



OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

Aqua Illinois, Inc.
1000 S. Schuyler Avenue
Kankakee, IL 60901

T: 815.935.8800
F: 815.935.8809
www.aquailllinois.com

January 14, 2013

ORIGINAL

Elizabeth A. Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

Report

Re: Docket No. 12-0219 – Tri Star Estates Wastewater System Closing Notification of Accounting Entry

Dear Ms. Rolando:

Per the Findings and Ordering Paragraphs V., (8) of the Order in Docket No. 12-0219, Aqua Illinois, Inc. has recorded the acquisition of the Tri Star Estates Wastewater System. I have attached a copy of the entry to record the acquisition. If you have any further questions, I can be reached at (815) 614-2033.

Sincerely,

Paul Hanley
Controller
Aqua Illinois, Inc.

PH
ILLINOIS COMMERCE
COMMISSION
2013 JAN 16 P 1:02
CHIEF CLERK'S OFFICE

CC: William Marr, Manager of Commission's Water Engineering Program

Journal Status	GL N Released	45-00 Tri Star Estates Aquisition	Hold Code	Hold Removal Operator	Fiscal Year 2012	Period 12	Operator bakerb	Debit	Credit
Posting Date	12/31/12	Transaction Date	01/04/13	Reverse No	Reverse Pd	Journal Book			
Reference		Document							
Line	Account	Activity	Ref	SC Rvs			Debit		Credit
1	900	104000-0000 M92507	005	JE					455,000.00
		Utility Plant Purchased/Sol Tri Star Estates Aquisition							
2	900	633800-0000		JE					30,563.73
		WT-Cont Serv-Legl-A & G Tri Star Estates Aquisition							
3	900	736800-0000		JE					25,605.00
		SW-Cont Serv-Oth-A&G Tri Star Estates Aquisition							
4	700	114000-0000		JE			13,519.00		
		U Plant Acq Adj Tri Star Estates Aquisition							
5	700	300000-0000		JE			32,850.00		
		PPE-Utility Plant in Servic Tri Star Estates Aquisition							
6	700	300000-0000		JE			703,509.00		
		PPE-Utility Plant in Servic Tri Star Estates Aquisition							
7	700	300000-0000		JE			40,286.00		
		PPE-Utility Plant in Servic Tri Star Estates Aquisition							
8	700	300000-0000		JE			137.00		
		PPE-Utility Plant in Servic Tri Star Estates Aquisition							
9	700	300000-0000		JE			185,092.00		
		PPE-Utility Plant in Servic Tri Star Estates Aquisition							
10	700	300000-0000		JE			33,346.00		
		PPE-Utility Plant in Servic Tri Star Estates Aquisition							
11	700	300000-0000		JE			450,666.00		
		PPE-Utility Plant in Servic Tri Star Estates Aquisition							
12	700	108000-0000		JE					407,249.70
		AD-General Tri Star Estates Aquisition							
13	700	271307-0000 M92507	842	JE					699,265.00
		CIAC-CASH CUSTOMER DEPOSITS Tri Star Estates Aquisition							

BB 1/4/13

RV 1/9/13

Journal Status	GL N Released	45-00	Tri Star Estates Aquisition	Fiscal Year	2012	Period	12	(Continued)
Posting Date	12/31/12		Hold Code	Hold Removal Operator		Operator	bakerb	
Reference			Transaction Date	01/04/13	Reverse No	Reverse Pd		
			Document			Journal Book		

Line	Account	Activity	Ref	SC Rvs	Debit	Credit
14	700	272000-0000		JB	158,278.43	
		Accum Amort of CIAC				
		Tri Star Estates Aquisition				

*** Totals For Journal entry N-	45-00 , Source Code JB			Debits	Credits	Difference
	Base			1,617,683.43	1,617,683.43	0.00
	Reverse			0.00	0.00	0.00
	Entered			1,617,683.43	1,617,683.43	0.00
	Unit			0.00	0.00	0.00

*** Totals For Journal entry N-	45-00			Debits	Credits	Difference
	Base			1,617,683.43	1,617,683.43	0.00
	Reverse			0.00	0.00	0.00
	Entered			1,617,683.43	1,617,683.43	0.00
	Unit			0.00	0.00	0.00

***** Report Totals *****

Totals For Report, source code JE		Debits	Credits	Difference
Base		1,617,683.43	1,617,683.43	0.00
Reverse		0.00	0.00	0.00
Entered		1,617,683.43	1,617,683.43	0.00
Unit		0.00	0.00	0.00
*** Totals For Report				
Base		1,617,683.43	1,617,683.43	0.00
Reverse		0.00	0.00	0.00
Entered		1,617,683.43	1,617,683.43	0.00
Unit		0.00	0.00	0.00

AQUA ILLINOIS, INC
 TRI-STAR ESTATES WASTEWATER SYSTEM
 ACCOUNTING ENTRIES TO ACQUIRE TRI-STAR ESTATES

Journal Entry # 1 To record Tri-Star Estates purchase.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
104	Utility Plant Purchased or Sold	455,000	
633	Legal - Closing Costs	56,169	
131	Cash		(511,169)

Journal Entry # 2 To record Tri-Star Estates purchase at closing.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
104	Utility Plant Purchased or Sold		(455,000)
633	Legal - Closing Costs		(30,564)
736	O/S Other - Original Cost Study		(25,605)
114	Utility Plant Acquisition Adjustment	13,519	
360	Sewer Mains - Force	32,850	
361	Sewer Mains - Gravity	703,509	
362	Special Collection Structures	40,286	
364	Flow Measuring Devices	137	
370	Receiving Wells	185,092	
371	Pumping Equipment	33,346	
361	I&I Main Work in 2011	450,666	
108	Accum. Depr.-Utility Plant		(407,250)
271	Contributions in Aid of Construction		(699,265)
272	Accumulated Amortization of CIAC	158,278	
		<u>1,617,683</u>	<u>(1,617,683)</u>

Journal Entry # 3 - Annual Entry to record the acquisition adjustment over 32 years.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
421	Non Utility Income - Other	422	
115	Accum. Amort. Of Utility Plant Acq. Adj.		(422)

AQUA ILLINOIS - TRI-STAR ESTATES COLLECTION SYSTEM

Average Residential Sewer Bill

<u>Division:</u>	<u>A/U</u>	<u>Billing Units</u>	<u>Gallons Equals</u>	<u>Gallons</u>	<u>Billing Units</u>	<u>Customer Charge</u>	<u>Rates</u>	<u>Usage</u>	<u>1000 Gallons</u>	<u>1000 Gallons</u>	<u>Subtotal</u>	<u>Gross Revenue Tax (ICC)</u>	<u>Rate %</u>	<u>Charge</u>	<u>TOTAL BILL</u>
Tri-Star Estates *		1000 Gallons		4620	4.62	\$31.75	\$3.9932	\$18.45			\$50.20		0.10%	\$0.05	\$50.25

*Rates proposed based on the University Park Wastewater rates as approved in Docket No. 11-0436

AQUA ILLINOIS - TRI-STAR ESTATES COLLECTION SYSTEM

ITEM	2013	2014	2015	2016	TOTAL
Purchase Price	455,000				455,000
Closing Costs	56,169				56,169
Finish Lining 2773' x \$40 per foot = \$110,000		65,000	45,000		110,000
Flow meter			50,000		50,000
Other				30,000	30,000
					0
TOTAL CAPITAL ADDITIONS	511,169	65,000	95,000	30,000	701,169
TOTAL ACCUMULATED	511,169	576,169	671,169	701,169	

