

REBUTTAL TESTIMONY

of

RICHARD W. BRIDAL II

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Aqua Illinois, Inc.

Proposed General Increase in Water Rates
For the Kankakee Division

Docket No. 10-0194

August 5, 2010

Table of Contents

Witness Identification	1
Schedule Identification	2
Revenue Requirement Schedules.....	3
Revenue Effect of Adjustments	4
Interest Synchronization Adjustment.....	4
Gross Revenue Conversion Factor	4
Adjustment to Cash Working Capital.....	4
Industry & Association Dues	5
Charitable Contributions.....	5
Promotional Items	11
Social & Service Club Membership Dues.....	11
Advertising	11
Chemicals Expense	11
Production Cost of Unaccounted-for Water.....	12
Plant Facilities Charge	12
Rate Base - Original Cost Determination	12
Conclusion	13

Schedules

Schedule 6.1	Statement of Operating Income with Adjustments
Schedule 6.2	Adjustments to Operating Income
Schedule 6.3	Rate Base
Schedule 6.4	Adjustments to Rate Base
Schedule 6.5	Revenue Effect of Adjustments
Schedule 6.6	Interest Synchronization Adjustment
Schedule 6.7	Gross Revenue Conversion Factor
Schedule 6.8	Adjustment to Cash Working Capital
Schedule 6.9	Adjustment to Industry & Association Dues
Schedule 6.10	Adjustment to Charitable Contributions
Schedule 6.11	Adjustment to Promotional Items
Schedule 6.12	Adjustment to Social & Service Club Membership Dues
Schedule 6.13	Adjustment to Advertising Expense
Schedule 6.14	Adjustment to Chemicals Expense
Schedule 6.15	Adjustment to Production Cost of Unaccounted-for Water

1 Witness Identification

2 Q. Please state your name and business address.

3 A. My name is Richard W. Bridal II. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 Q. Are you the same Richard W. Bridal II who submitted Direct Testimony in this
6 Docket?

7 A. Yes, my direct testimony is ICC Staff Exhibit 1.0.

8 Q. What is the purpose of this testimony?

9 A. The purpose of my testimony is to:

- 10 1. Present Staff's Rebuttal adjusted operating statements and rate
11 base of the Company;
- 12 2. Present adjustments to Aqua's Statement of Operating Income
13 originally proposed in my direct testimony which are simply re-
14 labeled for rebuttal testimony;
- 15 3. Present adjustments to Aqua's Rate Base concerning Cash
16 Working Capital originally proposed in my direct testimony which is
17 updated for revised positions taken in Staff rebuttal testimony;
- 18 4. Respond to the rebuttal testimony of Craig L. Blanchette, Aqua Ex.
19 5.0 regarding my adjustment to charitable contributions and present
20 my amended Adjustment to Charitable Contributions;
- 21 5. Affirm my direct testimony recommendations regarding the
22 Company's proposed Plant Facilities Charge; and

23 6. Affirm my direct testimony recommendation regarding an original
24 cost determination.

25

26 Schedule Identification

27 Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 6.0?

28 A. Yes. I am sponsoring the following schedules which show data as of, or for the
29 test year ending December 31, 2011:

30 Revenue Requirement Schedules

31 Schedule 6.1 Statement of Operating Income with Adjustments

32 Schedule 6.2 Adjustments to Operating Income

33 Schedule 6.3 Rate Base

34 Schedule 6.4 Adjustments to Rate Base

35 Schedule 6.5 Revenue Effect of Adjustments

36 Schedule 6.6 Interest Synchronization Adjustment

37 Schedule 6.7 Gross Revenue Conversion Factor

38

39 Adjustment Schedules

40 Schedule 6.8 Adjustment to Cash Working Capital

41 Schedule 6.9 Adjustment to Industry & Association Dues

42 Schedule 6.10 Adjustment to Charitable Contributions

43 Schedule 6.11 Adjustment to Promotional Items

44 Schedule 6.12 Adjustment to Social & Service Club Membership Dues

45 Schedule 6.13 Adjustment to Advertising Expense

46 Schedule 6.14 Adjustment to Chemicals Expense

47 Schedule 6.15 Adjustment to Production Cost of Unaccounted-for Water

48

49 Revenue Requirement Schedules

50 Q. Please describe Schedule 6.1, Statement of Operating Income with Adjustments.

51 A. Schedule 6.1 updates ICC Staff Exhibit 1.0, Schedule 1.1 and is described on
52 pages 3-4 of ICC Staff Exhibit 1.0. Schedule 6.1, column (b) is unchanged from
53 Schedule 1.1, column (b) because the Company did not provide a rebuttal
54 revenue requirement in its rebuttal testimony. Thus, the starting point for Staff's
55 rebuttal is the Company's direct testimony pro forma operating statement at
56 present rates.

57 Q. Please describe Schedule 6.2, Adjustments to Operating Income.

58 A. Schedule 6.2 updates ICC Staff Exhibit 1.0, Schedule 1.2 and is described on
59 page 4 of ICC Staff Exhibit 1.0. Staff's rebuttal adjustment for charitable
60 contributions, Schedule 6.10, has changed as described below.

61 Q. Please describe Schedule 6.3, Rate Base.

62 A. Schedule 6.3 updates ICC Staff Exhibit 1.0, Schedule 1.3 and is described on
63 page 4 of ICC Staff Exhibit 1.0. Schedule 6.3, column (b) is unchanged from
64 Schedule 1.3 because the Company did not provide a rebuttal rate base in its
65 rebuttal testimony. Thus, the starting point for Staff's rebuttal is the Company's
66 direct testimony adjusted future test year rate base.

67 Q. Please describe Schedule 6.4, Adjustments to Rate Base.

68 A. Schedule 6.4 updates ICC Staff Exhibit 1.0, Schedule 1.4 and is described on

69 page 4 of ICC Staff Exhibit 1.0. Staff's rebuttal adjustment for cash working
70 capital, Schedule 6.6, has changed as described below.

71

72 Revenue Effect of Adjustments

73 Q. Please describe Schedule 6.5, Revenue Effect of Adjustments.

74 A. Schedule 6.5 updates ICC Staff Exhibit 1.0, Schedule 1.5 and is described on
75 page 5 of ICC Staff Exhibit 1.0.

76

77 Interest Synchronization Adjustment

78 Q. Please describe Schedule 6.6, Interest Synchronization Adjustment.

79 A. Schedule 6.6 updates ICC Staff Exhibit 1.0, Schedule 1.6 and is described on
80 page 5 of ICC Staff Exhibit 1.0.

81

82 Gross Revenue Conversion Factor

83 Q. Please describe Schedule 6.7, Gross Revenue Conversion Factor.

84 A. Schedule 6.7 is the same as ICC Staff Exhibit 1.0, Schedule 1.7 and is described
85 on pages 5-6 of ICC Staff Exhibit 1.0.

