

DIRECT TESTIMONY

of

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Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Illinois-American Water Company

Annual Reconciliation of Purchased Water and Sewage Treatment Surcharges

Docket No. 10-0203

April 3, 2013

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1 **Witness Identification**

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

3 A. My name is Mary H. Everson. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed as an Accountant in the Accounting Department of the
7 Financial Analysis Division of the Illinois Commerce Commission
8 (“Commission”).

9 **Q. Please describe your background and professional affiliations.**

10 A. I have a Bachelor of Science in Accounting from the University of Central
11 Florida. I am a Certified Public Accountant licensed to practice in the State
12 of Illinois. I joined the Staff of the Illinois Commerce Commission in
13 February 1999. Prior to joining Staff, I was employed in industry as a
14 financial analyst and in government as an internal auditor.

15 **Q. What is the function of the Accounting Department of the Illinois
16 Commerce Commission?**

17 A. The Department’s function is to monitor the financial condition of public
18 utilities as part of the Commission’s responsibilities under Article IV of the
19 Public Utilities Act (“the Act”) and to provide accounting expertise on
20 matters before the Commission.

21 **Q. What are your responsibilities in this case?**

22 A. I have been assigned this case by the Manager of the Accounting
23 Department of the Illinois Commerce Commission. I am to review Illinois-
24 American Water Company's ("IAWC" or "Company") application for
25 approval of the annual reconciliation of purchased water and purchased
26 sewage treatment surcharges, analyze the underlying data and make
27 recommendations as appropriate.

28 **Q. Have you previously testified before this Commission?**

29 A. Yes, I have testified before the Commission on several occasions.

30 **Purpose of Testimony**

31 **Q. What is the purpose of your direct testimony in this proceeding?**

32 A. The purpose of my direct testimony is to report the results of my review of
33 IAWC's Purchased Water and Sewage Treatment Surcharge
34 Reconciliations as provided in the Direct Testimony of Rich Kerckhove,
35 IAWC Exhibit No. 1.0.

36 **Q. Please describe the service areas and surcharges that are included
37 in IAWC's reconciliations.**

38 A. For the reconciliation year, 2009, IAWC had 8 service areas with a
39 purchased water surcharge and 4 service areas with a purchased sewage
40 treatment surcharge. The eight water service areas serve approximately
41 46,000 customers and the sewage treatment service areas serve
42 approximately 3,090 customers. The municipalities affected by the
43 purchased water and sewage treatment surcharges include

44 unincorporated Chicago, Arlington Heights, Bolingbrook, Carol Stream,
45 Des Plains, Elgin, Elmhurst, Glen Ellyn, Homer Glen, Lemont, Lisle,
46 Lockport, Lombard, Mt. Prospect, Orland Hills, Orland Park, Prospect
47 Heights, Romeoville, South Beloit, Villa Park, Wheaton, Wheeling,
48 Winfield and Woodridge¹.

49 83 Ill. Adm. Code 655 governs the terms and conditions for both the water
50 and sewage treatment surcharges. 83 Ill. Adm. Code 655.50 contains the
51 requirements to be provided by the Company for the annual reconciliation.

52 **Schedules**

53 **Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 1.0?**

54 A. Yes. I am sponsoring the following schedules:

55 Schedule 1.1 – Purchased Water Surcharge Reconciliation Summary

56 Schedule 1.2 – Purchased Water Surcharge Reconciliation by Service
57 Area

58 Schedule 1.3 – Purchased Sewage Treatment Surcharge Reconciliation
59 Summary

60 Schedule 1.4 – Purchased Sewage Treatment Surcharge Reconciliation
61 by Service Area

62 I have prepared a separate Schedule 1.2 for each water service area and
63 a separate Schedule 1.4 for each sewage treatment service area. The
64 schedules are numbered as follows for the water service areas:

65 1.2 AH for Alpine Heights;

66 1.2 CS for Chicago Suburban;

67 1.2 DC for DuPage County;

68 1.2 F for Fernway;

¹ IAWC Exhibit 1.0, Direct Testimony of Rich Kerckhove, p. 3-5

69 1.2 M for Moreland;
70 1.2 SW for Southwest Suburban;
71 1.2 W for Waycinden; and
72 1.2 SB for South Beloit.

73 For the Chicago Suburban (“CS”), DuPage County (“DC”) and South
74 Beloit (“SB”) water service areas, the charge is composed of both a
75 variable and a fixed component. These schedules for these service areas
76 are designated as page 1 and 2, respectively.

