

**Great Northern Utilities
Balance Sheet
December-09**

<u>ASSETS</u>	
Plant In Service	
Water	\$ 1,806,527
Sewer	0
	<hr/>
Total	\$ 1,806,527
Accumulated Depreciation-Water	(322,533)
Accumulated Depreciation-Sewer	0
	<hr/>
Total	\$ (322,533)
Net Utility Plant	\$ 1,483,995
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Plant Acquisition Adjustment-Water	0
Plant Acquisition Adjustment-Sewer	0
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Total	\$ 0
Construction Work In Process-Water	0
Construction Work In Process-Sewer	0
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Total	\$ 0
Current Assets	
Cash	0
Accounts Receivable - Net	(214,286)
Other Current Assets	0
	<hr/>
Total	\$ (214,286)
Deferred Charges	7,870
	<hr/>
TOTAL ASSETS	\$ 1,277,579

<u>LIABILITIES AND OTHER CREDITS</u>	
=====	
Capital Stock and Retained Earnings	
Common Stock and Paid In Capital	\$ 813,934
Retained Earnings	2,875
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Total	\$ 816,809
Current and Accrued Liabilities	
Accounts Payable-Trade	4,140
Taxes Accrued	4,141
Customer Deposits	36
Customer Deposits - Interest	5
A/P - Assoc. Companies	317,853
Deferred Revenue	0
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Total	\$ 326,175
Advances In Aid of Construction	
Water	0
Sewer	0
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Total	\$ 0
Contributions In Aid of Construction	
Water	94,720
Sewer	0
	<hr/>
Total	\$ 94,720
Accumulated Deferred Income Tax	
Unamortized ITC	0
Deferred Tax - Federal	37,307
Deferred Tax - State	2,568
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Total	\$ 39,876
TOTAL LIABILITIES AND OTHER CREDITS	\$ 1,277,579

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Great Northern Utilities
Water Operations
Test Year Ended December 31, 2009

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Schedule B
Page 1 of 2

	Books	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water	90,169	793 [a]	90,962	275,432 [n]	366,393
Service Revenues - Sewer	-		-		-
Miscellaneous Revenues	704		704	215	919
Uncollectible Accounts	(288)		(288)	(871) [b]	(1,159)
Total Operating Revenues	90,585	793	91,378	274,775	366,153
Maintenance Expenses					
Salaries and Wages	35,681	(5,163) [c]	30,518	-	30,518
Purchased Power	11,081	498 [j]	11,579	-	11,579
Maintenance and Repair	23,941	418 [j],[k]	24,359	-	24,359
Maintenance Testing	4,062	183 [j]	4,245	-	4,245
Meter Reading	3,691	166 [j]	3,857	-	3,857
Chemicals	6,760	304 [j]	7,063	-	7,063
Transportation	2,056	62 [m]	2,117	-	2,117
Operating Exp. Cap time Charged to Plant	(60,194)	47,592 [c]	(12,602)	-	(12,602)
Outside Services - Other	2,021	91 [j]	2,111	-	2,111
Total	29,097	44,150	73,247	-	73,247
General Expenses					
Salaries and Wages	9,461	(2,081) [c]	7,380	-	7,380
Office Supplies & Other Office Exp.	5,873	264 [j]	6,137	-	6,137
Regulatory Commission Exp.	(576)	35,499 [d]	34,923	-	34,923
Pension & Other Benefits	6,533	2,522 [c]	9,055	-	9,055
Rent	459	21 [j]	479	-	479
Insurance	2,803	-	2,803	-	2,803
Office Utilities	5,397	243 [j]	5,639	-	5,639
Miscellaneous	2,060	93 [j]	2,153	-	2,153
Expense Allocation adj	-	(52) [o]	(52)	-	(52)
Total	32,010	36,508	68,518	-	68,518
Depreciation	27,707	33,389 [e]	61,095	-	61,095
Taxes Other Than Income	7,639	823 [f]	8,462	275 [f]	8,737
Income Taxes - Federal	(16,490)	(34,401) [g]	(50,891)	86,517 [g]	35,625
Income Taxes - State	(3,819)	(7,968) [g]	(11,787)	20,038 [g]	8,251
Amortization of CIAC	(3,707)	(2,165) [e]	(5,872)	-	(5,872)
Total	11,329	(10,323)	1,006	106,831	107,837
Total Operating Expenses	72,437	70,335	142,772	106,831	249,602
Net Operating Income	18,148	(69,542)	(51,393)	167,944	116,551
Other Income	(96)	-	(96)	-	(96)
Interest During Construction	(32)	32 [h]	-	-	-
Interest on Debt	54,571	(7,175) [i]	47,396	-	47,396
Net Income	(36,294)	(62,399)	(98,693)	167,944	69,251

