

**Aqua Illinois, Inc. - McHenry Shores Water System
WATER**

	2012 Form 22 ILCC Annual Report	2014 Year 1	2015 Year 2	2016 Year 3	2017 Year 4	2018 Year 5
RATE BASE: Purchase Price		\$ 427,000	\$ 427,000	\$ 427,000	\$ 427,000	\$ 427,000
Capital Improvements		\$ 1,035,625	\$ 1,073,625	\$ 1,112,625	\$ 1,252,625	\$ 1,293,625
Total Investment		\$ 1,462,625	\$ 1,500,625	\$ 1,539,625	\$ 1,679,625	\$ 1,720,625
Customers / Growth		534	534	534	534	534
	Annual/Cust	Annual/Cust	Annual/Cust	Annual/Cust	Annual/Cust	Annual/Cust
Residential Rate (Annual)	\$177	\$534	\$721	\$721	\$721	\$721
(Monthly)	\$15	\$45	\$60	\$60	\$60	\$60
Revenues:						
Residential	94,575	285,364	385,070	385,070	385,070	385,070
Other	-	-	-	-	-	-
Subtotal	\$ 94,575	\$ 285,364	\$ 385,070	\$ 385,070	\$ 385,070	\$ 385,070
Expenses:						
Operation and Maintenance	\$ 85,055	\$ 139,414	\$ 145,663	\$ 149,883	\$ 154,229	\$ 158,706
Other Taxes - 0.8% of rate base	12,607	24,978	24,750	24,520	25,064	24,805
Amortization (Tank Painting)	-	-	20,000	20,000	20,000	20,000
Depreciation	3.1% 1,379	45,341	46,519	47,728	52,068	53,339
Subtotal	99,041	209,734	236,933	242,132	251,362	256,851
Income Before Interest and Income Taxes	(4,466)	75,630	148,137	142,938	133,708	128,219
Interest (47% rate base)	4.5% -	29,976	29,372	28,765	30,202	29,518
Income Taxes (Fed and State 41.175%)	41.175% (1,800)	18,800	48,900	47,000	42,600	40,600
Net Gain/(Loss)	\$ (2,666)	\$ 26,854	\$ 69,865	\$ 67,173	\$ 60,906	\$ 58,101
Rate Base @ End of Year		\$ 1,417,284	\$ 1,388,764	\$ 1,360,036	\$ 1,427,968	\$ 1,395,628
Operating Income		\$ 56,830	\$ 99,237	\$ 95,938	\$ 91,108	\$ 87,619
Return on Rate Base		4.01%	7.15%	7.05%	6.38%	6.28%
Return on Equity (Based on 53% of Rate Base)		3.57%	9.49%	9.32%	8.05%	7.85%
OPERATIONS AND MAINTENANCE:						
Labor	67.41 \$ -	\$ 35,997	\$ 37,077	\$ 38,189	\$ 39,335	\$ 40,515
Employee Benefits	27.11 -	14,477	14,911	15,358	15,819	16,294
Purchased Water / Sewer Treatment	- -	-	-	-	-	-
Sludge	- -	-	-	-	-	-
Power	- 9,517	9,517	9,803	10,097	10,399	10,711
Chemicals	- 4,213	4,213	4,339	4,470	4,604	4,742
Management Fees - Corporate	29.11 -	15,545	16,011	16,491	16,986	17,496
Management Fees - States	3.00 -	1,602	1,650	1,700	1,751	1,803
Cust Operations-ACO Allocation	12.38 -	6,611	6,809	7,014	7,224	7,441
Cust Operations - Direct	7.14 -	3,813	3,927	4,045	4,166	4,291
Outside Serv - Engineering	- -	-	-	-	-	-
Outside Serv - Accounting	1.69 -	902	930	957	986	1,016
Outside Serv - Legal	- -	-	-	-	-	-
Outside Serv - Lab test	1.06 -	566	583	601	619	637
Outside Serv - IT	- -	-	-	-	-	-
Outside Serv - Operation	17.63 -	9,414	9,697	9,988	10,287	10,596
Outside Services - Maintenance	10.81 -	5,773	5,946	6,124	6,308	6,497
Outside Serv - Other	0.44 26,088	235	242	249	257	264
Leases	0.52 -	278	286	295	303	313
Supplies	5.53 -	2,953	3,042	3,133	3,227	3,324
Transportation	7.84 8,981	4,187	4,312	4,442	4,575	4,712
Insurance	12.85 3,267	6,862	7,068	7,280	7,498	7,723
Bad Debt Expense	1.0% -	2,854	5,006	5,006	5,006	5,006
Other Expense	25.50 32,989	13,617	14,026	14,446	14,880	15,326
Total O&M	\$ 85,055	\$ 139,414	\$ 145,663	\$ 149,883	\$ 154,229	\$ 158,706
O&M Per Customer		\$ 261	\$ 273	\$ 281	\$ 289	\$ 297

Aqua Illinois, Inc. - McHenry Shores Water System WATER

ITEM	Acquisition	2014	2015	2016	2017	2018	TOTAL
Purchase Price	427,000						427,000
Closing Costs	50,000						50,000
Main Breaks		5,000	10,000	10,000	10,000	10,000	45,000
Valves and Hydrants		40,000	5,000	5,000	5,000	5,000	60,000
Service Renewals		10,000	5,000	5,000	5,000	5,000	30,000
Tank Painting		250,000					250,000
Tank Improvements		30,000					30,000
Security		20,000	5,000	5,000			30,000
Building Improvements		60,000	5,000	5,000	5,000	5,000	80,000
Iron Removal		300,000					300,000
Generator		50,000					50,000
Meters		95,625					95,625
Meter Sets		75,000					75,000
SCADA		10,000					10,000
Main Replacement		80,000			100,000		180,000
Capital Improvements - Other		10,000	8,000	9,000	15,000	16,000	58,000
TOTAL SPENDING	477,000	1,035,625	38,000	39,000	140,000	41,000	1,770,625
TOTAL ACCUMULATED	477,000	1,512,625	1,550,625	1,589,625	1,729,625	1,770,625	

