, line 1
2	Total Present Rates Revenue		\$ 261,878,652	Co. Sch. A-3, line 8
3	Residential Present Rates Revenue Percent of Total		62%	Line 1 / Line 2
4	Remaining Present Rates Revenue Percent of Total		38%	100% - Line 3
5	Residential Due Date	21		ICC Part 280, Section 280.90
6	Non-Residential Due Date	14		ICC Part 280, Section 280.90
7	Weighted Residential Due Date	13.11		Line 3 * Line 5
8	Weighted Non-Residential Due Date	5.26		Line 4 * Line 6
9	Sum Weighted Due Dates	<u>18.37</u>		Line 7 + Line 8
10	Champaign	30.62		Co. WP DGK 1.02 Lead-Lag Study.xls
11	Alton	25.30		Co. WP DGK 1.02 Lead-Lag Study.xls
12	Streator	25.36		Co. WP DGK 1.02 Lead-Lag Study.xls
13	Cairo	34.71		Co. WP DGK 1.02 Lead-Lag Study.xls
14	Sterling	26.05		Co. WP DGK 1.02 Lead-Lag Study.xls
15	Interurban	28.10		Co. WP DGK 1.02 Lead-Lag Study.xls
16	Pontiac	29.47		Co. WP DGK 1.02 Lead-Lag Study.xls
17	Peoria	28.14		Co. WP DGK 1.02 Lead-Lag Study.xls
18	S. Beloit	<u>29.37</u>		Co. WP DGK 1.02 Lead-Lag Study.xls
19	Average Collection Lag	<u>28.57</u>		Average Lines 10 through 18
20	Collection Lag Days Greater than Rule	(10.20)		Line 9 - Line 19
21	Revenue Lag Days per Company	46.21		IAWC Ex. 6.12 R1
22	Revenue Lag Days per Staff	<u>36.02</u>		Line 20 + Line 21

Illinois-American Water Company
 Chicago Metro - Water
 Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule C-2 Second Revised)	Adjustments Accepted				Company Rebuttal Adjustments						Interest Synchronization		Company Rebuttal Case Pro Forma Adjusted (Co. Ex. 6.01 R1)			
			Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.5-CMW)	Deferred Charges (Staff Ex. 1.0 Sch. 1.7-CMW)	Advertising Expense (Staff Ex. 1.0 Sch. 1.9-CMW)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.10-CMW)	Utility Plant-in-Service (IAWC Ex. 6.02 R1 FR)	Deferred Charges (IAWC Ex. 6.02 R1 FR)	Miscellaneous Expense - Inflation (IAWC Ex. 6.02 R1 FR)	Lobbying Adjustment (IAWC Ex. 6.02 R1 FR)	Chemicals Expense (IAWC Ex. 6.02 R1 FR)	Invested Capital Tax (IAWC Ex. 6.02 R1 FR)	Deferred Income Taxes (IAWC Ex. 6.02 R1 FR)	Staff Direct (Staff Ex. 1.0 Sch. 1.5-CMW)		Company Rebuttal (IAWC Ex. 6.02 R1 FR)		
			(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)		(o)	(p)	
1	Tariff Revenue	\$ 25,950,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,950,448
2	Other Revenue	859,679	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	859,679
3	Total Operating Revenue	26,810,127	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,810,127
4	Uncollectible Accounts Expense	546,529	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	546,529
5	Labor	4,014,995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,014,995
6	Fuel & Power	310,974	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310,974
7	Chemicals	118,594	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,594
8	Waste Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Management Fees	3,342,187	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,342,187
10	Group Insurance	1,086,785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,086,785
11	Pensions	647,841	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	647,841
12	Regulatory Expense	124,787	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124,787
13	Insurance - other	345,493	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	345,493
14	Customer Accounting	372,221	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	372,221
15	Rents	554,394	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	554,394
16	General Office Expense	509,813	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	509,813
17	Maintenance - other	2,164,203	-	36,133	-	-	-	-	-	-	-	-	-	-	-	-	-	2,143,921
18	Miscellaneous	1,615,323	-	-	(9,733)	(2,709)	-	-	(14,799)	709	-	-	-	-	-	-	-	1,588,791
19	Depreciation & Amortization	6,340,980	(43,381)	-	-	-	(32,822)	-	-	-	-	-	-	-	-	-	-	6,264,777
20	Taxes other than Income	1,730,103	-	-	-	-	-	-	-	-	-	(745)	-	-	-	-	-	1,729,358
21	Total Operating Expense																	
22	Before Income Taxes	23,825,222	(43,381)	36,133	(9,733)	(2,709)	(32,822)	(56,415)	(14,799)	709	(90,268)	(745)	-	-	-	-	-	23,611,192
23	State Income Tax	(16,000)	1,782	(1,484)	400	111	1,348	2,317	608	(29)	3,707	31	-	12,285	(423)	-	-	4,653
24	Federal Income Tax	73,000	14,560	(12,127)	3,267	909	11,016	18,934	4,967	(238)	30,296	250	-	100,393	(3,457)	-	-	241,770
25	Deferred Taxes and ITCs Net	(270,423)	-	-	-	-	-	-	-	-	-	4,673	-	-	-	-	-	(265,750)
26	Total Operating Expenses	23,611,799	(27,039)	22,522	(6,066)	(1,689)	(20,458)	(35,164)	(9,224)	442	(56,265)	(464)	4,673	112,678	(3,880)	-	-	23,591,865
27	NET OPERATING INCOME	\$ 3,198,328	\$ 131,598	\$ (51,749)	\$ 54,919	\$ 7,161	\$ (7,899)	\$ 60,443	\$ 49,564	\$ 942	\$ 426,909	\$ 3,848	\$ (38,719)	\$ (415,258)	\$ (8,343)	\$ -	\$ -	\$ 3,218,262

Illinois-American Water Company
Chicago Metro - Water
Adjustments to Operating Income
 For the Test Year Ending December 31, 2010

COMPANY ACCEPTED

Line No.	Description	Interest Synchronization	Utility Plant-in-Service	Deferred Charges	Advertising Expense	Lobbying Adjustment	Rate Case Expense	Insurance Expense	Total Operating Statement Adjustments
		(Staff Ex. 8.0 Sch. 8.5-CMW)	(Staff Ex. 1.0 Sch. 1.7-CMW)	(Staff Ex. 1.0 Sch. 1.9-CMW)	(Staff Ex. 1.0 Sch. 1.10-CMW)	(Staff Ex. 1.0 Sch. 1.11-CMW)	(Staff Ex. 9.0 Sch. 9.1)	(Staff Ex. 9.0 Sch. 2.2)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts Expense	-	-	-	-	-	-	-	-
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	-	-
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Management Fees	-	-	-	-	-	-	-	-
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	-	-	-	-	(6,000)	-	(6,000)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	-	-	-	-	-	-
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	-	-	-	-	(6,000)	-	(6,000)
23	State Income Tax	3,661	-	-	-	-	246	-	3,907
24	Federal Income Tax	29,918	-	-	-	-	2,014	-	31,932
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	33,579	-	-	-	-	(3,740)	-	29,839
27	NET OPERATING INCOME	\$ (33,579)	\$ -	\$ -	\$ -	\$ -	\$ 3,740	\$ -	\$ (29,839)