AQUA ILLINOIS, INC.
 TRI-STAR ESTATES WASTEWATER SYSTEM
 CLOSING COSTS

<u>Date</u>	<u>Vendor</u>		<u>Current Year</u>
April 2011	Guastella Associates, LLC	Original Cost Study	\$ 25,605.00
March 2012	Spesia, Ayers & Ardaugh	Legal	\$ 7,752.00
April 2012	Spesia, Ayers & Ardaugh	Legal	750.00
May 2012	Spesia, Ayers & Ardaugh	Legal	2,325.00
June 2012	Spesia, Ayers & Ardaugh	Legal	1,080.00
July 2012	Spesia, Ayers & Ardaugh	Legal	3,375.00
August 2012	Spesia, Ayers & Ardaugh	Legal	5,751.73
September 2012	Spesia, Ayers & Ardaugh	Legal	1,875.00
October 2012	Spesia, Ayers & Ardaugh	Legal	3,570.00
November 2012	Spesia, Ayers & Ardaugh	Legal	2,400.00
March 2012	Standard Title	Title Search	1,685.00
	OTHER		-
			<u>\$ 56,168.73</u>

L290 Date 12/11/12
Time 17:00

Company 24 - AQUA ILLINOIS INC.
 JGD
 DETAIL - GL 24 - Detail GL
 For Period 01 - 12 Ending December 31, 2012

Page 1
 Sort Variable Level, Account
 Type Amounts
 Activity Beg Bal and Activity

Accounting Unit	900	IL Corporate Office PAU	Resp	Level	0090-0031-0900		
d Sy Posting	Transaction Description	Jrnl Ent	SC	Debit	Credit	Balance	
	Account 104000-0000	Utility Plant Purchased/Sold			Begin Balance	0.00	
8 AP 08/31/12	29141SPESIA, AYERS & ARDAU N	10	AD	6,225.00			
8 AP 08/31/12	38465ROONEY RIPPLE & RATNA N	12	AD	745.00			
9 AP 09/30/12	41586AKHRAS ASSOC INC N	3	AD	240.00			
9 CB 09/30/12	Moecherville Acq- N	20	CL	140,780.00			
0 AP 10/31/12	618GPM ASSOCIATES, INC. I	2	AD	800.00			
0 AP 10/31/12	29141SPESIA, AYERS & ARDAU I	2	AD	150.00			
0 AP 10/31/12	38465ROONEY RIPPLE & RATNA N	4	AD	9,763.50			
0 CM 10/31/12	Acquisition Moecherville I	100021	TW	1,259,220.00			
1 CB 11/27/12	FIRST AMERICAN N	7	CL	4,545.00			
1 AP 11/30/12	38465ROONEY RIPPLE & RATNA N	9	AD	4,338.50			
1 AP 11/30/12	38465ROONEY RIPPLE & RATNA N	13	AD	3,729.40			
1 AP 11/30/12	29141SPESIA, AYERS & ARDAU N	13	AD	4,812.00			
1 CM 11/30/12	Tri Star Estates I	100012	TW	455,000.00			
	Total Activity Account			1,890,354.40		1,890,354.40	
	104000-0000	Utility Plant Purchased/Sold		End Balance		1,890,354.40	
	900	IL Corporate Office PAU		End Balance		1,890,354.40	

Company 24 Totals:
 Debit Transactions 1,890,354.40
 Credit Transactions 0.00
 Debit Balances 1,890,354.40
 Credit Balances 0.00

(A) TRI STAR ESTATES

Company AQUA ILLINOIS INC. USD

Accounting Unit: IL Corporate Office PAU

Account Number: SW-Cont Serv-Oth-ASG

Year, Periods: -

Complete	Reconcile	Begin bal	.00 USD
Filter	CSV Export	Posted	25,605.00
Total		Ending bal	25,605.00

SC	Prd	Sys	Journal	Description	Stat	Amount	Rev
<input type="checkbox"/>	4	GL	59 N	Reclassify Tr-Star Gustl	HI	25,605.00	N
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							
<input type="checkbox"/>							

Accounting Unit	900	IL Corporate Office PAU	Resp	Level	0090-0031-0900			
d Sy Posting	Transaction Description	Jrnl Ent	SC	Debit	Credit	Balance		
Account	633800-0000	WT-Cont Serv-Legl-A & G				0.00		
4 AP 04/30/12	29141SPESIA, AYERS & ARDAU N	8	AD	7,752.00				
4 GL 04/30/12	April Legal Accrl	N	49 JE	8,000.00				
5 GL 05/01/12	April Legal Accrl	A	49 JE		8,000.00			
5 CB 05/15/12	Standard Title Guaranty	I	1 CL	1,685.00				
5 AP 05/31/12	20466LITTLER MENDELSON N	7	AD	3,005.60				
5 AP 05/31/12	29141SPESIA, AYERS & ARDAU N	7	AD	750.00				
6 AP 06/30/12	29141SPESIA, AYERS & ARDAU N	18	AD	2,325.00				
7 AP 07/31/12	20466LITTLER MENDELSON I	1	AD	186.00				
7 AP 07/31/12	29141SPESIA, AYERS & ARDAU N	11	AD	1,080.00				
8 AP 08/31/12	29141SPESIA, AYERS & ARDAU N	5	AD	3,375.00				
8 AP 08/31/12	20466LITTLER MENDELSON N	10	AD	1,372.05				
8 AP 08/31/12	20466LITTLER MENDELSON N	10	AD	304.50				
6 AP 08/31/12	38465ROONEY RIPPLE & RATNA N	12	AD	220.00				
9 AP 09/30/12	29141SPESIA, AYERS & ARDAU I	1	AD	5,751.73				
0 AP 10/31/12	29141SPESIA, AYERS & ARDAU I	2	AD	1,875.00				
1 AP 11/30/12	29141SPESIA, AYERS & ARDAU N	13	AD	3,570.00				
2 AP 12/31/12	20466LITTLER MENDELSON N	4	AD	1,392.00				
2 AP 12/31/12	29141SPESIA, AYERS & ARDAU N	11	AD	2,400.00				
	Total Activity Account			45,043.88	8,000.00	37,043.88		
	633800-0000	WT-Cont Serv-Legl-A & G			End Balance	37,043.88		
	900	IL Corporate Office PAU			End Balance	37,043.88		

Company 24 Totals:
Debit Transactions 45,043.88
Credit Transactions 8,000.00
Debit Balances 37,043.88
Credit Balances 0.00

7,752.00+
1,685.00+
750.00+
2,325.00+
1,080.00+
3,375.00+
5,751.73+
1,875.00+
3,570.00+
2,400.00+

010

30,563.73*

Aqua Illinois
Tri-Star Wastewater System
Original Cost Study

Account Number	Account Description	2010 Reproduction Cost New	Original Cost	Original Cost Depreciation	Original Cost Less Depreciation
360	Sewer Mains - Force	\$ 190,400	\$ 32,850	\$ 12,812	\$ 20,038
361	Sewer Mains - Gravity	1,940,878	703,509	191,123	512,386
362	Special Collection Structures	206,037	40,286	22,744	17,542
364	Flow Measuring Devices	1,000	137	116	21
370	Receiving Wells	530,724	185,092	90,321	94,771
371	Pumping Equipment	243,500	33,346	28,344	5,002
Total		\$ 3,112,539	\$ 995,220	\$ 345,460	\$ 649,760
Contributions in Aid of Construction			(361,265)	(125,402)	(235,863)
Depreciated Original Cost Net of CIAC			\$ 633,955	\$ 220,058	\$ 413,897

Because the Village of Bourbonnais does not have records to identify the actual original cost and accumulated depreciation, our estimate is based on a determination of the current reproduction cost and a trending of that cost to the year of original installation, along with an adjustment for depreciation to reflect the current condition of the assets. This method required the development of an aged inventory of the assets, a pricing of that inventory using various current cost and construction data, a trend of the current costs back to the original year of installation, and an estimate of the current condition of the assets using the ages of the assets and their relationship to the appropriate average service lives.