CAPITAL IMPROVEMENTS:	
2014	1,035,625
2015	38,000
2016	39,000
2017	140,000
2018	41,000
TOTAL	1,293,625

Aqua Illinois, Inc. - McHenry Shores Water System WATER

Average Residential Bill

<u>CURRENT</u>		<u>Gallons</u>		<u>Customer</u>	<u>Rates</u>	<u>Usage</u>	<u>Gross Revenue Tax (ICC)</u>		<u>TOTAL</u>		
<u>Division:</u>	<u>A/U</u>	<u>Billing Units</u>	<u>Gallons</u>	<u>Equals Billing Units</u>	<u>Charge</u>	<u>1000 Gallons</u>	<u>1000 Gallons</u>	<u>Subtotal</u>	<u>Rate %</u>	<u>Charge</u>	<u>BILL</u>
McHenry Shores		1000 Gallons	4531	4.53	\$6.00	\$1.9300	\$8.74	\$14.74	0.10%	\$0.01	\$14.76

5/8" Meters

<u>PROPOSED</u>		<u>Gallons</u>		<u>Customer</u>	<u>Rates</u>	<u>Usage</u>	<u>Gross Revenue Tax (ICC)</u>		<u>TOTAL</u>		
<u>Division:</u>	<u>A/U</u>	<u>Billing Units</u>	<u>Gallons</u>	<u>Equals Billing Units</u>	<u>Charge</u>	<u>1000 Gallons</u>	<u>1000 Gallons</u>	<u>Subtotal</u>	<u>Rate %</u>	<u>Charge</u>	<u>BILL</u>
Consolidated Division		1000 Gallons	4531	4.53	\$14.86	\$6.5394	\$29.63	\$44.49	0.10%	\$0.04	\$44.53

2012 Annual Report:

Annual Pumpage	Page 20W	39,738,000	
Metered Ratio (estimated)		73%	Estimated so Annual Revenue (below) agrees with 2012 Annual Report
Annual Consumption		29,032,583	Does not agree with Page 17W. The consumption on Page 17W is grossly overstated and inaccurate.
Monthly Consumption		2,419,382	
Customers	Page 17W	534	
Average Residential Consumption		4,531	
Average Residential Bill (above)		<u>\$14.76</u>	
Monthly Revenue		7,881	
Annual Revenue		\$94,575	Agrees with Page 7F of 2012 Annual Report

Aqua Illinois, Inc. - McHenry Shores Water System Accounting Entries

Journal Entry # 1 To record funding.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
104	Utility Plant Purchased or Sold	427,000	
104	Legal & Closing Costs	50,000	
131	Cash		(477,000)
		477,000	(477,000)

Journal Entry # 2 To record purchase at closing.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
114	Utility Plant Acquisition Adjustment	477,000	
104	Utility Plant Purchased or Sold		(477,000)
		477,000	(477,000)

Journal Entry # 3 To record annual amortization of acquisition adjustment.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
406	Amortization of Utility Plant Acquisition Adjustment	23,850	
115	Accumulated Amortization of Utility Plant Acquisition Adjustment		(23,850)
		23,850	(23,850)

Acquisition Adjustment will be amortized over a 20 year life.

Aqua Illinois, Inc. - McHenry Shores Water System Proposed Depreciation Rates

		<u>Water Rates</u>
<u>Intangible Plant</u>		
301	Organization	0.00%
302	Franchises & Consents	0.00%
<u>Source of Supply Plant</u>		
303	Land and Land Rights	0.00%
304	Structures and Improvements	4.17%
305	Collecting & Impounding Res.	1.50%
306	Lake, River and Other Intakes	1.47%
307	W ells and Springs	1.67%
309	Supply Mains	1.89%
<u>Pumping Plant</u>		
303	Land and Land Rights	0.00%
304	Structures and Improvements	2.27%
310	Power Generating Equipment	3.33%
311	Source of Supply & Pumping Equip.	3.13%
311	Source of Supply & Pumping Equip. - Hydraulic	3.13%
311	Transmission & Distribution Pumping Equip.	3.13%
<u>W ater Treatment Plant</u>		
303	Land and Land Rights	0.00%
304	Structures and Improvements	2.78%
320	W ater Treatment Equipment	3.57%
<u>Transmission & Dist. Plant</u>		
303	Land and Land Rights	0.00%
304	Structures and Improvements	4.17%
330	Dist. Reservoirs & Standpipes	1.67%
331	T & D Mains	1.89%
333	Services	3.33%
334	Meters	6.21%
334	Meter Installations	4.44%
335	Hydrants	3.95%
339	Other Plant & Misc. Equipment	5.56%
<u>General Plant</u>		
303	Land and Land Rights	0.00%
304	Structures and Improvements	4.00%
344	Laboratory Equipment	5.00%
340	Office Furniture	4.74%
340	Personal Computers	12.50%
340	PC Software	20.00%
340	MainFrame Computers	12.50%
340	MainFrame Software	12.50%
340	Other Machinery & Equipment	5.00%
342	Stores Equipment	3.28%
345	Power Equipment	5.00%
346	Communication Equipment	12.50%
347	Miscellaneous Equipment	5.56%
341	Transportation Equipment	10.77%
343	Tools, Shop and Garage Equip.	7.31%
348	Other Tangible Plant	3.33%