

**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 (App. A-Staff RB, Sch 2-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 (Appendix A-Staff RB, Schedule 3-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 (App. A-Staff RB, Sch 5-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	(17,841)	-	(1,254)	-	-	-	-	(19,095)
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 (App. A-Staff RB, Sch. 4-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	ADIT-Change	ADIT-Bonus	N/A	(Source)	(Source)	(Source)	Total
		Capital (App. A-Staff RB, Sch. 8-CS)	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)					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	(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: Appendix A-Staff RB, Schedule 3-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: Appendix A-Staff RB, Schedule 1-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 Reply Brief (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 1-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: Appendix A-Staff RB, Schedule 1-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. - 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 (App. A-Staff RB, Sch 2-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	\$ (966,268)	\$ 18,002,640	\$ 2,122,601	13.37%
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	(966,268)	18,204,442	\$ 2,135,658	13.29%
4	Uncollectible Accounts	180,632	-	180,632	34,171	698	215,501	(10,862)	204,639		
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	5,285	3,361,416	-	-	3,361,416	-	3,361,416		
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	(134,979)	11,528,757	34,171	698	11,563,626	(10,862)	11,552,764		
17	State Income Tax	249,559	14,071	263,630	291,371	(1)	555,000	(90,764)	464,236		
18	Federal Income Tax	832,079	46,912	878,991	971,492	(3)	1,850,480	(302,625)	1,547,855		
19	Deferred Taxes and ITCs Net	(26,304)	-	(26,304)	-	-	(26,304)	-	(26,304)		
20	Total Operating Expenses	12,719,070	(73,996)	12,645,074	1,297,034	694	13,942,802	(404,251)	13,538,551		
21	NET OPERATING INCOME	\$ 3,349,714	\$ 73,996	\$ 3,423,710	\$ 1,804,198	\$ -	\$ 5,227,908	\$ (562,017)	\$ 4,665,891		
22	Staff Rate Base (Appendix A-Staff RB, Schedule 3-CW, Column (d))								\$ 57,424,723		
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 (App. A-Staff RB, Sch 5-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
	(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	1,247	9,234	2,874	(817)	12	105	340	12,995
18	Federal Income Tax	4,158	30,787	9,583	(2,724)	39	348	1,132	43,323
19		-	-	-	-	-	-	-	-
20	Total Operating Expenses	5,405	(57,174)	(17,798)	5,058	(73)	(647)	(2,103)	(67,332)
21	NET OPERATING INCOME	\$ (5,405)	\$ 57,174	\$ 17,798	\$ (5,058)	\$ 73	\$ 647	\$ 2,103	\$ 67,332

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 (Aqua Ex. 14.2)	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	(3,314)	-	-	-	-	-	5,285
14		-	-	-	-	-	-	-	-
15	Total Operating Expense								
16	Before Income Taxes	(123,650)	(3,314)	(8,015)	-	-	-	-	(134,979)
17	State Income Tax	12,995	315	761	-	-	-	-	14,071
18	Federal Income Tax	43,323	1,050	2,539	-	-	-	-	46,912
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(67,332)	(1,949)	(4,715)	-	-	-	-	(73,996)
21	NET OPERATING INCOME	\$ 67,332	\$ 1,949	\$ 4,715	\$ -	\$ -	\$ -	\$ -	\$ 73,996

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 (App. A-Staff RB, Sch 4-CW)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Plant in Service	\$ 114,398,321	\$ (111,914)	\$ 114,286,407
2	Accumulated Depreciation	\$ (36,180,867)	35,467	(36,145,400)
3		-	-	-
4	Net Plant	78,217,454	(76,447)	78,141,007
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)	(406,438)	(9,494,256)
22		-	-	-
23	Rate Base	<u>\$ 57,855,968</u>	<u>\$ (431,245)</u>	<u>\$ 57,424,723</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 (App. A-Staff RB, Sch 8-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 (Aqua Ex. 14.2)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ (111,914)	\$ -	\$ -	\$ -	\$ (111,914)
2	Accumulated Depreciation	-	-	-	35,467	-	-	-	35,467
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	(76,447)	-	-	-	(76,447)
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)	9,227	-	-	-	(406,438)
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (16,530)	\$ -	\$ (347,495)	\$ (67,220)	\$ -	\$ -	\$ -	\$ (431,245)

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	\$ 57,424,723 (1)
2	Weighted Cost of Debt	3.08% (2)
3	Synchronized Interest Per Staff	1,771,534
4	Company Interest Expense	<u>1,784,660</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(13,126)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 1,247</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 4,158</u>