Aqua America Midwest
Tri-Star Village Wastewater System
Original Cost Study

Appendix A

Account Number	Account Description	General Description	Unit Price	Year Installed	Reproduction Cost	Trend Line	Original Index	2010 Index	Original Cost	Age	Average Service Life	Percent Depreciation	Original Cost Depreciation	Less Depreciation		
360	Sewer Mains Force	700' of 8" PVC Force Main (L/S 1 to L/S 2)	\$ 56.00	1972	\$ 39,200	36	98	568	\$ 6,763	39	100	39%	\$ 2,638	\$ 4,125		
		2700' of 8" PVC Force Main (L/S 2 to Gravity)	\$ 56.00	1972	\$ 151,200	36	98	568	\$ 26,087	39	100	39%	\$ 10,174	\$ 15,913		
									\$ 190,400					\$ 12,912	\$ 20,038	
								\$ 32,850								
361	Sewer Mains Gravity	2125' of 8" PVC - St. Paul Drive	\$ 46.00	1996	\$ 97,750	38	201	349	\$ 56,297	15	100	15%	\$ 8,445	\$ 47,852		
		2433' of 8" PVC - St. Francis Drive	\$ 46.00	1996	\$ 111,918	38	201	349	\$ 64,457	15	100	15%	\$ 9,669	\$ 54,788		
		2425' of 8" PVC - St. George Drive	\$ 46.00	1996	\$ 111,550	38	201	349	\$ 64,245	15	100	15%	\$ 9,637	\$ 54,608		
		2583' of 8" PVC - St. Michael Drive	\$ 46.00	1984	\$ 118,818	38	148	349	\$ 50,387	27	100	27%	\$ 13,604	\$ 36,783		
		5127' of 8" PVC - St. Peters Drive	\$ 46.00	1984	\$ 235,842	39	148	349	\$ 100,013	27	100	27%	\$ 27,004	\$ 73,009		
		2859' of 8" PVC - Cherry Lane	\$ 46.00	1980	\$ 133,354	38	132	349	\$ 50,438	31	100	31%	\$ 15,636	\$ 34,802		
		1350' of 8" Clay - Berry Lane	\$ 46.00	1980	\$ 62,100	36	213	568	\$ 23,288	31	100	31%	\$ 7,219	\$ 16,059		
		1920' of 8" PVC - Berry Lane	\$ 46.00	1980	\$ 88,320	38	132	349	\$ 33,405	31	100	31%	\$ 10,356	\$ 23,049		
		1710' of 8" PVC	\$ 46.00	1980	\$ 78,660	38	132	349	\$ 29,751	31	100	31%	\$ 9,223	\$ 20,528		
		800' of 8" Clay - Apple Lane	\$ 46.00	1980	\$ 36,800	36	213	568	\$ 13,800	31	100	31%	\$ 4,278	\$ 9,522		
		3889' of 8" PVC - Apple Lane	\$ 46.00	1980	\$ 178,894	38	132	349	\$ 67,862	31	100	31%	\$ 20,975	\$ 46,687		
		840' of 8" Clay	\$ 46.00	1980	\$ 38,640	36	213	568	\$ 14,490	31	100	31%	\$ 4,492	\$ 9,996		
		3852' of 8" PVC	\$ 46.00	1980	\$ 181,792	38	132	349	\$ 68,758	31	100	31%	\$ 21,315	\$ 47,443		
		4070' of 8" Clay - Big Chief Drive	\$ 46.00	1967	\$ 187,220	36	81	568	\$ 26,699	44	100	44%	\$ 11,748	\$ 14,951		
		2425' of 8" Clay	\$ 46.00	1967	\$ 111,550	36	81	568	\$ 15,908	44	100	44%	\$ 7,000	\$ 8,900		
		1720' of 8" Clay - Little Chief Drive	\$ 46.00	1967	\$ 79,120	36	81	568	\$ 11,283	44	100	44%	\$ 4,965	\$ 6,318		
		1050' of 8" Clay - Apache Ct	\$ 46.00	1967	\$ 48,300	36	81	568	\$ 6,898	44	100	44%	\$ 3,031	\$ 3,857		
		275' of 8" Clay - Hopi Ct	\$ 46.00	1967	\$ 12,650	36	81	568	\$ 1,804	44	100	44%	\$ 794	\$ 1,010		
		600' of 8" Clay - Big Chief Drive	\$ 46.00	1967	\$ 27,600	36	81	568	\$ 3,936	44	100	44%	\$ 1,732	\$ 2,204		
							\$ 1,940,878			\$ 705,509					\$ 191,123	\$ 512,386
362	Special Collection Structures	Lift Station - Road Improvements	\$ 3,609.00	2009	\$ 3,609	8	516	532	\$ 3,500	2	60	3%	\$ 117	\$ 3,383		
		Lift Station - Update (2) Omni Site	\$ 1,214.00	2007	\$ 2,428	8	482	532	\$ 2,200	4	60	7%	\$ 147	\$ 2,053		
		Pump Sta. Indian Oak #1	\$ 100,000.00	1972	\$ 100,000	8	92	532	\$ 17,293	39	60	65%	\$ 11,240	\$ 6,053		
		Pump Sta. Indian Oak #2	\$ 100,000.00	1972	\$ 100,000	8	92	532	\$ 17,293	39	60	65%	\$ 11,240	\$ 6,053		
							\$ 206,037			\$ 40,286				\$ 22,744	\$ 17,542	
364	Flow Measuring Devices	Run Time Meter - PS#1	\$ 1,000.00	1972	\$ 1,000	9	96	701	\$ 137	39	35	85%	\$ 116	\$ 21		
370	Receiving Wells	Install 3 Sanitary Basins	\$ 5,000.00	2010	\$ 15,000	34	583	583	\$ 15,000	1	50	2%	\$ 300	\$ 14,700		
		Rebuild 2 Sanitary Basins	\$ 1,911.50	2008	\$ 3,823	34	549	583	\$ 3,600	3	50	6%	\$ 216	\$ 3,384		
		Rebuild 2 Sanitary Basins	\$ 2,150.50	2007	\$ 4,301	34	488	583	\$ 3,600	4	50	8%	\$ 288	\$ 3,312		
		8 Manholes	\$ 3,600.00	1996	\$ 25,200	34	308	583	\$ 13,313	15	50	30%	\$ 3,994	\$ 9,319		
		7 Manholes	\$ 3,600.00	1996	\$ 28,800	34	308	583	\$ 15,215	15	50	30%	\$ 4,565	\$ 10,650		
		7 Manholes	\$ 3,600.00	1996	\$ 25,200	34	308	583	\$ 13,313	15	50	30%	\$ 3,994	\$ 9,319		
		7 Manholes	\$ 3,600.00	1984	\$ 25,200	34	241	583	\$ 10,417	27	60	54%	\$ 5,625	\$ 4,792		
		15 Manholes	\$ 3,600.00	1984	\$ 54,000	34	241	583	\$ 22,322	27	60	54%	\$ 12,054	\$ 10,268		
		9 Manholes	\$ 3,600.00	1980	\$ 32,400	34	202	583	\$ 11,226	31	50	62%	\$ 6,960	\$ 4,268		
		15 Manholes	\$ 3,600.00	1980	\$ 54,000	34	202	583	\$ 18,710	31	50	62%	\$ 11,600	\$ 7,110		
		6 Manholes	\$ 3,600.00	1980	\$ 21,600	34	202	583	\$ 7,484	31	50	62%	\$ 4,640	\$ 2,844		
		15 Manholes	\$ 3,600.00	1980	\$ 54,000	34	202	583	\$ 18,710	31	50	62%	\$ 11,600	\$ 7,110		
		10 Manholes	\$ 3,600.00	1980	\$ 36,000	34	202	583	\$ 12,473	31	50	62%	\$ 7,733	\$ 4,740		
		15 Manholes	\$ 3,600.00	1967	\$ 54,000	34	76	583	\$ 7,039	44	50	85%	\$ 5,983	\$ 1,056		
		10 Manholes	\$ 3,600.00	1967	\$ 36,000	34	76	583	\$ 4,693	44	50	85%	\$ 3,989	\$ 704		
		7 Manholes	\$ 3,600.00	1967	\$ 25,200	34	76	583	\$ 3,285	44	50	85%	\$ 2,792	\$ 493		
		5 Manholes	\$ 3,600.00	1967	\$ 18,000	34	76	583	\$ 2,346	44	50	85%	\$ 1,994	\$ 352		
1 Manholes	\$ 3,600.00	1967	\$ 3,600	34	76	583	\$ 469	44	50	85%	\$ 399	\$ 70				
4 Manholes	\$ 3,600.00	1967	\$ 14,400	34	76	583	\$ 1,877	44	50	85%	\$ 1,595	\$ 282				
					\$ 530,724			\$ 185,092					\$ 90,321	\$ 94,771		
371	Pumping Equipment	4" Suction & Discharge Piping - PS#1	\$ 22,000.00	1972	\$ 22,000	8	96	701	\$ 3,013	39	35	85%	\$ 2,561	\$ 452		
		2 - 200 gpm pumps and equipment - PS#1	\$ 12,500.00	1972	\$ 25,000	9	98	701	\$ 3,424	39	35	85%	\$ 2,910	\$ 514		
		2 - 1760 rpm motors and equipment - PS#1	\$ 10,900.00	1972	\$ 21,800	9	98	701	\$ 2,985	39	35	85%	\$ 2,537	\$ 448		
		Control Panel with alarm - PS#1	\$ 49,200.00	1972	\$ 49,200	9	96	701	\$ 6,738	39	35	85%	\$ 5,727	\$ 1,011		
		Aux. Space Heater - PS#1	\$ 500.00	1972	\$ 500	9	98	701	\$ 68	39	35	85%	\$ 58	\$ 10		
		8" Suction & Discharge Piping - PS#2	\$ 24,500.00	1972	\$ 24,500	9	98	701	\$ 3,355	39	35	85%	\$ 2,852	\$ 503		
		2 - 300 gpm pumps and equipment - PS#2	\$ 13,900.00	1972	\$ 27,800	9	96	701	\$ 3,807	39	35	85%	\$ 3,236	\$ 571		
		2 - 1760 rpm motors and equipment - PS#2	\$ 11,500.00	1972	\$ 23,000	9	96	701	\$ 3,150	39	35	85%	\$ 2,678	\$ 472		
		Control Panel with alarm - PS#2	\$ 49,200.00	1972	\$ 49,200	9	96	701	\$ 6,738	39	35	85%	\$ 5,727	\$ 1,011		
		Aux. Space Heater - PS#2	\$ 500.00	1972	\$ 500	9	96	701	\$ 68	39	35	85%	\$ 58	\$ 10		
							\$ 243,500			\$ 33,346					\$ 28,344	\$ 5,002
										\$ 995,220					\$ 345,460	\$ 649,760
		Total System Cost														
CIAC Percentage																
36.3%																
Estimated CIAC																
\$ 361,265																
Depreciated Original Cost Net of CIAC																
\$ 633,955																
\$ 220,058																
\$ 413,897																