86

87 Adjustment to Cash Working Capital

88 Q. Please describe Schedule 6.8, Adjustment to Cash Working Capital.

89 A. Schedule 6.8 updates ICC Staff Exhibit 1.0, Schedule 1.8 and is described on
90 page 6 of ICC Staff Exhibit 1.0. This schedule incorporates revisions in Staff's

91 rebuttal position. The Company did not object to the cash working methodology
92 reflected on Schedule 1.8 of my direct testimony.

93

94 Industry & Association Dues

95 Q. Please describe Schedule 6.9, Adjustment to Industry & Association Dues.

96 A. Schedule 6.9 is the same as ICC Staff Exhibit 1.0, Schedule 1.9 and is described
97 on pages 6-7 of ICC Staff Exhibit 1.0. The Company did not comment on this
98 adjustment in its rebuttal testimony.

99

100 Charitable Contributions

101 Q. Please describe Schedule 6.10, Adjustment to Charitable Contributions.

102 A. Schedule 6.10 presents my adjustment to disallow certain contributions to
103 community and economic development organizations.

104 Q. Does this adjustment differ from the adjustment proposed in your direct
105 testimony, ICC Staff Exhibit 1.0, Schedule 1.10?

106 A. Yes. For reasons discussed below, my adjustment has been reduced.

107 Q. Did Aqua respond to your original adjustment in its rebuttal testimony?

108 A. Yes. In his rebuttal testimony, Aqua Ex. 5.0, Mr. Craig L. Blanchette explains
109 Aqua's disagreement with my original adjustment.

110 Q. What is your understanding of the basis for Aqua's disagreement with your
111 original adjustment?

112 A. Mr. Blanchette claims the charitable contributions in question are allowable for
113 two reasons: (1) based on his interpretation of Section 9-227 of the Public
114 Utilities Act (“the Act”), he believes the contributions are in the interest of public
115 welfare;¹ and (2) the contributions are of the same nature as those listed and
116 allowed by the Commission’s Order in ICC Docket No. 04-0442.²

117 Q. How do you respond to Mr. Blanchette’s rebuttal testimony?

118 A. I agree to revise my adjustment to allow the following contributions:

- 119 • Daily Journal (\$1,000) – Per Aqua Ex. 5.0, page 3, lines 61-63, this
120 contribution is in support of the Newspaper in Education Program, which
121 promotes children’s literacy. I agree that this contribution is for charitable
122 educational purposes.
- 123 • Kankakee River Valley Metro Agency (\$1,000) – Per Aqua Ex. 5.0, page
124 2, lines 47-48, this contribution is in support of household hazardous
125 waste recycling to help preserve and protect the area’s environmental
126 resources. I agree that this contribution is for the public welfare.
- 127 • Northern Illinois Anglers Association (\$650) – Per Aqua Ex. 5.0, page 3,
128 lines 55-57, this contribution is in support of the Kankakee River Clean Up
129 Program for the restoration of the Kankakee River and connecting
130 streams. I agree that this contribution is for the public welfare.

131 However, Mr. Blanchette’s rebuttal testimony did not cause me to change my
132 position regarding the charitable contributions identified in Schedule 6.10.

133 Q. Why should the charitable contributions identified in Schedule 6.10 be
134 disallowed?

135 A. The amounts I continue to disallow are for items of a promotional, goodwill, or
136 institutional nature that should be the responsibility of shareholders, not
137 ratepayers. Section 9-227 of the Act allows as an operating expense donations

¹ Aqua Ex. 5.0, page 4, lines 86-88.

² Aqua Ex. 5.0, pages 4-5, lines 100-113.

138 made by a utility for the public welfare or for charitable scientific, religious or
139 educational purposes. As surmised from Mr. Blanchette's rebuttal testimony, the
140 contributions in dispute were made in general support of the mission of civic,
141 community, and economic development organizations, or in support of
142 community events and festivals.³ Such contributions do not meet the
143 requirements of Section 9-227 of the Act. The contributions are not for the public
144 welfare or for charitable scientific, religious or educational purposes.
145 Contributing to the organizations, events, and festivals in dispute is a promotional
146 and goodwill practice. While such contributions may demonstrate good
147 corporate citizenship, they are not necessary in providing utility service.
148 Ratepayers should not be burdened with the expense of the Company's
149 contributions to these civic, community, and economic development
150 organizations, events, and festivals. The contributions listed on my Schedule
151 6.10 should be disallowed.

152 Q. Please explain the specific reason for the disallowance of each contribution
153 identified on Schedule 6.10.

154 A. The specific reasons for the disallowances recommended on Schedule 6.10 are:

- 155 • Home Builders Association (\$2,500) – Per Aqua Ex. 5.0, page 3, lines 64-
156 65, this contribution is “to support the home building community in
157 promoting quality growth and development within Kankakee County.”
158 While this contribution may have tangential benefits to the general public,
159 it falls short of the scope of the Section 9-227 meaning of “public welfare.”
160 In addition, the contribution appears to be in furtherance of economic
161 development, which Commission orders have consistently disallowed.
162 Further, I have concerns that general contributions to the organization

³ Aqua Ex. 5.0, pp. 2-3.

- 163 may be used for whatever purpose that organization may choose,
164 including lobbying, advertising, or other activities prohibited by the Act.
- 165 • Kankakee Community Development Center (\$1,000) – Per Aqua Ex. 5.0,
166 page 3, lines 64-65, this contribution is “to support a local facility that
167 provides services for inner city children and other community oriented
168 events.” While this contribution may have tangential benefits to the
169 general public, it falls short of the scope of the Section 9-227 meaning of
170 “public welfare.”
 - 171 • Kankakee Development (\$1,000) – Per Aqua Ex. 5.0, page 3, lines 66-67,
172 this contribution is “to support the Downtown Kankakee Musicfest, an
173 event for the local community sponsored by local businesses.”
174 Sponsorship of a community celebration by local businesses is much
175 more of a promotional or goodwill undertaking than one for the public
176 welfare. This contribution does not fall within the scope of the Section 9-
177 227 meaning of “public welfare.”
 - 178 • Kankakee Valley Symphony (\$4,000) – Per Aqua Ex. 5.0, page 3, line 68,
179 this contribution is “to support the symphony’s operations.” General
180 support of the Symphony’s operations is much more of a promotional or
181 goodwill undertaking than one for the public welfare. This contribution
182 does not fall within the scope of the Section 9-227 meaning of “public
183 welfare.”
 - 184 • Manteno Chamber of Commerce (\$1,500) – Per Aqua Ex. 5.0, page 3,
185 lines 69-70, this contribution is “to support the Manteno Oktoberfest
186 event.” Support of a community celebration is much more of a
187 promotional or goodwill undertaking than one for the public welfare. This
188 contribution does not fall within the scope of the Section 9-227 meaning of
189 “public welfare.”
 - 190 • NAACP (\$4,000) – Per Aqua Ex. 5.0, page 2, lines 49-51, this contribution
191 is “to support the initiative of ensuring the political, educational, social, and
192 economic equality of rights of all persons.” Support of the general
193 initiative of a multi-faceted civic and community advocacy organization
194 does not fall with the scope of the Section 9-227 meaning of “public
195 welfare.” In addition, I have concerns that general contributions to such a
196 multi-faceted organization may be used for whatever purpose that
197 organization may choose, including lobbying, advertising, or other
198 activities prohibited by the Act.
 - 199 • Rotary Club (\$1,000) – Per Aqua Ex. 5.0, page 3, lines 71-72, this
200 contribution is “to support the fund raising efforts of the Kankakee Rotary
201 Club.” Support of the general fund raising efforts of a multi-faceted
202 service organization does not fall with the scope of the Section 9-227
203 meaning of “public welfare.” In addition, I have concerns that general
204 contributions to such a multi-faceted organization may be used for