Illinois-American Water Company
Chicago Metro - Water
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Rebuttal Case Pro Forma Present Adjusted (Sch. 8.03, p. 2)	Staff Adjustments (Staff Ex. 8.0 Sch 8.4-CMW)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant in Service	\$ 220,089,836	\$ -	\$ 220,089,836
2	Less: Accumulated Depreciation	<u>(74,355,599)</u>	<u>-</u>	<u>(74,355,599)</u>
3	Net Utility Plant in Service	145,734,237	-	145,734,237
4	Construction Work in Progress	\$ -	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	90,972	-	90,972
6	Additions to Rate Base			
7	Cash Working Capital	1,861,000	(2,099,266)	(238,266)
8	Materials & Supplies	152,706	-	152,706
9	Deferred Charges - Tank Painting	2,658,010	-	2,658,010
10	FAS 109 Reg. Asset-Net of Liability	(9,294)	-	(9,294)
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15	Deductions From Rate Base			
16	Customer Advances	(25,046,981)	-	(25,046,981)
17	Pension Liability	(584,102)	-	(584,102)
18	OPEB Liability	(201,614)	-	(201,614)
19	Contributions in Aid of Construction	(31,943,442)	-	(31,943,442)
20	Accum. Depr. On CIAC	13,873,964	-	13,873,964
21	Budget Payment Plan	-	-	-
22	Deferred Federal Income Taxes	(6,407,451)	-	(6,407,451)
23	Deferred State Income Taxes	(222,250)	-	(222,250)
24	Investment Tax Credit - pre 1971	<u>(346)</u>	<u>-</u>	<u>(346)</u>
25	Rate Base	<u>\$ 99,955,409</u>	<u>\$ (2,099,266)</u>	<u>\$ 97,856,143</u>

Illinois-American Water Company
Chicago Metro - Water
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule B-1 Second Revised)	Adjustments Accepted			Company Rebuttal Adjustments (IAWC Ex. 6.04 R1 FR)	Company Rebuttal Case Pro Forma Adjusted (IAWC Ex. 6.03 R1 FR)
			Cash Working Capital (Staff Ex. 1.0 Sch. 1.8-CMW)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-CMW)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-CMW)		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gross Utility Plant in Service	\$ 221,356,977	\$ -	\$ (1,527,506)	\$ -	\$ 260,365	\$ 220,089,836
2	Less: Accumulated Depreciation	(74,223,216)	-	(512,188)	-	379,805	(74,355,599)
3	Net Utility Plant in Service	147,133,761	-	(2,039,694)	-	640,170	145,734,237
4	Construction Work in Progress	\$ -	-	-	-	-	\$ -
5	Utility Plant Acquisition Adj. - DuPage	90,972	-	-	-	-	90,972
6	Additions to Rate Base						
7	Cash Working Capital	1,919,000	(144,784)	-	-	86,784	1,861,000
8	Materials & Supplies	152,706	-	-	-	-	152,706
9	Deferred Charges - Tank Painting	2,956,061	-	-	(52,971)	(245,080)	2,658,010
10	FAS 109 Reg. Asset-Net of Liability	(9,291)	-	-	-	(3)	(9,294)
11		-	-	-	-	-	-
12		-	-	-	-	-	-
13		-	-	-	-	-	-
14		-	-	-	-	-	-
15	Deductions From Rate Base						
16	Customer Advances	(25,367,209)	-	-	-	320,228	(25,046,981)
17	Pension Liability	(584,102)	-	-	-	-	(584,102)
18	OPEB Liability	(201,614)	-	-	-	-	(201,614)
19	Contributions in Aid of Construction	(31,943,442)	-	-	-	-	(31,943,442)
20	Accum. Depr. On CIAC	13,873,964	-	-	-	-	13,873,964
21	Budget Payment Plan	-	-	-	-	-	-
22	Deferred Federal Income Taxes	(6,034,262)	-	(41,640)	12,647	(344,195)	(6,407,451)
23	Deferred State Income Taxes	(209,791)	-	(1,448)	1,484	(12,495)	(222,250)
24	Investment Tax Credit - pre 1971	(346)	-	-	-	-	(346)
25	Rate Base	\$ 101,776,407	\$ (144,784)	\$ (2,082,782)	\$ (38,841)	\$ 445,409	\$ 99,955,409

Illinois-American Water Company
Chicago Metro - Water
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2010

Line No.	Description (a)	Amount (b)
1	Gross Utility Plant in Service	\$ 97,856,143 (1)
2	Weighted Cost of Debt	3.20% (2)
3	Synchronized Interest Per Staff	3,129,424
4	Company Interest Expense	<u>3,218,564</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(89,140)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 4.107%	<u>\$ 3,661</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 29,918</u>

(1) Source: ICC Staff Ex. 8.0, Schedule 8.3-CMW, Column (d)
 (2) Source: ICC Staff Exhibit 10.0, Schedule 10.1
 (3) Source: Company Rebuttal Schedule - IAWC Ex. 6.05 R1

Illinois-American Water Company
 Chicago Metro - Water
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2010

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.2000%	<u>0.012000</u>	
3	State Taxable Income		0.988000	1.000000
4	State Income Tax	4.1070%	<u>0.040577</u>	<u>0.041070</u>
5	Federal Taxable Income		0.947423	0.958930
6	Federal Income Tax	35.0000%	<u>0.331598</u>	<u>0.335626</u>
7	Operating Income		<u>0.615825</u>	<u>0.623304</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.623838</u>	<u>1.604354</u>

Illinois-American Water Company
Chicago Metro - Water
Cash Working Capital Adjustment
 For the Test Year Ending December 31, 2010

Line No.	Item	Amount ⁽¹⁾	Average Daily Amount (C)/365	Expense (Lead)/Lag ⁽²⁾	Cash Requirement (D)*(E)	Source
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenue	\$ 35,196,244				Staff Ex. 8.0, Sch. 8.7-CMW, page 2, line 3
2	Return on Equity	(4,939,872)				Staff Ex. 8.0, Sch. 8.7-CMW, page 2, line 19
3	Non-cash OPEB expenses	-				
4	Uncollectible Accounts	(641,656)				
5	Total Depr/Amortization	(6,608,875)				Staff Ex. 8.0, Sch. 8.7-CMW, page 2, line 13
6						
7	Net Revenues	\$ 23,005,841	\$ 63,030	32.83	\$ 2,069,540	Staff Ex. 8.0, Sch. 8.7-CMW, page 3, line 13
8						
9	Labor	\$ 4,014,995	11,000	(12.00)	(132,000)	
10	Fuel and Power	310,974	852	(26.98)	(22,989)	
11	Chemicals	28,326	78	(27.37)	(2,124)	Co. Sch. C-2.9, line 9
12	Purchased Water	439,952	1,205	(7.84)	(9,447)	
13	Waste Disposal	-	-	(28.74)	-	
14	Service Company Charges	3,342,187	9,157	3.11	28,451	
15	Group Insurance	1,086,785	2,977	7.42	22,082	
16	OPEB's	-	-	-	-	
17	Pensions	647,841	1,775	(8.00)	(14,199)	Co. WPB-8.I
18	Insurance Other than Group	345,493	947	0.00	-	
19	Customer Accounting	372,221	1,020	(33.36)	(34,023)	
20	Rents	554,394	1,519	8.00	12,144	Co. WPB-8.o
21	General Office	509,813	1,397	(17.01)	(23,762)	
22	Maintenance	1,918,610	5,256	(24.53)	(128,965)	Staff Ex. 8.0, Sch. 8.7-CMW, page 2, line 16
23	Miscellaneous	1,588,791	4,353	(16.82)	(73,225)	
24						
25	Total O&M Expenses	\$ 15,160,382			(378,057)	
26						
27	General Taxes	1,729,358	4,738	(151.81)	(719,260)	
28	Federal Income Tax - Current	2,902,375	7,952	(52.32)	(416,053)	
29	State Income Tax - Current	330,225	905	(52.31)	(47,323)	
30	Deferred Income Taxes	(265,750)	(728)	-	-	
31	Interest Expense	3,129,424	8,574	(87.14)	(747,112)	Staff Ex. 8.0, Sch. 8.5-CMW, line 3
32						
33	Subtotal Other Expenses	\$ 7,825,632			(1,929,748)	
34						
35	Total Cash Working Capital Requirement				\$ (238,266)	Line 7 + Line 25 + Line 33
36						
37	Cash Working Capital per Staff	\$ (238,266)				Line 35
38	Cash Working Capital per Company	1,861,000				IAWC Ex. 6.12 R1
39						
40	Staff Proposed adjustment	\$ (2,099,266)				

Source:

- (1) Staff Ex. 8.0, Sch. 8.1-CMW, except where noted.
- (2) Co. Schedule B-8 First Revised, page 2, Cash Requirement/Average Daily Expense, except where noted.

