

REBUTTAL TESTIMONY

of

BURMA C. JONES

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Aqua Illinois, Inc.

Proposed General Increase in Water and Sewer Rates

Docket No. 11-0436

September 29, 2011

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1 **Witness Identification**

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

3 A. My name is Burma C. Jones. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5

6 **Q. Are you the same Burma C. Jones who previously filed testimony in
7 this proceeding?**

8 A. Yes. My direct testimony was filed on August 4, 2011 as ICC Staff Exhibit
9 1.0.

10

11 **Q. What is the purpose of your rebuttal testimony?**

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

131. 1. Present Staff's adjusted Operating Statements and Rate Base for
14 Aqua Illinois, Inc. ("Aqua" or "Company");
- 15 2. Respond to Aqua regarding the error on Schedule 1.08 CW, the
16 Cash Working Capital Adjustment for Staff's proposed
17 Consolidated Water Division;
- 18 3. Propose an adjustment to rate case expense;
- 19 4. Discuss adjustments accepted by Aqua in rebuttal testimony; and
- 20 5. Respond to Aqua's rebuttal testimony regarding Staff's incentive
21 compensation adjustment.

22

23 **Schedule Identification**

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

25 A. Yes, I prepared the following schedules for the Company, which show
26 data as of, or for the test year ended, December 31, 2012:

27 **REVENUE REQUIREMENT SCHEDULES**

28 Schedule 6.01 - Statement of Operating Income with Adjustments

29 Schedule 6.02 - Adjustments to Operating Income

30 Schedule 6.03 - Rate Base

31 Schedule 6.04 - Adjustments to Rate Base

32 Schedule 6.05 - Interest Synchronization Adjustment

33 Schedule 6.06 - Gross Revenue Conversion Factor

34 Schedule 6.07 – Revenue Effect of Adjustments

35

36 **ADJUSTMENT SCHEDULES**

37 Schedule 6.08 – Cash Working Capital Adjustment

38 Schedule 6.09 – Incentive Compensation Expense Adjustment

39 Schedule 6.10 – Management Fees Expense Adjustment

40 Schedule 6.11 - ADIT Adjustment - Change in State Income Tax Rate

41 Schedule 6.12 – ADIT Adjustment - Bonus Depreciation

42 Schedule 6.13 – Rate Case Expense Adjustment

43 **Attachments**

44 **Q. Have you included any attachments as part of your rebuttal**
45 **testimony?**

46 A. Yes. I have included the following attachment:

47 Attachment A – Company Response to Staff Data Request BCJ-8.03

48

49 **Q. Please explain the letters that follow the schedule numbers.**

50 A. The letters that follow the schedule numbers identify the respective
51 divisions as follow:

52 CW - Consolidated Water

53 CS – Consolidated Sewer

54 EG – Ellwood Greens Sewer

55 FE&C – Fairhaven Estates Water and Candlewick Water

56 UPS – University Park Sewer

57 UPW – University Park Water

58 Thus, Schedule 6.01 CW provides information for the Consolidated Water
59 Division. Lack of a rate area designation means the adjustment is
60 applicable to more than one rate area.

61

62 **Q. Are the tariff groups identified in Staff's rebuttal testimony the same**
63 **as in Staff's direct testimony?**

64 A. No. In rebuttal testimony,¹ Staff witness Christopher Boggs is proposing
65 that, for ratemaking purposes: (1) the Consolidated Water Division
66 include Willowbrook, Ivanhoe, Oak Run, Vermilion, Hawthorn Woods and
67 Ravenna water systems; (2) Fairhaven Estates Water and Candlewick
68 Water be combined; (3) University Park Water maintain its individual
69 status; (4) the Consolidated Sewer Division include Willowbrook,
70 Candlewick, Hawthorn Woods and Ivanhoe sewer systems; and (5)
71 Ellwood Greens Sewer and University Park Sewer each be given
72 individual status.

73

74 **Revenue Requirement Schedules and Cash Working Capital Adjustment**

75 **Q. Please describe Revenue Requirement Schedules 6.01 through 6.07**
76 **and Schedule 6.08, Cash Working Capital Adjustment.**

77 A. Schedules 6.01 through 6.08 present the same type of information as was
78 described in my direct testimony, but for each tariff group proposed by Mr.
79 Boggs in his rebuttal testimony.

80

81 **Q. Please explain why Staff's rebuttal revenue requirements do not**
82 **begin with the Company's rebuttal position.**

¹ ICC Staff Exhibit 9.0.

83 A. The Company provided only two operating income statements and rate
84 bases in support of its rebuttal position: one for all water divisions and
85 one for all sewer divisions. Staff was not provided with the amounts that
86 reflect Aqua's rebuttal position for each individual water and sewer
87 division.² Similar to the revenue requirements presented with Staff's
88 direct testimony, Staff's rebuttal revenue requirements begin with the
89 Company's direct position for each water and sewer division, as presented
90 in the Company's initial filing.

91

92 **Q. Do you agree with Company witness Paul Hanley that the cash**
93 **working capital adjustment presented on ICC Staff Exhibit 1.0,**
94 **Schedule 1.08 CW, contains an error?**³

95 A. Yes. The amounts for Real Estate Tax Expense on line 6 and Cash
96 Working Capital Per Company on line 9 of Schedule 1.08 CW represent
97 all water divisions. The correct amounts should relate only to the divisions
98 included in Staff's proposed Consolidated Water Division. The errors
99 have been corrected. Real Estate Tax Expense on line 6 and Cash
100 Working Capital Per Company on line 9 of ICC Staff Exhibit 6.0, Schedule
101 6.08 CW, do not include the amounts for University Park Water,

² Attachment A – Company response to Staff DR BCJ-8.03.

³ Aqua Ex. 10.0, line 21–35.

102 Fairhaven Estates Water, and Candlewick Water, which are excluded
103 from Staff's proposed Consolidated Water Division in rebuttal testimony.
104

105 **Adjustment Schedules**

106 **Q. Please describe Adjustment Schedules 6.09 through 6.12.**

107 A. Schedules 6.09 through 6.12 present the same proposed adjustments as
108 described in my Direct Testimony. Each adjustment equals, in total, the
109 respective adjustment I proposed in my direct testimony. The only
110 difference is that the rebuttal adjustments are restructured, where
111 necessary, to reflect the tariff groupings proposed by Mr. Boggs in his
112 rebuttal testimony.
113

114 **Rate Case Expense**

115 **Q. Please describe Schedule 6.13, Rate Case Expense Adjustment.**

116 A. Schedule 6.13 presents my adjustment to reduce the amount of estimated
117 rate case expense for Guastella Associates ("Guastella"), who was hired
118 to provide consulting services in connection with a depreciation study.
119 Guastella bid \$19,000 for all work up to and including the submission of
120 testimony and exhibits. The Company estimated a total cost of \$71,200
121 (\$70,000 + \$1,200 for travel) to include work on additional rate
122 jurisdictions as well as discovery, rebuttal, hearings, etc. Guastella has

123 billed Aqua for \$24,482.50 through July 31, 2011, with a date of March 1,
124 2011 on the most recent invoice presented for payment. Guastella
125 provided direct testimony, but did not provide any rebuttal testimony, as
126 there are no issues regarding depreciation rates or the depreciation study.
127 It appears that Guastella has completed and billed for the services for
128 which it was hired, and that the rate case expense estimate for
129 Guastella's services is overstated and should be adjusted to reflect the
130 actual expense incurred.

131

132 **Q. Section 9-229 of the Act requires the Commission to expressly**
133 **address in its final order the justness and reasonableness of any**
134 **amount expended by a public utility to compensate attorneys or**
135 **technical experts to prepare and litigate a general rate case filing.**
136 **Do you have a recommendation regarding the information the**
137 **Company has provided to support the justness and reasonableness**
138 **of rate case expenses?**

139 **A.** Yes. I recommend that Aqua incorporate into its surrebuttal testimony the
140 responses to the following Staff DRs that support the recovery of rate
141 case expenses as just and reasonable:

142 BCJ 3.02

143 BCJ 3.02 Support – Part 1, Part 2, Part 3

144 BCJ 3.02 Support – Bid Request Letters, Bid Proposal Letters, Bid
145 Acceptance Letters

146 BCJ 3.02 Support – Expenses

147 BCJ 3.04

148 BCJ 3.04 Support –Expenses-Actual vs. Projected

149 BCJ 3.04 Supplemental (monthly response)

150 BCJ 3.04 Rate Case Expense Back Up – Update (monthly
151 response)

152 BCJ 3.04 (b) Expense Back Up (monthly response)

153 BCJ 3.04 (b) Rate Case Expense Support (monthly response)

154

155 **Q. What finding do you recommend that the Commission make in its**
156 **final order?**

157 A. I recommend that the Commission make the following finding in its final
158 order:

159 The Commission finds that the amounts of compensation for
160 attorneys and technical experts to prepare and litigate this
161 proceeding, as adjusted by Staff, are just and reasonable pursuant
162 to Section 9-229 of the Public Utilities Act (220 ILCS 5/9-229).

163

164 **Uncontested Adjustments**

165 **Q. Does Aqua accept any of the adjustments proposed in your direct**
166 **testimony?**

167 A. Yes. Aqua will not contest my adjustments to: (1) reduce Corporate
168 Management Fees; (2) increase Accumulated Deferred Income Taxes
169 (“ADIT”) to reflect the change in the state income tax rate; (3) create a
170 regulatory asset to offset the increase to ADIT and amortize it over the
171 remaining life of the underlying depreciable assets that gave rise to the
172 ADIT; and (4) increase ADIT to reflect the State’s decision to allow 100%
173 deduction of capital additions in determining taxable income.⁴

174

175 **Incentive Compensation**

176 **Q. Does Aqua accept your proposed adjustment to disallow the**
177 **incentive compensation expenses included in the test year?**

178 A. No. Based on the rebuttal testimony of Company witness Craig
179 Blanchette and the responses to Staff DRs BCJ-8.01 and BCJ-8.02, it is
180 my understanding that Aqua rejects each of the three parts of my
181 proposed adjustment:

182 1) Disallowance of 2009 Omnibus Equity Compensation Plan (“ECP”)
183 costs (in the amount of \$60,879);

⁴ *Id.*, lines 39-49.

- 184 2) Disallowance of the increase in test year Management
185 Improvement and Employee Recognition Plan (“MIP”) costs for
186 Dividend Equivalents (in the amount of \$11,741); and
187 3) Disallowance of MIP costs (in the amount of \$78,075).

188

189 **Q. Why are there three parts to your proposed incentive compensation**
190 **adjustment?**

191 A. My adjustment is structured to allow the Commission to separately
192 consider the Company’s incentive compensation plans and the
193 Company’s increase to test year MIP costs for Dividend Equivalents.

194

195 **Q. Does the rebuttal testimony of Mr. Blanchette persuade you to**
196 **withdraw any part of your proposed incentive compensation**
197 **adjustment?**

198 A. No, it does not. Mr. Blanchette’s rebuttal testimony fails to allay my
199 concerns regarding the MIP, and there is nothing in his rebuttal testimony
200 regarding my proposed disallowance of costs for the ECP and the
201 Dividend Equivalents; i.e., my direct testimony regarding costs for the
202 ECP and the Dividend Equivalents is unrebutted.

203

204 **Q. Do you agree with Mr. Blanchette's characterization of your position**
205 **regarding the MIP?**

206 A. No. According to Mr. Blanchette:

207 In essence, Staff is recommending that the Company not have an
208 incentive compensation package that rewards participants for
209 exemplary performance that, for whatever reason, may not be
210 specifically listed in their objectives. Conversely, removing the
211 possibility of a decrease in an individual's award based on a
212 failure to perform, even if the failed objective is not stated in the
213 plan, may unfairly reward employees that have somehow failed
214 the Company and/or the Customer.⁵

215 I make no such recommendation. The Company may structure its
216 incentive compensation package any way it wishes, including rewarding or
217 penalizing participants for exceeding, or failing to achieve, objectives that
218 appear to be known only to the Board of Directors who assess a
219 participant's performance. However, in order to recover incentive
220 compensation expense from ratepayers, the Commission has made it
221 clear that the incentive compensation should provide tangible benefits to
222 ratepayers and should not be related to financial goals, affiliate goals or
223 shareholder goals.⁶

224

225 **Q. Does Mr. Blanchette address the nature of the "other factors" that**
226 **could decrease or eliminate the amount of incentive compensation**

⁵ Aqua Ex. 9.0, lines 50-55.

⁶ ICC Staff Exhibit 1.0, lines 252-287.