- 205 whatever purpose that organization may choose, including lobbying,
206 advertising, or other activities prohibited by the Act.
- 207 • Two Rivers Festival (\$1,000) – Per Aqua Ex. 5.0, page 3, lines 73-74, this
208 contribution is “to support a local event for the Village of Aroma Park and
209 surrounding communities in Kankakee County.” Support of a community
210 celebration is much more of a promotional or goodwill undertaking than
211 one for the public welfare. This contribution does not fall within the scope
212 of the Section 9-227 meaning of “public welfare.”
 - 213 • Village of Bourbonnais (\$1,000) – Per Aqua Ex. 5.0, page 3, lines 75-76,
214 this contribution is “to support the Bourbonnais Friendship Festival, a
215 community event for all residents of Kankakee County.” Support of a
216 community celebration is much more of a promotional or goodwill
217 undertaking than one for the public welfare. This contribution does not fall
218 within the scope of the Section 9-227 meaning of “public welfare.”
 - 219 • East Side Christmas Party (\$500) – Per Aqua Ex. 5.0, page 3, lines 53-54,
220 this contribution is “to support underprivileged children in the City of
221 Kankakee.” Regardless of the participants, support of a community
222 celebration is much more of a promotional or goodwill undertaking than
223 one for the public welfare. This contribution does not fall within the scope
224 of the Section 9-227 meaning of “public welfare.”
 - 225 • Kankakee County Economic Development (\$500) – Per Aqua Ex. 5.0,
226 page 3, lines 77-79, this contribution is “to support economic development
227 opportunities within Kankakee that benefit area residents through growth
228 and job creation.” While this contribution may have tangential benefits to
229 the general public, it lacks specificity required to demonstrate it falls within
230 the scope of Section 9-227 meaning of “public welfare.” Rather, the
231 contribution appears to be in furtherance of economic development, which
232 Commission orders have consistently disallowed.
 - 233 • Manteno Chamber of Commerce (\$500) – Per Aqua Ex. 5.0, page 3, lines
234 80-81, this contribution is “to support commerce and economic opportunity
235 that directly benefits the residents of Manteno.” While this contribution
236 may have tangential benefits to the general public, it lacks specificity
237 required to demonstrate it falls within the scope of Section 9-227 meaning
238 of “public welfare.” Rather, the contribution appears to be in furtherance
239 of economic development, which Commission orders have consistently
240 disallowed.
 - 241 • Downtown Kankakee Summerfest Extravaganza (\$500) – Per Aqua Ex.
242 5.0, page 3, lines 82-83, this contribution is “to support a community event
243 in the City of Kankakee featuring educational and cultural activities.”
244 Support of a community celebration is much more of a promotional or
245 goodwill undertaking than one for the public welfare. This contribution
246 does not fall within the scope of the Section 9-227 meaning of “public
247 welfare.”

- 248 • Village of Bourbonnais (\$500) – Per Aqua Ex. 5.0, page 2, line 52, this
249 contribution is to support a memorial to honor veterans.” While this
250 contribution is certainly for a noble purpose, the contribution does not fall
251 within the scope of the Section 9-227 meaning of “public welfare.”

252 Q. How do you respond to Mr. Blanchette’s claim that the contributions should be
253 allowed because they are of the same nature as those allowed in Docket No. 04-
254 0442?

255 A. Mr. Blanchette is correct that similar types of contributions were allowed in the
256 Commission’s Order in Docket No. 04-0442. However, the Commission’s Order
257 in Docket No. 04-0442 appears to be an outlier. In my review of Commission
258 Orders in the last 10 years, I was unable to identify any other docket in which
259 charitable contributions of the same nature as those identified in the current
260 docket were contested and actually allowed by the Commission. In contrast,
261 similar charitable contributions were disallowed in Commission orders in the
262 following dockets:

- 263 Docket No. 09-0306 – 09-0311 Ameren Illinois Utilities;
264 Docket No. 08-0363 Northern Illinois Gas Company;
265 Docket No. 03-0403 Consumers Illinois Water Company;
266 Docket No. 03-0008 Central Illinois Public Service Company; and
267 Docket No. 02-0690 Illinois American Water Company.

268 The Company should have been fully aware that the Commission order in Docket
269 No. 04-0442 did not represent a change in Commission policy regarding
270 charitable contributions based upon the conclusions found in Docket Nos. 09-
271 0306 – 09-0311, Ameren Illinois Utilities, and Docket No. 08-0363 Northern
272 Illinois Gas Company.

273

274 Promotional Items

275 Q. Please describe Schedule 6.11, Adjustment to Promotional Items.

276 A. Schedule 6.11 is the same as ICC Staff Exhibit 1.0, Schedule 1.11 as described
277 on page 9 of ICC Staff Exhibit 1.0. The Company did not comment on this
278 adjustment in its rebuttal testimony.

279

280 Social & Service Club Membership Dues

281 Q. Please describe Schedule 6.12, Adjustment to Social & Service Club
282 Membership Dues.

283 A. Schedule 6.12 is the same as ICC Staff Exhibit 1.0, Schedule 1.12 as described
284 on pages 10-11 of ICC Staff Exhibit 1.0. The Company did not comment on this
285 adjustment in its rebuttal testimony.

286

287 Advertising

288 Q. Please describe Schedule 6.13, Adjustment to Advertising Expense.

289 A. Schedule 6.13 is the same as ICC Staff Exhibit 1.0, Schedule 1.13 as described
290 on pages 11-12 of ICC Staff Exhibit 1.0. The Company did not comment on this
291 adjustment in its rebuttal testimony.