Illinois-American Water Company
Chicago Metro - Water
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No.	Item	Amount	Source
(A)	(B)	(C)	(D)
1	Total operating revenue	\$ 34,737,418	Staff Ex. 8.0, Sch. 8.1-CMW, line 3, column (i)
2	Surcharge revenue	458,826	Co. Sch. C-2.9, line 1
3	Total revenue	<u>\$ 35,196,244</u>	Line 1 + Line 2
4	Chemical expense CWC per Co.	\$ (527,596)	IAWC Ex. 6.12 R1, p. 1
5	Avg. daily chemical expense per Co.	20,408	IAWC Ex. 6.12 R1, p. 1
6	Chemical expense lead days per Co.	(25.85)	Line 4 / Line 5
7		-	
8	Service period midpoint	(1.52)	DGK-5.03
9	Chemical expense lead days per Staff	<u>(27.37)</u>	Sum of lines 6 through 8
10	Depr/amortization per Income Statement	\$ 6,264,777	Staff Ex. 8.0, Sch. 8.1-CMW, line 19, column (i)
11	Amortization of rate case expense	118,787	Staff Ex. 8.0, Sch. 8.1-CMW, line 12, column (i)
12	Reclassify amortization of tank painting	225,311	IAWC E. 6.14 R1
13	Total depr/amortization for CWC	<u>\$ 6,608,875</u>	Sum of lines 10 through 12
14	Maintenance-other per Income Statement	\$ 2,143,921	Staff Ex. 8.0, Sch. 8.1-CMW, line 17, column (i)
15	Reclassify amortization of tank painting	225,311	Line 12
16	Total Maintenance-other for CWC	<u>\$ 1,918,610</u>	Line 14 - Line 15
17	Total Rate Base	\$ 97,856,143	Staff Ex. 8.0, Sch. 8.1-CMW, line 29, column (i)
18	Weighted Cost of Capital	5.0481%	Staff Ex. 10.0, Sch. 10.1
19	Return on equity deduction from revenue	<u>\$ 4,939,872</u>	Line 17 * Line 18

Illinois-American Water Company
Chicago Metro - Water
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No. (A)	Item (B)	Collection Lag Days (C)	Amount (D)	Source (E)
1	Residential Present Rates Revenue		\$ 163,521,945	Co. Sch. A-3, line 1
2	Total Present Rates Revenue		\$ 261,878,652	Co. Sch. A-3, line 8
3	Residential Present Rates Revenue Percent of Total		62%	Line 1 / Line 2
4	Remaining Present Rates Revenue Percent of Total		38%	100% - Line 3
5	Residential Due Date	21		ICC Part 280, Section 280.90
6	Non-Residential Due Date	14		ICC Part 280, Section 280.90
7	Weighted Residential Due Date	13.11		Line 3 * Line 5
8	Weighted Non-Residential Due Date	5.26		Line 4 * Line 6
9	Sum Weighted Due Dates	<u>18.37</u>		Line 7 + Line 8
10	Collection Lag	31.75		Co. WP DGK 1.02 Lead-Lag Study.xls
11	Collection Lag Days Greater than Rule	<u>(13.38)</u>		Line 9 - Line 10
12	Revenue Lag Days per Company	46.21		IAWC Ex. 6.12 R1
13	Revenue Lag Days per Staff	<u><u>32.83</u></u>		Line 11 + Line 12

Illinois-American Water Company
Chicago Metro - Sewer
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule C-2 Second Revised)	Adjustments Accepted				Company Rebuttal Adjustments						Interest Synchronization		Company Rebuttal Case Pro Forma Adjusted (Co. Ex. 6.01 R1)			
			Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-CMS)	Deferred Charges (Not Applicable)	Advertising Expense (Not Applicable)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.11-CMS)	Utility Plant-in-Service (IAWC Ex. 6.02 R1 FR)	Deferred Charges (IAWC Ex. 6.02 R1 FR)	Miscellaneous Expense - Inflation (IAWC Ex. 6.02 R1 FR)	Lobbying Adjustment (IAWC Ex. 6.02 R1 FR)	Chemicals Expense (IAWC Ex. 6.02 R1 FR)	Invested Capital Tax (IAWC Ex. 6.02 R1 FR)	Deferred Income Taxes (IAWC Ex. 6.02 R1 FR)	Staff Direct (Staff Ex. 1.0 Sch. 1.5-CMS)		Company Rebuttal (IAWC Ex. 6.02 R1 FR)		
			(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)		(o)	(p)	
1	Tariff Revenue	\$ 10,482,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,482,493
2	Other Revenue	441,714	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	441,714
3	Total Operating Revenue	10,924,207	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,924,207
4	Uncollectible Accounts Expense	137,121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137,121
5	Labor	571,650	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	571,650
6	Fuel & Power	1,118,715	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,118,715
7	Chemicals	55,643	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,643
8	Waste Disposal	460,385	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	460,385
9	Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Group Insurance	117,433	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,433
11	Pensions	87,546	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,546
12	Regulatory Expense	87,189	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,189
13	Insurance - other	241,398	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	241,398
14	Customer Accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Rents	362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	362
16	General Office Expense	98,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98,248
17	Maintenance - other	286,183	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	286,183
18	Miscellaneous	737,518	-	-	-	(1,245)	-	(4,321)	245	-	-	-	-	-	-	-	-	732,197
19	Depreciation & Amortization	3,309,253	(15,664)	-	-	-	3,126	-	-	-	-	-	-	-	-	-	-	3,296,715
20	Taxes other than Income	517,811	-	-	-	-	-	-	-	-	-	(521)	-	-	-	-	-	517,290
21	Total Operating Expense																	
22	Before Income Taxes	7,826,455	(15,664)	-	-	(1,245)	3,126	(4,321)	245	-	(521)	-	-	-	-	-	-	7,808,075
23	State Income Tax	65,000	643	-	-	51	(128)	-	177	(10)	21	-	5,349	(5,349)	-	-	-	65,754
24	Federal Income Tax	677,000	5,257	-	-	418	(1,049)	-	1,450	(82)	175	-	43,715	(43,715)	-	-	-	683,169
25	Deferred Taxes and ITCs Net	(188,946)	-	-	-	-	-	-	-	-	-	3,265	-	-	-	-	-	(185,681)
26	Total Operating Expenses	8,379,509	(9,764)	-	-	(776)	1,949	(2,694)	153	-	(325)	3,265	49,064	(49,064)	-	-	-	8,371,317
27	NET OPERATING INCOME	\$ 2,544,698	\$ 9,764	\$ -	\$ -	\$ 776	\$ (1,949)	\$ -	\$ 2,694	\$ (153)	\$ -	\$ 325	\$ (3,265)	\$ (49,064)	\$ 49,064	\$ -	\$ -	\$ 2,552,890

Illinois-American Water Company
Chicago Metro - Sewer
Adjustments to Operating Income
 For the Test Year Ending December 31, 2010

Line No.	Description	COMPANY ACCEPTED							Total Operating Statement Adjustments
		Interest Synchronization (Staff Ex. 1.0 Sch. 1.5-CMS)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-CMS)	Deferred Charges (Not Applicable)	Advertising Expense (Not Applicable)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.11-CMS)	Rate Case Expense (Staff Ex. 9.0 Sch. 9.1)	Insurance Expense (Staff Ex. 9.0 Sch. 2.2)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts Expense	-	-	-	-	-	-	-	-
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	-	-
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Management Fees	-	-	-	-	-	-	-	-
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	-	-	-	-	(4,000)	-	(4,000)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	-	-	-	-	-	-
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	-	-	-	-	(4,000)	-	(4,000)
23	State Income Tax	6,670	-	-	-	-	164	-	6,834
24	Federal Income Tax	54,508	-	-	-	-	1,343	-	55,851
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	61,178	-	-	-	-	(2,493)	-	58,685
27	NET OPERATING INCOME	\$ (61,178)	\$ -	\$ -	\$ -	\$ -	\$ 2,493	\$ -	\$ (58,685)