- [a] Revenues are annualized at proposed rates using the average test year customers.
- [b] w/p [a] - Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] w/p [b] - Salaries, Wages and Benefits are adjusted to annualize as of the end of the year.
- [d] w/p [d] - Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] w/p [f] - Depreciation and Amortization Expense are annualized. Depreciation expense represents gross depreciable plant at the end of the year plus pro forma projects multiplied by the respective depreciation rates.
- [f] w/p [e] - Taxes Other than Income is adjusted for annualized payroll taxes, Utility Commission Taxes, and Gross Receipts Taxes.
- [g] w/p [g] - Income Taxes are computed on taxable income at following rates (34% federal and 7.3% state)
- [h] AFUDC is eliminated for rate making purposes.
- [i] w/p [h] - Interest on Debt has been computed using a 52.29% / 47.71% debt-to-equity ratio and a 6.6% cost of debt.
- [j] w/p [n] - A consumer price index increase of 4.5% has been included in this filing.
- [k] w/p [s] - To remove partial sewer invoice mis-booked to company's books.
- [l] w/p [k] - Intentionally left blank
- [m] To adjust transportation expense based on operators' allocation.
- [n] Proposed revenue increase derived from Sch.D&E.
- [o] w/p [p] - adjust allocations 12/31/09 allocation factors.

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Great Northern Utilities
 Water Operations
 Rate Base and Rate of Return
 Test Year Ended December 31, 2009

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	18,148	(69,542)	(51,393)	167,944	116,551
Gross Plant In Service	1,806,527	3,701 [d]	1,810,228	-	1,810,228
Accumulated Depreciation	(322,533)	(6,360) [c]	(328,892)	-	(328,892)
Net Plant In Service	1,483,995	(2,659)	1,481,336	-	1,481,336
Cash Working Capital	8,593	10,185 [a]	18,778	-	18,778
Contributions In Aid of Construction	(94,720)	-	(94,720)	-	(94,720)
Accumulated Deferred Income Taxes	(39,876)	-	(39,876)	-	(39,876)
Customer Deposits	(41)	-	(41)	-	(41)
Adjustment to Rate Base Allocations		(22) [h]	(22)	-	(22)
Deferred charges	7,870	-	7,870	-	7,870
Total Rate Base	1,365,821	7,504	1,373,325	-	1,373,325
Return on Rate Base	1.33%		-3.74%		8.5%

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- [a] w/p [i] - Working Capital is calculated based on pro forma expenses.
- [b] w/p [j] - Pro Forma Plant is adjusted for planned additional capital investments and retirements.
- [c] w/p [appendix] - Accumulated depreciation is adjusted for planned additional capital investments, retirements, and plant held for future use.
- [d] w/p [l] - Plant additions for Actual and Estimated 2010 additions.
- [e] Intentionally left blank
- [f] Intentionally left blank
- [g] Intentionally left blank
- [h] w/p [p] - adjust allocations 12/31/09 allocation factors.

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Great Northern Utilities

Schedule D

Test Year / Present Revenues

WATER

Bill code	Billcode	Meter Size	Gallorage	Usage Charge	Units	BFC	Revenues
All Subs:	4901	5/8" Res.	22,318,650	\$ 2.67	4,327	\$ 7.25	\$ 90,962
			<u>22,318,650</u>		<u>4,327</u>		<u>\$ 90,962</u>

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Great Northern Utilities
Proposed Revenues

Schedule E

WATER

Bill code	Billcode	Meter Size	Gallorage	Usage Charge	Units	BFC	Revenues
<u>All Subs:</u>	4901	5/8" Res.	22,318,650	\$ 10.75	4,327	\$ 29.20	\$ 366,393
			<u>22,318,650</u>		<u>4,327</u>		<u>\$ 366,393</u>
		<u>Miscellaneous Charges</u>		<u>Current Charge</u>	<u>Units</u>	<u>Proposed Charge</u>	<u>Additional Revenues</u>
		NSF Charge		\$ 10.00	-	\$ 25.00	\$ -
		New Customer Charge		\$ 15.00	11	\$ 25.00	\$ 110
		Reconnect Charge		\$ 20.00	6	\$ 37.50	\$ 105
							<u>\$ 215</u>

