

DIRECT TESTIMONY

of

**Dianna Hathhorn
Accountant**

**Accounting Department
Financial Analysis Division
Illinois Commerce Commission**

Petition for Initiation of Reconciliation Hearing

Illinois-American Water Company

Docket No. 12-0201

March 3, 2015

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1 Witness Identification

2 Q. Please state your name and business address.

3 A. My name is Dianna Hathhorn. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5

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

7 A. I am an Accountant in the Accounting Department of the Financial Analysis
8 Division of the Illinois Commerce Commission ("Commission").

9

10 Q. What is the function of the Accounting Department of the Commission?

11 A. The Accounting Department's function is to monitor the financial condition
12 of public utilities as part of the Commission's responsibilities under Article
13 IV of the Public Utilities Act ("Act") and to provide accounting expertise on
14 matters before the Commission.

15

16 Q. Please describe your background and professional affiliation.

17 A. I am a licensed Certified Public Accountant. I earned a B.S. in Accounting
18 from Illinois State University in 1993. Prior to joining the Commission Staff
19 ("Staff") in 1998, I worked as an internal auditor for another Illinois state
20 agency for approximately 3 ½ years. I also have 1 ½ years experience in
21 public accounting for a national firm.

22

23 Q. Have you previously testified before this Commission?

24 A. Yes, I have.

25

26 Q. What is the purpose of your testimony in this proceeding?

27 A. The purpose of my testimony is to report the results of my review of Illinois-
28 American Water Company's ("IAWC" or the "Company") reconciliation of its
29 Qualifying Infrastructure Plant ("QIP") Rider in effect during calendar year
30 2011 ("Reconciliation Period"), sponsored by Company witness Rich
31 Kerckhove. (IAWC Ex. 1.0.)

32

33 Q. Are you sponsoring any schedules as part of your direct testimony?

34 A. Yes. I prepared Schedules 1.01 through 1.06, which I describe below.

35

36 Q. Have you included any attachments as part of your direct testimony?

37 A. Yes. The following attachments are included with my testimony:

38 Attachment A Company Response to Staff Data Request DLH 6.01

39 Attachment B Company Response to Staff Data Request DLH 5.01

40

41 QIP Surcharge Reconciliation-Zone 1

42 Q. Please describe Schedule 1.01, QIP Surcharge Reconciliation-Zone 1.

43 A. Schedule 1.01 presents the Company proposed reconciliation of Rider QIP,
44 my adjustments to the Company proposed reconciliation, and the resulting
45 Staff proposed reconciliation of Rider QIP during the Reconciliation Period.

46

47 Column (C) of Schedule 1.01 reflects three adjustments for the
48 Reconciliation Period.

49 The first adjustment accounts for the Commission Ordered Factor O refund
50 of (\$182) in Docket No. 11-0264 that was entered after the Company filed
51 its Reconciliation¹ and the related interest.

52 The second adjustment identified by Company witness Kerckhove in his
53 direct testimony accounts for \$167 in reimbursed costs. (IAWC Ex. 1.0, 8;
54 IAWC Ex. 1.10).

55 The third adjustment reduces recoverable QIP costs by \$75 (Attachment A)
56 to adjust for additional reimbursed costs.

57 The two reimbursement adjustments total \$242 in reduced recoverable QIP
58 costs, as reflected on line 10 of Schedule 1.01.

59

60 QIP Surcharge Reconciliation-Pekin

61 Q. Please describe Schedule 1.02, QIP Surcharge Reconciliation-Pekin.

62 A. Schedule 1.02 presents the reconciliation of Rider QIP during the
63 Reconciliation Period for Pekin and operates in the same manner as
64 Schedule 1.01.

65

66 Q. Are there any adjustments and/or Factor Os for Pekin?

¹ *Illinois-American Water Co.*, ICC Order Docket No. 11-0264, Appendix at 1 (Oct. 17, 2012).

67 A. Yes. Staff witness Jonathan Sperry, in ICC Staff Exhibit 2.0, sponsors a
68 disallowance. His disallowance results in a \$380² reduction to QIP costs in
69 column (B) of Schedule 1.02.

70

71 QIP Surcharge Reconciliation-Lincoln

72 Q. Please describe Schedule 1.03, QIP Surcharge Reconciliation-Lincoln.

73 A. Schedule 1.03 presents the reconciliation of Rider QIP during the
74 Reconciliation Period for Lincoln and operates in the same manner as
75 Schedule 1.01.

76

77 Q. Are there any adjustments and/or Factor Os for Lincoln?

78 A. No.

79

80 QIP Surcharge Reconciliation-Chicago Water

81 Q. Please describe Schedule 1.04, QIP Surcharge Reconciliation-Chicago
82 Water.

83 A. Schedule 1.04 presents the reconciliation of Rider QIP during the
84 Reconciliation Period for Chicago Water and operates in the same manner
85 as Schedule 1.01.