77 The purchased sewage treatment service area schedules are numbered
78 as follows:

79 1.4 CC for Country Club;
80 1.4 VV for Valley View;
81 1.4 RO for Rollins; and
82 1.4 RM for Romeoville.

83 **Q. Are you sponsoring any Attachments as part of ICC Staff Exhibit 1.0?**

84 A. No.

85 **Purchased Water Surcharge Reconciliation**

86 **Q. Please explain Schedule 1.1, Purchased Water Surcharge**
87 **Reconciliation.**

88 A. Schedule 1.1 summarizes the reconciliations proposed by Staff into one
89 for all of the eight service areas in which a purchased water surcharge is
90 administered.

91 **Q. Please explain Schedule 1.2, Purchased Water Surcharge**
92 **Reconciliation (by service area).**

93 A. Schedules 1.2 present the reconciliations by separate service area
94 proposed by Staff. Staff adjustments to individual service areas are
95 detailed on this schedule when applicable.

96 **Q. Do you have any adjustments to the purchased water surcharge**
97 **reconciliation amounts submitted in IAWC's direct testimony**
98 **concerning corrections for previous errors or omissions?**²

99 A. No. I concur with the adjustments proposed by IAWC regarding
100 corrections to previous reconciliations and with the adjustments correcting
101 omissions in the Company's originally filed reconciliation. Since the
102 Company identified these corrections and included them in its direct
103 testimony filing, Staff's reconciliation schedules start with the adjusted
104 amounts from IAWC Exhibit 1.13.

105 **Q. How will the adjustments to the purchased water surcharge**
106 **reconciliation be refunded to or collected from customers?**

107 A. The Company's unadjusted under/over recoveries were flowed back to
108 customers through the 2010 rate as R-Factors. The adjustments identified
109 by IAWC subsequent to its 2010 rates result in an O-Factor for each of the
110 affected areas. In this reconciliation year adjustments for the Chicago
111 Suburban, DuPage County, Moreland, and South Beloit service areas will
112 result in O-Factors from this reconciliation. The O-Factors determined in
113 this case will be included in subsequent rate calculations.

114 **Purchased Sewage Treatment Surcharge Reconciliation**

² IAWC Exhibit 1.0, Direct Testimony of Rich Kerckhove, p. 6-24

115 **Q. Please explain Schedule 1.3, Purchased Sewage Treatment**
116 **Surcharge Reconciliation.**

117 A. Schedule 1.3 summarizes the reconciliations proposed by Staff for all of
118 the four service areas in which a purchased sewage treatment surcharge
119 is administered.

120 **Q. Please explain Schedule 1.4, Purchased Sewage Treatment**
121 **Surcharge Reconciliation (by service area).**

122 A. Schedules 1.4 present the sewage treatment reconciliations by separate
123 service area proposed by Staff. Schedule 1.4 CC presents the calculation
124 of one adjustment to the sewage treatment surcharge in the Country Club
125 sewage treatment service area. This adjustment is sponsored by William
126 Attwood, in ICC Staff Exhibit 2.0.

127 **Q. Do you have any adjustments to propose to the purchased sewage**
128 **treatment surcharge reconciliation amounts submitted in IAWC's**
129 **direct testimony?**³

130 A. No. I concur with the adjustments proposed by IAWC regarding
131 corrections to previous reconciliations and omissions in the Company's
132 originally filed reconciliation in this case. Since the Company identified
133 these adjustments and included them in its direct testimony filing, Staff's
134 reconciliation schedules start with the adjusted amounts from IAWC
135 Exhibit 1.13.

³ Id

136 **Q. How will the O-Factors ordered as a result of the sewage treatment**
137 **reconciliation be refunded to or collected from customers?**

138 A. The R-Factors initially filed by the Company were included in the
139 Company's calculated rate for 2010.⁴ The adjustments identified by IAWC
140 subsequent to its 2010 rates result in O-Factors for the affected areas. In
141 this reconciliation year adjustments for the Country Club and Romeoville
142 service areas will result in O-Factors. These O-Factors will be included in
143 a subsequent rate calculation.

144 **Conclusion**

145 **Q. What is your recommendation?**

146 A. I recommend that the Commission adopt the Purchased Water Surcharge
147 Reconciliations as presented on Schedule 1.1 attached to this direct
148 testimony. I also recommend that the Commission adopt the Purchased
149 Sewage Treatment Surcharge Reconciliations as presented on Schedule
150 1.3 attached to this direct testimony. I further recommend that schedules
151 1.1 and 1.3 be attached as Appendices to the Commission's order in this
152 proceeding.