227 **an employee might receive under the MIP, even if the employee met**
228 **the goals that provided tangible benefits to ratepayers?**

229 A. No. Mr. Blanchette states, “There is no evidence, written or otherwise, to
230 suggest that the Company has any intention of awarding incentive
231 compensation to participants on anything but customer-centered
232 objectives.”⁷ However, Aqua provided no information to dispel the
233 ambiguity surrounding the “other factors,” nor did the Company deny that
234 the “other factors” could include financial goals which, if not met, would
235 result in the Board of Directors deducting percentage points from the
236 percentage points a participant had earned by meeting the stated goals
237 that provide a benefit to ratepayers. As I stated in my direct testimony, if
238 incentive compensation expense is allowed to be recovered from
239 ratepayers, the Company will recover the amount embedded in base rates
240 even when the Company does not incur the expense.

241

242 **Q. If the Commission were to decide that it is appropriate for Aqua to**
243 **recover incentive compensation costs from ratepayers, what amount**
244 **should be included in test year expenses?**

245 A. Staff believes its adjustment to disallow incentive compensation is
246 appropriate and should be approved by the Commission. However,

⁷ Aqua Ex. 9.0, lines 46 – 48.

247 should the Commission decide that it is appropriate for Aqua to recover
248 incentive compensation costs from ratepayers, only 93% of the
249 Company's budgeted test year amount should be included in the revenue
250 requirements. In rebuttal testimony, the Company states that its incentive
251 compensation awards have averaged 93% of the annual budgeted
252 amount over the past six years.⁸

253

254 **Conclusion**

255 **Q. Does this question end your prepared rebuttal testimony?**

256 **A. Yes.**

⁸ *Id.*, lines 20-22.

Aqua Illinois, Inc. - Consolidated Water Division
Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Present (Sch C-1, C-2.1,C-4)	Staff Adjustments (St. Ex. 6.0 (Sch 6.02 CW))	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Sch. C-1, C-2.1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)	\$ Revenue Change (Cols. i-b)	% Revenue Change (Cols. j/b)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Operating Revenues	\$ 15,880,039	\$ -	\$ 15,880,039	\$ 3,088,175	\$ 694	\$ 18,968,908	\$ (977,877)	\$ 17,991,031	\$ 2,110,992	13.29%
2	Other Revenues	\$ 188,745	-	188,745	\$ 13,057	\$ -	201,802	-	201,802	13,057	
3	Total Operating Revenue	16,068,784	-	16,068,784	3,101,232	694	19,170,710	(977,877)	18,192,833	\$ 2,124,049	13.22%
4	Uncollectible Accounts	180,632	-	180,632	34,171	698	215,501	(10,992)	204,509		
5	Wages and Salaries	1,462,313	(97,195)	1,365,118	-	-	1,365,118	-	1,365,118		
6	Employee Benefits	767,821	-	767,821	-	-	767,821	-	767,821		
7	Contractual Services	1,984,759	(30,255)	1,954,504	-	-	1,954,504	-	1,954,504		
8	Operations and Maintenance	1,467,794	-	1,467,794	-	-	1,467,794	-	1,467,794		
9	Materials and Supplies	151,781	-	151,781	-	-	151,781	-	151,781		
10	Insurance Expense	230,409	-	230,409	-	-	230,409	-	230,409		
11	Regulatory Expense Amortization	165,368	(8,015)	157,353	-	-	157,353	-	157,353		
12	Miscellaneous Expense	626,327	(4,799)	621,528	-	-	621,528	-	621,528		
13	Depreciation and Amortization	3,356,131	1,873	3,358,004	-	-	3,358,004	-	3,358,004		
14	Taxes Other Than Income	1,270,401	-	1,270,401	-	-	1,270,401	-	1,270,401		
15	Total Operating Expense										
16	Before Income Taxes	11,663,736	(138,391)	11,525,345	34,171	698	11,560,214	(10,992)	11,549,222		
17	State Income Tax	249,559	14,598	264,157	291,371	(1)	555,527	(91,854)	463,673		
18	Federal Income Tax	832,079	48,668	880,747	971,492	(3)	1,852,236	(306,261)	1,545,975		
19	Deferred Taxes and ITCs Net	(26,304)	-	(26,304)	-	-	(26,304)	-	(26,304)		
20	Total Operating Expenses	12,719,070	(75,125)	12,643,945	1,297,034	694	13,941,673	(409,107)	13,532,566		
21	NET OPERATING INCOME	\$ 3,349,714	\$ 75,125	\$ 3,424,839	\$ 1,804,198	\$ -	\$ 5,229,037	\$ (568,770)	\$ 4,660,267		
22	Staff Rate Base (ICC Staff Exhibit 6.0, Schedule 6.03 CW, Column (d))								\$ 57,355,519		
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 3.01)								8.13%		

Aqua Illinois, Inc. - Consolidated Water Division
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line No.	Description	Interest Synchronization (St. Ex. 6.0 Sch 6.05 CW)	Incentive Compensation (St. Ex. 6.0 Sch 6.09)	Management Fees (St. Ex. 6.0 Sch 6.10)	ADIT - Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	Misc. Expense (St. Ex. 7.0 Sch 7.01)	Charitable Contributions (St. Ex. 7.0 Sch. 7.02)	Industry Assoc. Dues (St. Ex. 7.0 Sch. 7.03)	Subtotal Operating Statement Adjustments (i)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	-	(97,195)	-	-	-	-	-	(97,195)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	-	-	(30,255)	-	-	-	-	(30,255)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	-	-	-	-	-	-
12	Miscellaneous Expense	-	-	-	-	(124)	(1,100)	(3,575)	(4,799)
13	Depreciation and Amortization	-	-	-	8,599	-	-	-	8,599
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(97,195)	(30,255)	8,599	(124)	(1,100)	(3,575)	(123,650)
16	Before Income Taxes	-	(97,195)	(30,255)	8,599	(124)	(1,100)	(3,575)	(123,650)
17	State Income Tax	1,450	9,234	2,874	(817)	12	105	340	13,198
18	Federal Income Tax	4,834	30,787	9,583	(2,724)	39	348	1,132	43,999
19		-	-	-	-	-	-	-	-
20	Total Operating Expenses	6,284	(57,174)	(17,798)	5,058	(73)	(647)	(2,103)	(66,453)
21	NET OPERATING INCOME	\$ (6,284)	\$ 57,174	\$ 17,798	\$ (5,058)	\$ 73	\$ 647	\$ 2,103	\$ 66,453

Aqua Illinois, Inc. - Consolidated Water Division
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line No.	Description	Subtotal Operating Statement Adjustments	Forecast Plant Additions (St. Ex. 7.0 Sch. 7.04)	Rate Case Expense (St. Ex. 6.0 Sch 6.13)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	(97,195)	-	-	-	-	-	-	(97,195)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	(30,255)	-	-	-	-	-	-	(30,255)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	(8,015)	-	-	-	-	(8,015)
12	Miscellaneous Expense	(4,799)	-	-	-	-	-	-	(4,799)
13	Depreciation and Amortization	8,599	(6,726)	-	-	-	-	-	1,873
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(123,650)	(6,726)	(8,015)	-	-	-	-	(138,391)
17	State Income Tax	13,198	639	761	-	-	-	-	14,598
18	Federal Income Tax	43,999	2,130	2,539	-	-	-	-	48,668
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(66,453)	(3,957)	(4,715)	-	-	-	-	(75,125)
21	NET OPERATING INCOME	\$ 66,453	\$ 3,957	\$ 4,715	\$ -	\$ -	\$ -	\$ -	\$ 75,125

Aqua Illinois, Inc. - Consolidated Water Division
Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Rate Base (Schedule B-1)	Staff Adjustments (St. Ex. 6.0 Sch 6.04 CW)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 114,398,321	\$ (227,132)	\$ 114,171,189
2	Accumulated Depreciation	\$ (36,180,867)	71,981	(36,108,886)
3		-	-	-
4	Net Plant	78,217,454	(155,151)	78,062,303
5	Additions to Rate Base			
6	Deferred Charges	374,631	-	374,631
7	Materials & Supplies	617,060	-	617,060
8	Cash Working Capital	920,476	(16,530)	903,946
9	Amort. of Contributions In Aid of Const.	3,643,192	-	3,643,192
10	Regulatory Asset - Deferred SIT	-	68,170	68,170
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	FAS 87 Pension	(1,010,397)	-	(1,010,397)
18	FAS 106 OPEB	(154,063)	-	(154,063)
19	Customer Advances	(169,164)	-	(169,164)
20	Contributions In Aid of Construction	(15,495,403)	-	(15,495,403)
21	Deferred Income Taxes	(9,087,818)	(396,938)	(9,484,756)
22		-	-	-
23	Rate Base	<u>\$ 57,855,968</u>	<u>\$ (500,449)</u>	<u>\$ 57,355,519</u>

Aqua Illinois, Inc. - Consolidated Water Division
Adjustments to Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Cash Working Capital (ICC St. Ex. 6.0 Sched. 6.08 CW)	ADIT-Change in SIT Rate (ICC St. Ex. 6.0 Sch 6.11)	ADIT-Bonus Depreciation (ICC St. Ex. 6.0 Sch 6.12)	Forecast Plant Additions (St. Ex. 7.0 Sch 7.04)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ (227,132)	\$ -	\$ -	\$ -	\$ (227,132)
2	Accumulated Depreciation	-	-	-	71,981	-	-	-	71,981
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	(155,151)	-	-	-	(155,151)
5	Additions to Rate Base								-
6	Deferred Charges	-	-	-	-	-	-	-	-
7	Materials & Supplies	-	-	-	-	-	-	-	-
8	Cash Working Capital	(16,530)	-	-	-	-	-	-	(16,530)
9	Amort. of Contributions In Aid of Const.	-	-	-	-	-	-	-	-
10	Regulatory Asset - Deferred SIT	-	68,170	-	-	-	-	-	68,170
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	FAS 87 Pension	-	-	-	-	-	-	-	-
18	FAS 106 OPEB	-	-	-	-	-	-	-	-
19	Customer Advances	-	-	-	-	-	-	-	-
20	Contributions In Aid of Construction	-	-	-	-	-	-	-	-
21	Deferred Income Taxes	-	(68,170)	(347,495)	18,727	-	-	-	(396,938)
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (16,530)	\$ -	\$ (347,495)	\$ (136,424)	\$ -	\$ -	\$ -	\$ (500,449)

Aqua Illinois, Inc. - Consolidated Water Division
Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 57,355,519 (1)
2	Weighted Cost of Debt	3.08% (2)
3	Synchronized Interest Per Staff	1,769,399
4	Company Interest Expense	<u>1,784,660</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(15,261)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 1,450</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 4,834</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.03 CW Column (d), Line 23.

(2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.

(3) Source: Company Schedule C-5.4 (Excludes Fairhaven Estates, Candlewick and University Park).

Aqua Illinois, Inc. - Consolidated Water Division
Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2012

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.1241%	<u>0.011241</u>	(1)
3	State Taxable Income		0.988759	1.000000
4	State Income Tax	9.5000%	<u>0.093932</u>	<u>0.095000</u>
5	Federal Taxable Income		0.894827	0.905000
6	Federal Income Tax	35.0000%	<u>0.313189</u>	<u>0.316750</u>
7	Operating Income		<u>0.581638</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.719282</u>	<u>1.699958</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 CW Column (b), Line 4 / Line 3.