AQUA ILLINOIS, INC.
TRI-STAR ESTATES WASTEWATER SYSTEM
RATE BASE PROJECTION

Rate Base Projection as of 12/31/2012:

Utility Plant	\$ 1,445,886
Accumulated Depreciation	(407,250)
NET CIAC	(540,987)
Working Capital	15,033
Other	-
	<hr/>
RATE BASE (ESTIMATED)	<u>\$ 512,682</u>

AQUA ILLINOIS, INC.
 TRI-STAR ESTATES WASTEWATER SYSTEM
 DETAIL OF UTILITY PLANT IN SERVICE
 FOR THE YEARS ENDED DECEMBER 2010, 2011 & 2012

2010 ASSETS FROM ORIGINAL COST STUDY:

<u>12/31/2010</u>				<u>Depreciation</u>			<u>Book Value</u>
<u>Assets</u>	<u>Acct.</u>	<u>Basis</u>	<u>Rate</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Current A/D</u>	
Sewer Mains - Force	360	\$ 32,850	1.89%			\$ 12,812	\$ 20,038
Sewer Mains - Gravity	361	\$ 703,509	1.89%			\$ 191,123	\$ 512,386
Special Collection Structures	362	\$ 40,286	3.10%			\$ 22,744	\$ 17,542
Flow Measuring Devices	364	\$ 137	2.86%			\$ 116	\$ 21
Receiving Wells	370	\$ 185,092	3.33%			\$ 90,321	\$ 94,771
Pumping Equipment	371	\$ 33,346	3.13%			\$ 28,344	\$ 5,002
I&I Main Work in 2011	361	\$ -	1.89%	-	-	\$ -	\$ -
Fiscal Year Ending 12/31/2010		\$ 995,220		\$ -	\$ -	\$ 345,460	\$ 649,760

2011 ASSETS & DEPRECIATION BASED ON ORIGINAL COST STUDY:

<u>12/31/2011</u>				<u>Depreciation</u>			<u>Book Value</u>
<u>Assets</u>	<u>Acct.</u>	<u>Basis</u>	<u>Rate</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Current A/D</u>	
Sewer Mains - Force	360	\$ 32,850	1.89%	\$ 621	\$ 12,812	\$ 13,433	\$ 19,417
Sewer Mains - Gravity	361	\$ 703,509	1.89%	\$ 13,296	\$ 191,123	\$ 204,419	\$ 499,090
Special Collection Structures	362	\$ 40,286	3.10%	\$ 1,249	\$ 22,744	\$ 23,993	\$ 16,293
Flow Measuring Devices	364	\$ 137	2.86%	\$ 4	\$ 116	\$ 120	\$ 17
Receiving Wells	370	\$ 185,092	3.33%	\$ 6,164	\$ 90,321	\$ 96,485	\$ 88,607
Pumping Equipment	371	\$ 33,346	3.13%	\$ 1,044	\$ 28,344	\$ 29,388	\$ 3,958
I&I Main Work in 2011	361	\$ 450,666	1.89%	\$ 8,518	\$ -	\$ 8,518	\$ 442,148
Fiscal Year Ending 12/31/2011		\$ 1,445,886		\$ 30,895	\$ 345,460	\$ 376,355	\$ 1,069,531

2012 ASSETS & DEPRECIATION BASED ON ORIGINAL COST STUDY:

<u>12/31/2012</u>				<u>Depreciation</u>			<u>Book Value</u>
<u>Assets</u>	<u>Acct.</u>	<u>Basis</u>	<u>Rate</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Current A/D</u>	
Sewer Mains - Force	360	\$ 32,850	1.89%	\$ 621	\$ 13,433	\$ 14,054	\$ 18,796
Sewer Mains - Gravity	361	\$ 703,509	1.89%	\$ 13,296	\$ 204,419	\$ 217,716	\$ 485,793
Special Collection Structures	362	\$ 40,286	3.10%	\$ 1,249	\$ 23,993	\$ 25,242	\$ 15,044
Flow Measuring Devices	364	\$ 137	2.86%	\$ 4	\$ 120	\$ 124	\$ 13
Receiving Wells	370	\$ 185,092	3.33%	\$ 6,164	\$ 96,485	\$ 102,648	\$ 82,444
Pumping Equipment	371	\$ 33,346	3.13%	\$ 1,044	\$ 29,388	\$ 30,431	\$ 2,915
I&I Main Work in 2011	361	\$ 450,666	1.89%	\$ 8,518	\$ 8,518	\$ 17,035	\$ 433,631
Fiscal Year Ending 12/31/2012		\$ 1,445,886		\$ 30,895	\$ 376,355	\$ 407,250	\$ 1,038,636