153 **Q. Does this conclude your prepared direct testimony?**

154 A. Yes.

⁴ IAWC Exhibits 1.09-1.12, Exhibits A by Service Area

Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 Summary of Water Surcharge Reconciliations
 For the Period January 1, 2009 through December 31, 2009

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 553,826	\$ -	\$ 553,826
<u>O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u>				
2	2004 O Factor Ordered 12-21-2005	\$ (261,252)	\$ -	\$ (261,252)
3	2007 O Factor Ordered 8-19-2009	42,708	-	42,708
4	2008 O Factor Ordered 7-31-2012	(7,983)	-	(7,983)
5	Unamortized balance from previous reconciliation	(11,029)	-	(11,029)
6	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-5)	\$ 316,270	\$ -	\$ 316,270
<u>Current Year (Over)/Under Recovery</u>				
7	Current Year Recoverable Costs	\$ 16,801,361	\$ -	\$ 16,801,361
8	Current Year Revenue Recovered	(16,662,247)	-	(16,662,247)
9	Other Adjustments	(556,071)	-	(556,071)
10	Interest	(176)	-	(176)
11	Rounding	(1)	-	(1)
12	2009 (Over) /Under Recovery (Sum of Lines 7 thru 11)	(417,134)	-	(417,134)
13	Cumulative (Over)/Under Recovery (Line 6 + Line 12)	\$ (100,864)	\$ -	\$ (100,864)
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>R, O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u>				
14	2004 O Factor	\$ (261,252)	\$ -	\$ (261,252)
15	2008 O Factor	(9,756)	-	(9,756)
16	2009 O Factor	(379)	-	(379)
17	Unamortized balance from previous reconciliation	(14,717)	-	(14,717)
18	R Factor to be (Refunded)/Recovered	185,240	-	185,240
19	Cumulative (Over)/Under Recovery (Sum of Lines 14-18)	\$ (100,864)	\$ -	\$ (100,864)

Sources:

- Column (B): IAWC Exhibit 1.13
- Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
- Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
Purchased Water Surcharge Reconciliation
Alpine Heights
For the Period January 1, 2009 through December 31, 2009

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ (1,159)	\$ -	\$ (1,159)
<u>Current Year (Over)/Under Recovery</u>				
2	Current Year Recoverable Costs	\$ 58,507	\$ -	\$ 58,507
3	Current Year Revenue Recovered	(59,182)	-	(59,182)
4	Other Adjustments	-	-	-
5	Interest	-	-	-
6	Rounding	-	-	-
7	2009 (Over) /Under Recovery (Sum of Lines 2 thru 6)	<u>(675)</u>	<u>-</u>	<u>(675)</u>
8	Cumulative (Over)/Under Recovery (Line 1 + Line 7)	<u>\$ (1,834)</u>	<u>\$ -</u>	<u>\$ (1,834)</u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u>				
9	2009 O Factor	\$ -	\$ -	\$ -
10	R Factor to be (Refunded)/Recovered	(1,834)	-	(1,834)
11	Cumulative (Over)/Under Recovery (Line 9 + Line 10)	<u>\$ (1,834)</u>	<u>\$ -</u>	<u>\$ (1,834)</u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 Chicago Suburban Variable Charge
 For the Period January 1, 2009 through December 31, 2009

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 26,557	\$ -	\$ 26,557
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2006 O Factor Ordered 3-26-2008	\$ (31,765)	\$ -	\$ (31,765)
3	(Over)/Under Recovery from Prior Periods (Line 1 + 2)	(5,208)	-	(5,208)
<u>Current Year (Over)/Under Recovery</u>				
4	Current Year Recoverable Costs	\$ 1,127,137	\$ -	\$ 1,127,137
5	Current Year Revenue Recovered	(993,255)	-	(993,255)
6	Other Adjustments	(27,451)	-	(27,451)
7	Interest	-	-	-
8	2009 (Over) /Under Recovery (Sum of Lines 4 thru 7)	106,431	-	106,431
9	Cumulative (Over)/Under Recovery (Line 3 + Line 8)	\$ 101,223	\$ -	\$ 101,223
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u>				
10	2007 O Factor	(31,765)	-	(31,765)
11	2009 O Factor	-	-	-
12	R Factor to be (Refunded)/Recovered	132,988	-	132,988
13	Cumulative (Over)/Under Recovery (Sum of Lines 10 thru 12)	\$ 101,223	\$ -	\$ 101,223

