

DIRECT TESTIMONY

of

MARY H. EVERSON

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Illinois-American Water Company

Annual Reconciliation of Purchased Water and Sewage Treatment Surcharges

Docket No. 11-0265

May 20, 2014

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- Schedule 1.2 – Purchased Water Surcharge Reconciliation by Service Area
- Schedule 1.3 – Purchased Sewage Treatment Reconciliation Summary
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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 **. 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 **Schedules**

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

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

33 Schedule 1.1 – Purchased Water Surcharge Reconciliation Summary

34 Schedule 1.2 – Purchased Water Surcharge Reconciliation by Service
35 Area

36 Schedule 1.3 – Purchased Sewage Treatment Surcharge Reconciliation
37 Summary

38 Schedule 1.4 – Purchased Sewage Treatment Surcharge Reconciliation
39 by Service Area

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

43 1.2 AH for Alpine Heights;

44 1.2 CS for Chicago Suburban;

45 1.2 DC for DuPage County;

46 1.2 F for Fernway;

47 1.2 M for Moreland;
48 1.2 SW for Southwest Suburban;
49 1.2 W for Waycinden; and
50 1.2 SB for South Beloit.

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

55 The purchased sewage treatment service area schedules are numbered
56 as follows:

57 1.4 CC for Country Club;
58 1.4 VV for Valley View;
59 1.4 RO for Rollins; and
60 1.4 RM for Romeoville.

61 **Purchased Water Surcharge Reconciliation**

62 **Q. Please explain Schedule 1.1, Purchased Water Surcharge**
63 **Reconciliation.**

64 A. Schedule 1.1 is a summary of the reconciliations proposed by Staff for all
65 of the eight service areas in which a purchased water surcharge is
66 administered.

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

69 A. Schedules 1.2 present the reconciliations by separate service area as
70 proposed by Staff. Staff adjustments to individual service areas are
71 detailed on this schedule when applicable.

72 **Q. Do you have any adjustments to the purchased water surcharge**
73 **amounts submitted in IAWC's direct testimony concerning**
74 **corrections to the South Beloit service area reconciliation?**

75 A. No. I concur with the adjustment proposed by IAWC regarding the \$176
76 adjustment correcting the Company's originally filed reconciliation for the
77 South Beloit service area. Since the Company identified these corrections
78 in the schedules accompanying its direct testimony, Staff's reconciliation
79 schedules start with the adjusted amounts from IAWC Exhibit 3.13.

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

82 A. The Company's unadjusted under/over recoveries were flowed back to
83 customers through its 2011 rates as R-Factors with the exception of the
84 correction to the South Beloit Fixed surcharge discussed above. This \$176
85 adjustment was identified by IAWC subsequent to its reconciliation filing
86 and implementation of its 2011 rates; thus, it results in an O-Factor in this
87 case. The South Beloit O-Factor determined in this case will be flowed to
88 ratepayers in subsequent rate calculations.

89 **Purchased Sewage Treatment Surcharge Reconciliation**

90 **Q. Please explain Schedule 1.3, Purchased Sewage Treatment**
91 **Surcharge Reconciliation.**

92 A. Schedule 1.3 summarizes the separate sewer surcharge reconciliations
93 proposed by Staff for all of the four service areas in which a purchased
94 sewage treatment surcharge is administered.

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

97 A. Schedules 1.4 present the sewage treatment reconciliations by separate
98 service area proposed by Staff.

99 **Q. Do you have any adjustments to propose to the purchased sewage**
100 **treatment surcharge reconciliation amounts submitted in IAWC's**
101 **direct testimony?**

102 A. No.

103 **Conclusion**

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

105 A. I recommend that the Commission adopt the Purchased Water Surcharge
106 Reconciliations as presented on Schedule 1.1, attached to this direct
107 testimony. I also recommend that the Commission adopt the Purchased
108 Sewage Treatment Surcharge Reconciliations as presented on Schedule
109 1.3, attached to this direct testimony. I further recommend that schedules
110 1.1 and 1.3 be attached as Appendices to the Commission's order in this
111 proceeding.