292

293 Chemicals Expense

294 Q. Please describe Schedule 6.14, Adjustment to Chemicals Expense.

295 A. Schedule 6.14 is the same as ICC Staff Exhibit 1.0, Schedule 1.14 as described
296 on pages 12-15 of ICC Staff Exhibit 1.0. The Company did not comment on this
297 adjustment in its rebuttal testimony.

298

299 Production Cost of Unaccounted-for Water

300 Q. Please describe Schedule 6.15, Adjustment to Unaccounted-for Water
301 Production Cost.

302 A. Schedule 6.15 is the same as ICC Staff Exhibit 1.0, Schedule 1.15 as described
303 on pages 16-17 of ICC Staff Exhibit 1.0. The Company did not comment on this
304 adjustment in its rebuttal testimony.

305 Plant Facilities Charge

306 Q. In your direct testimony, ICC Exhibit 1.0, pages 17-18, you made
307 recommendations regarding the Plant Facilities Charge (“PFC”) proposed by the
308 Company in this proceeding. In its rebuttal testimony, did the Company respond
309 to your recommendations?

310 A. No. Aqua’s rebuttal testimony does not respond to my recommendations. I
311 affirm the comments and recommendations presented on this topic in my direct
312 testimony.

313

314 Rate Base - Original Cost Determination

315 Q. In your direct testimony, ICC Exhibit 1.0, pages 18-19, you made a
316 recommendation regarding an Original Cost Determination. Did the Company
317 respond to your recommendation?

318 A. No. Aqua's rebuttal testimony does not respond to my recommendation. I affirm
319 my direct testimony recommendation of an Original Cost Determination. I
320 continue to recommend, subject to any adjustments to plant subsequently
321 adopted by the Commission, whether proposed by the Parties or the Commission
322 itself, the Commission order state:

323 It is further ordered that the \$119,602,619 original cost of plant for
324 the Kankakee Division of Aqua Illinois, Inc. at December 31, 2008,
325 as reflected on the Company's Schedule B-5, Page 2 of 2, Line 49,
326 Column G, is unconditionally approved as the original cost of plant.
327

328 Conclusion

329 Q. Does this question end your prepared rebuttal testimony?

330 A. Yes.

Aqua Illinois, Inc. - Kankakee Water Division
Adjustments to Operating Income
 For the Test Year Ending December 31, 2011

Line No.	Description	Interest Synchronization (St. Ex. 6.0, Sch. 6.6)	Industry & Association Dues (St. Ex. 6.0, Sch. 6.9)	Charitable Contributions (St. Ex. 6.0, Sch. 6.10)	Promotional Items (St. Ex. 6.0, Sch. 6.11)	Social & Service Club Dues (St. Ex. 6.0, Sch. 6.12)	Advertising Expense (St. Ex. 6.0, Sch. 6.13)	Chemicals Expense (St. Ex. 6.0, Sch. 6.14)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Salaries & Wages, Employees	-	-	-	-	-	-	-	-
6	Salaries & Wages, Officers	-	-	-	-	-	-	-	-
7	Employee Pensions & Benefits	-	-	-	-	-	-	-	-
8	Purchased Power & Fuel	-	-	-	-	-	-	-	-
9	Chemicals	-	-	-	-	-	-	(25,207)	(25,207)
10	Materials & Supplies	-	-	-	-	-	-	-	-
11	Contractual Services - Engineering	-	-	-	-	-	-	-	-
12	Contractual Services - Accounting	-	-	-	-	-	-	-	-
13	Contractual Services - Legal	-	-	-	-	-	-	-	-
14	Contractual Services - Management	-	-	-	-	-	-	-	-
15	Contractual Services - Other	-	-	-	-	-	-	-	-
16	Lease Expense	-	-	-	-	-	-	-	-
17	Transportation Expense	-	-	-	-	-	-	-	-
18	Insurance Expense	-	-	-	-	-	-	-	-
19	Regulatory Commission Exp. Amort.	-	-	-	-	-	-	-	-
20	Miscellaneous Expense	-	(2,999)	(19,500)	(1,539)	(594)	(5,117)	-	(29,749)
21	Depreciation	-	-	-	-	-	-	-	-
22	Amort. Of Utility Plant Acq. Adj.	-	-	-	-	-	-	-	-
23	Amortization Expense	-	-	-	-	-	-	-	-
24	NET OPERATING INCOME	-	-	-	-	-	-	-	-
25		-	-	-	-	-	-	-	-
26	Total Operating Expense								
27	Before Income Taxes	-	(2,999)	(19,500)	(1,539)	(594)	(5,117)	(25,207)	(54,956)
28	State Income Tax	(51)	219	1,424	112	43	374	1,840	3,961
29	Federal Income Tax	(228)	973	6,327	499	193	1,660	8,178	17,602
30	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
31	Total Operating Expenses	(279)	(1,807)	(11,749)	(928)	(358)	(3,083)	(15,189)	(33,393)
32	NET OPERATING INCOME	\$ 279	\$ 1,807	\$ 11,749	\$ 928	\$ 358	\$ 3,083	\$ 15,189	\$ 33,393

Aqua Illinois, Inc. - Kankakee Water Division
Adjustments to Operating Income
 For the Test Year Ending December 31, 2011