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 Chicago Suburban Fixed Charge
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 4,937	\$ -	\$ 4,937
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2006 O Factor Ordered 3-26-2008	31,765	-	31,765
3	(Over)/Under Recovery from Prior Periods (Line 1 + 2)	\$ 36,702	\$ -	\$ 36,702
<u>Current Year (Over)/Under Recovery</u>				
4	Current Year Recoverable Costs	\$ 804,630	\$ -	\$ 804,630
5	Current Year Revenue Recovered	(747,064)	-	(747,064)
6	Other Adjustments	-	-	-
7	Interest	-	-	-
8	Rounding	(1)	-	(1)
9	2009 (Over) /Under Recovery (Sum of Lines 4 thru 8)	57,565	-	57,565
10	Cumulative (Over)/Under Recovery (Line 3 + Line 9)	\$ 94,267	\$ -	\$ 94,267
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>R, O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u>				
11	2006 O Factor	\$ 31,765	\$ -	\$ 31,765
12	2009 O Factor	-	-	-
13	R Factor to be (Refunded)/Recovered	62,502	-	62,502
14	Cumulative (Over)/Under Recovery (Sum of Lines 11 thru 13)	\$ 94,267	\$ -	\$ 94,267

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 DuPage County Variable Charge
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 138,946	\$ -	\$ 138,946
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2007 O Factor Ordered 8-19-2009	31,148	-	31,148
3	(Over)/Under Recovery from Prior Periods (Line 1 + Line 2)	\$ 170,094	\$ -	\$ 170,094
<u>Current Year (Over)/Under Recovery</u>				
4	Current Year Recoverable Costs	\$ 1,100,164	\$ -	\$ 1,100,164
5	Current Year Revenue Recovered	(1,051,719)	-	(1,051,719)
6	Other Adjustments (1/3 of DuPage County refund)	(207,265)	-	(207,265)
7	Interest	-	-	-
8	Rounding	-	-	-
9	2009 (Over) /Under Recovery (Sum of Lines 4 thru 8)	(158,820)	-	(158,820)
10	Cumulative (Over)/Under Recovery (Line 3 + Line 9)	\$ 11,274	\$ -	\$ 11,274
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
11	2009 O Factor	\$ 261	\$ -	\$ 261
12	R Factor to be (Refunded)/Recovered	11,013	-	11,013
13	Cumulative (Over)/Under Recovery (Lines 11 + Line 12)	\$ 11,274	\$ -	\$ 11,274

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 DuPage County Fixed Charge
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ (27,451)	\$ -	\$ (27,451)
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2004 O Factor Ordered 12-21-2005	2,021	-	2,021
3	2007 O Factor Ordered 8-19-2009	11,560	-	11,560
4	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-3)	<u>\$ (13,870)</u>	<u>\$ -</u>	<u>\$ (13,870)</u>
<u>Current Year (Over)/Under Recovery</u>				
5	Current Year Recoverable Costs	\$ 575,888	\$ -	\$ 575,888
6	Current Year Revenue Recovered	(560,144)	-	(560,144)
7	Other Adjustments	-	-	-
8	Interest	-	-	-
9	Rounding	-	-	-
10	2009 (Over) /Under Recovery (Sum of Lines 5 thru 9)	<u>15,744</u>	<u>-</u>	<u>15,744</u>
11	Cumulative (Over)/Under Recovery (Line 4 + Line 10)	<u><u>\$ 1,874</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,874</u></u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
12	2004 O Factor	\$ 2,021	\$ -	\$ 2,021
13	2009 O Factor	97	-	97
14	R Factor to be (Refunded)/Recovered	<u>(244)</u>	<u>-</u>	<u>(244)</u>
15	Cumulative (Over)/Under Recovery (Sum of Lines 12-14)	<u><u>\$ 1,874</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,874</u></u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
Purchased Water Surcharge Reconciliation
Fernway
For the Period January 1, 2009 through December 31, 2009

