

Ferson Creek Utilities Company

Balance Sheet
September 30, 2010

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Illinois Commerce Commission

LINE NO.	ASSETS	A	B	C	D
				<u>LIABILITIES AND OTHER CREDITS</u>	
1	Plant In Service			Capital Stock and Retained Earnings	
2	Water	\$	1,421,965	Common Stock and Paid In Capital	\$ 515,762
3	Sewer		1,937,231	Retained Earnings	610,364
4				Total	\$ 1,126,127
5	Total	\$	3,359,196		
6				Current and Accrued Liabilities	
7	Accumulated Depreciation-Water		(366,768)	Accounts Payable-Trade	8,962
8	Accumulated Depreciation-Sewer		(659,936)	Taxes Accrued	10,909
9				Customer Deposits	145
10	Total	\$	(1,026,703)	Customer Deposits - Interest	22
11				A/P - Assoc. Companies	(66,128)
12				Deferred Revenue	0
13	Net Utility Plant	\$	2,332,493	Total	\$ (46,091)
14				Advances In Aid of Construction	
15				Water	0
16				Sewer	0
17	Plant Acquisition Adjustment-Water		0	Total	\$ 0
18	Plant Acquisition Adjustment-Sewer		0	Contributions In Aid of Construction	
19				Water	347,248
20	Total	\$	0	Sewer	564,305
21				Total	\$ 911,553
22				Accumulated Deferred Income Tax	
23	Construction Work In Process-Water		0	Unamortized ITC	0
24	Construction Work In Process-Sewer		0	Deferred Tax - Federal	121,995
25				Deferred Tax - State	39,302
26	Total	\$	0	Total	\$ 161,297
27				TOTAL LIABILITIES AND OTHER CREDITS	\$ 2,152,886
28	Current Assets				
29	Cash		0		
30	Accounts Receivable - Net		(179,610)		
31	Other Current Assets		0		
32					
33	Total	\$	(179,610)		
34					
35					
36	Deferred Charges		3		
37					
38	TOTAL ASSETS	\$	2,152,886		



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	Service Revenues - Water	97,817	434 [a]	98,251	98,428 [n]	196,679
3	Service Revenues - Sewer	131,808	352 [a]	132,160	120,240 [n]	252,400
4	Miscellaneous Revenues	1,083	-	1,083	424 [n]	1,507
5	Uncollectible Accounts	(2,980)	-	(2,980)	(2,829) [b]	(5,809)
6						
7	Total Operating Revenues	227,729	785	228,514	216,262	444,777
8						
9	<u>Maintenance Expenses</u>					
10	Salaries and Wages	50,324	5,839 [c]	56,164	-	56,164
11	Purchased Power	42,824	2,116 [j]	44,940	-	44,940
12	Purchased Sewer & Water	-	-	-	-	-
13	Maintenance and Repair	12,541	620 [j]	13,161	-	13,161
14	Maintenance Testing	4,144	205 [j]	4,348	-	4,348
15	Meter Reading	852	42 [j]	894	-	894
16	Chemicals	16,660	823 [j]	17,483	-	17,483
17	Transportation	5,767	(508) [j][m]	5,260	-	5,260
18	Operating Exp. Captive Charged to Plant	(34,190)	9,400 [c]	(24,790)	-	(24,790)
19	Outside Services - Other	3,347	165 [j]	3,512	-	3,512
20		-	-	-	-	-
21						
22	Total	102,269	18,703	120,972	-	120,972
23						
24	<u>General Expenses</u>					
25	Salaries and Wages	17,233	(1,806) [c]	15,426	-	15,426
26	Office Supplies & Other Office Exp.	9,440	466 [j]	9,906	-	9,906
27	Regulatory Commission Exp.	(538)	39,220 [d]	38,682	-	38,682
28	Pension & Other Benefits	12,489	3,929 [c]	16,418	-	16,418
29	Rent	403	20 [j]	423	-	423
30	Insurance	5,981	-	5,981	-	5,981
31	Office Utilities	6,298	311 [j]	6,610	-	6,610
32	Miscellaneous	1,970	95 [j]	2,064	-	2,064
33	Expense Allocation adj	-	1,215 [o]	1,215	-	1,215
34						
35	Total	53,276	43,449	96,725	-	96,725
36						
37	Depreciation	59,214	45,122 [e]	104,336	-	104,336
38	Amortization of PAA	-	- [e]	-	-	-
39	Taxes Other Than Income	15,922	1,722 [f]	17,644	219 [f]	17,863
40	Income Taxes - Federal	(6,441)	(25,608) [g]	(32,049)	66,477 [g]	34,428
41	Income Taxes - State	(1,328)	(8,567) [g]	(9,895)	20,524 [g]	10,629
42	Amortization of ITC	-	- [e]	-	-	-
43	Amortization of CIAC	(25,939)	(22,983) [e]	(48,922)	-	(48,922)
44		-	-	-	-	-
45						
46	Total	41,428	(10,314)	31,115	87,219	118,334
47						
48	Total Operating Expenses	196,973	51,839	248,812	87,219	336,032
49						
50	Net Operating Income	30,755	(51,054)	(20,298)	129,043	108,745
51						
52	Other Income	(1)	-	(1)	-	(1)
53	Interest During Construction	(1,638,70)	1,639 [h]	-	-	-
54	Interest on Debt	52,993	(11,079) [i]	41,914	-	41,914
55						
56	Net Income	(20,597)	(41,613)	(62,211)	129,043	66,832

