

Killarney Water Company
Balance Sheet
Test Year Ended September 30, 2010

LINE NO.	ASSETS	B	C	D
		<u>LIABILITIES AND OTHER CREDITS</u>		
1				
2	Plant In Service		Capital Stock and Retained Earnings	
3	Water	\$ 666,290		
4	Sewer	-	Common Stock and Paid In Capital	\$ 177,600
5		<hr/>	Retained Earnings	(53,162)
6	Total	\$ 666,290		
7			Total	\$ 124,439
8	Accumulated Depreciation-Water	(136,991)		
9	Accumulated Depreciation-Sewer	-	Current and Accrued Liabilities	
10			Accounts Payable-Trade	1,443
11	Total	\$ (136,991)	Taxes Accrued	7,792
12			Customer Deposits	-
13			Customer Deposits - Interest	-
14	Net Utility Plant	\$ 529,299	A/P - Assoc. Companies	197,163
15			Deferred Revenue	-
16				
17			Total	\$ 206,398
18	Plant Acquisition Adjustment-Water	-		
19	Plant Acquisition Adjustment-Sewer	-	Advances In Aid of Construction	
20			Water	-
21	Total	\$ -	Sewer	-
22				
23			Total	\$ -
24	Construction Work In Process-Water	-		
25	Construction Work In Process-Sewer	-	Contributions In Aid of Construction	
26			Water	24,849
27	Total	\$ -	Sewer	-
28				
29	Current Assets		Total	\$ 24,849
30	Cash	-		
31	Accounts Receivable - Net	(124,367)	Accumulated Deferred Income Tax	
32	Other Current Assets	195	Unamortized ITC	-
33			Deferred Tax - Federal	40,236
34	Total	\$ (124,171)	Deferred Tax - State	9,407
35				
36			Total	\$ 49,643
37	Deferred Charges	202		
38			TOTAL LIABILITIES AND OTHER CREDITS	\$ 405,329
39	TOTAL ASSETS	\$ 405,329		

CHIEF CLERK'S OFFICE
 Illinois Commerce Commission

JUN 29 2011

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Line No.	A	B	C	D	E	F
	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
1	<u>Operating Revenues</u>					
2	64,703	1,077 [a]		65,780	163,529 [n]	229,309
3	-			-		-
4	1,121			1,121	499 [n]	1,620
5	(2,446)			(2,446)	(6,080) [b]	(8,525)
6						
7	63,378	1,077		64,455	157,948	222,403
8						
9	<u>Maintenance Expenses</u>					
10	22,704	934 [c]		23,638	-	23,638
11	9,111	414 [j]		9,525	-	9,525
12	-	-		-	-	-
13	5,612	255 [j]		5,866	-	5,866
14	2,007	51 [j]		2,058	-	2,058
15	284	13 [j]		297	-	297
16	2,381	108 [j]		2,490	-	2,490
17	2,686	(448) [j][m]		2,238	-	2,238
18	(3,437)	(5,814) [c]		(9,251)	-	(9,251)
19	1,560	71 [j]		1,630	-	1,630
20	-			-	-	-
21						
22	42,907	(4,416)		38,491	-	38,491
23						
24	<u>General Expenses</u>					
25	8,172	(1,036) [c]		7,136	-	7,136
26	4,225	192 [j]		4,417	-	4,417
27	(246)	40,450 [d]		40,205	-	40,205
28	5,815	1,878 [c]		7,693	-	7,693
29	186	8 [j]		195	-	195
30	2,784	-		2,784	-	2,784
31	1,345	61 [j]		1,406	-	1,406
32	950	42 [j][k]		992	-	992
33	-	357 [o]		357	-	357
34						
35	23,232	41,953		65,185	-	65,185
36						
37	17,587	21,825 [e]		39,412		39,412
38	-	- [e]		-		-
39	7,756	628 [f]		8,384	164 [f]	8,548
40	(11,174)	(21,194) [g]		(32,368)	48,550 [g]	16,183
41	(2,588)	(7,405) [g]		(9,993)	14,990 [g]	4,996
42	(73)	- [e]		(73)	-	(73)
43	(1,562)	(12) [e]		(1,574)	-	(1,574)
44	-			-	-	-
45						
46	9,946	(6,157)		3,788	63,703	67,492
47						
48	76,085	31,379		107,464	63,703	171,168
49						
50	(12,707)	(30,302)		(43,009)	94,245	51,235
51						
52	(1)	-		(1)	-	(1)
53	-	- [h]		-	-	-
54	18,631	1,118 [i]		19,749	-	19,749
55						
56	(31,338)	(31,420)		(62,758)	94,245	31,487

- [a] Revenues are annualized at proposed rates using the 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 based on the most current information available.
- [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 9.5% state)
- [h] AFUDC is eliminated for rate making purposes.
- [i] w/p [h] - Interest on Debt has been computed using a 50.11% / 49.89% debt-to-equity ratio and a 6.6% cost of debt.
- [j] w/p [n] - A consumer price index increase of 4.54% has been included in this filing.
- [k] w/p [m] - Penalties, if incurred, are removed.
- [l] Intentionally left blank
- [m] w/p [p2a] - To adjust transportation expense based on operators' allocation.
- [n] Proposed revenue increase derived from Sch.D&E.
- [o] w/p [p] - adjust allocations 9/30/2010 allocation factors.