86

²Attachment B. \$380 is the amount of return and depreciation expense on the \$3,234.56 project cost described in Staff Ex. 2.0 and Schedule 2.1 that was actually charged through Rider QIP in 2011.

87 Q. Are there any adjustments and/or Factor Os for Chicago Water?

88 A. No.

89

90 QIP Surcharge Reconciliation-Chicago Waste Water

91 Q. Please describe Schedule 1.05, QIP Surcharge Reconciliation-Chicago
92 Waste Water.

93 A. Schedule 1.05 presents the reconciliation of Rider QIP during the
94 Reconciliation Period for Chicago Waste Water and operates in the same
95 manner as Schedule 1.01.

96

97 Q. Are there any adjustments and/or Factor Os for Chicago Waste Water?

98 A. Yes, the Company presented an adjustment in its direct testimony. The
99 Company corrected a depreciation rate error which resulted in \$2,366 of
100 additional recoverable QIP costs. (IAWC Ex. 1.0, 8-9; IAWC Ex. 1.10.) I
101 agree with this adjustment to calculate depreciation at the Commission-
102 approved rate.

103

104 Interest Calculation on Factor O

105 Q. Please describe Schedule 1.06- Interest Calculation on 2010 Factor O.

106 A. Schedule 1.06 presents the calculation of interest to be
107 (refunded/)recovered on the Factor O amount in Schedule 1.01 for Zone 1.
108 The interest calculation is based upon 83 Ill. Adm. Code 656.80(i).

109

110 Recommendation for Future Reconciliation

111 Q. Do you have a recommendation regarding the Factor O adjustments for
112 future proceedings?

113 A. Yes. I recommend the Commission order the Company to address in its
114 direct testimony in the 2012 reconciliation (Docket No. 13-0201) how the
115 cost disallowances from this 2011 reconciliation are reflected in the 2012
116 reconciliation. The Company should also present adjustments, as
117 appropriate, for any 2011 cost disallowances which were carried forward
118 into the 2012 period. Finally, I recommend the Commission's Order in this
119 proceeding contain the following language in the Findings and Ordering
120 paragraphs:

121 (x) The Company shall address in direct testimony in Docket
122 No. 13-0201 how the cost disallowances in this Order are
123 reflected in the 2012 reconciliation, and if appropriate,
124 propose adjustments.
125

126 Summary of Conclusions and Recommendations

127 Q. Please summarize your recommendations.

128 A. I recommend the Commission accept the reconciliations for the
129 Reconciliation Period, as reflected on Schedules 1.01 through 1.05, column
130 (D). The reconciliation reflects a current year Factor O refund of \$242 for
131 Zone 1, a Factor O refund of \$380 for Pekin, and a Factor O collection of
132 \$2,366 for Chicago Waste Water. The Factor O refund/recoveries should

133 be accomplished by their inclusion in the QIP Surcharge calculated with the
134 first information sheet that IAWC files subsequent to the Order in this
135 Docket.

136

137 I recommend that Schedules 1.01 through 1.06 be attached to the Final
138 Order in this proceeding as an Appendix.

139

140 I also recommend the Commission order the Company to address in its
141 direct testimony in the 2012 reconciliation (Docket No. 13-0201) how the
142 cost disallowances from this 2011 reconciliation are reflected in the 2012
143 reconciliation. The Company should also present adjustments, as
144 appropriate, for any 2011 cost disallowances which were carried forward
145 into the 2012 period.

146

147 Finally, I recommend the Commission Order include the following language
148 in the Findings and Ordering paragraphs:

149 (x) The Company shall address in direct testimony in Docket
150 No. 13-0201 how the cost disallowances in this Order are
151 reflected in the 2012 reconciliation, and if appropriate,
152 propose adjustments.

153

154 Q. Does this conclude your prepared direct testimony?

155 A. Yes, it does.

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER DLH 6.01

Witness Responsible:	<u>Rich Kerckhove</u>
Title:	<u>Manager, Rates & Regulation, Illinois American Water</u>
Phone No.:	<u>(618) 239-3209</u>
Date Received:	<u>February 24, 2015</u>
Docket No.:	<u>12-0201</u>

DLH 6.01

Referring to the Company's response to Staff Data Request DLH 2.03 in Docket No. 13-0210, please provide the amount included in the 2011 QIP recoverable costs for the Peoria District, i.e. Zone 1 reimbursement. Please provide all supporting calculations, in Excel with formulas if applicable..

RESPONSE

\$75.

