

ILLINOIS COMMERCE COMMISSION

ILLINOIS-AMERICAN WATER COMPANY

Petition for Authority to Incur Indebtedness )  
Not to Exceed \$39,000,000 and ) Docket No. 09-0427  
Approval of Affiliated Interest Transaction )

**SPECIAL REPORT – 3<sup>rd</sup> Quarter 2011**

TO THE ILLINOIS COMMERCE COMMISSION:

Pursuant to Administrative Code Section 240.20, Petitioner submits the following report for the period July 1 through September 30, 2011.

a) In respect to the issuance and sale of:

1) Capital Stock

A) and B) Not applicable.

2) Bonds and other securities

A) and B) Petitioner did not issue any securities during the reporting period pursuant to Docket No. 09-0427.

3) All classes of securities

A) Reported previously.

B) With respect to the \$25 million tax-exempt financing issued through the Illinois Finance Authority (IFA), when IAWC incurs expenditures associated with qualified projects, it can submit construction fund requisitions to the Trustee to receive reimbursement. As of September 30, 2011, IAWC has submitted ten requisitions to the Trustee, in the total amount of \$14,793,156, and has, in turn, been reimbursed by this amount.

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COMMISSION

As noted in IAWC's 4<sup>th</sup> quarter 2009 report pursuant to this docket, filed with the ICC on February 25, 2010, the Company also issued a \$14 million Promissory Note, the terms of which were provided in that report. The Company's final report on this portion of the approved financing was submitted to the Commission on December 8, 2010.

C) As of September 30, 2011, the total issuance costs incurred by IAWC associated with the \$25 million tax-exempt issuance have been \$558,901.94. The itemization of this amount is as follows:

**\$25 Million Tax-Exempt Issuance on May 27, 2010**

<b>Underwriter Fees</b>	<b>Legal Fees</b>	<b>Misc. Fees</b>	<b>ICC Fees</b>	<b>IFA Fees</b>	<b>Total Issuance Costs</b>
\$125,000	\$116,686.78	\$64,715.16	\$60,000	\$192,500	\$558,901.94

b) In respect to application of proceeds:

Proceeds from the \$25 million Promissory Note are being used to fund capital expenditures related to various investment projects that were included on IAWC's application to the IFA, and subsequently approved by the IFA for tax-exempt financing.

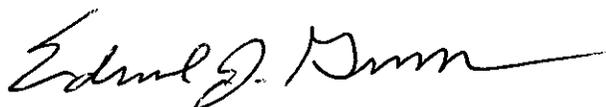
c) In respect to unapplied proceeds:

As of September 30, 2011, IAWC had no remaining unapplied proceeds from the authorization granted in Docket No. 09-0427. The Company has utilized the full authorization granted by the ICC and, thus, will not issue any additional securities pursuant to this docket. The Company will continue to file reports related to the \$25 million bond issue until it has completed the reimbursement process with the IFA. In IAWC's 1<sup>st</sup> quarter 2011 report pursuant to this docket, filed with the ICC on May 27, 2011, the Company provided the analysis for the \$25 million bond issue required by item (ii) of Findings and Ordering Paragraph 8 of the Final Order in Docket No. 09-0427, which is as follows:

(ii) a comparison of the issuance costs and interest rate for the Notes issued to AWCC with estimates of the issuance costs and interest rate that IAWC might have incurred had IAWC issued unsecured indebtedness directly to investors.

Dated November 28, 2011.

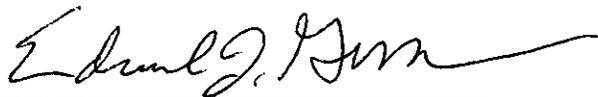
ILLINOIS AMERICAN WATER COMPANY

By: 

Edward J. Grubb  
Assistant Treasurer  
Illinois American Water Company

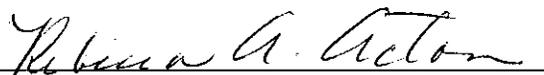
**VERIFICATION**

Edward J. Grubb, Assistant Treasurer of Illinois American Water Company, being first duly sworn, deposes and states that he is familiar with the facts stated in the foregoing Special Report and that said facts are true and correct to the best of his knowledge, information and belief.



Edward J. Grubb  
Assistant Treasurer  
Illinois American Water Company

SUBSCRIBED and SWORN to before me this  
28 day of November, 2011.



Notary Public