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	Service Revenues - Water	97,817	434 [a]	98,251	98,428 [n]	196,679
3	Service Revenues - Sewer	-		-		-
4	Miscellaneous Revenues	464		464	424 [n]	888
5	Uncollectible Accounts	(1,277)		(1,277)	(1,280) [b]	(2,557)
6						
7	Total Operating Revenues	97,004	434	97,438	97,571	195,009
8						
9	<u>Maintenance Expenses</u>					
10	Salaries and Wages	25,431	2,951 [c]	28,382	-	28,382
11	Purchased Power	-	- [j]	-	-	-
12	Purchased Water	-	-	-	-	-
13	Maintenance and Repair	3,670	181 [j]	3,851	-	3,851
14	Maintenance Testing	1,339	66 [j]	1,406	-	1,406
15	Meter Reading	852	42 [j]	894	-	894
16	Chemicals	8,419	416 [j]	8,835	-	8,835
17	Transportation	2,914	(256) [j][m]	2,658	-	2,658
18	Operating Exp. Captive Charged to Plant	(17,278)	4,750 [c]	(12,528)	-	(12,528)
19	Outside Services - Other	1,691	84 [j]	1,775	-	1,775
20		-		-	-	-
21						
22	Total	27,039	8,234	35,273	-	35,273
23						
24	<u>General Expenses</u>					
25	Salaries and Wages	8,708	(930) [c]	7,778	-	7,778
26	Office Supplies & Other Office Exp.	4,770	236 [j]	5,006	-	5,006
27	Regulatory Commission Exp.	(272)	19,820 [d]	19,548	-	19,548
28	Pension & Other Benefits	6,311	1,980 [c]	8,291	-	8,291
29	Rent	203	10 [j]	214	-	214
30	Insurance	3,023	-	3,023	-	3,023
31	Office Utilities	3,183	157 [j]	3,340	-	3,340
32	Miscellaneous	995	48 [j]	1,043	-	1,043
33	Expense Allocation adj	-	614 [o]	614	-	614
34						
35	Total	26,923	21,934	48,857	-	48,857
36						
37	Depreciation	25,652	18,037 [e]	43,689	-	43,689
38	Amortization of PAA	-	- [e]	-	-	-
39	Taxes Other Than Income	8,029	869 [f]	8,897	98 [f]	8,996
40	Income Taxes - Federal	(2,761)	(10,158) [g]	(12,919)	29,992 [g]	17,073
41	Income Taxes - State	(569)	(3,419) [g]	(3,989)	9,260 [g]	5,271
42	Amortization of ITC	-	- [e]	-	-	-
43	Amortization of CIAC	(9,942)	(8,131) [e]	(18,073)	-	(18,073)
44		-		-	-	-
45						
46	Total	20,408	(2,803)	17,605	39,351	56,956
47						
48	Total Operating Expenses	74,371	27,365	101,735	39,351	141,086
49						
50	<u>Net Operating Income</u>	22,634	(26,931)	(4,298)	58,221	53,923
51						
52	Other Income	(1)	-	(1)	-	(1)
53	Interest During Construction	(738)	738 [h]	-	-	-
54	Interest on Debt	26,233	(5,452) [i]	20,781	-	20,781
55						
56	Net Income	(2,861)	(22,217)	(25,078)	58,221	33,143