Killarney Water Company
Water Operations
Rate Base and Rate of Return
Test Year Ended September 30, 2010

Line No.	A	B	C	D	E	F
	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase	
1	Net Operating Income	(12,707)	(30,302)	(43,009)	94,245	51,235
2						
3	Gross Plant In Service	666,290	(30,159) [d]	636,130	-	636,130
4	Accumulated Depreciation	(136,991)	(37,162) [c]	(174,152)	-	(174,152)
5	Net Plant In Service	529,299	(67,321)	461,978	-	461,978
6	Cash Working Capital	9,237	4,771 [a]	14,008	-	14,008
7	Contributions In Aid of Construction	(24,849)	24,900 [f]	51	-	51
8	Advances in Aid of Construction	-	-	-	-	-
9	Accumulated Deferred Income Taxes	(49,643)	-	(49,643)	-	(49,643)
10	Customer Deposits	-	-	-	-	-
11	Adjustment to Rate Base Allocations	-	705 [h]	705	-	705
12	Adjustments from prior rate cases	-	-	-	-	-
13	Deferred charges	202	(202) [e]	-	-	0
14	Net Pro Forma Plant	-	170,000 [b]	170,000	-	170,000
15						
16	Total Rate Base	464,245	132,853	597,098	-	597,098
17						
18						
19	Return on Rate Base	-2.74%		-7.20%		8.6%

- [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 and retirements.
- [d] w/p [appendix] - Plant adjustments.
- [e] To remove per book deferred charges from rate base.
- [f] w/p [s] - Adjust CIAC.
- [g] Intentionally left blank
- [h] w/p [p] - adjust allocations 9/30/2010 allocation factors.

Killarney Water Company
 Test Year / Present Revenues

Schedule D

	A	B	C	D	E	F	G
	WATER	Bi-monthly		Usage			
Line	Meter Size	Gallonge	Charge	Units	BFC	Revenues	
1	<u>All Subs:</u>						
2	5/8" Res.	18,889,239	\$ 2.07	2,063	\$ 12.00	\$ 63,857	
3	3/4" Meter	-	\$ 2.07	-	\$ 14.00	\$ -	
4	1" Res	478,500	\$ 2.07	43	\$ 17.30	\$ 1,734	
5	1" Com	41,100	\$ 2.07	6	\$ 17.30	\$ 189	
6	1.5" Meter	-	\$ 2.07	-	\$ 24.80	\$ -	
7	2" Com	-	\$ 2.07	-	\$ 34.30	\$ -	
8	3" Meter	-	\$ 2.07	-	\$ 54.50	\$ -	
9	4" Meter	-	\$ 2.07	-	\$ 83.60	\$ -	
10							
11		<u>19,408,839</u>		<u>2,112</u>		<u>\$ 65,780</u>	

Killarney Water Company
Proposed Revenues

Schedule E

	A	B	C	D	E	F	G
	WATER	Monthly		Usage			
Line	Meter Size	Gallorage	Charge	Units	BFC	Revenues	
1	All Subs:						
2	5/8" Res.	18,889,239	\$ 7.22	4,126	\$ 20.92	\$ 222,605	
3	3/4" Meter	-	\$ 7.22	-	\$ 24.40	\$ -	
4	1" Res	478,500	\$ 7.22	86	\$ 30.15	\$ 6,046	
5	1" Com	41,100	\$ 7.22	12	\$ 30.15	\$ 658	
6	1.5" Meter	-	\$ 7.22	-	\$ 43.23	\$ -	
7	2" Com	-	\$ 7.22	-	\$ 59.78	\$ -	
8	3" Meter	-	\$ 7.22	-	\$ 94.99	\$ -	
9	4" Meter	-	\$ 7.22	-	\$ 145.71	\$ -	
10							
11		<u>19,408,839</u>		<u>4,224</u>		<u>\$ 229,309</u>	
12							
13	Miscellaneous Charges		Current Charge	Units	Proposed Charge	Additional Revenues	
14	NSF Charge		\$ 7.00	3	\$ 25.00	\$ 54	
15	New Customer Charge		\$ 15.00	27	\$ 25.00	\$ 270	
16	Reconnect Charge		\$ 20.00	10	\$ 37.50	\$ 175	
17						<u>\$ 499</u>	