Illinois-American Water Company
Chicago Metro - Sewer
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company		Staff Pro Forma Rate Base (Col. b+c)
		Rebuttal Case Present Adjusted (Sch. 8.03, p. 2)	Staff Adjustments (Staff Ex. 8.0 Sch 8.4-CMS)	
	(a)	(b)	(c)	(d)
1	Gross Utility Plant in Service	\$ 132,459,200	\$ -	\$ 132,459,200
2	Less: Accumulated Depreciation	<u>(49,948,342)</u>	<u>-</u>	<u>(49,948,342)</u>
3	Net Utility Plant in Service	82,510,858	-	82,510,858
4	Construction Work in Progress	-	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	63,562	-	63,562
6	Additions to Rate Base			
7	Cash Working Capital	123,000	(1,107,955)	(984,955)
8	Materials & Supplies	16,289	-	16,289
9	Deferred Charges - Tank Painting	-	-	-
10	FAS 109 Reg. Asset-Net of Liability	(6,493)	-	(6,493)
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15	Deductions From Rate Base			
16	Customer Advances	(1,397,730)	-	(1,397,730)
17	Pension Liability	(78,933)	-	(78,933)
18	OPEB Liability	(140,869)	-	(140,869)
19	Contributions in Aid of Construction	(58,360,510)	-	(58,360,510)
20	Accum. Depr. On CIAC	27,018,513	-	27,018,513
21	Budget Payment Plan	-	-	-
22	Deferred Federal Income Taxes	(3,777,518)	-	(3,777,518)
23	Deferred State Income Taxes	(131,028)	-	(131,028)
24	Investment Tax Credit - pre 1971	<u>(242)</u>	<u>-</u>	<u>(242)</u>
25	Rate Base	<u>\$ 45,838,899</u>	<u>\$ (1,107,955)</u>	<u>\$ 44,730,944</u>

Illinois-American Water Company
Chicago Metro - Sewer
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule B-1 Second Revised)	Adjustments Accepted			Company Rebuttal Adjustments (IAWC Ex. 6.04 R1 FR)	Company Rebuttal Case Pro Forma Adjusted (IAWC Ex. 6.03 R1 FR)
			Cash Working Capital (Staff Ex. 1.0 Sch. 1.8-CMS)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-CMS)	Deferred Charges (Not Applicable)		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gross Utility Plant in Service	\$ 132,887,024	\$ -	\$ (630,424)	\$ -	\$ 202,600	\$ 132,459,200
2	Less: Accumulated Depreciation	(49,904,271)	-	(236,749)	-	192,678	(49,948,342)
3	Net Utility Plant in Service	82,982,753	-	(867,173)	-	395,278	82,510,858
4	Construction Work in Progress	\$ -	-	-	-	-	\$ -
5	Utility Plant Acquisition Adj. - DuPage	63,562	-	-	-	-	63,562
6	Additions to Rate Base						
7	Cash Working Capital	194,000	(68,249)	-	-	(2,751)	123,000
8	Materials & Supplies	16,289	-	-	-	-	16,289
9	Deferred Charges - Tank Painting	-	-	-	-	-	-
10	FAS 109 Reg. Asset-Net of Liability	(6,492)	-	-	-	(1)	(6,493)
11		-	-	-	-	-	-
12		-	-	-	-	-	-
13		-	-	-	-	-	-
14		-	-	-	-	-	-
15	Deductions From Rate Base						
16	Customer Advances	(1,406,725)	-	-	-	8,995	(1,397,730)
17	Pension Liability	(78,933)	-	-	-	-	(78,933)
18	OPEB Liability	(140,869)	-	-	-	-	(140,869)
19	Contributions in Aid of Construction	(58,360,510)	-	-	-	-	(58,360,510)
20	Accum. Depr. On CIAC	27,018,513	-	-	-	-	27,018,513
21	Budget Payment Plan	-	-	-	-	-	-
22	Deferred Federal Income Taxes	(3,827,512)	-	(18,158)	-	68,152	(3,777,518)
23	Deferred State Income Taxes	(133,070)	-	(631)	-	2,673	(131,028)
24	Investment Tax Credit - pre 1971	(242)	-	-	-	-	(242)
25	Rate Base	\$ 46,320,764	\$ (68,249)	\$ (885,962)	\$ -	\$ 472,346	\$ 45,838,899

Illinois-American Water Company
Chicago Metro - Sewer
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2010

Line No.	Description (a)	Amount (b)
1	Gross Utility Plant in Service	\$ 44,730,944 (1)
2	Weighted Cost of Debt	3.20% (2)
3	Synchronized Interest Per Staff	1,430,488
4	Company Interest Expense	<u>1,592,896</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(162,408)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 4.107%	<u>\$ 6,670</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 54,508</u>

(1) Source: ICC Staff Ex. 8.0, Schedule 8.3-CMS, Column (d)
 (2) Source: ICC Staff Exhibit 10.0, Schedule 10.1
 (3) Source: Company Rebuttal Schedule - IAWC Ex. 6.05 R1

Illinois-American Water Company
 Chicago Metro - Sewer
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2010

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.2000%	<u>0.012000</u>	
3	State Taxable Income		0.988000	1.000000
4	State Income Tax	4.1070%	<u>0.040577</u>	<u>0.041070</u>
5	Federal Taxable Income		0.947423	0.958930
6	Federal Income Tax	35.0000%	<u>0.331598</u>	<u>0.335626</u>
7	Operating Income		<u>0.615825</u>	<u>0.623304</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.623838</u>	<u>1.604354</u>

Illinois-American Water Company
Chicago Metro - Sewer
Cash Working Capital Adjustment
 For the Test Year Ending December 31, 2010

Line No.	Item	Amount ⁽¹⁾	Average Daily Amount (C)/365	Expense (Lead)/Lag ⁽²⁾	Cash Requirement (D)*(E)	Source
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenue	\$ 13,323,161				Staff Ex. 8.0, Sch. 8.7-CMS, page 2, line 3
2	Return on Equity	(2,258,061)				Staff Ex. 8.0, Sch. 8.7-CMS, page 2, line 19
3	Non-cash OPEB expenses	-				
4	Uncollectible Accounts	(160,403)				
5	Total Depr/Amortization	(3,379,904)				Staff Ex. 8.0, Sch. 8.7-CMS, page 2, line 13
6						
7	Net Revenues	\$ 7,524,793	\$ 20,616	0.00	\$ -	Staff Ex. 8.0, Sch. 8.7-CMS, page 3, line 22
8						
9	Labor	\$ 571,650	1,566	(12.00)	(18,794)	
10	Fuel and Power	1,118,715	3,065	(26.98)	(82,703)	
11	Chemicals	55,643	152	(27.37)	(4,173)	Co. Sch. C-2.9, line 9
12	Purchased Water	439,952	1,205	(7.84)	(9,447)	
13	Waste Disposal	460,385	1,261	(28.74)	(36,249)	
14	Service Company Charges	-	-	3.11	-	
15	Group Insurance	117,433	322	7.42	2,386	
16	OPEB's	-	-	-	-	
17	Pensions	87,546	240	(8.00)	(1,919)	Co. WPB-8.I
18	Insurance Other than Group	241,398	661	0.00	-	
19	Customer Accounting	-	-	(33.36)	-	
20	Rents	362	1	8.00	8	Co. WPB-8.o
21	General Office	98,248	269	(17.01)	(4,579)	
22	Maintenance	286,183	784	(24.53)	(19,237)	Staff Ex. 8.0, Sch. 8.7-CMS, page 2, line 16
23	Miscellaneous	732,197	2,006	(16.82)	(33,746)	
24						
25	Total O&M Expenses	\$ 4,209,712			(208,452)	
26						
27	General Taxes	517,290	1,417	(151.81)	(215,147)	
28	Federal Income Tax - Current	1,382,362	3,787	(52.32)	(198,160)	
29	State Income Tax - Current	151,313	415	(52.31)	(21,684)	
30	Deferred Income Taxes	(185,681)	(509)	-	-	
31	Interest Expense	1,430,488	3,919	(87.14)	(341,512)	Staff Ex. 8.0, Sch. 8.5-CMS, line 3
32						
33	Subtotal Other Expenses	\$ 3,295,772			(776,503)	
34						
35	Total Cash Working Capital Requirement				\$ (984,955)	Line 7 + Line 25 + Line 33
36						
37	Cash Working Capital per Staff	\$ (984,955)				Line 35
38	Cash Working Capital per Company	123,000				IAWC Ex. 6.12 R1
39						
40	Staff Proposed adjustment	\$ (1,107,955)				

Source:

(1) Staff Ex. 8.0, Sch. 8.1-CMS, except where noted.