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	Service Revenues - Water					
3	Service Revenues - Sewer	131,808	352 [a]	132,160	120,240 [n]	252,400
4	Miscellaneous Revenues	619	-	619		619
5	Uncollectible Accounts	(1,703)		(1,703)	(1,549) [b]	(3,252)
6						
7	Total Operating Revenues	130,725	352	131,076	118,691	249,767
8						
9	<u>Maintenance Expenses</u>					
10	Salaries and Wages	24,893	2,888 [c]	27,781	-	27,781
11	Purchased Power	42,824	2,116 [j]	44,940	-	44,940
12	Purchased Sewer	-	-	-	-	-
13	Maintenance and Repair	8,871	438 [j]	9,310	-	9,310
14	Maintenance Testing	2,804	139 [j]	2,943	-	2,943
15	Meter Reading	-	-	-	-	-
16	Chemicals	8,241	407 [j]	8,648	-	8,648
17	Transportation	2,853	(251) [j][m]	2,602	-	2,602
18	Operating Exp. Captive Charged to Plant	(16,912)	4,650 [c]	(12,263)	-	(12,263)
19	Outside Services - Other	1,656	82 [j]	1,737	-	1,737
20		-	[o]	-	-	-
21						
22	Total	75,229	10,469	85,699	-	85,699
23						
24	<u>General Expenses</u>					
25	Salaries and Wages	8,524	(876) [c]	7,648	-	7,648
26	Office Supplies & Other Office Exp.	4,669	231 [j]	4,900	-	4,900
27	Regulatory Commission Exp.	(266)	19,400 [d]	19,134	-	19,134
28	Pension & Other Benefits	6,178	1,949 [c]	8,127	-	8,127
29	Rent	199	10 [j]	209	-	209
30	Insurance	2,959	-	2,959	-	2,959
31	Office Utilities	3,116	154 [j]	3,270	-	3,270
32	Miscellaneous	974	47 [j]	1,021	-	1,021
33	Expense Allocation adj	-	601 [o]	601	-	601
34						
35	Total	26,353	21,515	47,869	-	47,869
36						
37	Depreciation	33,562	27,085 [e]	60,648		60,648
38	Amortization of PAA	-	- [e]	-		-
39	Taxes Other Than Income	7,893	853 [f]	8,747	120 [f]	8,867
40	Income Taxes - Federal	(3,680)	(15,450) [g]	(19,130)	36,484 [g]	17,355
41	Income Taxes - State	(759)	(5,147) [g]	(5,906)	11,264 [g]	5,358
42	Amortization of ITC	-	- [e]	-		-
43	Amortization of CIAC	(15,997)	(14,852) [e]	(30,849)		(30,849)
44		-	[o]	-	-	-
45						
46	Total	21,020	(7,510)	13,510	47,869	61,378
47						
48	Total Operating Expenses	122,603	24,474	147,077	47,869	194,946
49						
50	<u>Net Operating Income</u>	8,122	(24,122)	(16,000)	70,822	54,822
51						
52	Other Income	(1)	-	(1)	-	(1)
53	Interest During Construction	(900.81)	901 [h]	-	-	-
54	Interest on Debt	26,760	(5,627) [i]	21,134	-	21,134
55						
56	Net Income	(17,737)	(19,397)	(37,133)	70,822	33,689

- [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 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 9.5% state)
- [h] AFUDC is eliminated for rate making purposes.
- [i] w/p [h] - Interest on Debt has been computed using a 50.1% / 49.9% debt-to-equity ratio and a 6.6% cost of debt.
- [j] w/p [n] - A consumer price index increase of 4.94% has been included in this filing.
- [k] Intentionally left blank
- [l] 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 9/30/2010 allocation factors.

Ferson Creek Utilities Company
 Combined 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	30,755	(51,054)	(20,298)	129,043	108,745
2						
3	Gross Plant In Service	3,359,196	(138) [d]	3,359,059	-	3,359,059
4	Accumulated Depreciation	(1,026,703)	(45,998) [c]	(1,072,702)	-	(1,072,702)
5	Net Plant In Service	2,332,493	(46,136)	2,286,357	-	2,286,357
6	Cash Working Capital	21,433	7,984 [a]	29,417	-	29,417
7	Contributions In Aid of Construction	(911,553)	22,983	(888,570)	-	(888,570)
8	Advances in Aid of Construction	-	-	-	-	-
9	Accumulated Deferred Income Taxes	(161,297)	-	(161,297)	-	(161,297)
10	Customer Deposits	(167)	-	(167)	-	(166.90)
11	Adjustment to Rate Base Allocations	-	1,511 [h]	1,511	-	1,511
12	Deferred Charges	3	(3) [i]	0	-	0
13						
14	Total Rate Base	1,280,912	(13,661)	1,267,251	-	1,267,251
15						
16						
17	Return on Rate Base	2.40%		-1.60%		8.6%