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NOTICE TO GREAT NORTHERN CUSTOMERS

Great Northern Utilities, Inc. hereby gives notice to the public that it has filed with the Illinois Commerce Commission (ICC) a proposed change in the rates schedules for water services. The table below shows the present rates, which have been in effect since 1998 compared with proposed rates.

RATE REQUEST

Great Northern Utilities, Inc. is requesting an overall revenue increase of \$275,000 per year for water. The following is an example of the proposed change for a typical customer's monthly bill:

	<u>Present Rates</u>	<u>Proposed Rates</u>
Base Charge 5/8" Meter	\$7.25 per month	\$29.20 per month
Usage Charge	\$2.67 per 1,000 gal.	\$10.75 per 1,000 gal

Assuming an average residential consumption of 5,158 gallons, the monthly charge for residential water service will increase from \$21.02 to \$84.68. The Company is also proposing new or increased charges for NSF checks, reconnection, temporary disconnection, after hours call out and new customers.

Customers should be advised that the Illinois Commerce Commission may alter or amend the rates or conditions of service after hearings held pursuant to 83 Illinois Administrative Code Part 200 and may increase or decrease individual rates in amounts other than those requested by the Company. An interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Admin. Code Part 200.

A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the Company at 2335 Sanders Road, Northbrook, Illinois 60062. All parties interested in the matter may obtain information with respect to thereto either directly from Great Northern or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701. In addition, customers have a right to request a public forum. Pursuant to 8-306(n) of the Illinois Public Utilities Act, a customer or group of customers must make written request to the Commission for a public forum and must also provide written notification of the request to the customer's municipal or, for unincorporated areas, township government.

BACKGROUND

Since the last rate increase in 1998, Great Northern has worked hard to control its costs. However, during this time Great Northern has experienced significant increases in its operating and maintenance expenses. For example, over the last 12 years the Company's costs for water treatment chemicals has increased approximately 225%, electricity increased 30%, and maintenance and repair costs have increased by approximately 105%. Moreover, Great Northern has incurred substantial increased costs for insurance, office utilities as well as other supplies. Great Northern has also experienced increased costs in order to comply with stringent

environmental and regulatory requirements. Since 1998, Great Northern has spent approximately \$1.3 million in capital investments necessary to provide safe and reliable service to our customers. These capital improvements include engineering studies and the purchase and installation of ion-exchange equipment to treat the naturally occurring Radium in your water in order to meet all state and federal regulations. In addition to these upgrades, Great Northern also completed the emergency rehabilitation of Well #2 as well as everyday general ledger additions in order to continue providing you with safe and reliable drinking water.

Great Northern Utilities, Inc. believes it is operating in a prudent and responsible manner and deserves the proposed increase in water rates filed with the ICC in order to recover these capital investments.

We welcome your comments and should you have any questions, please feel free to contact us at (866) 277-5515.

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PUBLIC NOTICE

Notice of Proposed Changes
in Rates
To Patrons of Great Northern Utilities, Inc.

GREAT NORTHERN UTILITIES, INC. hereby gives notice to the public that it has filed with the Illinois Commerce Commission a proposed change in rates and its rules and regulations for water service in its service territory in the Great Northern area and that said changes involve an increase to the current base facility charges and commodity charge. The Company is also proposing new or increased charges for NSF checks, reconnection, temporary disconnection, after hours call out and new customers.

A copy of the proposed change in schedule may be inspected by any interested party at the offices of the Company located at 2335 Sanders Road, Northbrook, Illinois 60062.

Customers should be advised that the Commission may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rate in amounts other than those requested by the company.

All parties interested in this matter may obtain information with respect thereto either directly from this Company or by addressing the Secretary of the Illinois Commerce Commission at 527 East Capitol Avenue, Springfield, Illinois 62706.

Great Northern Utilities, Inc.

By: Steven M. Lubertozzi
Executive Director of Regulatory Accounting & Affairs

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