Aqua Illinois, Inc. - Consolidated Water Division
Revenue Effect of Staff's Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description	Aqua's Proposal	Staff's Adjustments	Staff's Rebuttal
	(a)	(b)	(c)	(d)
1	Summary			
2	Current Revenues	\$ 16,068,784		\$ 16,068,784
3	Proposed Increase	<u>3,101,232</u>	<u>(977,183) #</u>	<u>2,124,049</u>
4	Proposed Revenue Requirement	<u>\$ 19,170,016</u>	<u>\$ (977,183)</u>	<u>\$ 18,192,833</u>
5	Percentage Increase	19.30%	-6.08%	13.22%
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (778,804)	
8	Reduce Incentive Compensation		\$ (98,298)	
9	ADIT - Bonus Depreciation		\$ (40,954)	
10	Reduce Management Fees		\$ (30,600)	
11	Forecast Plant Additions		\$ (16,078)	
12	Rate Case Expense		\$ (8,106)	
13	Depreciation on Disallowed Forecasted Plant		\$ (6,803)	
14	Industry Association Dues		\$ (3,616)	
15	Cash Working Capital		\$ (1,948)	
16	Charitable Contributions		\$ (1,112)	
17	Interest Synchronization		\$ (126)	
18	Miscellaneous Expense		\$ (126)	
19	ADIT - Change in State Income Tax Rate		\$ -	
20	Gross Revenue Conversion Factor		\$ 694	
21	State Income Tax Regulatory Asset Amortization		\$ 8,696	
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	Rounding		\$ (2)	
44	Effect of Staff's Adjustments		<u>\$ (977,183) #</u>	
45	Reconciliation to Schedule 6.01 CW			
46	Column (c), line 3.		-	
47	Column (f), line 3.		694	-
48	Column (h), line 3.		<u>(977,877)</u>	
49	Total Effect of Staff's Adjustments		<u>\$ (977,183) #</u>	

Aqua Illinois, Inc. - Consolidated Water Division
Adjustment for Cash Working Capital
 For the Test Year Ending December 31, 2012

Line No.	Description	Amount
(a)	(b)	(c)
1	Total Operating Expenses Before Income Taxes	\$ 11,549,222 (1)
2	Less:	
3	Uncollectible Accounts	204,509 (1)
4	Annual Amortization of Rate Case Expense	157,353 (1)
5	Depreciation and Amortization Expense	3,358,004 (1)
6	Real Estate Tax Expense	597,791 (2)
7	Total Cash Operating Expenses	<u>7,231,565</u>
8	Cash Working Capital Per Staff	903,946 (3)
9	Cash Working Capital Per Company	<u>920,476 (2)</u>
10	Staff Proposed Adjustment	<u><u>\$ (16,530)</u></u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 CW Column (i).

(2) Source: Company Schedule B-8 (Excludes Fairhaven Estates, Candlewick & University Park).

(3) Source: 45/360 x Line 7

**Aqua Illinois, Inc. - Consolidated Sewer
 Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2012**

Line No.	Description	Company Pro Forma Present (Sch C-1, C-2.1,C-4)	Staff Adjustments (St. Ex. 6.0 (Sch 6.02 CS))	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Sch. C-1, C-2.1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)	\$ Revenue Change (Cols. i-b)	% Revenue Change (Cols. j/b)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Operating Revenues	\$ 3,058,865	\$ -	\$ 3,058,865	\$ 671,058	\$ (378)	\$ 3,729,545	\$ (172,722)	\$ 3,556,823	\$ 497,958	16.28%
2	Other Revenues	37,217	-	37,217	-	-	37,217	-	37,217	-	
3	Total Operating Revenue	3,096,082	-	3,096,082	671,058	\$ (378)	3,766,762	(172,722)	3,594,040	\$ 497,958	16.08%
4	Uncollectible Accounts	54,522	-	54,522	12,188	(377)	66,333	(3,042)	63,291		
5	Wages and Salaries	307,038	(18,481)	288,557	-	-	288,557	-	288,557		
6	Employee Benefits	119,908	-	119,908	-	-	119,908	-	119,908		
7	Contractual Services	287,130	(3,676)	283,454	-	-	283,454	-	283,454		
8	Operations and Maintenance	391,304	-	391,304	-	-	391,304	-	391,304		
9	Materials and Supplies	17,180	-	17,180	-	-	17,180	-	17,180		
10	Insurance Expense	46,148	-	46,148	-	-	46,148	-	46,148		
11	Regulatory Expense Amortization	23,285	(1,254)	22,031	-	-	22,031	-	22,031		
12	Miscellaneous Expense	83,740	(429)	83,311	-	-	83,311	-	83,311		
13	Depreciation and Amortization	777,179	4,745	781,924	-	-	781,924	-	781,924		
14	Taxes Other Than Income	267,999	-	267,999	-	-	267,999	-	267,999		
15	Total Operating Expense										
16	Before Income Taxes	2,375,433	(19,095)	2,356,338	12,188	(377)	2,368,149	(3,042)	2,365,107		
17	State Income Tax	37,297	2,026	39,323	62,593	-	101,916	(16,120)	85,796		
18	Federal Income Tax	124,355	6,756	131,111	208,697	-	339,808	(53,746)	286,062		
19	Deferred Taxes and ITCs Net	(3,756)	-	(3,756)	-	-	(3,756)	-	(3,756)		
20	Total Operating Expenses	2,533,329	(10,313)	2,523,016	283,478	(377)	2,806,117	(72,908)	2,733,209		
21	NET OPERATING INCOME	\$ 562,753	\$ 10,313	\$ 573,066	\$ 387,580	\$ (1)	\$ 960,645	\$ (99,814)	\$ 860,831		
22	Staff Rate Base (ICC Staff Exhibit 6.0, Schedule 6.03 CS, Column (d))								\$ 10,594,543		
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 3.01)								8.13%		

**Aqua Illinois, Inc. - Consolidated Sewer
 Adjustments to Operating Income
 For the Test Year Ending December 31, 2012**

Line ()	Description	Interest Synchronization (St. Ex. 6.0 Sch 6.05 CS)	Incentive Compensation (St. Ex. 6.0 Sch 6.09)	Management Fees (St. Ex. 6.0 Sch 6.10)	ADIT - Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	N/A Misc. Expense (St. Ex. 7.0 Sch 7.01)	N/A Charitable Contributions (St. Ex. 7.0 Sch. 7.02)	Industry Assoc. Dues (St. Ex. 7.0 Sch. 7.03)	Subtotal Operating Statement Adjustments (i)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	-	(18,481)	-	-	-	-	-	(18,481)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	-	-	(3,676)	-	-	-	-	(3,676)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	-	-	-	-	-	-
12	Miscellaneous Expense	-	-	-	-	-	-	(429)	(429)
13	Depreciation and Amortization	-	-	-	4,745	-	-	-	4,745
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	(18,481)	(3,676)	4,745	-	-	(429)	(17,841)
16	Before Income Taxes	-	(18,481)	(3,676)	4,745	-	-	(429)	(17,841)
17	State Income Tax	212	1,756	349	(451)	-	-	41	1,907
18	Federal Income Tax	708	5,854	1,164	(1,503)	-	-	136	6,359
19		-	-	-	-	-	-	-	-
20	Total Operating Expenses	920	(10,871)	(2,163)	2,791	-	-	(252)	(9,575)
21	NET OPERATING INCOME	\$ (920)	\$ 10,871	\$ 2,163	\$ (2,791)	\$ -	\$ -	\$ 252	\$ 9,575

**Aqua Illinois, Inc. - Consolidated Sewer
 Adjustments to Operating Income
 For the Test Year Ending December 31, 2012**

Line No.	Description	Subtotal	N/A	Rate Case					Total
		Operating Statement Adjustments	Forecast Plant Additions (St. Ex. 7.0 Sch. 7.04)	Expense (St. Ex. 6.0 Sch 6.13)	(Source)	(Source)	(Source)	(Source)	Operating Statement Adjustments
	(a)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	(18,481)	-	-	-	-	-	-	(18,481)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	(3,676)	-	-	-	-	-	-	(3,676)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	(1,254)	-	-	-	-	(1,254)
12	Miscellaneous Expense	(429)	-	-	-	-	-	-	(429)
13	Depreciation and Amortization	4,745	-	-	-	-	-	-	4,745
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	-	-	-	-	-	-	-
16	Before Income Taxes	(17,841)	-	(1,254)	-	-	-	-	(19,095)
17	State Income Tax	1,907	-	119	-	-	-	-	2,026
18	Federal Income Tax	6,359	-	397	-	-	-	-	6,756
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(9,575)	-	(738)	-	-	-	-	(10,313)
21	NET OPERATING INCOME	\$ 9,575	\$ -	\$ 738	\$ -	\$ -	\$ -	\$ -	\$ 10,313

**Aqua Illinois, Inc. - Consolidated Sewer
 Rate Base
 For the Test Year Ending December 31, 2012**

Line No.	Description	Company Pro Forma Rate Base (Schedule B-1)	Staff Adjustments (St. Ex. 6.0 Sch 6.04 CS)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 30,030,313	\$ -	\$ 30,030,313
2	Accumulated Depreciation	(9,394,223)	-	(9,394,223)
3		-	-	-
4	Net Plant	20,636,090	-	20,636,090
5	Additions to Rate Base			
6	Deferred Charges	360	-	360
7	Materials & Supplies	-	-	-
8	Cash Working Capital	172,199	(2,823)	169,376
9	Amort. of Contributions In Aid of Const.	2,039,704	-	2,039,704
10	Regulatory Asset - Deferred SIT	-	37,705	37,705
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	FAS 87 Pension	(134,815)	-	(134,815)
18	FAS 106 OPEB	(20,558)	-	(20,558)
19	Customer Advances	(48,728)	-	(48,728)
20	Contributions In Aid of Construction	(10,145,024)	-	(10,145,024)
21	Deferred Income Taxes	(1,831,118)	(108,449)	(1,939,567)
22		-	-	-
23	Rate Base	<u>\$ 10,668,110</u>	<u>\$ (73,567)</u>	<u>\$ 10,594,543</u>

**Aqua Illinois, Inc. - Consolidated Sewer
 Adjustments to Rate Base
 For the Test Year Ending December 31, 2012**

Line No.	Description	Cash Working Capital	ADIT-Change in SIT Rate	ADIT-Bonus Depreciation	N/A Forecast Plant Additions	(Source)	(Source)	(Source)	Total Rate Base Adjustments
		(St. Ex. 6.0 Sched. 6.08 CS)	(St. Ex. 6.0 Sch 6.11)	(St. Ex. 6.0 Sch 6.12)	(St. Ex. 7.0 Sch 7.04)	(f)	(g)	(h)	(i)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								-
6	Deferred Charges	-	-	-	-	-	-	-	-
7	Materials & Supplies	-	-	-	-	-	-	-	-
8	Cash Working Capital	(2,823)	-	-	-	-	-	-	(2,823)
9	Amort. of Contributions In Aid of Const.	-	-	-	-	-	-	-	-
10	Regulatory Asset - Deferred SIT	-	37,705	-	-	-	-	-	37,705
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	FAS 87 Pension	-	-	-	-	-	-	-	-
18	FAS 106 OPEB	-	-	-	-	-	-	-	-
19	Customer Advances	-	-	-	-	-	-	-	-
20	Contributions In Aid of Construction	-	-	-	-	-	-	-	-
21	Deferred Income Taxes	-	(37,705)	(70,744)	-	-	-	-	(108,449)
22		-	-	-	-	-	-	-	-
23	Rate Base	<u>\$ (2,823)</u>	<u>\$ -</u>	<u>\$ (70,744)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,567)</u>

Aqua Illinois, Inc. - Consolidated Sewer
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 10,594,543 (1)
2	Weighted Cost of Debt	3.08% (2)
3	Synchronized Interest Per Staff	326,838
4	Company Interest Expense	<u>329,074 (3)</u>
5	Increase (Decrease) in Interest Expense	<u>(2,236)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 212</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 708</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.03 CS Column (d), Line 23.
 (2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.
 (3) Source: Company Schedule C-5.4. (Excludes Ellwood Greens and University Park)

**Aqua Illinois, Inc. - Consolidated Sewer
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2012**

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.7610%	<u>0.017610</u>	(1)
3	State Taxable Income		0.982390	1.000000
4	State Income Tax	9.5000%	<u>0.093327</u>	<u>0.095000</u>
5	Federal Taxable Income		0.889063	0.905000
6	Federal Income Tax	35.0000%	<u>0.311172</u>	<u>0.316750</u>
7	Operating Income		<u>0.577891</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.730430</u>	<u>1.699958</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 CS Column (b), Line 4 / Line 3.