AQUA ILLINOIS, INC.
 TRI-STAR ESTATES WASTEWATER SYSTEM
 DETAIL OF CONTRIBUTIONS IN AID OF CONSTRUCTION
 FOR THE YEARS ENDED DECEMBER 2010, 2011 & 2012

<u>Assets</u>	<u>Basis</u>	<u>Rate</u>	<u>Current Year</u>	<u>Amortization</u>		<u>Current A/D</u>	<u>Book Value</u>
				<u>Prior Years</u>			
Fiscal Year Ending 12/31/2010	\$ (361,265)	3.1%	\$ -	\$ (125,402)		\$ (125,402)	\$ (235,863)
Fiscal Year Ending 12/31/2011	\$ (361,265)	3.1%	\$ (11,199)	\$ (125,402)		\$ (136,601)	\$ (224,664)
I&I Main Work in 2011 (CDAP GRANT)	\$ (338,000)	3.1%	\$ (10,478)	\$ -		\$ (10,478)	\$ (327,522)
Fiscal Year Ending 12/31/2012	\$ (361,265)	3.1%	\$ (11,199)	\$ (136,601)		\$ (147,800)	\$ (213,465)
TOTAL CIAC AS OF 2012	\$ (699,265)		\$ (21,677)	\$ (136,601)		\$ (158,278)	\$ (540,987)

AQUA ILLINOIS, INC.
TRI-STAR ESTATES WASTEWATER SYSTEM
NEGATIVE PLANT ACQUISITION ADJUSTMENT

Acquisition Adjustment Projection:	
Purchase Price	\$ 455,000
Utility Plant	1,445,886
Accumulated Depreciation	(407,250)
CIAC	(540,987)
Other - Closing Costs	<u>(56,169)</u>
Assets Purchased	<u>441,481</u>
Acquisition Adjustment (estimated)	<u>\$ 13,519</u>

AQUA ILLINOIS, INC.
 TRI-STAR ESTATES WASTEWATER SYSTEM
 PROPOSED DEPRECIATION RATES

		<u>Sewer Rates</u>
3510	Organization	0.00%
<u>Intangible Plant</u>		
3520	Franchises & Consents	0.00%
3526	Franchises-Reclaimed Water Distribution	0.00%
<u>Collection Plant</u>		
3532	Land and Land Rights - Collect.	0.00%
3542	Structures and Improvements	3.57%
3552	Power Gen. Equip-Collection	3.33%
3600	Collection Sewers - Force	1.89%
3610	Collection Sewers - Gravity	1.89%
3630	Service to Customers	3.78%
3640	Flow Measuring Devices	2.86%
3650	Flow Measuring Installations	3.33%
<u>Pumping Plant</u>		
3533	Land and Land Rights	0.00%
3543	Structures and Improvements	3.33%
3553	Power Gen. Equip-Pumping	3.33%
3700	Receiving Wells	3.33%
3713	Pumping Equipment	3.13%
<u>Treatment Plant</u>		
3530	Land and Land Rights	0.00%
3535	Land&LandRights-ReclaimWater Treatment	0.00%
3536	Land&LandRights-ReclaimWater Distribution	0.00%
3544	Structures and Improvements	3.57%
3545	Struct&Imprvmnt-Reclaim Water Treatment	3.57%
3546	Struct&Imprvmnt-Reclaim Water Distribution	3.57%
3554	Power Gen. Equip-Treatment & Disposal Plant	3.33%
3555	PowerGen. Equip-Reclaim Water Treatment	3.33%
3556	PowerGen.Equip-Reclaim Water Distribution	3.33%
3804	Treatment & Disposal Equip.	3.57%
3814	Plant Sewers Treatment & Disposal Plant	3.33%
3815	Plant Sewers Reclaimed Water Treatment	3.33%
3820	Outfall Sewer Lines	3.33%
3892	Coll. - Other Plant & Misc. Equip.	1.89%
3894	Other Plant & Misc. Equip.	3.33%
3895	Other Plant & Misc. Equip. - Rclmd Water Trtmnt	3.33%
3896	Other Plant & Misc. Equip. - Rclmd Water Dist.	3.33%
<u>General Plant</u>		
3534	Land and Land Rights	0.00%
3540	Structures and Improvements	4.00%
3940	Laboratory Equipment	5.00%
3900	Office Furniture	4.74%
3900	Personal Computers	12.50%
3900	PC Software	20.00%
3900	MainFrame Computers	12.50%
3900	MainFrame Software	12.50%
3900	Other Machinery & Equipment	5.00%
3920	Stores Equipment	3.28%
3950	Power Equipment	5.00%
3960	Communication Equipment	12.50%
3970	Miscellaneous Equipment	5.56%
3910	Transportation Equipment	10.77%
3930	Tools, Shop and Garage Equip.	7.31%
3980	Other Tangible Plant	3.33%

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Aqua Illinois, Inc. :
 :
Petition for Issuance of Certificate of Public :
Convenience and Necessity to Operate a :
Wastewater Collection System, approval of : 12-0219
Asset Purchase Agreement with the :
Village of Bourbonnais, and for the :
Issuance of an Order Approving Rates, :
Accounting Entries and Depreciation. :

ORDER

By the Commission:

In its Petition filed with the Illinois Commerce Commission (the "Commission") in this proceeding, Aqua Illinois, Inc. ("Aqua" or "the Company") seeks a Certificate of Public Convenience and Necessity ("Certificate") for the area described herein as Tri-Star Estates ("Tri-Star") pursuant to the applicable sections of the Illinois Public Utilities Act (the "Act"), 220 ILCS 5/1-101 *et seq.* Aqua further seeks approval of an Asset Purchase Agreement ("Agreement", Aqua Exhibit 1.0) entered into between Aqua and the Village of Bourbonnais and approval of the acquisition. Aqua seeks further relief as described therein.

Pursuant to due notice, a hearing was held August 22, 2012 before a duly authorized Administrative Law Judge of the Commission at its office in Chicago, Illinois. Appearances were entered by Aqua and the Commission Staff ("Staff") by their respective counsel. Municipalities located within one and a half miles of the area in question were provided a copy of the Petition in accordance with 83 Ill. Adm. Code 200.150(b) and were served with notice of the initial hearing. Other than Aqua and Staff, no appearances were entered at the hearings and no written entries of appearance or intervening petitions were filed.

Petitioner presented the direct testimony along with exhibits where applicable of Craig Blanchette, Vice President and Operations Manager of Aqua (Aqua Exhibit 3.0) and Paul J. Hanley, Controller for Aqua (Aqua Exhibit 4.0) and the rebuttal testimony of Hanley (Aqua Exhibit 5.0). Staff presented the direct testimony, along with attachments, schedules and/or exhibits where applicable of Phillip Rukosuev, Rates Analyst in the Rates Department of the Financial Analysis Division (Staff Exhibit 1.0), Mike Ostrander, Accountant in the Accounting Department of the Financial Analysis Division (Staff Exhibit 2.0), William Atwood, Water Engineer in the Safety & Reliability Division (Staff

Exhibit 3.0), and the verified statement of Michael McNally, Senior Financial Analyst in the Financial Analysis Division (Staff Exhibit 4.0).