Line No.	Description	Subtotal	Production	(Source)	Incentive	Employee	Parent Co.	Rate Case	Total
		Operating Statement Adjustments	Cost of Unaccounted-for Water (St. Ex. 6.0, Sch. 6.15)		Compensation (St. Ex. 7.0, Sch. 7.1)	Benefits (St. Ex. 7.0, Sch. 7.2)	Service Chgs. (St. Ex. 7.0, Sch. 7.3)	Expense (St. Ex. 7.0, Sch. 7.4)	Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)	(k)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Salaries & Wages, Employees	-	-	-	(123,199)	-	-	-	(123,199)
6	Salaries & Wages, Officers	-	-	-	-	-	-	-	-
7	Employee Pensions & Benefits	-	-	-	-	(37,254)	-	-	(37,254)
8	Purchased Power & Fuel	-	(20,957)	-	-	-	-	-	(20,957)
9	Chemicals	(25,207)	(19,103)	-	-	-	-	-	(44,310)
10	Materials & Supplies	-	-	-	-	-	-	-	-
11	Contractual Services - Engineering	-	-	-	-	-	-	-	-
12	Contractual Services - Accounting	-	-	-	-	-	-	-	-
13	Contractual Services - Legal	-	-	-	-	-	-	-	-
14	Contractual Services - Management	-	-	-	-	-	(75,309)	-	(75,309)
15	Contractual Services - Other	-	-	-	-	-	-	-	-
16	Lease Expense	-	-	-	-	-	-	-	-
17	Transportation Expense	-	-	-	-	-	-	-	-
18	Insurance Expense	-	-	-	-	-	-	-	-
19	Regulatory Commission Exp. Amort.	-	-	-	-	-	-	(1,625)	(1,625)
20	Miscellaneous Expense	(29,749)	-	-	-	-	-	-	(29,749)
21	Depreciation	-	-	-	-	-	-	-	-
22	Amort. Of Utility Plant Acq. Adj.	-	-	-	-	-	-	-	-
23	Amortization Expense	-	-	-	-	-	-	-	-
24	NET OPERATING INCOME	-	-	-	-	-	-	-	-
25		-	-	-	-	-	-	-	-
26	Total Operating Expense								
27	Before Income Taxes	(54,956)	(40,060)	-	(123,199)	(37,254)	(75,309)	(1,625)	(332,403)
28	State Income Tax	3,961	2,924	-	8,994	2,720	5,498	119	24,216
29	Federal Income Tax	17,602	12,997	-	39,972	12,087	24,434	527	107,619
30	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
31	Total Operating Expenses	(33,393)	(24,139)	-	(74,233)	(22,447)	(45,377)	(979)	(200,568)
32	NET OPERATING INCOME	\$ 33,393	\$ 24,139	\$ -	\$ 74,233	\$ 22,447	\$ 45,377	\$ 979	\$ 200,568

Aqua Illinois, Inc. - Kankakee Water Division
Rate Base
 For the Test Year Ending December 31, 2011

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1)	Staff Adjustments (St. Ex. 6.0 Sch. 6.4)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Utility Plant In Service	\$ 126,086,073	\$ -	\$ 126,086,073
2	Less: Reserve for Accum Depreciation	(30,942,014)	-	(30,942,014)
3		-	-	-
4	Net Plant	95,144,059	-	95,144,059
5	Additions to Rate Base			
6	Property Held for Future Use	-	-	-
7	Deferred Charges	1,016,886	-	1,016,886
8	Materials & Supplies	628,814	-	628,814
9	Cash Working Capital	1,182,761	(41,347)	1,141,414
10	Amort. Of Contributions in Aid of Construction	4,151,032	-	4,151,032
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	FAS 87 Pension	(1,007,036)	-	(1,007,036)
18	FAS 106 OPEB	(160,176)	-	(160,176)
19	Customer Advances	(391,112)	-	(391,112)
20	Contributions in Aid of Construction	(20,711,943)	-	(20,711,943)
21	Deferred Income Taxes - Total	(8,119,530)	-	(8,119,530)
22		-	-	-
23	Rate Base	<u>\$ 71,733,755</u>	<u>\$ (41,347)</u>	<u>\$ 71,692,408</u>

Aqua Illinois, Inc. - Kankakee Water Division
 Revenue Effect of Adjustments
 For the Test Year Ending December 31, 2011

Line No.	Description (a)	Per Company (b)	Staff Adjustments (c)	Per Staff (d)
1	Present Revenues	\$ 18,457,750 ⁽¹⁾	\$ -	\$ 18,457,750 ⁽²⁾
2	Proposed Increase	<u>\$ 4,349,127 ⁽³⁾</u>	<u>\$ (1,374,870) ⁽⁴⁾</u>	<u>\$ 2,974,257 ⁽⁵⁾</u>
3	Proposed Revenues	<u>\$ 22,806,877</u>	<u>\$ (1,374,870)</u>	<u>\$ 21,432,007</u>
4	% Increase	23.56%		16.11%
5	Staff Adjustments			
6	Rate of Return (Applied to Company Rate Base)		\$ (1,031,873)	
7	Incentive Compensation	St. Ex. 7.0, Sch. 7.1	(124,834)	
8	Parent Co. Service Chgs.	St. Ex. 7.0, Sch. 7.3	(76,308)	
9	Production Cost of Unaccounted-for Water	St. Ex. 6.0, Sch. 6.15	(40,593)	
10	Employee Benefits	St. Ex. 7.0, Sch. 7.2	(37,748)	
11	Chemicals Expense	St. Ex. 6.0, Sch. 6.14	(25,543)	
12	Charitable Contributions	St. Ex. 6.0, Sch. 6.10	(19,758)	
13	Cash Working Capital	St. Ex. 6.0, Sch. 6.8	(4,862)	
14	Advertising Expense	St. Ex. 6.0, Sch. 6.13	(5,185)	
15	Industry & Association Dues	St. Ex. 6.0, Sch. 6.9	(3,039)	
16	Rate Case Expense	St. Ex. 7.0, Sch. 7.4	(1,646)	
17	Promotional Items	St. Ex. 6.0, Sch. 6.11	(1,561)	
18	Interest Synchronization	St. Ex. 6.0, Sch. 6.6	(1,323)	
19	Social & Service Club Dues	St. Ex. 6.0, Sch. 6.12	(602)	
20	Gross Revenue Conversion Factor	St. Ex. 6.0, Sch. 6.1	<u>3</u>	
21	Total Revenue Effect of Staff Adjustments		<u>\$ (1,374,872)</u>	

Sources:

- (1) Source: ICC Staff Ex. 6.0, Schedule 6.1, column (b), line 3
- (2) Source: ICC Staff Ex. 6.0, Schedule 6.1, column (d), line 3
- (3) Source: ICC Staff Ex. 6.0, Schedule 6.1, column (e), line 3
- (4) Source: ICC Staff Ex. 6.0, Schedule 6.1, columns (f) + (h), line 3
- (5) Source: ICC Staff Ex. 6.0, Schedule 6.1, column (i), line 35

Aqua Illinois, Inc. - Kankakee Water Division
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2011

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 71,692,408 (1)
2	Weighted Cost of Debt	3.09% (2)
3	Synchronized Interest Per Staff	2,215,295
4	Company Interest Expense	<u>2,214,591</u> (3)
5	Increase (Decrease) in Interest Expense	<u>704</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ (51)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ (228)</u>

(1) Source: ICC Staff Ex. 6.0, Schedule 6.3, Column (d).
 (2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.
 (3) Source: Company Schedule C-5.4, Line 17.