**Aqua Illinois, Inc. - Consolidated Sewer
 Revenue Effect of Staff's Adjustments
 For the Test Year Ending December 31, 2012**

Line No.	Description (a)	Aqua's Proposal (b)	Staff's Adjustments (c)	Staff's Rebuttal (d)
1	Summary			
2	Current Revenues	\$ 3,096,082		\$ 3,096,082
3	Proposed Increase	<u>671,058</u>	<u>(173,100) #</u>	<u>497,958</u>
4	Proposed Revenue Requirement	<u>\$ 3,767,140</u>	<u>\$ (173,100)</u>	<u>\$ 3,594,040</u>
5	Percentage Increase	21.67%	-5.59%	16.08%
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (144,533)	
8	Incentive Compensation		\$ (18,812)	
9	ADIT - Bonus Depreciation		\$ (8,392)	
10	Management Fees		\$ (3,743)	
11	Rate Case Expense		\$ (1,277)	
12	Industry Association Dues		\$ (436)	
13	Gross Revenue Conversion Factor		\$ (378)	
14	Cash Working Capital		\$ (335)	
15	Interest Synchronization		\$ (25)	
16	Forecast Plant Additions		\$ -	
17	Depreciation on Disallowed Forecasted Plant		\$ -	
18	ADIT - Change in State Income Tax Rate		\$ -	
19	Miscellaneous Expense		\$ -	
20	Charitable Contributions		\$ -	
21	State Income Tax Regulatory Asset Amortization		\$ 4,830	
22			\$ -	
23			\$ -	
24			\$ -	
25			\$ -	
26			\$ -	
27			\$ -	
28			\$ -	
29			\$ -	
30			\$ -	
31			\$ -	
32			\$ -	
33			\$ -	
34			\$ -	
35			\$ -	
36			\$ -	
37			\$ -	
38			\$ -	
39			\$ -	
40			\$ -	
41			\$ -	
42			\$ -	
43	Rounding		<u>\$ 1</u>	
44	Effect of Staff's Adjustments		<u>\$ (173,100) #</u>	
45	Reconciliation to Schedule 6.01 CS			
46	Column (c), line 3.		-	
47	Column (f), line 3.		(378)	-
48	Column (h), line 3.		<u>(172,722)</u>	
49	Total Effect of Staff's Adjustments		<u>\$ (173,100) #</u>	

**Aqua Illinois, Inc. - Consolidated Sewer
 Adjustment for Cash Working Capital
 For the Test Year Ending December 31, 2012**

Line No.	Description	Amount
(a)	(b)	(c)
1	Total Operating Expenses Before Income Taxes	\$ 2,365,107 (1)
2	Less:	
3	Uncollectible Accounts	63,291 (1)
4	Annual Amortization of Rate Case Expense	22,031 (1)
5	Depreciation and Amortization Expense	781,924 (1)
6	Real Estate Tax Expense	142,852 (2)
7	Total Cash Operating Expenses	<u>1,355,009</u>
8	Cash Working Capital Per Staff	169,376 (3)
9	Cash Working Capital Per Company	<u>172,199 (2)</u>
10	Staff Proposed Adjustment	<u><u>\$ (2,823)</u></u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 CS Column (i).

(2) Source: Company Schedule B-8. (Excludes Ellwood Greens and University Park)

(3) Source: 45/360 x Line 7

Aqua Illinois, Inc. - University Park Water
Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Present (Sch C-1, C-2.1, C-4)	Staff Adjustments (St. Ex. 6.0) (Sch 6.02 UPW)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Sch. C-1, C-2.1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)	\$ Revenue Change (Cols. i-b)	% Revenue Change (Cols. j/b)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Operating Revenues	\$ 1,074,137	\$ -	\$ 1,074,137	\$ 940,681	\$ (1)	\$ 2,014,817	\$ (92,296)	\$ 1,922,521	\$ 848,384	78.98%
2	Other Revenues	60,244	-	60,244	5,839	-	66,083	-	66,083	5,839	
3	Total Operating Revenue	1,134,381	-	1,134,381	946,520	\$ (1)	2,080,900	(92,296)	1,988,604	\$ 854,223	75.30%
4	Uncollectible Accounts	15,073	-	15,073	12,577	(1)	27,649	(1,226)	26,423		
5	Wages and Salaries	224,923	(12,327)	212,596	-	-	212,596	-	212,596		
6	Employee Benefits	111,689	-	111,689	-	-	111,689	-	111,689		
7	Contractual Services	291,345	(2,360)	288,985	-	-	288,985	-	288,985		
8	Operations and Maintenance	229,351	-	229,351	-	-	229,351	-	229,351		
9	Materials and Supplies	37,574	-	37,574	-	-	37,574	-	37,574		
10	Insurance Expense	22,541	-	22,541	-	-	22,541	-	22,541		
11	Regulatory Expense Amortization	15,613	(841)	14,772	-	-	14,772	-	14,772		
12	Miscellaneous Expense	(33,552)	(902)	(34,454)	-	-	(34,454)	-	(34,454)		
13	Depreciation and Amortization	370,283	(865)	369,418	-	-	369,418	-	369,418		
14	Taxes Other Than Income	130,926	-	130,926	-	-	130,926	-	130,926		
15	Total Operating Expense										
16	Before Income Taxes	1,415,766	(17,295)	1,398,471	12,577	(1)	1,411,047	(1,226)	1,409,821		
17	State Income Tax	(41,383)	1,816	(39,567)	88,725	-	49,158	(8,652)	40,506		
18	Federal Income Tax	(137,980)	6,055	(131,925)	295,826	-	163,901	(28,846)	135,055		
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-		
20	Total Operating Expenses	1,236,403	(9,424)	1,226,979	397,128	(1)	1,624,106	(38,724)	1,585,382		
21	NET OPERATING INCOME	\$ (102,022)	\$ 9,424	\$ (92,598)	\$ 549,392	\$ -	\$ 456,794	\$ (53,572)	\$ 403,222		
22	Staff Rate Base (ICC Staff Exhibit 6.0, Schedule 6.03 UPW, Column (d))								\$ 4,962,598		
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 3.01)								8.13%		

Aqua Illinois, Inc. - University Park Water
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line ()	Description	Interest Synchronization (St. Ex. 6.0 Sch 6.05 UPW)	Incentive Compensation (St. Ex. 6.0 Sch 6.09)	Management Fees (St. Ex. 6.0 Sch 6.10)	N/A ADIT - Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	Misc. Expense (St. Ex. 7.0 Sch 7.01)	N/A Charitable Contributions (St. Ex. 7.0 Sch. 7.02)	Industry Assoc. Dues (St. Ex. 7.0 Sch. 7.03)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	-	(12,327)	-	-	-	-	-	(12,327)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	-	-	(2,360)	-	-	-	-	(2,360)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	-	-	-	-	-	-
12	Miscellaneous Expense	-	-	-	-	(618)	-	(284)	(902)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	-	-	-	-	-	-	-
16	Before Income Taxes	-	(12,327)	(2,360)	-	(618)	-	(284)	(15,589)
17	State Income Tax	173	1,171	224	-	59	-	27	1,654
18	Federal Income Tax	576	3,905	748	-	196	-	90	5,515
19		-	-	-	-	-	-	-	-
20	Total Operating Expenses	749	(7,251)	(1,388)	-	(363)	-	(167)	(8,420)
21	NET OPERATING INCOME	\$ (749)	\$ 7,251	\$ 1,388	\$ -	\$ 363	\$ -	\$ 167	\$ 8,420

Aqua Illinois, Inc. - University Park Water
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line No.	Description	Subtotal Operating Statement Adjustments	Forecast Plant Additions (St. Ex. 7.0 Sch. 7.04)	Rate Case Expense (St. Ex. 6.0 Sch 6.13)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	(12,327)	-	-	-	-	-	-	(12,327)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	(2,360)	-	-	-	-	-	-	(2,360)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	(841)	-	-	-	-	(841)
12	Miscellaneous Expense	(902)	-	-	-	-	-	-	(902)
13	Depreciation and Amortization	-	(865)	-	-	-	-	-	(865)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(15,589)	(865)	(841)	-	-	-	-	(17,295)
17	State Income Tax	1,654	82	80	-	-	-	-	1,816
18	Federal Income Tax	5,515	274	266	-	-	-	-	6,055
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(8,420)	(509)	(495)	-	-	-	-	(9,424)
21	NET OPERATING INCOME	\$ 8,420	\$ 509	\$ 495	\$ -	\$ -	\$ -	\$ -	\$ 9,424

Aqua Illinois, Inc. - University Park Water
Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Rate Base (Schedule B-1)	Staff Adjustments (St. Ex. 6.0 Sch 6.04 UPW)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 16,309,219	\$ (40,974)	\$ 16,268,245
2	Accumulated Depreciation	(5,516,771)	13,878	(5,502,893)
3		-	-	-
4	Net Plant	10,792,448	(27,096)	10,765,352
5	Additions to Rate Base			
6	Deferred Charges	119,345	-	119,345
7	Materials & Supplies	23,743	-	23,743
8	Cash Working Capital	118,540	(1,949)	116,591
9	Amort. of Contributions In Aid of Const.	2,451,841	-	2,451,841
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	FAS 87 Pension	(161,628)	-	(161,628)
18	FAS 106 OPEB	(24,647)	-	(24,647)
19	Customer Advances	(406,016)	-	(406,016)
20	Contributions In Aid of Construction	(7,024,640)	-	(7,024,640)
21	Deferred Income Taxes	(866,972)	(30,371)	(897,343)
22		-	-	-
23	Rate Base	<u>\$ 5,022,014</u>	<u>\$ (59,416)</u>	<u>\$ 4,962,598</u>

Aqua Illinois, Inc. - University Park Water
Adjustments to Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Cash Working Capital (ICC St. Ex. 6.0 Sch. 6.08 UP	N/A		Forecast Plant Additions (St. Ex. 7.0 Sch 7.04)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
			ADIT-Change in SIT Rate (ICC St. Ex. 6.0 Sch 6.11)	ADIT-Bonus Depreciation (ICC St. Ex. 6.0 Sch 6.12)					
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ (40,974)	\$ -	\$ -	\$ -	\$ (40,974)
2	Accumulated Depreciation	-	-	-	13,878	-	-	-	13,878
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	(27,096)	-	-	-	(27,096)
5	Additions to Rate Base								-
6	Deferred Charges	-	-	-	-	-	-	-	-
7	Materials & Supplies	-	-	-	-	-	-	-	-
8	Cash Working Capital	(1,949)	-	-	-	-	-	-	(1,949)
9	Amort. of Contributions In Aid of Const.	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	FAS 87 Pension	-	-	-	-	-	-	-	-
18	FAS 106 OPEB	-	-	-	-	-	-	-	-
19	Customer Advances	-	-	-	-	-	-	-	-
20	Contributions In Aid of Construction	-	-	-	-	-	-	-	-
21	Deferred Income Taxes	-	-	(32,605)	2,234	-	-	-	(30,371)
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (1,949)	\$ -	\$ (32,605)	\$ (24,862)	\$ -	\$ -	\$ -	\$ (59,416)

Aqua Illinois, Inc. - University Park Water
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 4,962,598 (1)
2	Weighted Cost of Debt	3.08% (2)
3	Synchronized Interest Per Staff	153,095
4	Company Interest Expense	<u>154,912</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(1,817)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 173</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 576</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.03 UPW Column (d), Line 23.
 (2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.
 (3) Source: Company Schedule C-5.4.

Aqua Illinois, Inc. - University Park Water
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2012

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.3287%	<u>0.013287</u>	
3	State Taxable Income		0.986713	1.000000
4	State Income Tax	9.5000%	<u>0.093738</u>	<u>0.095000</u>
5	Federal Taxable Income		0.892975	0.905000
6	Federal Income Tax	35.0000%	<u>0.312541</u>	<u>0.316750</u>
7	Operating Income		<u>0.580434</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.722849</u>	<u>1.699958</u>

Aqua Illinois, Inc. - University Park Water
Revenue Effect of Staff's Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Aqua's Proposal (b)	Staff's Adjustments (c)	Staff's Rebuttal (d)
1	Summary			
2	Current Revenues	\$ 1,134,381		\$ 1,134,381
3	Proposed Increase	<u>946,520</u>	<u>(92,297) #</u>	<u>854,223</u>
4	Proposed Revenue Requirement	<u>\$ 2,080,901</u>	<u>\$ (92,297)</u>	<u>\$ 1,988,604</u>
5	Percentage Increase	83.44%	-8.14%	75.30%
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (67,743)	
8	Incentive Compensation		\$ (12,492)	
9	ADIT - Bonus Depreciation		\$ (3,851)	
10	Forecast Plant Additions		\$ (2,936)	
11	Management Fees		\$ (2,391)	
12	Depreciation on Disallowed Forecasted Plant		\$ (877)	
13	Rate Case Expense		\$ (853)	
14	Miscellaneous Expense		\$ (625)	
15	Industry Association Dues		\$ (288)	
16	Cash Working Capital		\$ (230)	
17	Interest Synchronization		\$ (10)	
18	Gross Revenue Conversion Factor		\$ (1)	
19	ADIT - Change in State Income Tax Rate		\$ -	
20	State Income Tax Regulatory Asset Amortization		\$ -	
21	Charitable Contributions		\$ -	
22			\$ -	
23			\$ -	
24			\$ -	
25			\$ -	
26			\$ -	
27			\$ -	
28			\$ -	
29			\$ -	
30			\$ -	
31			\$ -	
32			\$ -	
33			\$ -	
34			\$ -	
35			\$ -	
36			\$ -	
37			\$ -	
38			\$ -	
39			\$ -	
40			\$ -	
41			\$ -	
42			\$ -	
43	Rounding		\$ -	
44	Effect of Staff's Adjustments		<u>\$ (92,297) #</u>	
45	Reconciliation to Schedule 6.01 UPW			
46	Column (c), line 3.		-	
47	Column (f), line 3.		(1)	-
48	Column (h), line 3.		<u>(92,296)</u>	
49	Total Effect of Staff's Adjustments		<u>\$ (92,297) #</u>	

Aqua Illinois, Inc. - University Park Water
Adjustment for Cash Working Capital
 For the Test Year Ending December 31, 2012

Line No.	Description	Amount
(a) 1	(b) Total Operating Expenses Before Income Taxes	(c) \$ 1,409,821 (1)
2	Less:	
3	Uncollectible Accounts	26,423 (1)
4	Annual Amortization of Rate Case Expense	14,772 (1)
5	Depreciation and Amortization Expense	369,418 (1)
6	Real Estate Tax Expense	66,479 (2)
7	Total Cash Operating Expenses	<u>932,729</u>
8	Cash Working Capital Per Staff	116,591 (3)
9	Cash Working Capital Per Company	<u>118,540 (2)</u>
10	Staff Proposed Adjustment	<u>\$ (1,949)</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 UPW Column (i).