I. BACKGROUND AND RELIEF SOUGHT

Aqua provides water and sewer public utility service to the public in certain areas of Kankakee, Vermilion, Champaign, Cook, Will, DeKalb, Boone, Knox and Lake Counties in the State of Illinois. Aqua Petition, at 1-2. Aqua is a public utility within the meaning of the Illinois Public Utility Act, 220 ILCS 5/3-105.

The Petitioner seeks the following:

- (1) granting a Certificate of Public Convenience and Necessity to Aqua for the territory described in the Petition authorizing Aqua to construct, operate, and maintain a wastewater collection system, and in connection therewith transact a public utility business per the terms of Aqua's most recently approved Rules, Regulations and Conditions of Service;
- (2) approval of an Asset Purchase Agreement entered into between Aqua and the Village of Bourbonnais pursuant to the terms of the Agreement;
- (3) approval that the rates for wastewater services in Tri-Star be the same as the rates for the University Park Wastewater Division approved in Docket No. 11-0436;
- (4) approval of accounting entries and depreciation rates related to the acquisition by Aqua of the facilities.

II. STATUTORY AUTHORITY

The petition is brought pursuant to Section 8-406 of the Illinois Public Utilities Act.

220 ILCS 5/8-406, states in part:

Certificate of public convenience and necessity.

(a) No public utility not owning any city or village franchise nor engaged in performing any public service or in furnishing any product or commodity within this State as of July 1, 1921 and not possessing a certificate of public convenience and necessity from the Illinois Commerce Commission, the State Public Utilities Commission or the Public Utilities Commission, at the time this amendatory Act of 1985 goes into effect, shall transact any business in this State until it shall have obtained a certificate from the Commission that public convenience and necessity require the transaction of such business.

(b) No public utility shall begin the construction of any new plant, equipment, property or facility which is not in substitution of any existing plant, equipment, property or facility or any extension or alteration thereof or in addition thereto, unless and until it shall have obtained from the Commission a certificate that public convenience and necessity require such construction. Whenever after a hearing the Commission determines that any new construction or the transaction of any business by a public utility will promote the public convenience and is necessary thereto, it shall have the power to issue certificates of public convenience and necessity. The Commission shall determine that proposed construction will promote the public convenience and necessity only if the utility demonstrates: (1) that the proposed construction is necessary to provide adequate, reliable, and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers or that the proposed construction will promote the development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least cost means of satisfying those objectives; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

III. NATURE AND PURPOSE OF THE PROPOSAL; RECOMMENDATIONS OF PARTIES

Tri-Star is a community located within Bourbonnais Township, County of Kankakee. The proposed certified area is approximately 160 acres and includes approximately 424 active customers presently served by a wastewater collection system (the "System") owned by Bourbonnais. (Aqua Ex. 3.0 at 4). The area is depicted on a map and legally described in ICC Staff Exhibit 3.01. (Staff Exhibit 3.01 is included as Attachment 1 to this Order) Bourbonnais provides and will continue to provide wastewater treatment services for the System.

Craig Blanchette testified on behalf of Aqua that "Bourbonnais has requested that Aqua acquire the System and provide retail wastewater service in the Certificated Area." (Aqua Ex. 3.0 at 4). On February 22, 2010, Aqua and the Village of Bourbonnais entered into an Asset Purchase Agreement admitted into evidence as Aqua Exhibit 1.0. Aqua proposes to acquire the System per the terms of the Asset Purchase Agreement. The proposed purchase price is \$455,000. (Aqua Ex. 3.0 at 5). The Asset Purchase Agreement is subject to the terms of a Water Pollution Control Treatment Agreement ("Treatment Agreement") between Aqua and Bourbonnais pursuant to which Bourbonnais has agreed to continue to treat the waste from the System. (See Aqua Ex. 1.0 § 6.1; Staff Ex. 3.0 at 9). The Treatment Agreement provides that Bourbonnais is entering that agreement in reliance that the current use of the property served by the

System will continue, and any future change in the current use is subject to the approval of Bourbonnais. (Staff Ex. 3.02).

Staff Water Engineer William Atwood testified that the proposed certificated area should be approved, as depicted and legally described in ICC Staff Exhibit 3.01. (Staff Ex. 3.0 at 13).

A. Findings Relating to Statutory Service Requirements

With respect to the requirements of Section 8-406(b) (1) and (2) of the Act, Atwood testified that Aqua has met the requirements of the Act. (*Id.* at 11). Atwood testified that Aqua's existing University Park Division is the closest regulated sewer utility to the proposed certificated service area. He further testified it is "unlikely that any other ICC regulated utility could provide sewer service in a more cost effective manner." (*Id.* at 7) With respect to whether other municipalities, sewer districts or utilities could provide sewer service, Atwood testified that Bourbonnais and the Village of Bradley are nearest the proposed certificated service area, that Bourbonnais is seeking to sell Tri-Star to Aqua, and that Bradley has not intervened in the proceeding to argue against Aqua receiving a certificate despite having been given notice of the proceeding. (*Id.*)

In regards to whether Aqua could provide adequate sewer service in the proposed certificated area, Atwood testified that Aqua is capable of providing such service. Atwood opined that "the Company's University Park Division is well maintained and operated and is capable of providing adequate sewer service to customers in the proposed certificated service area." (*Id.* at 8). Atwood also testified that there is a need for Aqua to provide sewer service in the area. (*Id.*) He testified that "Bourbonnais no longer wishes to provide sewer service to Tri-Star Estates" and further testified that "[t]he proposed incorporation of the proposed certificated area into the Company's University Park Division is necessary to provide adequate, reliable, and efficient sewer service to customers located within the proposed certificated service area." (*Id.*) Further, Aqua witness Blanchette testified that Aqua "has the technical, financial and managerial ability to operate and maintain the Tri-Star Estates sewer system. Aqua currently provides service to approximately 5,821 wastewater customers in the State of Illinois." (Aqua Ex. 3.0 at 4).

Further, the System has the capacity to adequately transport wastewater from the proposed certificated service area. Atwood testified there is sufficient capacity for Bourbonnais to serve in excess of 850 customers in Tri-Star from the System, while there are currently only 425 customers in the area, with an expectation of the number of customers to increase to 480 by 2016. (Staff Ex. 3.0 at 9). Atwood testified, "Bourbonnais should have plenty of reserve sewer capacity to serve the proposed certificated area." (*Id.*) Atwood also testified that the acquisition appeared to be the "least cost" means of providing sewer service in the area pursuant to that requirement of 8-406(b)(1). (*Id.* at 10).

Aqua is capable of efficiently managing and supervising the sewer facilities necessary to serve the proposed certificated area as required by 8-406(b)(2). Atwood testified Aqua "has the technical and managerial ability to operate and maintain the Tri-Star Estates wastewater collection system in the proposed service certificated area." (Id.).

Section 8-406(b)(3) of the Act requires the Commission to determine that the utility is capable of financing the proposed purchase without significant adverse financial consequences for the utility or its customers. Staff Senior Financial Analyst McNally testified that "the total cost of the proposed purchase would be minimal relative to the Company's total utility plant and operating revenue." (Staff Ex. 4.0 at 2). McNally therefore concluded that the application meets the requirement of Section 8-406(b)(3) of the Act. (Id.).

B. Findings Relating to Accounting Requirements

Aqua's proposed accounting entries were reviewed by staff witness Mike Ostrander, Accountant in the Accounting Department of the Financial Analysis Division.