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

113 A. Yes.

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Summary of Water Surcharge Reconciliations
For the Year January 1, 2010 through December 31, 2010

| 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 | \$ 185,238 | \$ - | \$ 185,238 |
| <u>O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 2 | 2004 O Factor, Docket No. 05-0176, Ordered 12-21-2005 | \$ (261,252) | \$ - | \$ (261,252) |
| 3 | 2007 O Factor, Docket No. 08-0218, Ordered 8-19-2009 | 358 | - | 358 |
| 4 | 2008 O Factor, Docket No. 09-0151 Ordered 7-31-2012 | (9,756) | - | (9,756) |
| 5 | 2009 O Factor, Docket No. 10-0203 (Pending-Not Yet Ordered) | 137 | - | 137 |
| 6 | Unamortized balance from previous reconciliation | (14,717) | - | (14,717) |
| 7 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1-6) | \$ (99,992) | \$ - | \$ (99,992) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 8 | Current Year Recoverable Costs | \$ 18,241,238 | \$ - | \$ 18,241,238 |
| 9 | Current Year Revenue Recovered | (18,186,388) | - | (18,186,388) |
| 10 | Other Adjustments | (382,383) | - | (382,383) |
| 11 | Interest | 2 | - | 2 |
| 12 | Rounding | 1 | - | 1 |
| 13 | 2010 (Over) /Under Recovery (Sum of Lines 8 thru 12) | (327,530) | - | (327,530) |
| 14 | Cumulative (Over)/Under Recovery (Line 7 + Line 13) | \$ (427,522) | \$ - | \$ (427,522) |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>R, O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 15 | 2004 O Factor, Docket No. 05-0176 | \$ (261,252) | \$ - | \$ (261,252) |
| 16 | 2007 O Factor, Docket No. 08-0218 | 358 | - | 358 |
| 17 | 2008 O Factor, Docket No. 09-0151 | (9,754) | - | (9,754) |
| 18 | 2009 O Factor, Docket No. 10-0203 (Pending-Not Yet Ordered) | 137 | - | 137 |
| 19 | 2010 O Factor Proposed | 176 | - | 176 |
| 20 | Unamortized balance from previous reconciliation | (4,601) | - | (4,601) |
| 21 | R Factor to be (Refunded)/Recovered | (152,586) | - | (152,586) |
| 22 | Cumulative (Over)/Under Recovery (Sum of Lines 15-21) | \$ (427,522) | \$ - | \$ (427,522) |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 2 by Service Area
Column (D): Per Staff [Column (B) + Column (C)]

**Illinois American Water Company
Purchased Water Surcharge Reconciliation
Alpine Heights
For the Year January 1, 2010 through December 31, 2010**

| 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 | \$ (1,834) | \$ - | \$ (1,834) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 2 | Current Year Recoverable Costs | \$ 59,277 | \$ - | \$ 59,277 |
| 3 | Current Year Revenue Recovered | (58,820) | - | (58,820) |
| 4 | Other Adjustments | - | - | - |
| 5 | Interest | - | - | - |
| 6 | Rounding | - | - | - |
| 7 | 2010 (Over) /Under Recovery (Sum of Lines 2 thru 6) | <u>457</u> | <u>-</u> | <u>457</u> |
| 8 | Cumulative (Over)/Under Recovery (Line 1 + Line 7) | <u>\$ (1,377)</u> | <u>\$ -</u> | <u>\$ (1,377)</u> |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 9 | 2010 O Factor | - | - | - |
| 10 | R Factor to be (Refunded)/Recovered | (1,377) | - | (1,377) |
| 11 | Cumulative (Over)/Under Recovery (Sum of Lines 9 - 10) | <u>\$ (1,377)</u> | <u>\$ -</u> | <u>\$ (1,377)</u> |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 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 Year January 1, 2010 through December 31, 2010

| 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 | \$ 132,988 | \$ - | \$ 132,988 |
| <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) | 101,223 | - | 101,223 |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 4 | Current Year Recoverable Costs | \$ 1,119,656 | \$ - | \$ 1,119,656 |
| 5 | Current Year Revenue Recovered | (1,350,952) | - | (1,350,952) |
| 6 | Other Adjustments | - | - | - |
| 7 | Interest | - | - | - |
| 8 | 2010 (Over) /Under Recovery (Sum of Lines 4 thru 7) | (231,296) | - | (231,296) |
| 9 | Cumulative (Over)/Under Recovery (Line 3 + Line 8) | \$ (130,073) | \$ - | \$ (130,073) |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors & Unamortized Balance Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 10 | 2006 O Factor | (31,765) | - | (31,765) |
| 11 | 2010 O Factor | - | - | - |
| 12 | R Factor to be (Refunded)/Recovered | (98,308) | - | (98,308) |
| 13 | Cumulative (Over)/Under Recovery (Sum of Lines 10 thru 12) | \$ (130,073) | \$ - | \$ (130,073) |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 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 Year January 1, 2010 through December 31, 2010