(2) Source: Company Schedule B-8.

(3) Source: 45/360 x Line 7

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Present (Sch C-1, C-2.1, C-4)			Staff Adjustments (St. Ex. 6.0 (Sch 6.02 FE&C)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Sch. C-1, C-2.1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)	\$ Revenue Change (Cols. i-b)	% Revenue Change (Cols. j/b)
		Fairhaven Estates (a)	Candlewick (c)	Total (d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Operating Revenues	\$ 53,739	\$ 852,592	\$ 906,331	\$ -	\$ 906,331	\$ 187,245	\$ 349	\$ 1,093,925	\$ (54,531)	\$ 1,039,394	\$ 133,063	14.68%
2	Other Revenues	-	9,054	9,054	-	9,054	1,712	-	10,766	-	10,766	1,712	
3	Total Operating Revenue	53,739	861,646	915,385	-	915,385	188,957	349	1,104,691	(54,531)	1,050,160	\$ 134,775	14.72%
4	Uncollectible Accounts	239	23,347	23,586	-	23,586	4,530	348	28,464	(1,405)	27,059		
5	Wages and Salaries	15,798	103,043	118,841	(7,159)	111,682	-	-	111,682	-	111,682		
6	Employee Benefits	2,884	35,113	37,997	-	37,997	-	-	37,997	-	37,997		
7	Contractual Services	1,693	119,082	120,775	(2,121)	118,654	-	-	118,654	-	118,654		
8	Operations and Maintenance	4,145	90,837	94,982	-	94,982	-	-	94,982	-	94,982		
9	Materials and Supplies	-	4,573	4,573	-	4,573	-	-	4,573	-	4,573		
10	Insurance Expense	500	10,362	10,862	-	10,862	-	-	10,862	-	10,862		
11	Regulatory Expense Amortization	549	12,587	13,136	(708)	12,428	-	-	12,428	-	12,428		
12	Miscellaneous Expense	1,595	63,560	65,155	(250)	64,905	-	-	64,905	-	64,905		
13	Depreciation and Amortization	18,171	195,308	213,479	(2,032)	211,447	-	-	211,447	-	211,447		
14	Taxes Other Than Income	3,926	44,480	48,406	-	48,406	-	-	48,406	-	48,406		
15	Total Operating Expense												
16	Before Income Taxes	49,500	702,292	751,792	(12,270)	739,522	4,530	348	744,400	(1,405)	742,995		
17	State Income Tax	(276)	8,026	7,750	1,295	9,045	17,520	1	26,566	(5,047)	21,519		
18	Federal Income Tax	(919)	26,762	25,843	4,321	30,164	58,417	1	88,582	(16,828)	71,754		
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-	-		
20	Total Operating Expenses	48,305	737,080	785,385	(6,654)	778,731	80,467	350	859,548	(23,280)	836,268		
21	NET OPERATING INCOME	\$ 5,434	\$ 124,566	\$ 130,000	\$ 6,654	\$ 136,654	\$ 108,490	\$ (1)	\$ 245,143	\$ (31,251)	\$ 213,892		
22	Staff Rate Base (ICC Staff Exhibit 6.0, Schedule 6.03 FE&C, Column (f))										\$ 2,632,436		
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 3.01)											8.13%	

Aqua Illinois, Inc.
Fairhaven Estates Water & Candlewick Water
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line #	Description	Interest Synchronization (St. Ex. 6.0 Sch 6.05 FE&C)	Incentive Compensation (St. Ex. 6.0 Sch 6.09)	Management Fees (St. Ex. 6.0 Sch 6.10)	N/A ADIT - Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	N/A Misc. Expense (St. Ex. 7.0 Sch 7.01)	N/A Charitable Contributions (St. Ex. 7.0 Sch. 7.02)	Industry Assoc. Dues (St. Ex. 7.0 Sch. 7.03)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	-	(7,159)	-	-	-	-	-	(7,159)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	-	-	(2,121)	-	-	-	-	(2,121)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	-	-	-	-	-	-
12	Miscellaneous Expense	-	-	-	-	-	-	(250)	(250)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	-	-	-	-	-	-	-
16	Before Income Taxes	-	(7,159)	(2,121)	-	-	-	(250)	(9,530)
17	State Income Tax	130	680	201	-	-	-	24	1,035
18	Federal Income Tax	434	2,268	672	-	-	-	79	3,453
19		-	-	-	-	-	-	-	-
20	Total Operating Expenses	564	(4,211)	(1,248)	-	-	-	(147)	(5,042)
21	NET OPERATING INCOME	\$ (564)	\$ 4,211	\$ 1,248	\$ -	\$ -	\$ -	\$ 147	\$ 5,042

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line No.	Description	Subtotal Operating Statement Adjustments	Forecast Plant Additions (St. Ex. 7.0 Sch. 7.04)	Rate Case Expense (St. Ex. 6.0 Sch 6.13)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	(7,159)	-	-	-	-	-	-	(7,159)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	(2,121)	-	-	-	-	-	-	(2,121)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	(708)	-	-	-	-	(708)
12	Miscellaneous Expense	(250)	-	-	-	-	-	-	(250)
13	Depreciation and Amortization	-	(2,032)	-	-	-	-	-	(2,032)
14		-	-	-	-	-	-	-	-
15	Total Operating Expense	-	-	-	-	-	-	-	-
16	Before Income Taxes	(9,530)	(2,032)	(708)	-	-	-	-	(12,270)
17	State Income Tax	1,035	193	67	-	-	-	-	1,295
18	Federal Income Tax	3,453	644	224	-	-	-	-	4,321
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(5,042)	(1,195)	(417)	-	-	-	-	(6,654)
21	NET OPERATING INCOME	\$ 5,042	\$ 1,195	\$ 417	\$ -	\$ -	\$ -	\$ -	\$ 6,654

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Rate Base (Schedule B-1)			Staff	Staff
		Fairhaven Estates	Candlewick	Total	Adjustments (St. Ex. 6.0 Sch 6.04 FE&C)	Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Gross Plant in Service	\$ 372,225	\$ 5,195,927	\$ 5,568,152	\$ (50,808)	\$ 5,517,344
2	Accumulated Depreciation	(106,986)	(2,071,017)	(2,178,003)	20,109	(2,157,894)
3		-	-	-	-	-
4	Net Plant	265,239	3,124,910	3,390,149	(30,699)	3,359,450
5	Additions to Rate Base					
6	Deferred Charges	(2,183)	1,195	(988)	-	(988)
7	Materials & Supplies	196	11,896	12,092	-	12,092
8	Cash Working Capital	3,575	57,070	60,645	(1,191)	59,454
9	Amort. of Contributions In Aid of Const.	-	225,133	225,133	-	225,133
10		-	-	-	-	-
11		-	-	-	-	-
12		-	-	-	-	-
13		-	-	-	-	-
14		-	-	-	-	-
15		-	-	-	-	-
16	Deductions From Rate Base					
17	FAS 87 Pension	(525)	(33,779)	(34,304)	-	(34,304)
18	FAS 106 OPEB	(80)	(5,147)	(5,227)	-	(5,227)
19	Customer Advances	-	-	-	-	-
20	Contributions In Aid of Construction	-	(523,164)	(523,164)	-	(523,164)
21	Deferred Income Taxes	(33,938)	(413,229)	(447,167)	(12,843)	(460,010)
22		-	-	-	-	-
23	Rate Base	\$ 232,284	\$ 2,444,885	\$ 2,677,169	\$ (44,733)	\$ 2,632,436

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Adjustments to Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	N/A							Total Rate Base Adjustments
		Cash Working Capital (ICC St. Ex. 6.0 Sched. 6.08 FE&C)	ADIT-Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	ADIT-Bonus Depreciation (St. Ex. 6.0 Sch 6.12)	Forecast Plant Additions (St. Ex. 7.0 Sch 7.04)	(Source)	(Source)	(Source)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ (50,808)	\$ -	\$ -	\$ -	\$ (50,808)
2	Accumulated Depreciation	-	-	-	20,109	-	-	-	20,109
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	(30,699)	-	-	-	(30,699)
5	Additions to Rate Base								-
6	Deferred Charges	-	-	-	-	-	-	-	-
7	Materials & Supplies	-	-	-	-	-	-	-	-
8	Cash Working Capital	(1,191)	-	-	-	-	-	-	(1,191)
9	Amort. of Contributions In Aid of Const.	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	FAS 87 Pension	-	-	-	-	-	-	-	-
18	FAS 106 OPEB	-	-	-	-	-	-	-	-
19	Customer Advances	-	-	-	-	-	-	-	-
20	Contributions In Aid of Construction	-	-	-	-	-	-	-	-
21	Deferred Income Taxes	-	-	(17,192)	4,349	-	-	-	(12,843)
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (1,191)	\$ -	\$ (17,192)	\$ (26,350)	\$ -	\$ -	\$ -	\$ (44,733)

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 2,632,436 (1)
2	Weighted Cost of Debt	3.08% (2)
3	Synchronized Interest Per Staff	81,210
4	Company Interest Expense	<u>82,581 (3)</u>
5	Increase (Decrease) in Interest Expense	<u>(1,371)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 130</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 434</u>

(1) Source: ICC Staff Exhibit 1.0, Schedule 6.03 FE&C Column (f), Line 23.

(2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.

(3) Source: Fairhaven Estates Water + Candlewick Water Schedule C-5.4.

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2012

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	2.5766%	<u>0.025766</u>	(1)
3	State Taxable Income		0.974234	1.000000
4	State Income Tax	9.5000%	<u>0.092552</u>	<u>0.095000</u>
5	Federal Taxable Income		<u>0.881682</u>	<u>0.905000</u>
6	Federal Income Tax	35.0000%	<u>0.308589</u>	<u>0.316750</u>
7	Operating Income		<u>0.573093</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.744917</u>	<u>1.699958</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 FE&C Column (b), Line 4 / Line 3.