Ferson Creek Utilities Company
Water Operations
Rate Base and Rate of Return
Test Year Ended September 30, 2010

	A	B	C	D	E	F
Line No.		Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
1	Net Operating Income	22,634	(26,931)	(4,298)	58,221	53,923
2						
3	Gross Plant In Service	1,421,965	(216) [d]	1,421,749	-	1,421,749
4	Accumulated Depreciation	(366,768)	(18,349) [c]	(385,117)	-	(385,117)
5	Net Plant In Service	1,055,197	(18,565)	1,036,632	-	1,036,632
6	Cash Working Capital	7,749	3,879 [a]	11,628	-	11,628
7	Contributions In Aid of Construction	(347,248)	8,131	(339,117)	-	(339,117)
8	Advances in Aid of Construction	-	-	-	-	-
9	Accumulated Deferred Income Taxes	(81,533)	-	(81,533)	-	(81,533)
10	Customer Deposits	(84)	-	(84)	-	(84)
11	Adjustment to Rate Base Allocations	0	764 [h]	764	-	764
12	Deferred charges	1	(1) [i]	0	-	0
13						
14	Total Rate Base	634,082	(5,792)	628,290	-	628,290
15						
16						
17	Return on Rate Base	3.57%		-0.68%		8.6%

Ferson Creek Utilities Company
Sewer Operations
Rate Base and Rate of Return
Test Year Ended September 30, 2010

	A	B	C	D	E	F
Line No.		Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
1	Net Operating Income	8,122	(24,122)	(16,000)	70,822	54,822
2						
3	Gross Plant In Service	1,937,231	78 [d]	1,937,309	-	1,937,309
4	Accumulated Depreciation	(659,936)	(27,649) [c]	(687,585)	-	(687,585)
5	Net Plant In Service	1,277,296	(27,571)	1,249,725	-	1,249,725
6	Cash Working Capital	13,684	4,105 [a]	17,789	-	17,789
7	Contributions In Aid of Construction	(564,305)	14,852	(549,453)	-	(549,453)
8	Advances in Aid of Construction	-	-	-	-	-
9	Accumulated Deferred Income Taxes	(79,764)	-	(79,764)	-	(79,764)
10	Customer Deposits	(83)	-	(83)	-	(83)
11	Adjustment to Rate Base Allocations		748 [h]	748	-	748
12	Deferred Charges	1	(1) [i]	(0)	-	(0)
13						
14	Total Rate Base	646,829	(7,868)	638,961	-	638,961
15						
16						
17	Return on Rate Base	1.26%		-2.50%		8.6%

- [a] w/p [i] - Working Capital is calculated based on pro forma expenses.
- [b] Intentionally left blank
- [c] w/p [appendix] - Accumulated depreciation is adjusted for planned additional capital investments and retirements.
- [d] w/p [appendix] - Plant adjustments.
- [e] Intentionally left blank
- [f] Intentionally left blank
- [g] Intentionally left blank
- [h] w/p [p] - adjust allocations 9.30.2010 allocation factors.
- [i] To remove per book deferred charges from rate base.

Ferson Creek Utilities Company
 Test Year / Present Revenues

Schedule D

Line	A	B	C	D	E	F	G
	WATER		Gallonage	Usage Charge	(Stated Bi-Monthly) Units	(Stated Bi-Monthly) BFC	Revenues
1	All Subs:						
2		1.5" Water Comm	373,000	\$ 2.45	6	\$ 13.00	\$ 992
3		1" Water Res	918,900	\$ 2.45	36	\$ 13.00	\$ 2,719
4		3/4" Water Res	3,518,910	\$ 2.45	313	\$ 13.00	\$ 12,690
5		5/8" Water Res	23,278,507	\$ 2.45	1,909	\$ 13.00	\$ 81,849
6							
7			<u>28,089,317</u>		<u>2,264</u>		<u>\$ 98,251</u>
8							
9							
10	SEWER						
11			Gallonage	Usage Charge	Units	BFC	Revenues
12							
13	All Subs:						
14		1" Res Sewer	-	\$ -	36	\$ 59.00	\$ 2,124
15		3/4" Res Sewer	-	\$ -	313	\$ 59.00	\$ 18,467
16		5/8" Sewer	-	\$ -	1,891	\$ 59.00	\$ 111,569
17			-	\$ -	-	\$ -	\$ -
18			-	\$ -	-	\$ -	\$ -
19			-	\$ -	-	\$ -	\$ -
20							
21		Total	<u>-</u>		<u>2,240</u>		<u>\$ 132,160</u>