(1) Source: Appendix A-Staff RB, Schedule 3-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: Appendix A-Staff RB, Schedule 1-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 Reply Brief
	(a)	(b)	(c)	(d)
1	Summary			
2	Current Revenues	\$ 16,068,784		\$ 16,068,784
3	Proposed Increase	<u>3,101,232</u>	<u>(965,574)</u> #	<u>2,135,658</u>
4	Proposed Revenue Requirement	<u>\$ 19,170,016</u>	<u>\$ (965,574)</u>	<u>\$ 18,204,442</u>
5	Percentage Increase	19.30%	-6.01%	13.29%
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (778,803)	
8	Reduce Incentive Compensation		\$ (98,298)	
9	ADIT - Bonus Depreciation		\$ (40,954)	
10	Reduce Management Fees		\$ (30,600)	
11	Forecast Plant Additions		\$ (7,922)	
12	Rate Case Expense		\$ (8,106)	
13	Depreciation on Disallowed Forecasted Plant		\$ (3,351)	
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		<u>\$ (2)</u>	
44	Effect of Staff's Adjustments		<u>\$ (965,574)</u> #	
45	Reconciliation to Schedule 1-CW			
46	Column (c), line 3.		-	
47	Column (f), line 3.		694	-
48	Column (h), line 3.		<u>(966,268)</u>	
49	Total Effect of Staff's Adjustments		<u>\$ (965,574)</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	\$ 11,552,764 (1)
2	Less:	
3	Uncollectible Accounts	204,639 (1)
4	Annual Amortization of Rate Case Expense	157,353 (1)
5	Depreciation and Amortization Expense	3,361,416 (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: Appendix A-Staff RB, Schedule 1-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. - 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 (App. A-Staff RB, Sch 2-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 (Appendix A-Staff RB, Schedule 3-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 (App. A-Staff RB, Sch 5-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	(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	(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 (App. A-Staff RB, Sch 4-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	(Source)	(Source)	(Source)	Total
		Capital (App. A-Staff RB, Sch 8-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)					Rate Base
	(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: Appendix A-Staff RB, Schedule 3-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 Reply Brief (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 1-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: Appendix A-Staff RB, Schedule 1-EG, 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 (App. A-Staff RB, Sch 2-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	Candlewick	Total	(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 (Appendix A-Staff RB, Schedule 3-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 (App. A-Staff RB, Sch 6-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 Adjustments (App. A-Staff RB, Sch. 4-FE&C)	Staff Pro Forma Rate Base (Col. b+c)
		Fairhaven Estates (a)	Candlewick (c)	Total (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 (App. A-Staff RB, Sch. 8-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: Appendix A-Staff RB, Schedule 3-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>	0.905000
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: Appendix A-Staff RB, Schedule 1-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 Reply Brief (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 1-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: Appendix A-Staff RB, Schedule 1-FE&C, Column (k).
 (2) Source: Fairhaven Estates Water + Candlewick Water Schedule B-8.
 (3) Source: 45/360 x Line 7

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

Line	Description	Interest Synchronization (App. A-Staff RB, Sch 5-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 (App. A-Staff RB, Sch 4-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	N/A	ADIT-Bonus	N/A	(Source)	(Source)	(Source)	Total
		Capital (App. A-Staff RB, Sch 8-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)					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	(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	<u>\$ (2,060)</u>	<u>\$ -</u>	<u>\$ (69,954)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,014)</u>

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: Appendix A-Staff RB, Schedule 3-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 Reply Brief (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 1-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: Appendix A-Staff RB, Schedule 1-UPS, Column (i).

(2) Source: Company Schedule B-8.

(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 (App. A-Staff RB, Sch 2-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 (Appendix A-Staff RB, Schedule 3-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 (App. A-Staff RB, Sch. 5-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 (App. A-Staff RB, Sch 4-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 (App. A-Staff RB, Sch 8-UPW)	N/A 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
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	<u>\$ (1,949)</u>	<u>\$ -</u>	<u>\$ (32,605)</u>	<u>\$ (24,862)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,416)</u>

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: Appendix A-Staff RB, Schedule 3-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 Reply Brief (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 1-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><u>\$ (1,949)</u></u>

(1) Source: Appendix A-Staff RB, Schedule 1-UPW, Column (i).

(2) Source: Company Schedule B-8.

(3) Source: 45/360 x Line 7