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Revenue Effect of Staff's Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Aqua's Proposal (b)	Staff's Adjustments (c)	Staff's Rebuttal (d)
1	Summary			
2	Current Revenues	\$ 915,385		\$ 915,385
3	Proposed Increase	<u>188,957</u>	<u>(54,182) #</u>	<u>134,775</u>
4	Proposed Revenue Requirement	<u>\$ 1,104,342</u>	<u>\$ (54,182)</u>	<u>\$ 1,050,160</u>
5	Percentage Increase	20.64%	-5.92%	14.72%
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (36,579)	
8	Incentive Compensation		\$ (7,348)	
9	Forecast Plant Additions		\$ (3,152)	
10	Management Fees		\$ (2,178)	
11	Depreciation on Disallowed Forecasted Plant		\$ (2,085)	
12	ADIT - Bonus Depreciation		\$ (2,056)	
13	Rate Case Expense		\$ (728)	
14	Industry Association Dues		\$ (257)	
15	Cash Working Capital		\$ (142)	
16	Interest Synchronization		\$ (8)	
17	ADIT - Change in State Income Tax Rate		\$ -	
18	Charitable Contributions		\$ -	
19	Miscellaneous Expense		\$ -	
20	State Income Tax Regulatory Asset Amortization		\$ -	
21	Gross Revenue Conversion Factor		\$ 349	
22			\$ -	
23			\$ -	
24			\$ -	
25			\$ -	
26			\$ -	
27			\$ -	
28			\$ -	
29			\$ -	
30			\$ -	
31			\$ -	
32			\$ -	
33			\$ -	
34			\$ -	
35			\$ -	
36			\$ -	
37			\$ -	
38			\$ -	
39			\$ -	
40			\$ -	
41			\$ -	
42	Rounding		\$ 2	
43	Effect of Staff's Adjustments		<u>\$ (54,182) #</u>	
44	Reconciliation to Schedule 6.01 FE&C			
45	Column (e), line 3.		-	
46	Column (h), line 3.		349	-
47	Column (j), line 3.		<u>(54,531)</u>	
48	Total Effect of Staff's Adjustments		<u>\$ (54,182) #</u>	

Aqua Illinois, Inc.
 Fairhaven Estates Water & Candlewick Water
 Adjustment for Cash Working Capital
 For the Test Year Ending December 31, 2012

Line No.	Description	Amount
(a)	(b)	(c)
1	Total Operating Expenses Before Income Taxes	\$ 742,995 (1)
2	Less:	
3	Uncollectible Accounts	27,059 (1)
4	Annual Amortization of Rate Case Expense	12,428 (1)
5	Depreciation and Amortization Expense	211,447 (1)
6	Real Estate Tax Expense	16,432 (2)
7	Total Cash Operating Expenses	<u>475,629</u>
8	Cash Working Capital Per Staff	59,454 (3)
9	Cash Working Capital Per Company	<u>60,645 (2)</u>
10	Staff Proposed Adjustment	<u><u>\$ (1,191)</u></u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 FE&C Column (k).
 (2) Source: Fairhaven Estates Water + Candlewick Water Schedule B-8.
 (3) Source: 45/360 x Line 7

Aqua Illinois, Inc. - Ellwood Greens Sewer
Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Present (Sch C-1, C-2.1,C-4)	Staff Adjustments (St. Ex. 6.0 (Sch 6.02 EG)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Sch. C-1, C-2.1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)	\$ Revenue Change (Cols. i-b)	% Revenue Change (Cols. j/b)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Operating Revenues	\$ 70,412	\$ -	\$ 70,412	\$ 57,087	\$ -	\$ 127,499	\$ (4,455)	\$ 123,044	\$ 52,632	74.75%
2	Other Revenues	-	-	-	-	-	-	-	-	-	-
3	Total Operating Revenue	70,412	-	70,412	57,087	\$ -	127,499	(4,455)	123,044	\$ 52,632	74.75%
4	Uncollectible Accounts	299	-	299	243	-	542	(19)	523		
5	Wages and Salaries	37,797	(2,112)	35,685	-	-	35,685	-	35,685		
6	Employee Benefits	15,456	-	15,456	-	-	15,456	-	15,456		
7	Contractual Services	19,872	(315)	19,557	-	-	19,557	-	19,557		
8	Operations and Maintenance	9,204	-	9,204	-	-	9,204	-	9,204		
9	Materials and Supplies	247	-	247	-	-	247	-	247		
10	Insurance Expense	983	-	983	-	-	983	-	983		
11	Regulatory Expense Amortization	1,485	(80)	1,405	-	-	1,405	-	1,405		
12	Miscellaneous Expense	3,411	(37)	3,374	-	-	3,374	-	3,374		
13	Depreciation and Amortization	14,894	-	14,894	-	-	14,894	-	14,894		
14	Taxes Other Than Income	6,188	-	6,188	-	-	6,188	-	6,188		
15	Total Operating Expense										
16	Before Income Taxes	109,836	(2,544)	107,292	243	-	107,535	(19)	107,516		
17	State Income Tax	(4,131)	246	(3,885)	5,400	-	1,515	(421)	1,094		
18	Federal Income Tax	(13,774)	816	(12,958)	18,005	1	5,048	(1,405)	3,643		
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-		
20	Total Operating Expenses	91,931	(1,482)	90,449	23,648	1	114,098	(1,845)	112,253		
21	NET OPERATING INCOME	\$ (21,519)	\$ 1,482	\$ (20,037)	\$ 33,439	\$ (1)	\$ 13,401	\$ (2,610)	\$ 10,791		
22	Staff Rate Base (ICC Staff Exhibit 6.0, Schedule 6.03 EG, Column (d))								\$ 132,815		
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 3.01)									8.13%	

Aqua Illinois, Inc. - Ellwood Greens Sewer
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line	Description	Interest Synchronization (St. Ex. 6.0 Sch 6.05 EG)	Incentive Compensation (St. Ex. 6.0 Sch 6.09)	Management Fees (St. Ex. 6.0 Sch 6.10)	N/A ADIT - Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	N/A Misc. Expense (St. Ex. 7.0 Sch 7.01)	N/A Charitable Contributions (St. Ex. 7.0 Sch. 7.02)	Industry Assoc. Dues (St. Ex. 7.0 Sch. 7.03)	Subtotal Operating Statement Adjustments
((a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	-	(2,112)	-	-	-	-	-	(2,112)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	-	-	(315)	-	-	-	-	(315)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	-	-	-	-	-	-
12	Miscellaneous Expense	-	-	-	-	-	-	(37)	(37)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	-	(2,112)	(315)	-	-	-	(37)	(2,464)
17	State Income Tax	3	201	30	-	-	-	4	238
18	Federal Income Tax	10	669	100	-	-	-	12	791
19		-	-	-	-	-	-	-	-
20	Total Operating Expenses	13	(1,242)	(185)	-	-	-	(21)	(1,435)
21	NET OPERATING INCOME	\$ (13)	\$ 1,242	\$ 185	\$ -	\$ -	\$ -	\$ 21	\$ 1,435

Aqua Illinois, Inc. - Ellwood Greens Sewer
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line No.	Description	Subtotal	N/A	Rate Case					Total
		Operating Statement Adjustments	Forecast Plant Additions (St. Ex. 7.0 Sch. 7.04)	Expense (St. Ex. 6.0 Sch 6.13)	(Source)	(Source)	(Source)	(Source)	Operating Statement Adjustments
	(a)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	(2,112)	-	-	-	-	-	-	(2,112)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	(315)	-	-	-	-	-	-	(315)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	(80)	-	-	-	-	(80)
12	Miscellaneous Expense	(37)	-	-	-	-	-	-	(37)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(2,464)	-	(80)	-	-	-	-	(2,544)
17	State Income Tax	238	-	8	-	-	-	-	246
18	Federal Income Tax	791	-	25	-	-	-	-	816
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(1,435)	-	(47)	-	-	-	-	(1,482)
21	NET OPERATING INCOME	\$ 1,435	\$ -	\$ 47	\$ -	\$ -	\$ -	\$ -	\$ 1,482

Aqua Illinois, Inc. - Ellwood Greens Sewer
Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Rate Base (Schedule B-1)	Staff Adjustments (St. Ex. 6.0 Sch 6.04 EG)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 558,262	\$ -	\$ 558,262
2	Accumulated Depreciation	(433,854)	-	(433,854)
3		-	-	-
4	Net Plant	124,408	-	124,408
5	Additions to Rate Base			
6	Deferred Charges	60	-	60
7	Materials & Supplies	-	-	-
8	Cash Working Capital	11,412	(308)	11,104
9	Amort. of Contributions In Aid of Const.	361,693	-	361,693
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	FAS 87 Pension	(19,546)	-	(19,546)
18	FAS 106 OPEB	(2,986)	-	(2,986)
19	Customer Advances	-	-	-
20	Contributions In Aid of Construction	(332,591)	-	(332,591)
21	Deferred Income Taxes	(8,635)	(692)	(9,327)
22		-	-	-
23	Rate Base	<u>\$ 133,815</u>	<u>\$ (1,000)</u>	<u>\$ 132,815</u>

Aqua Illinois, Inc. - Ellwood Greens Sewer
Adjustments to Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Cash Working	N/A	ADIT-Bonus	N/A				Total
		Capital (St. Ex. 6.0 Sch. 6.08 EG	ADIT-Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	Depreciation (St. Ex. 6.0 Sch 6.12)	Forecast Plant Additions (St. Ex. 7.0 Sch 7.04)	(Source)	(Source)	(Source)	Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								
6	Deferred Charges	-	-	-	-	-	-	-	-
7	Materials & Supplies	-	-	-	-	-	-	-	-
8	Cash Working Capital	(308)	-	-	-	-	-	-	(308)
9	Amort. of Contributions In Aid of Const.	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								
17	FAS 87 Pension	-	-	-	-	-	-	-	-
18	FAS 106 OPEB	-	-	-	-	-	-	-	-
19	Customer Advances	-	-	-	-	-	-	-	-
20	Contributions In Aid of Construction	-	-	-	-	-	-	-	-
21	Deferred Income Taxes	-	-	(692)	-	-	-	-	(692)
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (308)	\$ -	\$ (692)	\$ -	\$ -	\$ -	\$ -	\$ (1,000)

Aqua Illinois, Inc. - Ellwood Greens Sewer
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 132,815 (1)
2	Weighted Cost of Debt	3.08% (2)
3	Synchronized Interest Per Staff	4,097
4	Company Interest Expense	<u>4,128</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(31)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 3</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 10</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.03 EG Column (d), Line 23.
 (2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.
 (3) Source: Company Schedule C-5.4.

Aqua Illinois, Inc. - Ellwood Greens Sewer
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2012

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.4250%	<u>0.004250</u>	
3	State Taxable Income		0.995750	1.000000
4	State Income Tax	9.5000%	<u>0.094596</u>	<u>0.095000</u>
5	Federal Taxable Income		0.901154	0.905000
6	Federal Income Tax	35.0000%	<u>0.315404</u>	<u>0.316750</u>
7	Operating Income		<u>0.585750</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.707213</u>	<u>1.699958</u>

Aqua Illinois, Inc. - Ellwood Greens Sewer
Revenue Effect of Staff's Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Aqua's Proposal (b)	Staff's Adjustments (c)	Staff's Rebuttal (d)
1	Summary			
2	Current Revenues	\$ 70,412		\$ 70,412
3	Proposed Increase	<u>57,087</u>	<u>(4,455) #</u>	<u>52,632</u>
4	Proposed Revenue Requirement	<u>\$ 127,499</u>	<u>\$ (4,455)</u>	<u>\$ 123,044</u>
5	Percentage Increase	81.08%	-6.33%	74.75%
6	Effect of Each Staff Adjustment			
7	Incentive Compensation		\$ (2,120)	
8	Rate of Return		\$ (1,789)	
9	Management Fees		\$ (316)	
10	ADIT - Bonus Depreciation		\$ (81)	
11	Rate Case Expense		\$ (80)	
12	Industry Association Dues		\$ (36)	
13	Cash Working Capital		\$ (36)	
14	Forecast Plant Additions		\$ -	
15	Depreciation on Disallowed Forecasted Plant		\$ -	
16	Interest Synchronization		\$ -	
17	ADIT - Change in State Income Tax Rate		\$ -	
18	State Income Tax Regulatory Asset Amortization		\$ -	
19	Miscellaneous Expense		\$ -	
20	Charitable Contributions		\$ -	
21	Gross Revenue Conversion Factor		\$ -	
22			\$ -	
23			\$ -	
24			\$ -	
25			\$ -	
26			\$ -	
27			\$ -	
28			\$ -	
29			\$ -	
30			\$ -	
31			\$ -	
32			\$ -	
33			\$ -	
34			\$ -	
35			\$ -	
36			\$ -	
37			\$ -	
38			\$ -	
39			\$ -	
40			\$ -	
41			\$ -	
42			\$ -	
43	Rounding		<u>\$ 3</u>	
44	Effect of Staff's Adjustments		<u>\$ (4,455) #</u>	
45	Reconciliation to Schedule 6.01 EG			
46	Column (c), line 3.		-	
47	Column (f), line 3.		-	
48	Column (h), line 3.		<u>(4,455)</u>	
49	Total Effect of Staff's Adjustments		<u>\$ (4,455) #</u>	

Aqua Illinois, Inc. - Ellwood Greens Sewer
Adjustment for Cash Working Capital
 For the Test Year Ending December 31, 2012

Line No.	Description	Amount
(a)	(b)	(c)
1	Total Operating Expenses Before Income Taxes	\$ 107,516 (1)
2	Less:	
3	Uncollectible Accounts	523 (1)
4	Annual Amortization of Rate Case Expense	1,405 (1)
5	Depreciation and Amortization Expense	14,894 (1)
6	Real Estate Tax Expense	1,866 (2)
7	Total Cash Operating Expenses	<u>88,828</u>
8	Cash Working Capital Per Staff	11,104 (3)
9	Cash Working Capital Per Company	<u>11,412 (2)</u>
10	Staff Proposed Adjustment	<u><u>\$ (308)</u></u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 EG Column (i).

(2) Source: Company Schedule B-8.