Mr. Ostrander recommended that "the transaction-related costs associated with the purchase of Tri-Star be accounted for as costs of the acquisition and be recorded as shown in Staff Schedule 2.01." (Staff Ex. 2.0 at 3-4). Mr. Ostrander proposed an adjustment to Journal Entry #2 to record an estimated \$55,000 of transaction related costs as costs of the acquisition and proposed an adjustment to Journal Entry #3 to reflect the impact of Journal Entry #2 on the annual amortization of the acquisition adjustment. (Id. at 5). Under Mr. Ostrander's proposed adjustments, the asset purchase produced a positive acquisition adjustment, meaning that Aqua paid more for the assets than their original cost. (Id. at 6-7). He testified that there is no basis in the record to allow Aqua to include the acquisition adjustment in rate base. (Id.)

In his rebuttal testimony, Hanley, Controller for Aqua, adopted this proposed accounting treatment and agreed to Staff Schedule 2.01. (Aqua Ex. 5.0 at 2). He further agreed that the acquisition adjustment from the purchase of Tri-Star wastewater system will not be included in Aqua's rate base in future rate cases. (Id.)

Mr. Ostrander therefore recommended that the Commission should adopt Schedule 2.01, recording the transaction costs of the acquisition as costs as stated therein, and recommended the approval of the Journal entries. (Staff Ex. 2.0 at 9). Mr. Ostrander also recommended that the Commission find that the acquisition adjustment resulting from the purchase of the Tri-Star wastewater system not be included in Aqua's rate base in future rate cases. (Id. at 10). Further, Mr. Ostrander recommended that Aqua file within 60 days of the transaction date the final accounting entries for the transaction the actual dollar values of all involved accounts as a filing on the Commission's e-Docket system with a copy to the Commission's Accounting Department Manager. (Id. at 9).

C. Rates

Phillip Rukosuev, Rates Analyst in the Rates Department of the Financial Analysis Division, testified for Staff as to Aqua's proposed rates for Tri-Star. Rukosuev recommended that the Commission find that the Aqua's wastewater rates for Tri-Star Estates should conform to the tariffs for wastewater service in Aqua's University Park Division. (Staff Ex. 1.0 Corrected at 11).

Aqua proposes moving from a single flat monthly charge currently in effect to a monthly customer charge plus volumetric/usage charge methodology. (*Id.* at 6). Rukosuev testified that Aqua's "proposal to bill customers in the proposed certificated area based on a Monthly Customer Charge plus Volumetric Charge is a reasonable approach to providing a just and reasonable rate for low usage customers." (*Id.*).

Rukosuev testified that "the current rates for Tri-Star Estates compare favorably with the proposed University Park wastewater rates" and agreed that the wastewater rates currently in effect for University Park should be approved for the Tri-Star Area. (*Id.* at 7-8). Rukosuev based his opinion on the following: (1) that University Park Division is Aqua's only nearby wastewater service area, (2) that the University Park Division's wastewater rates are the lowest of all Aqua Divisions, (3) that it does not appear the University Park rates when applied to Tri-Star customers will produce unwarranted earnings given Aqua's cost to serve the area's customers, and (4) the current flat rate would not allow Aqua the opportunity to earn a reasonable rate of return on its investment or recover the operations and maintenance expenses associated with the System. (*Id.* at 8-9).

As for depreciation, Aqua is proposing to use the same sewer depreciation rates that are currently in effect for its University Park Division. (Aqua Ex. 4.2 at 3). Mr. Atwood testified that he had no objection to Aqua using the University Park Division depreciation rates. (Staff Ex. 3.0 at 12).

D. Tariffs

Mr. Atwood testified that Aqua should apply its current rules, regulations and conditions of service tariffs to the customers within the proposed certificated service area. (*Id.* at 11). He recommended that ILL.C.C. No. 50 First Revised Title Sheet and ILL.C.C. No. 50, Section No. 1 be revised to include Tri-Star Estates in the "Applies to the following Territories" paragraph as follows: "Tri-Star Estates in unincorporated Bourbonnais Township, Kankakee County." (*Id.* at 12).

IV. COMMISSION ANALYSIS AND CONCLUSIONS

In this proceeding, Aqua seeks issuance of a Certificate of Public Convenience and Necessity for the Tri-Star Estates area pursuant to the applicable sections of the Illinois Public Utilities Act, 220 ILCS 5/1-101 *et seq.* Correspondingly, Aqua seeks approval of an Asset Purchase Agreement entered into between Aqua and the Village

of Bourbonnais; approval that the rates for wastewater services in Tri-Star be the same as the rates for the University Park Wastewater Division, approval of accounting entries and depreciation rates related to the acquisition by Aqua of the facilities, and approval of accounting entries as described herein; and the revision of tariff pages as described herein.

The Commission finds that Aqua has demonstrated a present need for wastewater service in the Tri-Star Estates area and that the proposed acquisition is necessary to provide adequate, reliable, and efficient service to customers in the Area, and will not affect its ability to provide adequate, reliable and efficient service to its present customers. The Commission finds the acquisition is the least-cost means of satisfying the service needs of these customers within the meaning of Section 8-406(b) of the Act. The Commission finds that Aqua will remain subject to all Rules and Regulations of the Commission. The Commission finds that Aqua has the ability to provide adequate, reliable, efficient, safe and least-cost public utility wastewater service.

With respect to rates, the Commission finds that the rates as proposed by Aqua should be approved. Further, it is appropriate for Aqua to utilize the existing University Park Division wastewater depreciation rates.

With respect to the Accounting of the Purchase, Staff recommended changing the proposed acquisition adjustment to reflect recording \$55,000 as costs of the acquisition and submitted Staff Schedule 2.01. Aqua has accepted this recommendation and the Commission finds this to be proper. Staff Schedule 2.01 is included as Attachment 2 to this Order.

V. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record herein, is of the opinion and finds that:

- (1) Aqua Illinois, Inc. provides water and sewer public utility service to the public in certain areas of Kankakee, Vermilion, Champaign, Cook, Will, DeKalb, Boone, Knox and Lake Counties in the State of Illinois, and is a public utility within the meaning of the Illinois Public Utility Act, 220 ILCS 5/3-105.
- (2) the Commission has jurisdiction over Aqua and of the subject matter of this proceeding;
- (3) the facts recited and conclusions reached in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and law;
- (4) for the reasons indicated above, issuance of a Certificate of Public Convenience and Necessity for the Tri-Star Estates Service area to Aqua

Illinois, Inc. will promote the public convenience and is necessary thereto, and the requirements of Section 8-406(b)(1)(2) and (3) of the Act have been met with respect hereto;

- (5) the Asset Purchase Agreement admitted into evidence as Aqua's Exhibit 1.0 is hereby approved;
- (6) Aqua shall file revised tariff sheets specifying rates for wastewater service in the Tri-Star area consistent with the wastewater rates in Aqua's University Park Division approved in Docket 11-0436, within 10 days business days of the closing of the acquisition, to become effective not less than 5 business days after the date of filing;
- (7) except as expressly provided herein, the provisions of Aqua's wastewater rules, regulations and conditions of service as now in effect or as subsequently amended shall apply to wastewater service rendered in the Tri-Star area;
- (8) Aqua shall file a report with the Chief Clerk of the Commission bearing Docket No. 12-0219 within seven (7) business days after the closing on the proposed acquisition, indicating the date on which the closing on the transaction occurred. Aqua shall also provide this filing to the Manager of the Commission's Water Engineering Program;
- (9) Aqua shall file, within 60 days of the transaction date, the final accounting entries for the transaction showing the actual dollar values of all involved entries used to record the purchase as a filing on the Commission's e-Docket system with a copy to the Commissions' Accounting Department Manager. If the transaction has not occurred within six months of this Final Order, the Company shall file a status report at six month intervals until the journal entries are filed on the Commission's e-Docket system with a copy to the Commission's Accounting Department Manager.
- (10) Aqua's revised accounting entries to record the purchase of the wastewater System as reflected in Staff Schedule 2.01 are approved and the acquisition adjustment resulting from the purchase of the Tri-Star wastewater System will not be included in Aqua's rate base in future rate cases.
- (11) no waivers of the requirements of 83 Ill. Adm. Code 300 or other code parts are granted in this order.