(2) Co. Schedule B-8 First Revised, page 2, Cash Requirement/Average Daily Expense, except where noted.

Illinois-American Water Company
Chicago Metro - Sewer
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No.	Item	Amount	Source
(A)	(B)	(C)	(D)
1	Total operating revenue	\$ 12,864,335	Staff Ex. 8.0, Sch. 8.1-CMS, line 3, column (i)
2	Surcharge revenue	458,826	Co. Sch. C-2.9, line 1
3	Total revenue	<u>\$ 13,323,161</u>	Line 1 + Line 2
4	Chemical expense CWC per Co.	\$ (527,596)	IAWC Ex. 6.12 R1
5	Avg. daily chemical expense per Co.	20,408	IAWC Ex. 6.12 R1
6	Chemical expense lead days per Co.	(25.85)	Line 4 / Line 5
7		-	
8	Service period midpoint	(1.52)	DGK-5.03
9	Chemical expense lead days per Staff	<u>(27.37)</u>	Sum of lines 6 through 8
10	Depr/amortization per Income Statement	\$ 3,296,715	Staff Ex. 8.0, Sch. 8.1-CMS, line 19, column (i)
11	Amortization of rate case expense	83,189	Staff Ex. 8.0, Sch. 8.1-CMS, line 12, column (i)
12	Reclassify amortization of tank painting	-	
13	Total depr/amortization for CWC	<u>\$ 3,379,904</u>	Sum of lines 10 through 12
14	Maintenance-other per Income Statement	\$ 286,183	Staff Ex. 8.0, Sch. 8.1-CMS, line 17, column (i)
15	Reclassify amortization of tank painting	-	Line 12
16	Total Maintenance-other for CWC	<u>\$ 286,183</u>	Line 14 - Line 15
17	Total Rate Base	\$ 44,730,944	Staff Ex. 8.0, Sch. 8.1-CMS, line 29, column (i)
18	Weighted Cost of Capital	5.0481%	Staff Ex. 10.0, Sch. 10.1
19	Return on equity deduction from revenue	<u>\$ 2,258,061</u>	Line 17 * Line 18

Illinois-American Water Company
Chicago Metro - Sewer
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No. (A)	Item (B)	Collection Lag Days (C)	Amount (D)	Source (E)
1	Residential Present Rates Revenue		\$ 163,521,945	Co. Sch. A-3, line 1
2	Total Present Rates Revenue		\$ 261,878,652	Co. Sch. A-3, line 8
3	Residential Present Rates Revenue Percent of Total		62%	Line 1 / Line 2
4	Remaining Present Rates Revenue Percent of Total		38%	100% - Line 3
5	Residential Due Date	21		ICC Part 280, Section 280.90
6	Non-Residential Due Date	14		ICC Part 280, Section 280.90
7	Weighted Residential Due Date	13.11		Line 3 * Line 5
8	Weighted Non-Residential Due Date	5.26		Line 4 * Line 6
9	Sum Weighted Due Dates	<u>18.37</u>		Line 7 + Line 8
10	Collection Lag	31.75		Co. WP DGK 1.02 Lead-Lag Study.xls
11	Collection Lag Days Greater than Rule	<u>(13.38)</u>		Line 9 - Line 10
12	Revenue Lag Days per Company	46.21		IAWC Ex. 6.12 R1
13	Revenue Lag Days per Staff	<u><u>32.83</u></u>		Line 11 + Line 12

Illinois-American Water Company
 Pekin
 Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule C-2 Second Revised)	Adjustments Accepted				Company Rebuttal Adjustments						Interest Synchronization		Company Rebuttal Case Pro Forma Adjusted (Co. Ex. 6.01 R1)			
			Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-P)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-P)	Advertising Expense (Not Applicable)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.11-P)	Utility Plant-in-Service (IAWC Ex. 6.02 R1 FR)	Deferred Charges (IAWC Ex. 6.02 R1 FR)	Miscellaneous Expense - Inflation (IAWC Ex. 6.02 R1 FR)	Lobbying Adjustment (IAWC Ex. 6.02 R1 FR)	Chemicals Expense (IAWC Ex. 6.02 R1 FR)	Invested Capital Tax (IAWC Ex. 6.02 R1 FR)	Deferred Income Taxes (IAWC Ex. 6.02 R1 FR)	Staff Direct (Staff Ex. 1.0 Sch. 1.5-P)		Company Rebuttal (IAWC Ex. 6.02 R1 FR)		
			(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)		(o)	(p)	
1	Tariff Revenue	\$ 5,698,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,698,476
2	Other Revenue	151,319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,319
3	Total Operating Revenue	5,849,795	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,849,795
4	Uncollectible Accounts Expense	68,397	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68,397
5	Labor	939,549	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	939,549
6	Fuel & Power	130,836	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	130,836
7	Chemicals	55,055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55,055
8	Waste Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Management Fees	1,057,841	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,057,841
10	Group Insurance	240,350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	240,350
11	Pensions	148,828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148,828
12	Regulatory Expense	67,093	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67,093
13	Insurance - other	185,758	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	185,758
14	Customer Accounting	119,249	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119,249
15	Rents	5,478	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,478
16	General Office Expense	216,529	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216,529
17	Maintenance - other	302,936	-	3,891	-	-	-	(7,499)	-	-	-	-	-	-	-	-	-	299,328
18	Miscellaneous	356,344	-	-	-	(601)	-	-	(3,726)	(399)	-	-	-	-	-	-	-	351,618
19	Depreciation & Amortization	1,226,339	(8,013)	-	-	-	1,531	-	-	-	-	-	-	-	-	-	-	1,219,857
20	Taxes other than Income	464,228	-	-	-	-	-	-	-	-	-	(401)	-	-	-	-	-	463,827
21	Total Operating Expense																	
22	Before Income Taxes	5,584,810	(8,013)	3,891	-	(601)	1,531	(7,499)	(3,726)	(399)	(15,560)	(401)	-	-	-	-	-	5,554,033
23	State Income Tax	(10,000)	329	(160)	-	25	(63)	308	153	16	639	16	-	1,708	(92)	-	-	(7,121)
24	Federal Income Tax	31,000	2,689	(1,306)	-	202	(514)	2,517	1,251	134	5,222	135	-	13,958	(754)	-	-	54,534
25	Deferred Taxes and ITCs Net	(145,395)	-	-	-	-	-	-	-	-	-	-	2,513	-	-	-	-	(142,882)
26	Total Operating Expenses	5,460,415	(4,995)	2,425	-	(374)	954	(4,674)	(2,322)	(249)	(9,699)	(250)	2,513	15,666	(846)	-	-	5,458,564
27	NET OPERATING INCOME	\$ 389,380	\$ 4,995	\$ (2,425)	\$ -	\$ 374	\$ (954)	\$ 4,674	\$ 2,322	\$ 249	\$ 9,699	\$ 250	\$ (2,513)	\$ (15,666)	\$ 846	\$ -	\$ -	\$ 391,231

Illinois-American Water Company
Pekin
 Adjustments to Operating Income
 For the Test Year Ending December 31, 2010