| 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 | \$ 62,502 | \$ - | \$ 62,502 |
| <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) | \$ 94,267 | \$ - | \$ 94,267 |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 4 | Current Year Recoverable Costs | \$ 877,701 | \$ - | \$ 877,701 |
| 5 | Current Year Revenue Recovered | (915,626) | - | (915,626) |
| 6 | Other Adjustments | - | - | - |
| 7 | Interest | - | - | - |
| 8 | Rounding | - | - | - |
| 9 | 2010 (Over) /Under Recovery (Sum of Lines 4 thru 8) | (37,925) | - | (37,925) |
| 10 | Cumulative (Over)/Under Recovery (Line 3 + Line 9) | \$ 56,342 | \$ - | \$ 56,342 |
| <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 | 2010 O Factor | - | - | - |
| 13 | R Factor to be (Refunded)/Recovered | 24,577 | - | 24,577 |
| 14 | Cumulative (Over)/Under Recovery (Sum of Lines 11 thru 13) | \$ 56,342 | \$ - | \$ 56,342 |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 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 Year January 1, 2010 through December 31, 2010

| 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 | \$ 11,013 | \$ - | \$ 11,013 |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 2 | 2007 O Factor Ordered 8-19-2009 | 261 | - | 261 |
| 3 | (Over)/Under Recovery from Prior Periods (Line 1 + Line 2) | \$ 11,274 | \$ - | \$ 11,274 |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 4 | Current Year Recoverable Costs | \$ 1,228,121 | \$ - | \$ 1,228,121 |
| 5 | Current Year Revenue Recovered | (1,184,065) | - | (1,184,065) |
| 6 | Other Adjustments-NRW, DPWC Refund | (103,699) | - | (103,699) |
| 7 | Interest | - | - | - |
| 8 | Rounding | - | - | - |
| 9 | 2010 (Over) /Under Recovery (Sum of Lines 4 thru 8) | (59,643) | - | (59,643) |
| 10 | Cumulative (Over)/Under Recovery (Line 3 + Line 9) | \$ (48,369) | \$ - | \$ (48,369) |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 11 | 2007 O Factor | \$ 261 | \$ - | \$ 261 |
| 12 | 2010 O Factor | - | - | - |
| 13 | R Factor to be (Refunded)/Recovered | (48,630) | - | (48,630) |
| 14 | Cumulative (Over)/Under Recovery (Sum of Lines 11 - 13) | \$ (48,369) | \$ - | \$ (48,369) |

Sources:

Column (B): IAWC Exhibit 3.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 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 Year January 1, 2010 through December 31, 2010**

| 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 | \$ (244) | \$ - | \$ (244) |
| <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 | 97 | - | 97 |
| 4 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1-3) | <u>\$ 1,874</u> | <u>\$ -</u> | <u>\$ 1,874</u> |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 5 | Current Year Recoverable Costs | \$ 577,684 | \$ - | \$ 577,684 |
| 6 | Current Year Revenue Recovered | (576,796) | - | (576,796) |
| 7 | Other Adjustments | - | - | - |
| 8 | Interest | - | - | - |
| 9 | Rounding | - | - | - |
| 10 | 2010 (Over) /Under Recovery (Sum of Lines 5 thru 9) | <u>888</u> | <u>-</u> | <u>888</u> |
| 11 | Cumulative (Over)/Under Recovery (Line 4 + Line 10) | <u><u>\$ 2,762</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,762</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 | 2007 O Factor | 97 | - | 97 |
| 14 | 2010 O Factor | - | - | - |
| 15 | R Factor to be (Refunded)/Recovered | <u>644</u> | <u>-</u> | <u>644</u> |
| 16 | Cumulative (Over)/Under Recovery (Sum of Lines 13-17) | <u><u>\$ 2,762</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 2,762</u></u> |

Sources:

Column (B): IAWC Exhibit 3.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Fernway
For the Year January 1, 2010 through December 31, 2010

| 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 | \$ (19,926) | \$ - | \$ (19,926) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 2 | Current Year Recoverable Costs | \$ 456,584 | \$ - | \$ 456,584 |
| 3 | Current Year Revenue Recovered | (477,881) | - | (477,881) |
| 4 | Other Adjustments | - | - | - |
| 5 | Interest | - | - | - |
| 6 | Rounding | - | - | - |
| 7 | 2009 (Over) /Under Recovery (Sum of Lines 2 thru 6) | (21,297) | - | (21,297) |
| 8 | Cumulative (Over)/Under Recovery (Line 1 + Line 7) | <u>\$ (41,223)</u> | <u>\$ -</u> | <u>\$ (41,223)</u> |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 9 | 2010 O Factor | - | - | - |
| 10 | R Factor to be (Refunded)/Recovered | (41,223) | - | (41,223) |
| 11 | Cumulative (Over)/Under Recovery (Line 9 + Line 10) | <u>\$ (41,223)</u> | <u>\$ -</u> | <u>\$ (41,223)</u> |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 2 by Service Area
Column (D): Per Staff [Column (B) + Column (C)]

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Moreland
For the Year January 1, 2010 through December 31, 2010

| 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 | \$ 905 | \$ - | \$ 905 |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 2 | Unamortized balance from previous reconciliation | (14,717) | - | (14,717) |
| 3 | (Over)/Under Recovery from Prior Periods (Line 1 + 2) | \$ (13,812) | \$ - | \$ (13,812) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 4 | Current Year Recoverable Costs | \$ 33,699 | \$ - | \$ 33,699 |
| 5 | Current Year Revenue Recovered | (31,657) | - | (31,657) |
| 6 | Other Adjustments | - | - | - |
| 7 | Interest | - | - | - |
| 8 | Rounding | - | - | - |
| 9 | 2009 (Over) /Under Recovery (Sum of Lines 4 thru 8) | 2,042 | - | 2,042 |
| 10 | Cumulative (Over)/Under Recovery (Line 3 + Line 9) | \$ (11,770) | \$ - | \$ (11,770) |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 11 | 2010 O Factor | \$ - | \$ - | \$ - |
| 12 | Unamortized balance from previous reconciliation | (4,601) | - | (4,601) |
| 13 | R Factor to be (Refunded)/Recovered | (7,169) | - | (7,169) |
| 14 | Cumulative (Over)/Under Recovery (Sum of Lines 11-13) | \$ (11,770) | \$ - | \$ (11,770) |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 2 by Service Area
Column (D): Per Staff [Column (B) + Column (C)]

**Illinois American Water Company
Purchased Water Surcharge Reconciliation
Southwest Suburban
For the Year January 1, 2010 through December 31, 2010**

| 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 | \$ 26,158 | \$ - | \$ 26,158 |
| | <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 | (9,570) | - | (9,570) |
| 4 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1-3) | \$ (237,167) | \$ - | \$ (237,167) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 5 | Current Year Recoverable Costs | \$ 12,877,006 | \$ - | \$ 12,877,006 |
| 6 | Current Year Revenue Recovered | (12,558,338) | - | (12,558,338) |
| 7 | Other Adjustments - NRW, DPWC Refund | (278,684) | - | (278,684) |
| 8 | Interest | - | - | - |
| 9 | Rounding | - | - | - |
| 10 | 2010 (Over) /Under Recovery (Sum of Lines 5 thru 9) | 39,984 | - | 39,984 |
| 11 | Cumulative (Over)/Under Recovery (Line 4 + Line 10) | \$ (197,183) | \$ - | \$ (197,183) |
| <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 | 2010 O Factor | - | - | - |
| 15 | R Factor to be (Refunded)/Recovered | 66,142 | - | 66,142 |
| 16 | Cumulative (Over)/Under Recovery (Sum of Lines 12-15) | \$ (197,183) | \$ - | \$ (197,183) |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 2 by Service Area
Column (D): Per Staff [Column (B) + Column (C)]