Aqua Illinois, Inc. - Kankakee Water Division
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2011

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.3106%	<u>0.013106</u>	
3	State Taxable Income		0.986894	1.000000
4	State Income Tax	7.3000%	<u>0.072043</u>	<u>0.073000</u>
5	Federal Taxable Income		0.914851	0.927000
6	Federal Income Tax	35.0000%	<u>0.320198</u>	<u>0.324450</u>
7	Operating Income		<u>0.594653</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.681653</u>	<u>1.659613</u>

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Cash Working Capital
 For the Test Year Ending December 31, 2011

Line No.	Description	Amount	Source
(a)	(b)	(c)	(d)
1	Total Operating Expenses Before Income Taxes	\$ 13,178,140	ICC Staff Ex. 6.0, Schedule 6.1, Line 27, Col (i)
	Less:		
2	Uncollectible Accounts Expense	(280,880)	ICC Staff Ex. 6.0, Schedule 6.1, Line 4, Col (i)
3	Annual Amortization of Rate Case Expense	(122,477)	ICC Staff Ex. 6.0, Schedule 6.1, Line 19, Col (i)
4	Depreciation Expense	(3,465,496)	ICC Staff Ex. 6.0, Schedule 6.1, Line 21, Col (i)
5	Real Estate Tax Expense	<u>(177,974)</u>	Company Schedule B-8, Line 6, Col. (B)
6	Total Cash Operating Expenses	9,131,313	
7	45 (lag days) / 360 (30 day month year)	<u>12.50%</u>	45 / 360
8	Cash Working Capital Per Staff	\$ 1,141,414	Line 6 x Line 7
9	Cash Working Capital per Company	<u>1,182,761</u>	Company Schedule B-1, Line 14, Col. (E)
10	Adjustment to Working Capital	<u>\$ (41,347)</u>	Line 8 less Line 9

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Industry & Association Dues
 For the Test Year Ending December 31, 2011

<u>Line</u> (A)	<u>Description</u> (B)	<u>Amount</u> (C)	<u>Amount</u> (D)	<u>Source</u> (D)
1	Industry Association Dues per Company		17,644	Co. Schedule C-6.1, p. 2, Line 10, Column (D)
2	Percentage of Dues Used for Lobbying Purposes		<u>17.00%</u>	Co. Response to RWB-4.01 (Bates # AQUA 000703)
3	Lobbying Portion of Dues -- Staff Adjustment		<u>\$ (2,999)</u>	Line 1 x Line 2

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Charitable Contributions
 For the Test Year Ending December 31, 2011

Line	Description	Amount	Source
(A)	(B)	(C)	(D)
1	Home Builders Association	2,500	Co. Schedule C-7, p. 5
2	Kankakee Community Development Center	1,000	Co. Schedule C-7, p. 5
3	Kankakee Development	1,000	Co. Schedule C-7, p. 5
4	Kankakee Valley Symphony	4,000	Co. Schedule C-7, p. 5
5	Manteno Chamber of Commerce	1,500	Co. Schedule C-7, p. 5
6	NAACP	4,000	Co. Schedule C-7, p. 5
7	Rotary Club	1,000	Co. Schedule C-7, p. 5
8	Two Rivers Festival	1,000	Co. Schedule C-7, p. 5
9	Village of Bourbonnais	1,000	Co. Schedule C-7, p. 5
10	East Side Christmas Party	500	Co. Response to RWB-2.05 (Bates # AQUA 000248)
11	Kankakee County Economic Development	500	Co. Response to RWB-2.05 (Bates # AQUA 000248)
12	Manteno Chamber of Commerce	500	Co. Response to RWB-2.05 (Bates # AQUA 000248)
13	Downtown Kankakee Summerfest Extravaganza	500	Co. Response to RWB-2.05 (Bates # AQUA 000248)
14	Village of Bourbonnais	<u>500</u>	Co. Response to RWB-2.05 (Bates # AQUA 000248)
15	Total Non-Recoverable Contributions - Staff Adjustment	<u>(19,500)</u>	Sum of Lines 1 - 14

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Promotional Expense
 For the Test Year Ending December 31, 2011

Line (A)	Description (B)	Amount (C)	Source (D)
1	Non-Recoverable 2009 Promotional Expense Amount	(1,450)	ICC Staff Ex. 6.0, Schedule 6.11, p. 2, Line 9, Col. (I)
2	Inflation Factor - Other Expense	<u>3%</u>	Aqua Ex. 2.2
3	Non-Recoverable 2010 Promotional Expense Amount per Staff	(1,494)	Line 1 + (Line 1 x Line 2)
4	Inflation Factor - Other Expense	<u>3%</u>	Aqua Ex. 2.2
5	Non-Recoverable 2011 Promotional Expense - Staff Adjustment	<u>(1,539)</u>	Line 3 + (Line 3 x Line 4)

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Promotional Items
 For the Test Year Ending December 31, 2011

ACCOUNT- 2	ACCOUNT-DESC-2	POSTING DATE	TRANSACTION DATE	DESCRIPTION	JOURNA L	ENT/S C	GLT- DEBIT- AMT	GLT- CREDIT- AMT
(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
675825	WT-Misc-A&G-Promotional Items	6/30/2009	6/15/2006	11252LEE WAYNE C	I	2 AD	437.00	
675825	WT-Misc-A&G-Promotional Items	6/30/2009	6/11/2009	11168XTREME PROM	I	2 AD	898.43	
675825	WT-Misc-A&G-Promotional Items	6/30/2009	6/8/2009	TARGET 000089	I	3 XL	2.53	
675825	WT-Misc-A&G-Promotional Items	6/30/2009	6/15/2009	WM EZPAY	I	3 XL		376.00
675825	WT-Misc-A&G-Promotional Items	9/30/2009	10/9/2009	Reclassify PCard Ent	N	71 JE	102.33	
675825	WT-Misc-A&G-Promotional Items	9/30/2009	10/9/2009	Reclassify PCard Ent	N	71 JE	376.00	
675825	WT-Misc-A&G-Promotional Items	6/30/2009	5/30/2009	33813RODNEY D PH	N	3 AD	10.00	
Totals							1,826.29	376.00
2009 Promotional Expense Amount							<u>1,450.29</u>	

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Social & Service Club Membership Dues
 For the Test Year Ending December 31, 2011

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Source</u>
(A)	(B)	(C)	(D)
1	Non-Recoverable 2009 Social & Service Club Dues Amount	(560)	ICC Staff Ex. 6.0, Schedule 6.12, p. 2, Line 5, Col. (I)
2	Inflation Factor - Other Expense	<u>3%</u>	Aqua Ex. 2.2
3	Non-Recoverable 2010 Social & Service Club Dues Amount per Staff	(577)	Line 1 + (Line 1 x Line 2)
4	Inflation Factor - Other Expense	<u>3%</u>	Aqua Ex. 2.2
5	Non-Recoverable 2011 Social & Service Club Dues - Staff Adjustment	<u>(594)</u>	Line 3 + (Line 3 x Line 4)

Aqua Illinois, Inc. - Kankakee Water Division
Adjustment to Social & Service Club Membership Dues
 For the Test Year Ending December 31, 2011