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 10,493	\$ -	\$ 10,493
<u>Current Year (Over)/Under Recovery</u>				
2	Current Year Recoverable Costs	\$ 500,647	\$ -	\$ 500,647
3	Current Year Revenue Recovered	(531,066)	-	(531,066)
4	Other Adjustments	-	-	-
5	Interest	-	-	-
6	Rounding	-	-	-
7	2009 (Over) /Under Recovery (Sum of Lines 2 thru 6)	<u>(30,419)</u>	<u>-</u>	<u>(30,419)</u>
8	Cumulative (Over)/Under Recovery (Line 1 + Line 7)	<u>\$ (19,926)</u>	<u>\$ -</u>	<u>\$ (19,926)</u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
9	2009 O Factor	\$ -	\$ -	\$ -
10	R Factor to be (Refunded)/Recovered	<u>(19,926)</u>	<u>-</u>	<u>(19,926)</u>
11	Cumulative (Over)/Under Recovery (Line 9 + Line 10)	<u>\$ (19,926)</u>	<u>\$ -</u>	<u>\$ (19,926)</u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 Moreland
 For the Period January 1, 2009 through December 31, 2009

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ (13,805)	\$ -	\$ (13,805)
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	Unamortized balance from previous reconciliation	(11,029)	-	(11,029)
3	(Over)/Under Recovery from Prior Periods (Line 1 + 2)	\$ (24,834)	\$ -	\$ (24,834)
<u>Current Year (Over)/Under Recovery</u>				
4	Current Year Recoverable Costs	\$ 32,488	\$ -	\$ 32,488
5	Current Year Revenue Recovered	(22,339)	-	(22,339)
6	Other Adjustments	-	-	-
7	Interest	-	-	-
8	Rounding	(1)	-	(1)
9	2009 (Over) /Under Recovery (Sum of Lines 4 thru 8)	10,148	-	10,148
10	Cumulative (Over)/Under Recovery (Line 3 + Line 9)	<u>\$ (14,686)</u>	<u>\$ -</u>	<u>\$ (14,686)</u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
11	2009 O Factor	\$ (874)	\$ -	\$ (874)
12	Unamortized balance from previous reconciliation	(14,717)	-	(14,717)
13	R Factor to be (Refunded)/Recovered	905	-	905
14	Cumulative (Over)/Under Recovery (Sum of Lines 11-13)	<u>\$ (14,686)</u>	<u>\$ -</u>	<u>\$ (14,686)</u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 Southwest Suburban
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 368,946	\$ -	\$ 368,946
				-
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2004 O Factor Ordered 12-21-2005	(253,755)	-	(253,755)
3	2008 O Factor Ordered 7-31-2012	(9,382)	-	(9,382)
4	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-3)	\$ 105,809	\$ -	\$ 105,809
<u>Current Year (Over)/Under Recovery</u>				
5	Current Year Recoverable Costs	\$ 11,637,571	\$ -	\$ 11,637,571
6	Current Year Revenue Recovered	(11,662,333)	-	(11,662,333)
7	Other Adjustments	(318,026)	-	(318,026)
8	Interest	(188)	-	(188)
9	Rounding	-	-	-
10	2009 (Over) /Under Recovery (Sum of Lines 5 thru 9)	(342,976)	-	(342,976)
11	Cumulative (Over)/Under Recovery (Line 4 + Line 10)	\$ (237,167)	\$ -	\$ (237,167)
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
12	2004 O Factor	\$ (253,755)	\$ -	\$ (253,755)
13	2008 O Factor	(9,570)	-	(9,570)
14	2009 O Factor	-	-	-
15	R Factor to be (Refunded)/Recovered	26,158	-	26,158
16	Cumulative (Over)/Under Recovery (Sum of Lines 12-15)	\$ (237,167)	\$ -	\$ (237,167)

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 Waycinden
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 36,894	\$ -	\$ 36,894
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2004 O Factor Ordered 12-21-2005	(9,518)	-	(9,518)
3	2008 O Factor Ordered 7-31-2012	1,597	-	1,597
4	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-3)	<u>\$ 28,973</u>	<u>\$ -</u>	<u>\$ 28,973</u>
<u>Current Year (Over)/Under Recovery</u>				
5	Current Year Recoverable Costs	\$ 630,650	\$ -	\$ 630,650
6	Current Year Revenue Recovered	(695,804)	-	(695,804)
7	Other Adjustments	-	-	-
8	Interest	16	-	16
9	Rounding	-	-	-
10	2009 (Over) /Under Recovery (Sum of Lines 5 thru 9)	<u>(65,138)</u>	<u>-</u>	<u>(65,138)</u>
11	Cumulative (Over)/Under Recovery (Line 4 + Line 10)	<u><u>\$ (36,165)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (36,165)</u></u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
12	2004 O Factor	(9,518)	-	(9,518)
13	2008 O Factor	16	-	16
14	2009 O Factor	-	-	-
15	R Factor to be (Refunded)/Recovered	<u>(26,663)</u>	<u>-</u>	<u>(26,663)</u>
16	Cumulative (Over)/Under Recovery (Sum of Lines 12-15)	<u><u>\$ (36,165)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (36,165)</u></u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 South Beloit Variable Charge
 For the Period January 1, 2009 through December 31, 2009