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 Waycinden
 For the Year January 1, 2010 through December 31, 2010

| 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 | \$ (26,665) | \$ - | \$ (26,665) |
| | <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 | 16 | - | 16 |
| 4 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1-3) | \$ (36,167) | \$ - | \$ (36,167) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 5 | Current Year Recoverable Costs | \$ 671,413 | \$ - | \$ 671,413 |
| 6 | Current Year Revenue Recovered | (688,799) | - | (688,799) |
| 7 | Other Adjustments | - | - | - |
| 8 | Interest | 2 | - | 2 |
| 9 | Rounding | - | - | - |
| 10 | 2010 (Over) /Under Recovery (Sum of Lines 5 thru 9) | (17,384) | - | (17,384) |
| 11 | Cumulative (Over)/Under Recovery (Line 4 + Line 10) | \$ (53,551) | \$ - | \$ (53,551) |
| <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 | 18 | - | 18 |
| 14 | 2010 O Factor | - | - | - |
| 15 | R Factor to be (Refunded)/Recovered | (44,051) | - | (44,051) |
| 16 | Cumulative (Over)/Under Recovery (Sum of Lines 12-15) | \$ (53,551) | \$ - | \$ (53,551) |

Sources:

Column (B): IAWC Exhibit 3.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]
 Line 13: IAWC Exhibit 3.14, Interest added to 2008 Factor O

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 South Beloit Variable Charge
 For the Year January 1, 2010 through December 31, 2010

| 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 | \$ 901 | \$ - | \$ 901 |
| | <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | |
| 2 | 2008 O Factor Ordered 7-31-2012 | (183) | - | (183) |
| 3 | (Over)/Under Recovery from Prior Periods (Line 1 + Line 2) | \$ 718 | \$ - | \$ 718 |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 4 | Current Year Recoverable Costs | \$ 306,547 | \$ - | \$ 306,547 |
| 5 | Current Year Revenue Recovered | (309,735) | - | (309,735) |
| 6 | Other Adjustments | - | - | - |
| 7 | Interest | - | - | - |
| 8 | Rounding | - | - | - |
| 9 | 2010 (Over) /Under Recovery (Sum of Lines 4 thru 8) | (3,188) | - | (3,188) |
| 10 | Cumulative (Over)/Under Recovery (Line 3 + Line 9) | \$ (2,470) | \$ - | \$ (2,470) |
| <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 | 2010 O Factor | - | - | - |
| 13 | R Factor to be (Refunded)/Recovered | (2,288) | - | (2,288) |
| 14 | Cumulative (Over)/Under Recovery (Sum of Lines 11-13) | \$ (2,471) | \$ - | \$ (2,471) |

Sources:

Column (B): IAWC Exhibit 3.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 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 Year January 1, 2010 through December 31, 2010

| 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 | \$ (560) | \$ - | \$ (560) |
| | | - | | - |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 2 | 2008 O Factor Ordered 7-31-2012 | (19) | - | (19) |
| 3 | 2009 O Factor Ordered X-XX-20XX | 137 | - | 137 |
| 4 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1 thru 3) | \$ (442) | \$ - | \$ (442) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 5 | Current Year Recoverable Costs | \$ 33,550 | \$ - | \$ 33,550 |
| 6 | Current Year Revenue Recovered | (33,719) | - | (33,719) |
| 7 | Other Adjustments | - | - | - |
| 8 | Interest | - | - | - |
| 9 | Rounding | - | - | - |
| 10 | 2010 (Over) /Under Recovery (Sum of Lines 5 thru 9) | (169) | - | (169) |
| 11 | Cumulative (Over)/Under Recovery (Line 4 + Line 10) | \$ (611) | \$ - | \$ (611) |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 12 | 2008 O Factor | \$ (19) | \$ - | \$ (19) |
| 13 | 2009 O Factor | 137 | - | 137 |
| 14 | 2010 O Factor | 176 | - | 176 |
| 15 | R Factor to be (Refunded)/Recovered | (905) | | (905) |
| 16 | Cumulative (Over)/Under Recovery (Sum of Lines 12-15) | \$ (611) | \$ - | \$ (611) |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.2, Pages 2 by Service Area
Column (D): Per Staff [Column (B) + Column (C)]
Line 14: Company adjusted the reconciliation after R factor filed in rate