COMPANY ACCEPTED

Line No.	Description	Interest Synchronization	Utility Plant-in-Service	Deferred Charges	Advertising Expense	Lobbying Adjustment	Rate Case Expense	Insurance Expense	Total Operating Statement Adjustments
		(Staff Ex. 1.0 Sch. 1.5-P)	(Staff Ex. 1.0 Sch. 1.7-P)	(Staff Ex. 1.0 Sch. 1.9-P)	(Not Applicable)	(Staff Ex. 1.0 Sch. 1.11-P)	(Staff Ex. 9.0 Sch. 9.1)	(Staff Ex. 9.0 Sch. 2.2)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts Expense	-	-	-	-	-	-	-	-
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	-	-
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Management Fees	-	-	-	-	-	-	-	-
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	-	-	-	-	(3,000)	-	(3,000)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	-	-	-	-	-	-
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	-	-	-	-	(3,000)	-	(3,000)
23	State Income Tax	232	-	-	-	-	123	-	355
24	Federal Income Tax	1,899	-	-	-	-	1,007	-	2,906
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	2,131	-	-	-	-	(1,870)	-	261
27	NET OPERATING INCOME	\$ (2,131)	\$ -	\$ -	\$ -	\$ -	\$ 1,870	\$ -	\$ (261)

Illinois-American Water Company
Pekin
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company		Staff	Staff
		Rebuttal Case Pro Forma Present Adjusted (Sch. 8.03, p. 2)	Present Adjusted (Sch. 8.03, p. 2)		
	(a)	(b)	(c)	(d)	(d)
1	Gross Utility Plant in Service	\$ 30,963,696	\$ -	\$ -	\$ 30,963,696
2	Less: Accumulated Depreciation	<u>(11,420,241)</u>	<u>-</u>	<u>-</u>	<u>(11,420,241)</u>
3	Net Utility Plant in Service	19,543,455	-	-	19,543,455
4	Construction Work in Progress	\$ -	\$ -	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-
6	Additions to Rate Base				
7	Cash Working Capital	182,000	(64,095)		117,905
8	Materials & Supplies	108,934	-		108,934
9	Deferred Charges - Tank Painting	319,530	-		319,530
10	FAS 109 Reg. Asset-Net of Liability	(4,997)	-		(4,997)
11		-	-	-	-
12		-	-	-	-
13		-	-	-	-
14		-	-	-	-
15	Deductions From Rate Base				
16	Customer Advances	(1,467,187)	-		(1,467,187)
17	Pension Liability	(134,186)	-		(134,186)
18	OPEB Liability	(108,400)	-		(108,400)
19	Contributions in Aid of Construction	(1,989,417)	-		(1,989,417)
20	Accum. Depr. On CIAC	807,024	-		807,024
21	Budget Payment Plan	-	-		-
22	Deferred Federal Income Taxes	(843,910)	-		(843,910)
23	Deferred State Income Taxes	(29,272)	-		(29,272)
24	Investment Tax Credit - pre 1971	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>(186)</u>
25	Rate Base	<u>\$ 16,383,388</u>	<u>\$ (64,095)</u>	<u>\$ -</u>	<u>\$ 16,319,293</u>

Illinois-American Water Company
Pekin
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule B-1 Second Revised)	Adjustments Accepted			Company Rebuttal Adjustments (IAWC Ex. 6.04 R1 FR)	Company Rebuttal Case Pro Forma Adjusted (IAWC Ex. 6.03 R1 FR)
			Cash Working Capital (Staff Ex. 1.0 Sch. 1.8-P)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-P)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-P)		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gross Utility Plant in Service	\$ 31,127,853	\$ -	\$ (204,331)	\$ -	\$ 40,174	\$ 30,963,696
2	Less: Accumulated Depreciation	(11,405,140)	-	(74,866)	-	59,765	(11,420,241)
3	Net Utility Plant in Service	19,722,713	-	(279,197)	-	99,939	19,543,455
4	Construction Work in Progress	\$ -	-	-	-	-	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-	-	-
6	Additions to Rate Base						
7	Cash Working Capital	207,000	(20,330)	-	-	(4,670)	182,000
8	Materials & Supplies	108,934	-	-	-	-	108,934
9	Deferred Charges - Tank Painting	371,542	-	-	(5,704)	(46,308)	319,530
10	FAS 109 Reg. Asset-Net of Liability	(4,995)	-	-	-	(2)	(4,997)
11		-	-	-	-	-	-
12		-	-	-	-	-	-
13		-	-	-	-	-	-
14		-	-	-	-	-	-
15	Deductions From Rate Base						
16	Customer Advances	(1,469,056)	-	-	-	1,869	(1,467,187)
17	Pension Liability	(134,186)	-	-	-	-	(134,186)
18	OPEB Liability	(108,400)	-	-	-	-	(108,400)
19	Contributions in Aid of Construction	(1,989,417)	-	-	-	-	(1,989,417)
20	Accum. Depr. On CIAC	807,024	-	-	-	-	807,024
21	Budget Payment Plan	-	-	-	-	-	-
22	Deferred Federal Income Taxes	(877,760)	-	(5,762)	1,362	38,250	(843,910)
23	Deferred State Income Taxes	(30,517)	-	(200)	160	1,285	(29,272)
24	Investment Tax Credit - pre 1971	(186)	-	-	-	-	(186)
25	Rate Base	\$ 16,602,696	\$ (20,330)	\$ (285,159)	\$ (4,182)	\$ 90,363	\$ 16,383,388

Illinois-American Water Company
Pekin
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2010

Line No.	Description (a)	Amount (b)
1	Gross Utility Plant in Service	\$ 16,319,293 (1)
2	Weighted Cost of Debt	3.20% (2)
3	Synchronized Interest Per Staff	521,888
4	Company Interest Expense	<u>527,545</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(5,657)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 4.107%	<u>\$ 232</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 1,899</u>

(1) Source: ICC Staff Ex. 8.0, Schedule 8.3-P, Column (d)
 (2) Source: ICC Staff Exhibit 10.0, Schedule 10.1
 (3) Source: Company Rebuttal Schedule - IAWC Ex. 6.05 R1

Illinois-American Water Company
Pekin
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2010

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.2000%	<u>0.012000</u>	
3	State Taxable Income		0.988000	1.000000
4	State Income Tax	4.1070%	<u>0.040577</u>	<u>0.041070</u>
5	Federal Taxable Income		0.947423	0.958930
6	Federal Income Tax	35.0000%	<u>0.331598</u>	<u>0.335626</u>
7	Operating Income		<u>0.615825</u>	<u>0.623304</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.623838</u>	<u>1.604354</u>

Illinois-American Water Company
Pekin
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No.	Item	Amount ⁽¹⁾	Average Daily Amount (C)/365 (D)	Expense (Lead)/Lag ⁽²⁾ (E)	Cash Requirement (D)*(E) (F)	Source (G)
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenue	\$ 7,859,207				Staff Ex. 8.0, Sch. 8.7-P, page 2, line 3
2	Return on Equity	(823,814)				Staff Ex. 8.0, Sch. 8.7-P, page 2, line 19
3	Non-cash OPEB expenses	-				
4	Uncollectible Accounts	(87,004)				
5	Total Depr/Amortization	(1,318,103)				Staff Ex. 8.0, Sch. 8.7-P, page 2, line 13
6						
7	Net Revenues	\$ 5,630,286	\$ 15,425	40.49	\$ 624,643	Staff Ex. 8.0, Sch. 8.7-P, page 3, line 22
8						
9	Labor	\$ 939,549	2,574	(12.00)	(30,889)	
10	Fuel and Power	130,836	358	(26.98)	(9,672)	
11	Chemicals	39,495	108	(27.37)	(2,962)	Co. Sch. C-2.9, line 9
12	Purchased Water	439,952	1,205	(7.84)	(9,447)	
13	Waste Disposal	-	-	(28.74)	-	
14	Service Company Charges	1,057,841	2,898	3.11	9,005	
15	Group Insurance	240,350	658	7.42	4,884	
16	OPEB's	-	-	-	-	
17	Pensions	148,828	408	(8.00)	(3,262)	Co. WPB-8.I
18	Insurance Other than Group	185,758	509	0.00	-	
19	Customer Accounting	119,249	327	(33.36)	(10,900)	
20	Rents	5,478	15	8.00	120	Co. WPB-8.o
21	General Office	216,529	593	(17.01)	(10,092)	
22	Maintenance	265,175	727	(24.53)	(17,824)	Staff Ex. 8.0, Sch. 8.7-P, page 2, line 16
23	Miscellaneous	351,618	963	(16.82)	(16,205)	
24						
25	Total O&M Expenses	\$ 4,140,658			(97,246)	
26						
27	General Taxes	463,827	1,271	(151.81)	(192,911)	
28	Federal Income Tax - Current	571,611	1,566	(52.32)	(81,940)	
29	State Income Tax - Current	56,152	154	(52.31)	(8,047)	
30	Deferred Income Taxes	(142,882)	(391)	-	-	
31	Interest Expense	521,888	1,430	(87.14)	(124,594)	Staff Ex. 8.0, Sch. 8.5-P, line 3
32						
33	Subtotal Other Expenses	\$ 1,470,596			(407,492)	
34						
35	Total Cash Working Capital Requirement				\$ 119,905	Line 7 + Line 25 + Line 33
36						
37	Cash Working Capital per Staff	\$ 119,905				Line 35
38	Cash Working Capital per Company	184,000				IAWC Ex. 6.12 R1
39						
40	Staff Proposed adjustment	\$ (64,095)				