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 10,067	\$ -	\$ 10,067
				-
	<u>O Factors Ordered but not yet (Refunded)/Recovered</u>			
2	2008 O Factor Ordered 7-31-2012	(179)	-	(179)
3	(Over)/Under Recovery from Prior Periods (Line 1 + 2)	\$ 9,888	\$ -	\$ 9,888
<u>Current Year (Over)/Under Recovery</u>				
4	Current Year Recoverable Costs	\$ 300,679	\$ -	\$ 300,679
5	Current Year Revenue Recovered	(306,517)	-	(306,517)
6	Other Adjustments	(3,329)	-	(3,329)
7	Interest	(4)	-	(4)
8	Rounding	1	-	1
9	2009 (Over) /Under Recovery (Sum of Lines 4 thru 8)	(9,170)	-	(9,170)
10	Cumulative (Over)/Under Recovery (Line 3 + Line 9)	\$ 718	\$ -	\$ 718
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
	<u>O Factors Ordered but not yet (Refunded)/Recovered</u>			
11	2008 O Factor	\$ (183)	\$ -	\$ (183)
12	2009 O Factor	-	-	-
13	R Factor to be (Refunded)/Recovered	901		901
14	Cumulative (Over)/Under Recovery (Sum of Lines 11-13)	\$ 718	\$ -	\$ 718

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
 Purchased Water Surcharge Reconciliation
 South Beloit Fixed Charge
 For the Period January 1, 2009 through December 31, 2009

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ (599)	\$ -	\$ (599)
		-		-
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2008 O Factor Ordered 7-31-2012	(19)	-	(19)
3	(Over)/Under Recovery from Prior Periods (Line 1 + 2)	\$ (618)	\$ -	\$ (618)
<u>Current Year (Over)/Under Recovery</u>				
4	Current Year Recoverable Costs	\$ 33,000	\$ -	\$ 33,000
5	Current Year Revenue Recovered	(32,824)	-	(32,824)
6	Other Adjustments	-	-	-
7	Interest	-	-	-
8	Rounding	-	-	-
9	2009 (Over) /Under Recovery (Sum of Lines 4 thru 8)	176	-	176
10	Cumulative (Over)/Under Recovery (Line 3 + Line 9)	\$ (442)	\$ -	\$ (442)
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
11	2008 O Factor	\$ (19)	\$ -	\$ (19)
12	2009 O Factor	137	-	137
13	R Factor to be (Refunded)/Recovered	(560)		(560)
14	Cumulative (Over)/Under Recovery (Sum of Lines 11-13)	\$ (442)	\$ -	\$ (442)

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Sewage Treatment Surcharge Reconciliation
 Summary of Sewer Surcharge Reconciliations
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 155,435	\$ -	\$ 155,435
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2003 O Factor Ordered 2-2-2005	(1,676)	-	(1,676)
3	2004 O Factor Ordered 12-21-2005	(9,422)	-	(9,422)
4	2005 O Factor Ordered 3-6-2007	(941)	-	(941)
5	2006 O Factor Ordered 3-26-2008	(1)	-	(1)
6	2007 O Factor Ordered 8-19-2009	15,965	-	15,965
7	2008 O Factor Ordered 7-31-2012	(14,800)	-	(14,800)
8	Unamortized balance from previous reconciliation	52,249	-	52,249
9	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-8)	\$ 196,809	\$ -	\$ 196,809
<u>Current Year (Over)/Under Recovery</u>				
10	Current Year Recoverable Costs	\$ 876,572	\$ (40,081)	\$ 836,491
11	Current Year Revenue Recovered	(864,476)	-	(864,476)
12	Other Adjustments	-	-	-
13	Interest	(296)	-	(296)
14	Rounding	2	-	2
15	2009 (Over) /Under Recovery (Sum of Lines 10 thru 14)	11,802	(40,081)	(28,279)
16	Cumulative (Over)/Under Recovery (Line 9 + Line 15)	\$ 208,611	\$ (40,081)	\$ 168,530
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
17	2003 O Factor	\$ (1,676)	\$ -	\$ (1,676)
18	2004 O Factor	(9,422)	-	(9,422)
19	2005 O Factor	(941)	-	(941)
20	2006 O Factor	(1)	-	(1)
21	2008 O Factor	(15,096)	-	(15,096)
22	2009 O Factor	10,325	(40,081)	(29,756)
23	Unamortized balance from previous reconciliation	127,451	-	127,451
24	R Factor to be (Refunded)/Recovered	97,971	-	97,971
25	Cumulative (Over)/Under Recovery (Sum of Lines 17-24)	\$ 208,611	\$ (40,081)	\$ 168,530