ACCOUNT- 2	ACCOUNT-DESC-2	POSTING DATE	TRANSACTION DATE	DESCRIPTION	JOURNA L	ENT/S C	GLT- DEBIT- AMT	GLT- CREDIT- AMT
(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
675816	WT-Misc-A&G-CONTRIB	4/30/2009	4/1/2009	505ROTARY CLUB	N	2 AD	140.00	
675824	WT-Misc-A&G-DUES	1/31/2009	1/7/2009	505ROTARY CLUB	I	1 AD	140.00	
675824	WT-Misc-A&G-DUES	5/31/2009	4/8/2009	505ROTARY CLUB	N	6 AD	140.00	
675824	WT-Misc-A&G-DUES	8/31/2009	7/31/2009	505ROTARY CLUB	I	1 AD	140.00	
Total Social & Service Club Membership Dues							<u>560.00</u>	

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Advertising Expense
 For the Test Year Ending December 31, 2011

Line (A)	Description (B)	Amount (C)	Source (D)
1	2008 Non-Recoverable Advertising Expense Percentage	4,988	ICC Staff Ex. 6.0, Schedule 6.13, p. 2, Line 27, Col. (K)
2	2009 Non-Recoverable Advertising Expense Percentage	<u>1,228</u>	ICC Staff Ex. 6.0, Schedule 6.13, p. 3, Line 7, Col. (K)
3	Total 2008 - 2009 Non-Recoverable Advertising Expense	6,216	Line 1 + Line 2
4	2008 Total Advertising Expense	15,496	Aqua Response to Staff data request RWB-2.01
5	2009 Total Advertising Expense	<u>5,225</u>	Aqua Response to Staff data request RWB-2.01
6	Total 2008 - 2009 Advertising Expense	20,721	Line 4 + Line 5
7	2008 - 2009 Non-Recoverable Advertising Expense Percentage	-30%	Line 3 divided by Line 6
8	2011 Forecast Advertising Expense	<u>17,057</u>	Aqua Schedule C-8, Line 1, Col. (E)
9	2011 Non-Recoverable Advertising Expense - Staff Adjustment	<u><u>(5,117)</u></u>	Line 7 x line 8

Aqua Illinois, Inc. - Kankakee Water Division
Adjustment to Advertising Expense
 For the Test Year Ending December 31, 2011

2008 Non-Recoverable Advertising Expenses

Line	Item #	ACCOUNT-2	ACCOUNT-DESC-2	POSTING DATE	TRANSACTION DATE	DESCRIPTION	JOURNAL	ENTRY	SC	GLT-DEBIT-AMT	GLT-CREDIT-AMT
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
1	2	660800	WT-Advertising-A & G	1/31/2008	12/30/2007	19026WVLTITHEVAI1AD	I	1	AD	300.00	
2	3	660800	WT-Advertising-A & G	1/31/2008	12/30/2007	27468WIVR/RIVER11AD	I	1	AD	200.00	
3	5	660800	WT-Advertising-A & G	1/31/2008	12/31/2007	10108WKAN-RADIOI1AD	I	1	AD	200.00	
4	6	660800	WT-Advertising-A & G	1/31/2008	12/31/2007	10108WKAN-RADIOI1AD	I	1	AD	200.00	
5	7	660800	WT-Advertising-A & G	1/31/2008	12/31/2007	10427THEDAILYJI1AD	I	1	AD	155.00	
6	8	660800	WT-Advertising-A & G	1/31/2008	12/31/2007	10427THEDAILYJI1AD	I	1	AD	240.00	
7	12	660800	WT-Advertising-A & G	2/29/2008	1/31/2008	10427THEDAILYJI2AD	I	2	AD	95.00	
8	13	660800	WT-Advertising-A & G	2/29/2008	1/15/2008	35422THE JOHN R.	I	3	AD	125.00	
9	17	660800	WT-Advertising-A & G	3/31/2008	12/14/2007	10690TAYLORPUBLI1AD	I	1	AD	500.00	
10	25	660800	WT-Advertising-A & G	4/30/2008	4/4/2008	1896BISHOPMCNAN10AD	N	10	AD	450.00	
11	31	660800	WT-Advertising-A & G	5/31/2008	5/6/2008	1684B&BPUBLISHN9AD	N	9	AD	159.00	
12	32	660800	WT-Advertising-A & G	5/31/2008	5/15/2008	10690TAYLORPUBLN9AD	N	9	AD	500.00	
13	33	660801	WT-Advertising-A & G	5/31/2008	5/19/2008	21007KANKAKEE CO	N	9	AD	189.00	
14	37	660800	WT-Advertising-A & G	6/30/2008	5/31/2008	10427THEDAILYJI2AD	I	2	AD	95.00	
15	39	660800	WT-Advertising-A & G	6/30/2008	6/10/2008	1684B&BPUBLISHN6AD	N	6	AD	50.00	
16	45	660800	WT-Advertising-A & G	8/31/2008	7/29/2008	1684B&BPUBLISHI1AD	I	1	AD	132.50	
17	49	660800	WT-Advertising-A & G	8/31/2008	7/31/2008	10108WKAN-RADION8AD	N	8	AD	148.25	
18	50	660800	WT-Advertising-A & G	8/31/2008	7/31/2008	10108WKAN-RADION8AD	N	8	AD	148.75	
19	51	660800	WT-Advertising-A & G	8/31/2008	7/31/2008	10427THEDAILYJN8AD	N	8	AD	95.00	
20	53	660800	WT-Advertising-A & G	9/30/2008	7/8/2008	10690TAYLORPUBLN5AD	N	5	AD	500.00	
21	57	660800	WT-Advertising-A & G	9/30/2008	1/15/2008	35422THE JOHN R.	N	10	AD	125.00	
22	58	660800	WT-Advertising-A & G	9/30/2008	8/31/2008	10427THEDAILYJN10AD	N	10	AD	95.00	
23	61	660800	WT-Advertising-A & G	9/30/2008	9/15/2008	30417KCTC FOUNDA	N	10	AD	75.00	
24	65	660800	WT-Advertising-A & G	10/31/2008	10/1/2008	36427KANKAKEECOI2AD	I	2	AD	100.00	
25	66	660800	WT-Advertising-A & G	10/31/2008	10/15/2008	36428MANTENOSHOI2AD	I	2	AD	75.00	
26	68	660800	WT-Advertising-A & G	11/30/2008	10/28/2008	1684B&BPUBLISHN3AD	N	3	AD	35.00	
27						2008 Nonrecoverable Advertising Expenses per Staff				4,987.50	
28						2008 Total Advertising Expense				15,495.87	
29						2008 Nonrecoverable Advertising Expense Percentage				32%	

Aqua Illinois, Inc. - Kankakee Water Division
Adjustment to Advertising Expense
 For the Test Year Ending December 31, 2011