Source:

- (1) Staff Ex. 8.0, Sch. 8.1-P, except where noted.
- (2) Co. Schedule B-8 First Revised, page 2, Cash Requirement/Average Daily Expense, except where noted.

Illinois-American Water Company
Pekin
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No.	Item	Amount	Source
(A)	(B)	(C)	(D)
1	Total operating revenue	\$ 7,400,381	Staff Ex. 8.0, Sch. 8.1-P, line 3, column (i)
2	Surcharge revenue	458,826	Co. Sch. C-2.9, line 1
3	Total revenue	<u>\$ 7,859,207</u>	Line 1 + Line 2
4	Chemical expense CWC per Co.	\$ (527,596)	IAWC Ex. 6.12 R1, p. 1
5	Avg. daily chemical expense per Co.	20,408	IAWC Ex. 6.12 R1, p. 1
6	Chemical expense lead days per Co.	(25.85)	Line 4 / Line 5
7		-	
8	Service period midpoint	(1.52)	DGK-5.03
9	Chemical expense lead days per Staff	<u>(27.37)</u>	Sum of lines 6 through 8
10	Depr/amortization per Income Statement	\$ 1,219,857	Staff Ex. 8.0, Sch. 8.1-P, line 19, column (i)
11	Amortization of rate case expense	64,093	Staff Ex. 8.0, Sch. 8.1-P, line 12, column (i)
12	Reclassify amortization of tank painting	34,153	IAWC E. 6.14 R1
13	Total depr/amortization for CWC	<u>\$ 1,318,103</u>	Sum of lines 10 through 12
14	Maintenance-other per Income Statement	\$ 299,328	Staff Ex. 8.0, Sch. 8.1-P, line 17, column (i)
15	Reclassify amortization of tank painting	34,153	Line 12
16	Total Maintenance-other for CWC	<u>\$ 265,175</u>	Line 14 - Line 15
17	Total Rate Base	\$ 16,319,293	Staff Ex. 8.0, Sch. 8.1-P, line 29, column (i)
18	Weighted Cost of Capital	5.0481%	Staff Ex. 10.0, Sch. 10.1
19	Return on equity deduction from revenue	<u>\$ 823,814</u>	Line 17 * Line 18

Illinois-American Water Company
Pekin
Cash Working Capital Adjustment
For the Test Year Ending December 31, 2010

Line No. (A)	Item (B)	Collection Lag Days (C)	Amount (D)	Source (E)
1	Residential Present Rates Revenue		\$ 163,521,945	Co. Sch. A-3, line 1
2	Total Present Rates Revenue		\$ 261,878,652	Co. Sch. A-3, line 8
3	Residential Present Rates Revenue Percent of Total		62%	Line 1 / Line 2
4	Remaining Present Rates Revenue Percent of Total		38%	100% - Line 3
5	Residential Due Date	21		ICC Part 280, Section 280.90
6	Non-Residential Due Date	14		ICC Part 280, Section 280.90
7	Weighted Residential Due Date	13.11		Line 3 * Line 5
8	Weighted Non-Residential Due Date	5.26		Line 4 * Line 6
9	Sum Weighted Due Dates	<u>18.37</u>		Line 7 + Line 8
10	Collection Lag	<u>24.09</u>		Co. WP DGK 1.02 Lead-Lag Study.xls
11	Collection Lag Days Greater than Rule	(5.72)		Line 9 - Line 10
12	Net Revenues	46.21		IAWC Ex. 6.12 R1
13	Average Daily Revenue	<u><u>40.49</u></u>		Line 11 + Line 12

Illinois-American Water Company
 Lincoln
 Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule C-2 Second Revised)	Adjustments Accepted				Company Rebuttal Adjustments						Interest Synchronization		Company Rebuttal Case Pro Forma Adjusted (Co. Ex. 6.01 R1)	
			Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.5-L)	Deferred Charges (Staff Ex. 1.0 Sch. 1.7-L)	Advertising Expense (Staff Ex. 1.0 Sch. 1.9-L)	Lobbying Adjustment (Staff Ex. 1.0 Sch. 1.10-L)	Utility Plant-in-Service (IAWC Ex. 6.02 Sch. 1.11-L1)	Deferred Charges (IAWC Ex. 6.02 R1 FR)	Miscellaneous Expense - Inflation (IAWC Ex. 6.02 R1 FR)	Lobbying Adjustment (IAWC Ex. 6.02 R1 FR)	Chemicals Expense (IAWC Ex. 6.02 R1 FR)	Invested Capital Tax (IAWC Ex. 6.02 R1 FR)	Deferred Income Taxes (IAWC Ex. 6.02 R1 FR)	Staff Direct (Staff Ex. 1.0 Sch. 1.5-Z1)		Company Rebuttal (IAWC Ex. 6.02 R1 FR)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Tariff Revenue	\$ 3,137,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,137,222
2	Other Revenue	35,299	-	-	-	-	-	-	-	-	-	-	-	-	-	35,299
3	Total Operating Revenue	3,172,521	-	-	-	-	-	-	-	-	-	-	-	-	-	3,172,521
4	Uncollectible Accounts Expense	19,556	-	-	-	-	-	-	-	-	-	-	-	-	-	19,556
5	Labor	510,681	-	-	-	-	-	-	-	-	-	-	-	-	-	510,681
6	Fuel & Power	199,487	-	-	-	-	-	-	-	-	-	-	-	-	-	199,487
7	Chemicals	105,276	-	-	-	-	-	-	-	-	(40,113)	-	-	-	65,163	
8	Waste Disposal	36,873	-	-	-	-	-	-	-	-	-	-	-	-	36,873	
9	Management Fees	431,682	-	-	-	-	-	-	-	-	-	-	-	-	431,682	
10	Group Insurance	135,980	-	-	-	-	-	-	-	-	-	-	-	-	135,980	
11	Pensions	80,869	-	-	-	-	-	-	-	-	-	-	-	-	80,869	
12	Regulatory Expense	27,379	-	-	-	-	-	-	-	-	-	-	-	-	27,379	
13	Insurance - other	77,102	-	-	-	-	-	-	-	-	-	-	-	-	77,102	
14	Customer Accounting	68,831	-	-	-	-	-	-	-	-	-	-	-	-	68,831	
15	Rents	20,034	-	-	-	-	-	-	-	-	-	-	-	-	20,034	
16	General Office Expense	42,910	-	-	-	-	-	-	-	-	-	-	-	-	42,910	
17	Maintenance - other	177,687	-	5,930	-	-	-	(9,278)	-	-	-	-	-	-	174,339	
18	Miscellaneous	167,892	-	-	(3,368)	(278)	-	(2,004)	278	-	-	-	-	-	162,520	
19	Depreciation & Amortization	792,348	(3,931)	-	-	-	170	-	-	-	-	-	-	-	788,587	
20	Taxes other than Income	199,918	-	-	-	-	-	-	-	-	-	(164)	-	-	199,754	
21	Total Operating Expense															
22	Before Income Taxes	3,094,505	(3,931)	5,930	(3,368)	(278)	170	(9,278)	(2,004)	278	(40,113)	(164)	-	-	-	3,041,747
23	State Income Tax	(10,000)	161	(244)	138	11	(7)	381	82	(11)	1,647	7	-	1,028	62	(6,745)
24	Federal Income Tax	(28,000)	1,319	(1,990)	1,130	93	(57)	3,114	673	(93)	13,463	55	-	8,402	503	(1,388)
25	Deferred Taxes and ITCs Net	(59,333)	-	-	-	-	-	-	-	-	-	-	1,025	-	-	(58,308)
26	Total Operating Expenses	2,997,172	(2,451)	3,696	(2,100)	(174)	106	(5,783)	(1,249)	174	(25,003)	(102)	1,025	9,430	565	2,975,306
27	NET OPERATING INCOME	\$ 175,349	\$ 2,451	\$ (3,696)	\$ 2,100	\$ 174	\$ (106)	\$ 5,783	\$ 1,249	\$ (174)	\$ 25,003	\$ 102	\$ (1,025)	\$ (9,430)	\$ (565)	\$ 197,215