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
 Purchased Sewage Treatment Surcharge Reconciliation
 Country Club
 For the Period January 1, 2009 through December 31, 2009

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 67,236	\$ -	\$ 67,236
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2005 O Factor Ordered 3-6-2007	(988)	-	(988)
3	2006 O Factor Ordered 3-26-2008	(1)	-	(1)
4	2007 O Factor Ordered 8-19-2009	8,032	-	8,032
5	2008 O Factor Ordered 7-31-2012	(14,800)	-	(14,800)
6	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-5)	\$ 59,479	\$ -	\$ 59,479
<u>Current Year (Over)/Under Recovery</u>				
7	Current Year Recoverable Costs	\$ 299,339	\$ (40,081)	\$ 259,258
8	Current Year Revenue Recovered	(192,004)	-	(192,004)
9	Other Adjustments	-	-	-
10	Interest	(296)	-	(296)
11	Rounding	-	-	-
12	2009 (Over) /Under Recovery (Sum of Lines 7 thru 11)	107,039	(40,081)	66,958
13	Cumulative (Over)/Under Recovery (Line 6 + Line 12)	\$ 166,518	\$ (40,081)	\$ 126,437
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
14	2005 O Factor	\$ (988)	\$ -	\$ (988)
15	2006 O Factor	(1)	-	(1)
16	2008 O Factor	(15,096)	-	(15,096)
17	2009 O Factor	10,192	(40,081)	(29,889)
18	Unamortized balance from previous reconciliation	127,451	-	127,451
19	R Factor to be (Refunded)/Recovered	44,960	-	44,960
20	Cumulative (Over)/Under Recovery (Sum of Lines 14-19)	\$ 166,518	\$ (40,081)	\$ 126,437

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Sewage Treatment Surcharge Reconciliation
 Country Club
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description (A)	February (B)	March (C)	April (D)	May (E)	June (F)	October (G)	December (H)	Total (I)
1	Total Flows in Months with Excess Flows	6,178,142	6,878,083	7,236,157	6,019,964	5,810,073	5,503,539	6,282,278	43,908,236
2	Flows at Contract (Normal) Rate	5,402,846	5,829,444	6,362,759	5,910,078	4,937,844	4,772,538	5,786,959	39,002,468
3	Flows at Excess Flow Rate	775,296	1,048,639	873,398	109,886	872,229	731,001	495,319	4,905,768
4	Contract (Normal) Rate	2.722	2.722	2.722	2.722	2.722	2.722	2.722	\$ 2.722
5	Excess Flow Rate	27.220	27.220	27.220	27.220	27.220	27.220	27.220	\$ 27.220
6	Charge at Contract (Normal) Rate	\$ 16,817	\$ 18,722	\$ 19,697	\$ 16,386	\$ 15,815	\$ 14,981	\$ 17,100	\$ 119,518
7	Charge at Excess Flow Rate	\$ 18,993	\$ 25,690	\$ 21,397	\$ 2,692	\$ 21,368	\$ 17,908	\$ 12,134	\$ 120,182
8	Total Cost	35,810	44,412	41,093	19,078	37,183	32,889	29,235	
9	1/3 of Excess Rate Charges* (full recovery) (Line 7 x .333)								\$ 40,020
10	Excess Charges Available for 50/50 split* (Line 9 - Line 7)								\$ (80,161)
11	50% of Excess Charges Available for 50/50 split*-Staff Adjustment								\$ (40,081)

Notes

* Order, Docket No. 09-0151, p. 41, Order Date July 31, 2012

Source:

Co. response to MHE 4.02

Illinois-American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Valley View
For the Period January 1, 2009 through December 31, 2009