IT IS THEREFORE ORDERED that a Certificate of Public Convenience and Necessity for the Tri-Star Estates area is hereby issued to Aqua Illinois, Inc. as described above in the following area as is the provision of public utility wastewater service in connection therewith, and this Certificate shall read as follows:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that the public convenience and necessity require Aqua Illinois, Inc. to provide wastewater service to the Tri-Star Estates area located in Bourbonnais Township in Kankakee County, Illinois. This area is depicted on Staff Exhibit 3.01 and is legally described as:

The Southwest Quarter of Section 5, Township 31 North,
Range 12 East of the Third Principal Meridian lying West of
Federal Interstate Route 57

IT IS FURTHER ORDERED for the Tri-Star Area, the Commission finds that Aqua's proposal to use the depreciation rates for the University Park Wastewater Division should be approved.

IT IS FURTHER ORDERED that as a condition of this Order, Aqua shall comply with the numbered findings above and all determinations made in this Order.

IT IS FURTHER ORDERED that subject to provisions of Section 10-113 of the Illinois Public Utilities Act and 83 Ill. Adm. Code 200.800, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 3rd day of October, 2012.

(SIGNED) DOUGLAS P. SCOTT

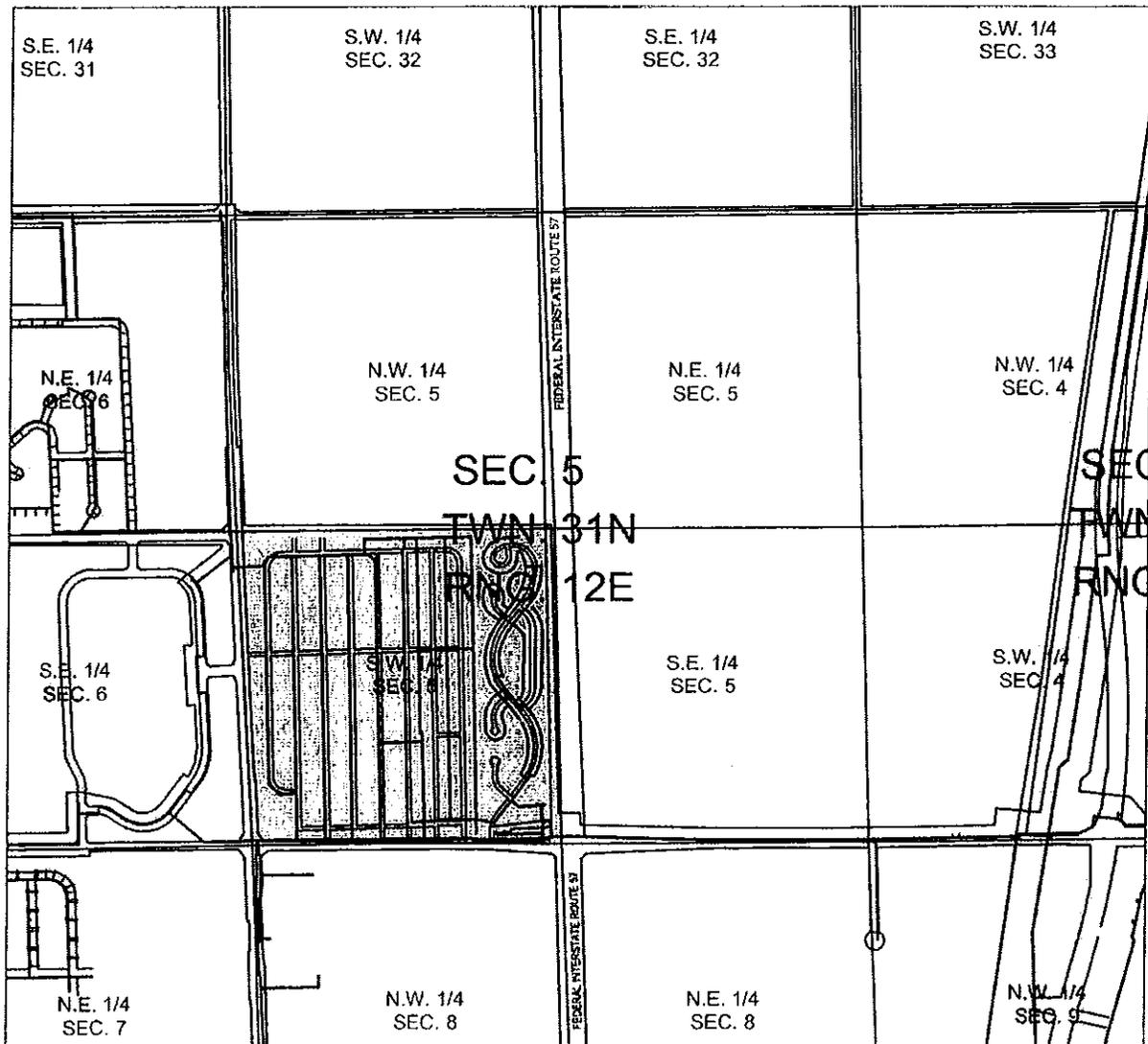
CHAIRMAN

TRI STAR ESTATES BOURBONNAIS, ILLINOIS



LEGAL DESCRIPTION:

THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 31 NORTH,
RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN LYING WEST
OF FEDERAL INTERSTATE ROUTE 57



PROPOSED CERTIFICATED SERVICE AREA:

Aqua Illinois, Inc.
Recommended Changes to Company Proposed Accounting Entries
to Record the Purchase of the Tri-Star Wastewater System at Closing

Line No.	Account Number	Account Description	Entry Per Company (A)		Staff Proposed Adjustments (B)		Proposed Entry Per Staff	
			Debit	Credit	Debit	Credit	Debit	Credit
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Journal Entry #1 - To record the initial purchase price to Account 104.								
1	104	Utility Plant Purchased or Sold	455,000				455,000	
2	131	Cash		455,000				455,000
Journal Entry #2 - To transfer at closing the initial purchase price from Account 104 to the appropriate utility plant related accounts.								
3	Various	Utility Plant in Service	1,445,886				1,445,886	
4	108	Accumulated Depreciation		407,250				407,250
5	104	Utility Plant Purchased or Sold		455,000				455,000
6	271	Contributions in Aid of Construction		699,264				699,264
7	272	Accumulated Amortization of CIAC	158,278				158,278	
8	Various	Transaction-related Costs		-		55,000		55,000
9	114	Utility Plant Acquisition Adjustments		42,650	55,000		12,350	
10		Totals	<u>2,059,164</u>	<u>2,059,164</u>	<u>55,000</u>	<u>55,000</u>	<u>1,616,514</u>	<u>1,616,514</u>
Journal Entry #3 - To record the annual amortization of the acquisition adjustment.								
11	421	Nonutility Income		1,333	1,719		386	
12	115	Accum. Amort. of Utility Plant Acquisition Adjustments	1,333			1,719		386

Sources:

(A) Aqua Exhibit 4.2

(B) Journal Entry #2 - To record the transaction-related costs of the acquisition in Account 114 rather than various expense accounts, consistent with Accounting Instruction 21 of the Uniform System of Accounts.

(B) Journal Entry #3 - To adjust the annual amortization as follows:

Staff proposed annual amortization of positive acquisition adjustment (\$12,350 / 32 years)	\$ 386
Company proposed annual amortization of negative acquisition adjustment (\$42,650 / 32 years)	<u>(1,333)</u>
Staff proposed adjustment	<u>\$ 1,719</u>