(3) Source: 45/360 x Line 7

Aqua Illinois, Inc. - University Park Sewer
Statement of Operating Income with Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Present (Sch C-1, C-2.1,C-4)	Staff Adjustments (St. Ex. 6.0 (Sch 6.02 UPS))	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Sch. C-1, C-2.1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)	\$ Revenue Change (Cols. i-b)	% Revenue Change (Cols. j/b)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Operating Revenues	\$ 2,704,381	\$ -	\$ 2,704,381	\$ 541,017	\$ -	\$ 3,245,398	\$ (179,204)	\$ 3,066,194	\$ 361,813	13.38%
2	Other Revenues	11,283	-	11,283	-	-	11,283	-	11,283	-	
3	Total Operating Revenue	2,715,664	-	2,715,664	541,017	\$ -	3,256,681	(179,204)	3,077,477	\$ 361,813	13.32%
4	Uncollectible Accounts	36,438	-	36,438	7,259	-	43,697	(2,405)	41,292		
5	Wages and Salaries	186,378	(13,421)	172,957	-	-	172,957	-	172,957		
6	Employee Benefits	106,438	-	106,438	-	-	106,438	-	106,438		
7	Contractual Services	341,876	(2,175)	339,701	-	-	339,701	-	339,701		
8	Operations and Maintenance	321,448	-	321,448	-	-	321,448	-	321,448		
9	Materials and Supplies	14,585	-	14,585	-	-	14,585	-	14,585		
10	Insurance Expense	35,491	-	35,491	-	-	35,491	-	35,491		
11	Regulatory Expense Amortization	14,452	(778)	13,674	-	-	13,674	-	13,674		
12	Miscellaneous Expense	(120,813)	(880)	(121,693)	-	-	(121,693)	-	(121,693)		
13	Depreciation and Amortization	715,078	-	715,078	-	-	715,078	-	715,078		
14	Taxes Other Than Income	126,476	-	126,476	-	-	126,476	-	126,476		
15	Total Operating Expense										
16	Before Income Taxes	1,777,847	(17,254)	1,760,593	7,259	-	1,767,852	(2,405)	1,765,447		
17	State Income Tax	55,879	1,848	57,727	50,707	-	108,434	(16,796)	91,638		
18	Federal Income Tax	186,313	6,158	192,471	169,068	-	361,539	(56,001)	305,538		
19	Deferred Taxes and ITCs Net	(1,872)	-	(1,872)	-	-	(1,872)	-	(1,872)		
20	Total Operating Expenses	2,018,167	(9,248)	2,008,919	227,034	-	2,235,953	(75,202)	2,160,751		
21	NET OPERATING INCOME	\$ 697,497	\$ 9,248	\$ 706,745	\$ 313,983	\$ -	\$ 1,020,728	\$ (104,002)	\$ 916,726		
22	Staff Rate Base (ICC Staff Exhibit 6.0, Schedule 6.03 UPS, Column (d))								\$ 11,282,462		
23	Staff Overall Rate of Return (ICC Staff Exhibit 3.0, Schedule 3.01)								8.13%		

Aqua Illinois, Inc. - University Park Sewer
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line	Description	Interest Synchronization (St. Ex. 6.0 Sch 6.05 UPS)	Incentive Compensation (St. Ex. 6.0 Sch 6.09)	Management Fees (St. Ex. 6.0 Sch 6.10)	N/A ADIT - Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	Misc. Expense (St. Ex. 7.0 Sch 7.01)	N/A Charitable Contributions (St. Ex. 7.0 Sch. 7.02)	Industry Assoc. Dues (St. Ex. 7.0 Sch. 7.03)	Subtotal Operating Statement Adjustments
((a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	-	(13,421)	-	-	-	-	-	(13,421)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	-	-	(2,175)	-	-	-	-	(2,175)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	-	-	-	-	-	-
12	Miscellaneous Expense	-	-	-	-	(618)	-	(262)	(880)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	-	(13,421)	(2,175)	-	(618)	-	(262)	(16,476)
17	State Income Tax	208	1,275	207	-	59	-	25	1,774
18	Federal Income Tax	693	4,251	689	-	196	-	83	5,912
19		-	-	-	-	-	-	-	-
20	Total Operating Expenses	901	(7,895)	(1,279)	-	(363)	-	(154)	(8,790)
21	NET OPERATING INCOME	\$ (901)	\$ 7,895	\$ 1,279	\$ -	\$ 363	\$ -	\$ 154	\$ 8,790

Aqua Illinois, Inc. - University Park Sewer
Adjustments to Operating Income
 For the Test Year Ending December 31, 2012

Line No.	Description	Subtotal	N/A	Rate Case	(Source)	(Source)	(Source)	(Source)	Total
		Operating Statement Adjustments	Forecast Plant Additions (St. Ex. 7.0 Sch. 7.04)	Expense (St. Ex. 6.0 Sch 6.13)					Operating Statement Adjustments
	(a)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Wages and Salaries	(13,421)	-	-	-	-	-	-	(13,421)
6	Employee Benefits	-	-	-	-	-	-	-	-
7	Contractual Services	(2,175)	-	-	-	-	-	-	(2,175)
8	Operations and Maintenance	-	-	-	-	-	-	-	-
9	Materials and Supplies	-	-	-	-	-	-	-	-
10	Insurance Expense	-	-	-	-	-	-	-	-
11	Regulatory Expense Amortization	-	-	(778)	-	-	-	-	(778)
12	Miscellaneous Expense	(880)	-	-	-	-	-	-	(880)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(16,476)	-	(778)	-	-	-	-	(17,254)
17	State Income Tax	1,774	-	74	-	-	-	-	1,848
18	Federal Income Tax	5,912	-	246	-	-	-	-	6,158
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(8,790)	-	(458)	-	-	-	-	(9,248)
21	NET OPERATING INCOME	\$ 8,790	\$ -	\$ 458	\$ -	\$ -	\$ -	\$ -	\$ 9,248

Aqua Illinois, Inc. - University Park Sewer
Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Company Pro Forma Rate Base (Schedule B-1)	Staff Adjustments (St. Ex. 6.0 Sch 6.04 UPS)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 27,640,080	\$ -	\$ 27,640,080
2	Accumulated Depreciation	(7,796,711)	-	(7,796,711)
3		-	-	-
4	Net Plant	19,843,369	-	19,843,369
5	Additions to Rate Base			
6	Deferred Charges	-	-	-
7	Materials & Supplies	-	-	-
8	Cash Working Capital	122,740	(2,060)	120,680
9	Amort. of Contributions In Aid of Const.	1,668,497	-	1,668,497
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	FAS 87 Pension	(135,798)	-	(135,798)
18	FAS 106 OPEB	(20,706)	-	(20,706)
19	Customer Advances	(298,354)	-	(298,354)
20	Contributions In Aid of Construction	(8,060,012)	-	(8,060,012)
21	Deferred Income Taxes	(1,765,260)	(69,954)	(1,835,214)
22		-	-	-
23	Rate Base	<u>\$ 11,354,476</u>	<u>\$ (72,014)</u>	<u>\$ 11,282,462</u>

Aqua Illinois, Inc. - University Park Sewer
Adjustments to Rate Base
 For the Test Year Ending December 31, 2012

Line No.	Description	Cash Working Capital	N/A	ADIT-Bonus	N/A	(Source)	(Source)	(Source)	Total Rate Base Adjustments
		(St. Ex. 6.0 Sched. 6.08 UPS)	ADIT-Change in SIT Rate (St. Ex. 6.0 Sch 6.11)	Depreciation (St. Ex. 6.0 Sch 6.12)	Forecast Plant Additions (St. Ex. 7.0 Sch 7.04)				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								-
6	Deferred Charges	-	-	-	-	-	-	-	-
7	Materials & Supplies	-	-	-	-	-	-	-	-
8	Cash Working Capital	(2,060)	-	-	-	-	-	-	(2,060)
9	Amort. of Contributions In Aid of Const.	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	FAS 87 Pension	-	-	-	-	-	-	-	-
18	FAS 106 OPEB	-	-	-	-	-	-	-	-
19	Customer Advances	-	-	-	-	-	-	-	-
20	Contributions In Aid of Construction	-	-	-	-	-	-	-	-
21	Deferred Income Taxes	-	-	(69,954)	-	-	-	-	(69,954)
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (2,060)	\$ -	\$ (69,954)	\$ -	\$ -	\$ -	\$ -	\$ (72,014)

**Aqua Illinois, Inc. - University Park Sewer
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2012**

Line No.	Description (a)	Amount (b)
1	Gross Plant in Service	\$ 11,282,462 (1)
2	Weighted Cost of Debt	3.08% (2)
3	Synchronized Interest Per Staff	348,060
4	Company Interest Expense	<u>350,247</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(2,187)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 208</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 693</u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.03 UPS Column (d), Line 23.
 (2) Source: ICC Staff Exhibit 3.0, Schedule 3.01.
 (3) Source: Company Schedule C-5.4.

Aqua Illinois, Inc. - University Park Sewer
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2012

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	1.3418%	<u>0.013418</u>	
3	State Taxable Income		0.986582	1.000000
4	State Income Tax	9.5000%	<u>0.093725</u>	<u>0.095000</u>
5	Federal Taxable Income		0.892857	0.905000
6	Federal Income Tax	35.0000%	<u>0.312500</u>	<u>0.316750</u>
7	Operating Income		<u>0.580357</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.723077</u>	<u>1.699958</u>

Aqua Illinois, Inc. - University Park Sewer
Revenue Effect of Staff's Adjustments
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Aqua's Proposal (b)	Staff's Adjustments (c)	Staff's Rebuttal (d)
1	Summary			
2	Current Revenues	\$ 2,715,664		\$ 2,715,664
3	Proposed Increase	<u>541,017</u>	<u>(179,204) #</u>	<u>361,813</u>
4	Proposed Revenue Requirement	<u>\$ 3,256,681</u>	<u>\$ (179,204)</u>	<u>\$ 3,077,477</u>
5	Percentage Increase	19.92%	-6.60%	13.32%
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (153,186)	
8	Incentive Compensation		\$ (13,604)	
9	ADIT - Bonus Depreciation		\$ (8,263)	
10	Management Fees		\$ (2,204)	
11	Rate Case Expense		\$ (789)	
12	Miscellaneous Expense		\$ (625)	
13	Industry Association Dues		\$ (265)	
14	Cash Working Capital		\$ (243)	
15	Interest Synchronization		\$ (24)	
16	Forecast Plant Additions		\$ -	
17	Depreciation on Disallowed Forecasted Plant		\$ -	
18	ADIT - Change in State Income Tax Rate		\$ -	
19	State Income Tax Regulatory Asset Amortization		\$ -	
20	Charitable Contributions		\$ -	
21	Gross Revenue Conversion Factor		\$ -	
22			\$ -	
23			\$ -	
24			\$ -	
25			\$ -	
26			\$ -	
27			\$ -	
28			\$ -	
29			\$ -	
30			\$ -	
31			\$ -	
32			\$ -	
33			\$ -	
34			\$ -	
35			\$ -	
36			\$ -	
37			\$ -	
38			\$ -	
39			\$ -	
40			\$ -	
41			\$ -	
42			\$ -	
43	Rounding		\$ (1)	
44	Effect of Staff's Adjustments		<u>\$ (179,204) #</u>	
45	Reconciliation to Schedule 6.01 UPS			
46	Column (c), line 3.		-	
47	Column (f), line 3.		-	
48	Column (h), line 3.		(179,204)	
49	Total Effect of Staff's Adjustments		<u>\$ (179,204) #</u>	

Aqua Illinois, Inc. - University Park Sewer
Adjustment for Cash Working Capital
 For the Test Year Ending December 31, 2012

Line No.	Description	Amount
(a)	(b)	(c)
1	Total Operating Expenses Before Income Taxes	\$ 1,765,447 (1)
2	Less:	
3	Uncollectible Accounts	41,292 (1)
4	Annual Amortization of Rate Case Expense	13,674 (1)
5	Depreciation and Amortization Expense	715,078 (1)
6	Real Estate Tax Expense	29,960 (2)
7	Total Cash Operating Expenses	<u>965,443</u>
8	Cash Working Capital Per Staff	120,680 (3)
9	Cash Working Capital Per Company	<u>122,740 (2)</u>
10	Staff Proposed Adjustment	<u><u>\$ (2,060)</u></u>

(1) Source: ICC Staff Exhibit 6.0, Schedule 6.01 UPS Column (i).

(2) Source: Company Schedule B-8.