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ 93,195	\$ -	\$ 93,195
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2004 O Factor Ordered 12-21-2005	(9,409)	-	(9,409)
3	Unamortized balance from previous reconciliation	48,109	-	48,109
4	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-3)	<u>\$ 131,895</u>	<u>\$ -</u>	<u>\$ 131,895</u>
<u>Current Year (Over)/Under Recovery</u>				
5	Current Year Recoverable Costs	\$ 543,526	\$ -	\$ 543,526
6	Current Year Revenue Recovered	(625,789)	-	(625,789)
7	Other Adjustments	-	-	-
8	Interest	-	-	-
9	Rounding	-	-	-
10	2009 (Over) /Under Recovery (Sum of Lines 5 thru 9)	<u>(82,263)</u>	<u>-</u>	<u>(82,263)</u>
11	Cumulative (Over)/Under Recovery (Line 4 + Line 10)	<u><u>\$ 49,632</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,632</u></u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
12	2004 O Factor	\$ (9,409)	\$ -	\$ (9,409)
13	2009 O Factor	-	-	-
14	R Factor to be (Refunded)/Recovered	<u>59,041</u>	<u>-</u>	<u>59,041</u>
15	Cumulative (Over)/Under Recovery (Sum of Lines 12-14)	<u><u>\$ 49,632</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,632</u></u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

**Illinois-American Water Company
 Purchased Sewage Treatment Surcharge Reconciliation
 Rollins
 For the Period January 1, 2009 through December 31, 2009**

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ (760)	\$ -	\$ (760)
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	Unamortized balance from previous reconciliation	4,140	-	4,140
3	(Over)/Under Recovery from Prior Periods (Line 1 + 2)	\$ 3,380	\$ -	\$ 3,380
<u>Current Year (Over)/Under Recovery</u>				
4	Current Year Recoverable Costs	\$ 14,830	\$ -	\$ 14,830
5	Current Year Revenue Recovered	(18,741)	-	(18,741)
6	Other Adjustments	-	-	-
7	Interest	-	-	-
8	Rounding	1	-	1
9	2009 (Over) /Under Recovery (Sum of Lines 4 thru 8)	(3,910)	-	(3,910)
10	Cumulative (Over)/Under Recovery (Line 3 + Line 9)	\$ (530)	\$ -	\$ (530)
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
11	2009 O Factor	\$ -	\$ -	\$ -
12	Unamortized balance from previous reconciliation	-	-	-
13	R Factor to be (Refunded)/Recovered	(530)	-	(530)
14	Cumulative (Over)/Under Recovery (Sum of Lines 11-13)	\$ (530)	\$ -	\$ (530)

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois-American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Romeoville
For the Period January 1, 2009 through December 31, 2009

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	Prior Period R Factor to be (Refunded)/Recovered	\$ (4,236)	\$ -	\$ (4,236)
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
2	2003 O Factor Ordered 2-2-2005	(1,676)	-	(1,676)
3	2004 O Factor Ordered 12-21-2005	(13)	-	(13)
4	2005 O Factor Ordered 3-6-2007	47	-	47
5	2007 O Factor Ordered 8-19-2009	7,933	-	7,933
6	(Over)/Under Recovery from Prior Periods (Sum of Lines 1-5)	<u>\$ 2,055</u>	<u>\$ -</u>	<u>\$ 2,055</u>
<u>Current Year (Over)/Under Recovery</u>				
7	Current Year Recoverable Costs	\$ 18,877	\$ -	\$ 18,877
8	Current Year Revenue Recovered	(27,942)	-	(27,942)
9	Other Adjustments	-	-	-
10	Interest	-	-	-
11	Rounding	1	-	1
12	2009 (Over) /Under Recovery (Sum of Lines 7 thru 11)	<u>(9,064)</u>	<u>-</u>	<u>(9,064)</u>
13	Cumulative (Over)/Under Recovery (Line 6 + Line 12)	<u>\$ (7,009)</u>	<u>\$ -</u>	<u>\$ (7,009)</u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
<u>O Factors Ordered but not yet (Refunded)/Recovered</u>				
14	2003 O Factor	\$ (1,676)	\$ -	\$ (1,676)
15	2004 O Factor	(13)	-	(13)
16	2005 O Factor	47	-	47
17	2009 O Factor	133	-	133
18	R Factor to be (Refunded)/Recovered	<u>(5,500)</u>	<u>-</u>	<u>(5,500)</u>
19	Cumulative (Over)/Under Recovery (Sum of Lines 14-18)	<u>\$ (7,009)</u>	<u>\$ -</u>	<u>\$ (7,009)</u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]