Illinois-American Water Company
Lincoln
Adjustments to Operating Income
 For the Test Year Ending December 31, 2010

COMPANY ACCEPTED

Line No.	Description	Interest Synchronization	Utility Plant-in-Service	Deferred Charges	Advertising Expense	Lobbying Adjustment	Rate Case Expense	Insurance Expense	Total Operating Statement Adjustments
		(Staff Ex. 1.0 Sch. 1.5-L)	(Staff Ex. 1.0 Sch. 1.7-L)	(Staff Ex. 1.0 Sch. 1.9-L)	(Staff Ex. 1.0 Sch. 1.10-L)	(Staff Ex. 1.0 Sch. 1.11-L1)	(Staff Ex. 9.0 Sch. 9.1)	(Staff Ex. 9.0 Sch. 2.2)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts Expense	-	-	-	-	-	-	-	-
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	-	-
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Management Fees	-	-	-	-	-	-	-	-
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	-	-	-	-	(1,000)	-	(1,000)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	-	-	-	-	-	-
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	-	-	-	-	(1,000)	-	(1,000)
23	State Income Tax	83	-	-	-	-	41	-	124
24	Federal Income Tax	680	-	-	-	-	336	-	1,016
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	763	-	-	-	-	(623)	-	140
27	NET OPERATING INCOME	\$ (763)	\$ -	\$ -	\$ -	\$ -	\$ 623	\$ -	\$ (140)

Illinois-American Water Company
Lincoln
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Rebuttal Case Pro Forma Present Adjusted (Sch. 8.03, p. 2)	Staff Adjustments (Staff Ex. 8.0 Sch 8.4-L)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant in Service	\$ 21,971,432	\$ -	\$ 21,971,432
2	Less: Accumulated Depreciation	<u>(10,888,302)</u>	<u>-</u>	<u>(10,888,302)</u>
3	Net Utility Plant in Service	11,083,130	-	11,083,130
4	Construction Work in Progress	\$ -	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-
6	Additions to Rate Base			
7	Cash Working Capital	127,000	-	127,000
8	Materials & Supplies	53,347	-	53,347
9	Deferred Charges - Tank Painting	244,697	-	244,697
10	FAS 109 Reg. Asset-Net of Liability	(2,039)	-	(2,039)
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15	Deductions From Rate Base			
16	Customer Advances	(992,918)	-	(992,918)
17	Pension Liability	(71,039)	-	(71,039)
18	OPEB Liability	(44,236)	-	(44,236)
19	Contributions in Aid of Construction	(774,300)	-	(774,300)
20	Accum. Depr. On CIAC	220,754	-	220,754
21	Budget Payment Plan	-	-	-
22	Deferred Federal Income Taxes	(623,331)	-	(623,331)
23	Deferred State Income Taxes	(21,621)	-	(21,621)
24	Investment Tax Credit - pre 1971	<u>(76)</u>	<u>-</u>	<u>(76)</u>
25	Rate Base	<u>\$ 9,199,368</u>	<u>\$ -</u>	<u>\$ 9,199,368</u>

Illinois-American Water Company
Lincoln
Rate Base
 For the Test Year Ending December 31, 2010

Line No.	Description	Company Pro Forma Present (Company Schedule B-1 Second Revised)	Adjustments Accepted			Company Rebuttal Adjustments (IAWC Ex. 6.04 R1 FR)	Company Rebuttal Case Pro Forma Adjusted (IAWC Ex. 6.03 R1 FR)
			Cash Working Capital (Staff Ex. 1.0 Sch. 1.8-L)	Utility Plant-in-Service (Staff Ex. 1.0 Sch. 1.7-L)	Deferred Charges (Staff Ex. 1.0 Sch. 1.9-L)		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Gross Utility Plant in Service	\$ 22,063,934	\$ -	\$ (109,781)	\$ -	\$ 17,279	\$ 21,971,432
2	Less: Accumulated Depreciation	(10,879,910)	-	(54,134)	-	45,742	(10,888,302)
3	Net Utility Plant in Service	11,184,024	-	(163,915)	-	63,021	11,083,130
4	Construction Work in Progress	\$ -	-	-	-	-	\$ -
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-	-	-
6	Additions to Rate Base						
7	Cash Working Capital	138,000	(9,968)	-	-	(1,032)	127,000
8	Materials & Supplies	53,347	-	-	-	-	53,347
9	Deferred Charges - Tank Painting	297,880	-	-	(8,693)	(44,490)	244,697
10	FAS 109 Reg. Asset-Net of Liability	(2,039)	-	-	-	-	(2,039)
11		-	-	-	-	-	-
12		-	-	-	-	-	-
13		-	-	-	-	-	-
14		-	-	-	-	-	-
15	Deductions From Rate Base						
16	Customer Advances	(1,001,172)	-	-	-	8,254	(992,918)
17	Pension Liability	(71,039)	-	-	-	-	(71,039)
18	OPEB Liability	(44,236)	-	-	-	-	(44,236)
19	Contributions in Aid of Construction	(774,300)	-	-	-	-	(774,300)
20	Accum. Depr. On CIAC	220,754	-	-	-	-	220,754
21	Budget Payment Plan	-	-	-	-	-	-
22	Deferred Federal Income Taxes	(564,072)	-	(2,807)	2,075	(58,527)	(623,331)
23	Deferred State Income Taxes	(19,611)	-	(98)	244	(2,156)	(21,621)
24	Investment Tax Credit - pre 1971	(76)	-	-	-	-	(76)
25	Rate Base	\$ 9,417,460	\$ (9,968)	\$ (166,820)	\$ (6,374)	\$ (34,930)	\$ 9,199,368

Illinois-American Water Company
Lincoln
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2010

Line No.	Description (a)	Amount (b)
1	Gross Utility Plant in Service	\$ 9,199,368 (1)
2	Weighted Cost of Debt	3.20% (2)
3	Synchronized Interest Per Staff	294,194
4	Company Interest Expense	<u>296,220</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(2,026)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 4.107%	<u>\$ 83</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 680</u>

(1) Source: ICC Staff Ex. 8.0, Schedule 8.3-L, Column (d)
 (2) Source: ICC Staff Exhibit 10.0, Schedule 10.1
 (3) Source: Company Rebuttal Schedule - IAWC Ex. 6.05 R1

Illinois-American Water Company
Lincoln
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2010

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.2000%	<u>0.012000</u>	
3	State Taxable Income		0.988000	1.000000
4	State Income Tax	4.1070%	<u>0.040577</u>	<u>0.041070</u>
5	Federal Taxable Income		0.947423	0.958930
6	Federal Income Tax	35.0000%	<u>0.331598</u>	<u>0.335626</u>
7	Operating Income		<u>0.615825</u>	<u>0.623304</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.623838</u>	<u>1.604354</u>