**Illinois American Water Company
Purchased Sewerage Treatment Surcharge Reconciliation
Summary of Sewer Surcharge Reconciliations
For the Year January 1, 2010 through December 31, 2010**

| 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 | \$ 97,971 | \$ - | \$ 97,971 |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 2 | 2003 O Factor, Docket 04-0258, Ordered 2-2-2005 | (1,676) | - | (1,676) |
| 3 | 2004 O Factor, Docket No. 05-0176, Ordered 12-21-2005 | (9,422) | - | (9,422) |
| 4 | 2005 O Factor, Docket No. 06-0196, Ordered 3-6-2007 | 47 | - | 47 |
| 5 | 2008 O Factor, Docket No. 09-0151, Ordered 7-31-2012 | (15,096) | - | (15,096) |
| 6 | 2009 O Factor, Docket No. 10-0203, (Pending - Not Yet Ordered) | 133 | - | 133 |
| 7 | Unamortized balance from previous reconciliation | 127,451 | - | 127,451 |
| 8 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1-7) | \$ 199,408 | \$ - | \$ 199,408 |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 9 | Current Year Recoverable Costs | \$ 777,401 | \$ - | \$ 777,401 |
| 10 | Current Year Revenue Recovered | (882,714) | - | (882,714) |
| 11 | Other Adjustments | 3,576 | - | 3,576 |
| 12 | Interest | - | - | - |
| 13 | Rounding | - | - | - |
| 14 | 2010 (Over) /Under Recovery (Sum of Lines 9 thru 13) | (101,737) | - | (101,737) |
| 15 | Cumulative (Over)/Under Recovery (Line 8 + Line 14) | \$ 97,671 | \$ - | \$ 97,671 |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 16 | 2003 O Factor, Docket 04-0258, Ordered 2-2-2005 | \$ (1,676) | \$ - | \$ (1,676) |
| 17 | 2004 O Factor, Docket No. 05-0176, Ordered 12-21-2005 | (9,422) | - | (9,422) |
| 18 | 2005 O Factor, Docket No. 06-0196, Ordered 3-6-2007 | 47 | - | 47 |
| 19 | 2008 O Factor, Docket No. 09-0151, Ordered 7-31-2012 | (15,096) | - | (15,096) |
| 20 | 2009 O Factor, Docket No. 10-0203, (Pending - Not Yet Ordered) | 133 | - | 133 |
| 21 | 2010 Proposed O Factor | - | - | - |
| 22 | Unamortized balance from previous reconciliation | 74,992 | - | 74,992 |
| 23 | R Factor to be (Refunded)/Recovered | 48,693 | - | 48,693 |
| 24 | Cumulative (Over)/Under Recovery (Sum of Lines 16-23) | \$ 97,671 | \$ - | \$ 97,671 |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.4, Pages 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 Year January 1, 2010 through December 31, 2010

| 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 | \$ 44,960 | \$ - | \$ 44,960 |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 2 | 2008 O Factor Ordered 7-31-2012 | (15,096) | - | (15,096) |
| 3 | Unamortized balance from previous reconciliation | 127,451 | - | 127,451 |
| 4 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1 - 3) | \$ 157,315 | \$ - | \$ 157,315 |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 5 | Current Year Recoverable Costs | \$ 201,830 | \$ - | \$ 201,830 |
| 6 | Current Year Revenue Recovered | (247,499) | - | (247,499) |
| 7 | Other Adjustments | - | - | - |
| 8 | Interest | - | - | - |
| 9 | Rounding | - | - | - |
| 10 | 2010 (Over) /Under Recovery (Sum of Lines 5 thru 9) | (45,669) | - | (45,669) |
| 11 | Cumulative (Over)/Under Recovery (Line 4 + Line 10) | \$ 111,646 | \$ - | \$ 111,646 |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 12 | 2008 O Factor | \$ (15,096) | \$ - | \$ (15,096) |
| 13 | 2010 O Factor | - | - | - |
| 14 | Unamortized balance from previous reconciliation | 74,992 | - | 74,992 |
| 15 | R Factor to be (Refunded)/Recovered | 51,750 | - | 51,750 |
| 16 | Cumulative (Over)/Under Recovery (Sum of Lines 12-15) | \$ 111,646 | \$ - | \$ 111,646 |

Sources:

Column (B): IAWC Exhibit 3.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.4, Pages 2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Valley View
For the Year January 1, 2010 through December 31, 2010

| 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 | \$ 59,041 | \$ - | \$ 59,041 |
| <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 | - | - | - |
| 4 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1-3) | \$ 49,632 | \$ - | \$ 49,632 |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 5 | Current Year Recoverable Costs | \$ 520,789 | \$ - | \$ 520,789 |
| 6 | Current Year Revenue Recovered | (591,822) | - | (591,822) |
| 7 | Other Adjustments | - | - | - |
| 8 | Interest | - | - | - |
| 9 | Rounding | - | - | - |
| 10 | 2010 (Over) /Under Recovery (Sum of Lines 5 thru 9) | (71,033) | - | (71,033) |
| 11 | Cumulative (Over)/Under Recovery (Line 4 + Line 10) | \$ (21,401) | \$ - | \$ (21,401) |
| <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 | 2010 O Factor | - | - | - |
| 14 | R Factor to be (Refunded)/Recovered | (11,992) | - | (11,992) |
| | Cumulative (Over)/Under Recovery (Sum of Lines 12-14) | \$ (21,401) | \$ - | \$ (21,401) |

Sources:

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.4, Pages 2 by Service Area
Column (D): Per Staff [Column (B) + Column (C)]

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Rollins
For the Year January 1, 2010 through December 31, 2010

| 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 | \$ (530) | \$ - | \$ (530) |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 2 | Unamortized balance from previous reconciliation | - | - | - |
| 3 | (Over)/Under Recovery from Prior Periods (Line 1 + 2) | \$ (530) | \$ - | \$ (530) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 4 | Current Year Recoverable Costs | \$ 15,819 | \$ - | \$ 15,819 |
| 5 | Current Year Revenue Recovered | (15,241) | - | (15,241) |
| 6 | Other Adjustments (NRW, DPWC Refund, Back Bill) | 3,576 | - | 3,576 |
| 7 | Interest | - | - | - |
| 8 | Rounding | - | - | - |
| 9 | 2010 (Over) /Under Recovery (Sum of Lines 4 thru 8) | 4,154 | - | 4,154 |
| 10 | Cumulative (Over)/Under Recovery (Line 3 + Line 9) | \$ 3,624 | \$ - | \$ 3,624 |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> | | | | |
| <u>O Factors Ordered but not yet (Refunded)/Recovered</u> | | | | |
| 11 | 2009 O Factor | \$ - | \$ - | \$ - |
| 12 | 2010 O Factor | - | - | - |
| 13 | Unamortized balance from previous reconciliation | - | - | - |
| 14 | R Factor to be (Refunded)/Recovered | 3,624 | - | 3,624 |
| Sources: | Cumulative (Over)/Under Recovery (Sum of Lines 11-14) | \$ 3,624 | \$ - | \$ 3,624 |

Column (B): IAWC Exhibit 3.13
Column (C): ICC Staff Ex. 1.0, Schedules 1.4, Pages 2 by Service Area
Column (D): Per Staff [Column (B) + Column (C)]

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Romeoville
For the Year January 1, 2010 through December 31, 2010

| 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 | \$ (5,500) | \$ - | \$ (5,500) |
| <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 | 2009 O Factor (Pending, Not Yet Ordered) | 133 | - | 133 |
| 6 | (Over)/Under Recovery from Prior Periods (Sum of Lines 1-5) | \$ (7,009) | \$ - | \$ (7,009) |
| <u>Current Year (Over)/Under Recovery</u> | | | | |
| 7 | Current Year Recoverable Costs | \$ 38,963 | \$ - | \$ 38,963 |
| 8 | Current Year Revenue Recovered | (28,152) | - | (28,152) |
| 9 | Other Adjustments | - | - | - |
| 10 | Interest | - | - | - |
| 11 | Rounding | - | - | - |
| 12 | 2010 (Over) /Under Recovery (Sum of Lines 7 thru 11) | 10,811 | - | 10,811 |
| 13 | Cumulative (Over)/Under Recovery (Line 6 + Line 12) | <u>\$ 3,802</u> | <u>\$ -</u> | <u>\$ 3,802</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 | 2010 O Factor | - | - | - |
| 19 | R Factor to be (Refunded)/Recovered | 5,311 | - | 5,311 |
| 20 | Cumulative (Over)/Under Recovery (Sum of Lines 14-19) | <u>\$ 3,802</u> | <u>\$ -</u> | <u>\$ 3,802</u> |

Sources:

Column (B): IAWC Exhibit 3.13
 Column (C): ICC Staff Ex. 1.0, Schedules 1.4, Pages 2 by Service Area
 Column (D): Per Staff [Column (B) + Column (C)]