2009 Non-Recoverable Advertising Expenses

Line	Item #	ACCOUNT-2	ACCOUNT-DESC-2	POSTING DATE	TRANSACTION		JOURNAL	ENTRY	SC	GLT-DEBIT-	GLT-CREDIT-
					DATE	DESCRIPTION				AMT	AMT
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
1	5	660800	WT-Advertising-A & G	1/31/2009	12/28/2008	19026WVLITHEVA	I	1	AD	300.00	
2	6	660800	WT-Advertising-A & G	1/31/2009	12/28/2008	19026WVLITHEVA	I	1	AD	200.00	
3	13	660800	WT-Advertising-A & G	3/31/2009	12/28/2008	27468WIVR/RIVERI	I	1	AD	200.00	
4	14	660800	WT-Advertising-A & G	3/31/2009	3/1/2009	1896BIISHOP MCNA	I	1	AD	450.00	
5	20	660800	WT-Advertising-A & G	6/30/2009	2/28/2009	10427THEDAILYJ	I	1	AD	28.00	
6	22	660800	WT-Advertising-A & G	6/30/2009	6/9/2009	1684B&BPUBLISH	N	3	AD	50.00	
7						2009 Nonrecoverable Advertising Expenses per Staff				1,228.00	
8						2009 Total Advertising Expense				5,225.12	
9						2009 Nonrecoverable Advertising Expense Percentage				24%	

Source: Company response to Staff data request RWB-2.01 (Bates # AQUA 000958 - 000960)

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment to Chemicals Expense
 For the Test Year Ending December 31, 2011

<u>Line</u> (A)	<u>Description</u> (B)	<u>Amount</u> (C)	<u>Source</u> (D)
1	2010 Chemicals Expense per Company	679,438	Aqua Schedule C-4, p. 3, Line 6, Column (H)
2	2011 Escalation Factor per Staff	<u>2.99%</u>	ICC Staff Ex. 1.0, Schedule 1.14, p. 2, Line 9, Col. (D)
3	2011 Escalation Amount per Staff	20,315	Line 1 x Line 2
4	2011 Chemicals Expense per Staff	699,753	Line 1 + Line 3
5	2011 Chemicals Expense per Company	<u>724,960</u>	Aqua Schedule C-4, p. 3, Line 6, Column (K)
6	Staff Adjustment	<u>(25,207)</u>	Line 4 - Line 5

Aqua Illinois, Inc. - Kankakee Water Division
Adjustment to Chemicals Expense
 For the Test Year Ending December 31, 2011

<u>Line</u>	<u>Column (C) Source</u>	<u>Year</u>	<u>Chemical Cost</u>	<u>% Change from PY</u>		<u>Column (F) Source</u>	<u>Pumpage Gallons</u>	<u>% Change from PY</u>
(A)	(E)	(B)	(C)	(D)		(H)	(F)	(G)
1	(a)	2002	\$ 311,967.00	~			n/a	n/a
2	(a)	2003	334,235.00	7.14%			n/a	n/a
3	(a)	2004	378,979.00	13.39%			n/a	n/a
4	(b)	2005	423,384.26	11.72%		(e)	4,328,774,964	n/a
5	(b)	2006	529,102.30	24.97%		(e)	4,021,635,498	-7.10%
6	(b)	2007	689,057.66	30.23%		(e)	4,576,656,701	13.80%
7	(b)	2008	654,520.19	-5.01%		(e)	4,534,930,399	-0.91%
8	(b)	2009	659,683.53	0.79%		(e)	4,257,977,448	-6.11%
9	(c)	2010	679,438.00	2.99%		(e), (projected)	4,088,839,320	-3.97%
10	(c), (d)	2011	724,960.00	6.70%				
11			2007-2010 change	-1.40%	(f)		2007-2010 change	-10.66% (g)
12			Kankakee-only 5 year "CAGR"	5.129%	(h)			

13 (a) 06-0285 Schedule C-4

14 (b) Company response to RWB-8.02, Compiled

15 (c) 10-0194 Schedule C-4, p. 3, Line 6, Columns (H) & (K)

16 (d) Projected using 2006-2010 Aqua Inc. "CAGR"

17 (e) Source is response to RWB 8.02. 2010 projected using 3 months actual x 4 to calculate total

18 (f) [Line 9, Col. (C) minus Line 6, Col. (C)] divided by Line 6, Col. (C)

19 (g) [Line 9, Col. (F) minus Line 6, Col. (F)] divided by Line 6, Col. (F)

20 (h) [[Line 9, Col. (D) divided by Line 5, Col. (D)] to the 1/5 power]-1

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment for Unaccounted For Water
 For the Test Year Ending December 31, 2011

<u>Line</u> (A)	<u>Description</u> (B)	<u>Amount</u> (C)	<u>Source</u> (D)
1	Purchased Power & Fuel Expense per Staff	746,690	ICC Staff Ex. 6.0, Schedule 6.15, p. 2, Line 4, Col. (C)
2	Purchased Power & Fuel Expense per Company	<u>767,647</u>	Co. Schedul C-4, p. 3, Line 5, Col (K)
3	Staff Adjustment	<u>(20,957)</u>	Line 1 - Line 2
4	Chemicals Expense per Staff	680,650	ICC Staff Ex. 6.0, Schedule 6.15, p. 2, Line 7, Col. (C)
5	Chemicals Expense per Previous Staff Adjustment	<u>699,753</u>	ICC Staff Ex. 6.0, Schedule 6.14, Line 4, Column (C)
6	Staff Adjustment	<u>(19,103)</u>	Line 4 - Line 5

Aqua Illinois, Inc. - Kankakee Water Division
 Adjustment for Unaccounted For Water
 For the Test Year Ending December 31, 2011

<u>Line</u> (A)	<u>Description</u> (B)	<u>Amount</u> (C)	<u>Source</u> (D)
1	Excess Accounted for Water Percentage per Staff	2.73%	ICC Staff Ex. 5.0, Schedule 5.1, Line 12
2	Purchased Power & Fuel Expense per Company	<u>767,647</u>	Co. Schedul C-4, p. 3, Line 5, Col (K)
3	Excess Purchased Power & Fuel Expense	20,957	Line 1 x Line 2
4	Purchased Power & Fuel Expense per Staff	<u><u>746,690</u></u>	Line 2 - Line 3
5	Chemicals Expense per Previous Staff Adjustment	<u>699,753</u>	ICC Staff Ex. 6.0, Schedule 6.14, Line 4, Column (C)
6	Excess Chemicals Expense	19,103	Line 1 x Line 5
7	Chemicals Expense per Staff	<u><u>680,650</u></u>	Line 5 - Line 6