(3) Source: 45/360 x Line 7

Aqua Illinois, Inc
 Incentive Compensation Expense Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description	Consolidated Water Division ¹	Consolidated Sewer Division ²	University Park Water	Fairhaven Estates & Candlewick Water	Ellwood Greens Sewer	University Park Sewer	Total	Source
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Equity Compensation Plan per Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2	Equity Compensation Plan per Company	39,266	7,466	4,980	2,892	853	5,422	60,879	Co. Response to Staff DR BCJ-2.06
3	Staff Proposed Adjustment to Disallow Equity Compensation Plan	<u>\$ (39,266)</u>	<u>\$ (7,466)</u>	<u>\$ (4,980)</u>	<u>\$ (2,892)</u>	<u>\$ (853)</u>	<u>\$ (5,422)</u>	<u>\$ (60,879)</u>	
4	Management Improvement Plan Less Dividend Equivalents	\$ 50,357	\$ 9,575	\$ 6,386	\$ 3,709	\$ 1,094	\$ 6,953	\$ 78,075	ICC Staff Ex. 6.0, Sch. 6.09, p. 2
5	Management Improvement Plan as Filed	57,929	11,015	7,347	4,267	1,259	7,999	89,816	Co. Response to Staff DR BCJ-2.04
6	Staff Proposed Adjustment to Disallow Dividend Equivalents	<u>\$ (7,572)</u>	<u>\$ (1,440)</u>	<u>\$ (961)</u>	<u>\$ (558)</u>	<u>\$ (165)</u>	<u>\$ (1,046)</u>	<u>\$ (11,741)</u>	
7	Management Improvement Plan per Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Management Improvement Plan per Company, less Dividend Equivalents	50,357	9,575	6,386	3,709	1,094	6,953	78,075	ICC Staff Ex. 6.0, Sch. 6.09, p. 2
9	Staff Proposed Adjustment to Disallow Management Improvement Plan	<u>\$ (50,357)</u>	<u>\$ (9,575)</u>	<u>\$ (6,386)</u>	<u>\$ (3,709)</u>	<u>\$ (1,094)</u>	<u>\$ (6,953)</u>	<u>\$ (78,075)</u>	
10	Total Staff Proposed Adjustment to Decrease Salaries and Wages	<u>\$ (97,195)</u>	<u>\$ (18,481)</u>	<u>\$ (12,327)</u>	<u>\$ (7,159)</u>	<u>\$ (2,112)</u>	<u>\$ (13,421)</u>	<u>\$ (150,695)</u>	Line 3 + Line 6 + Line 9

¹ Willowbrook, Ivanhoe, Oak Run, Vermilion, Hawthorn Woods, Ravenna

² Willowbrook, Candlewick, Hawthorn Woods, Ivanhoe

Aqua Illinois, Inc
 Incentive Compensation Expense Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Allocation % ¹ (b)	Amount (c)	Source (d)	
1	Management Improvement Plan - 2011 Accrual		\$ 153,830	} Co. response to Staff DR BCJ-2.04	
2	Inflation @ 4%		6,153		
3	2012 Management Improvement Plan, Less Dividend Equivalents		<u>\$ 159,983</u>		
4	Divisions:				
5	<u>Consolidated Water</u>				
6	Willowbrook Water	2.37%	\$ 3,784	} Column (b) x line 3	
7	Ivanhoe Water	0.52%	\$ 835		
8	Oak Run Water	0.22%	346		
9	Vermilion Water	26.89%	43,020		
10	Hawthorn Woods Water	1.19%	1,907		
11	Ravenna Water	0.29%	464		
12	Total Consolidated Water		<u>\$ 50,357</u>		
13	University Park Water	3.99%	\$ 6,386		
14	Fairhaven Estates Water	0.29%	\$ 457		
15	Candlewick Water	2.03%	3,252		
16	<u>Consolidated Sewer:</u>				
17	Willowbrook Sewer	2.01%	\$ 3,220		
18	Candlewick Sewer	2.36%	3,768		
19	Hawthorn Woods Sewer	1.16%	1,854		
20	Ivanhoe Sewer	0.46%	733		
21	Total Consolidated Sewer		<u>\$ 9,575</u>		
22	Ellwood Greens Sewer	0.68%	1,094		
23	University Park Sewer	4.35%	6,953		

¹ Company response to Staff DR BCJ-2.04

Aqua Illinois, Inc
 Corporate Management Fees Expense Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description	Consolidated Water Division ¹	Consolidated Sewer Division ²	University Park Water	Fairhaven Estates & Candlewick Water	Ellwood Greens Sewer	University Park Sewer	Total	Source
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1	Corporate Management Fees per Staff	\$ 635,313	\$ 77,218	\$ 49,573	\$ 44,553	\$ 6,618	\$ 45,677	\$ 858,951	Line 6
2	Corporate Management Fees per Company	<u>665,568</u>	<u>80,894</u>	<u>51,933</u>	<u>46,674</u>	<u>6,933</u>	<u>47,852</u>	<u>899,854</u>	Co. response to Staff DR BCJ-2.17
3	Staff Proposed Adjustment to Corporate Management Fees	<u>\$ (30,255)</u>	<u>\$ (3,676)</u>	<u>\$ (2,360)</u>	<u>\$ (2,121)</u>	<u>\$ (315)</u>	<u>\$ (2,175)</u>	<u>\$ (40,903)</u>	Line 1 - Line 2
4	Corporate Management Fees per 2011 Budget	\$ 605,060	\$ 73,541	\$ 47,212	\$ 42,431	\$ 6,303	\$ 43,502	\$ 818,049	Co. response to Staff DR BCJ-2.17
5	5% increase	<u>30,253</u>	<u>3,677</u>	<u>2,361</u>	<u>2,122</u>	<u>315</u>	<u>2,175</u>	<u>40,902</u>	Line 4 x 5%
6	Corporate Management Fees for 2012	<u>\$ 635,313</u>	<u>\$ 77,218</u>	<u>\$ 49,573</u>	<u>\$ 44,553</u>	<u>\$ 6,618</u>	<u>\$ 45,677</u>	<u>\$ 858,951</u>	Line 4 + Line 5

¹ Willowbrook, Ivanhoe, Oak Run, Vermilion, Hawthorn Woods, Ravenna

² Willowbrook, Candlewick, Hawthorn Woods, Ivanhoe

Aqua Illinois, Inc
 ADIT Adjustment - Change in State Income Tax Rate
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Consolidated Water Division ¹ (b)	Consolidated Sewer Division ² (c)	Source (d)
1	Increase in ADIT due to change in State Income Tax (SIT) rate per Staff	\$ 68,170	\$ 37,705	ICC Staff Ex. 6.0, Sch. 6.11, p. 2
2	Increase in ADIT due to change in State Income Tax (SIT) rate per Company	-	-	
3	Staff Proposed Adjustment to Increase ADIT	<u>\$ 68,170</u>	<u>\$ 37,705</u>	Line 1 - Line 2
4	Staff Proposed Adjustment to Create SIT-ADIT Regulatory Asset	<u>\$68,170</u>	<u>\$37,705</u>	Line 3
5	Amortize SIT-ADIT Regulatory Asset per Staff	\$ 8,599	\$ 4,745	Co. response to Staff DR BCJ-5.01
6	Amortize SIT-ADIT Regulatory Asset per Company	-	-	
7	Staff Proposed Adjustment to Increase Amortization Expense	<u>\$ 8,599</u>	<u>\$ 4,745</u>	Line 5 - Line 6

¹ Willowbrook, Ivanhoe, Oak Run, Vermilion, Hawthorn Woods, Ravenna

² Willowbrook, Candlewick, Hawthorn Woods, Ivanhoe

Aqua Illinois, Inc
 ADIT Adjustment - Change in State Income Tax Rate
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Allocation % ¹ (b)	Amount (c)	Source (d)
1	Increase in Test Year ADIT for Change in State Income Tax Rate		<u>\$ 301,636</u>	Revised wkp p. 4 in Co. supplemental response to Staff DR BCJ-5.03
2	Allocated to Consolidated Water Division	22.60%	<u>\$ 68,170</u>	Column (b) x line 1
3	Allocated to Consolidated Sewer Division	12.50%	<u>\$ 37,705</u>	Column (b) x line 1

¹ Based on 2012 projected net income per Co. response to Staff DR BCJ-5.01

Aqua Illinois, Inc
 ADIT Adjustment - Bonus Depreciation
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Plant Allocation Factor ¹ (b)	Amount (c)	Source (d)
1	ADIT - Excess Tax Depreciation per Staff		\$ 27,421,034	Co. suppl. responses to Staff DR BCJ-5.02 and BCJ-5.03 Schedule B-9, p. 1 as filed
2	ADIT - Excess Tax Depreciation per Company		<u>26,432,990</u>	
3	Staff Proposed Adjustment to Increase ADIT for Bonus Depreciation in 2011		<u>\$ 988,044</u>	Line 1 - Line 2
4	Allocated to Divisions:			
5	<u>Consolidated Water</u>			
6	Willowbrook Water	1.49%	\$ 14,722	} Column (b) x line 3
7	Ivanhoe Water	0.08%	\$ 790	
8	Oak Run Water	0.96%	9,485	
9	Vermilion Water	30.92%	305,503	
10	Hawthorn Woods Water	1.58%	15,611	
11	Ravenna Water	0.14%	1,383	
12	Total Consolidated Water Division		<u>\$ 347,495</u>	
13	University Park Water	3.30%	\$ 32,605	
14	Fairhaven Estates Water	0.13%	\$ 1,284	
15	Candlewick Water	1.61%	15,908	
16	<u>Consolidated Sewer:</u>			
17	Willowbrook Sewer	1.71%	\$ 16,896	} Column (b) x line 3
18	Candlewick Sewer	3.71%	36,656	
19	Hawthorn Woods Sewer	0.87%	8,596	
20	Ivanhoe Sewer	0.87%	8,596	
21	Total Consolidated Sewer Division		<u>\$ 70,744</u>	
22	Ellwood Greens Sewer	0.07%	692	
23	University Park Sewer	7.08%	69,954	

¹ Jurisdictional Allocation Summary Workpaper, WP-A5, p. 3

Aqua Illinois, Inc
 Rate Case Expense Adjustment
 For the Test Year Ending December 31, 2012

Line No.	Description (a)	Allocation % ¹ (b)	Amount (c)	Source (d)
1	Cost for Services of Guastella Associates per Staff		\$ 24,500	Co. Response to Staff DR BCJ 3.04 (b)
2	Cost for Services of Guastella Associates per Company		<u>71,200</u>	Aqua Schedule C-10
3	Reduction in Cost		\$ (46,700)	Line 1 - line 2
4	Rate Case Expense Amortization Period		4	
5	Staff Proposed Adjustment to Rate Case Expense		<u>\$ (11,675)</u>	Line 3/line 4
6	Divisions:			
7	<u>Consolidated Water</u>			
8	Willowbrook Water	3.0%	\$ (346)	} Column (b) x line 5
9	Ivanhoe Water	0.8%	\$ (98)	
10	Oak Run Water	3.9%	\$ (454)	
11	Vermilion Water	59.4%	\$ (6,938)	
12	Hawthorn Woods Water	1.4%	\$ (161)	
13	Ravenna Water	0.2%	<u>\$ (18)</u>	
14	Total Consolidated Water		<u>\$ (8,015)</u>	
15	University Park Water	7.2%	\$ (841)	
16	Fairhaven Estates Water	0.3%	\$ (30)	
17	Candlewick Water	5.8%	\$ (678)	
18	<u>Consolidated Sewer:</u>			
19	Willowbrook Sewer	3.1%	\$ (363)	} Column (b) x line 5
20	Hawthorn Woods Sewer	1.3%	\$ (149)	
21	Candlewick Sewer	5.8%	\$ (676)	
22	Ivanhoe Sewer	0.6%	<u>\$ (65)</u>	
23	Total Consolidated Sewer		<u>\$ (1,254)</u>	
24	Ellwood Greens Sewer	0.7%	\$ (80)	
25	University Park Sewer	6.7%	\$ (778)	

¹ Based on average 2012 customer count per Schedule WP-A5, p. 3

September 20, 2011

Aqua Illinois, Inc.
Responses to: Illinois Commerce Commission
ICC Docket No. 11-0436
BCJ Eight Set of Data Requests

BCJ-8.03 Please explain if the Company has constructed revenue requirements that reflect its rebuttal position for each individual water and sewer division.

RESPONSE:

No, the Company has only constructed the rebuttal positions of Consolidated Water and Consolidated Sewer. The task of adjusting every rate model without knowing the individual water and sewer revenue requirement adjustments implicit in Staff's Direct Consolidated Water and Consolidated Sewer adjustments – many of which the Company accepted - would be a very time-consuming and voluminous effort for minimal, if any, additional benefit..

Witness: Paul J. Hanley