Attachment: DLH 6.01 Attachment 1 QIP Revenue Calculation 2011 Peoria .xlsx

Date Response Provided: February 24, 2015

**ILLINOIS-AMERICAN WATER COMPANY
 QUALIFYING INFRASTRUCTURE PLANT (QIP) SURCHARGE CALCULATION
 FOR THE PEORIA DISTRICT
 FOR THE YEAR ENDED DECEMBER 31, 2011**

Retirement and Depreciation Rates Used:

<u>Depreciation Rates:</u>	<u>Percentage</u>
Mains	1.58%
Services	5.57%
Meters	12.07%
Meter Installations	4.91%
Hydrants	3.91%

<u>Historical Retirement Ratio:</u>	<u>Percentage</u>
Mains	3.80%
Services	5.43%
Meters	3.10%
Meter Installations	5.69%
Hydrants	7.61%

Calculated Formulas and Percentages:

PTR = ((WCCE+WCPE)*GRCF)+WCLTD+WCSTD	11.00%
Utility Determined Reconciliation Component (R)	\$0
Commission Ordered Adjustment Component (O)	\$0
Commission Ordered O Component Multiplier	0.00
<u>Last Rate Order:</u>	
Weighted Cost of Common Equity (WCCE)	4.91%
Weighted Cost of Preferred Equity (WCPE)	0.00%
Weighted Cost of Long-Term Debt (WCLTD)	3.11%
Weighted Cost of Short-Term Debt (WCSTD)	0.01%
Personal Property Tax Rate (PPRT)	0.00%
State Income Tax Rate (SIT)	4.11%
Federal Income Tax Rate (FIT)	35.00%
Gross Revenue Conversion Factor (GRCF):	
GRCF = 1/ (1-PPRT)(1-SIT)(1-FIT)	1.6044

	<u>QIP Adds</u>	<u>QIP Rets</u>	<u>QIP Investment</u>	<u>QIP Rets</u>	<u>QIP Accum Depr</u>	<u>Net QIP</u>	<u>Net QIP x PTR</u>	<u>QIP Depr Exp</u>	<u>Total</u>
<u>MAINS Acct. 331</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Peoria QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>SERVICES Acct. 333</u>									
Recurring Project QIP Revenues	\$ 480	\$ (26)	\$ 454	\$ 26	\$ (25)	\$ 455	\$ 50	\$ 25	\$ 75
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Peoria QIP Revenues	\$ 480	\$ (26)	\$ 454	\$ 26	\$ (25)	\$ 455	\$ 50	\$ 25	\$ 75
<u>METERS Acct. 334110</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Meters Purchased	-	-	-	-	-	-	-	-	-
Meters Installed	-	-	-	-	-	-	-	-	-
Peoria QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>METER INSTALLATIONS Acct. 334200</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Peoria QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>HYDRANTS Acct. 335</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Peoria QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total Peoria District	\$ 480	\$ (26)	\$ 454	\$ 26	\$ (25)	\$ 455	\$ 50	\$ 25	\$ 75

**ILLINOIS-AMERICAN WATER COMPANY
 QUALIFYING INFRASTRUCTURE PLANT (QIP) SURCHARGE CALCULATION
 QIP ADDITIONS FOR THE 2011 RECONCILIATION
 FOR THE PEORIA DISTRICT**

	Accum. QIP December 2010	Accum. QIP January 2011	Accum. QIP February 2011	Accum. QIP March 2011	Accum. QIP April 2011	Accum. QIP May 2011	Accum. QIP June 2011	Accum. QIP July 2011	Accum. QIP August 2011	Accum. QIP September 2011	Accum. QIP October 2011	Accum. QIP November 2011	Accum. QIP December 2011	13 Month Average
<u>MAINS Acct. 331</u>														
Recurring Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peoria QIP Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>SERVICES Acct. 333</u>														
Recurring Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,934	\$ 4,306	\$ 480
Investment Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peoria QIP Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,934	\$ 4,306	\$ 480
<u>METERS Acct. 334110</u>														
Recurring Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meters Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meters Installed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peoria QIP Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>METER INSTALLATIONS Acct. 334200</u>														
Recurring Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peoria QIP Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>HYDRANTS Acct. 335</u>														
Recurring Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peoria QIP Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total QIP - All Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,934	\$ 4,306	\$ 480

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER DLH 5.01

Witness Responsible:	<u>Rich Kerckhove</u>
Title:	<u>Manager, Rates & Regulation, Illinois American Water</u>
Phone No.:	<u>(618) 239-3209</u>
Date Received:	<u>February 10, 2015</u>
Docket No.:	<u>12-0201</u>

DLH 5.01

Referring to the Company's response to Staff Data Request JMS 1.01, please provide the amount included in the 2011 QIP recoverable costs for the Pekin District addition of \$3,234.56 in JMS 1.01 d). Please provide all supporting calculations, in Excel with formulas if applicable.

RESPONSE

\$380.

Attachments: DLH 5.01 Attachment 1 QIP Revenue Calculation 2011 Pekin .xlsx

Date Response Provided: February 10, 2015

**ILLINOIS-AMERICAN WATER COMPANY
 QUALIFYING INFRASTRUCTURE PLANT (QIP) SURCHARGE CALCULATION
 FOR THE PEKIN DISTRICT
 FOR THE YEAR ENDED DECEMBER 31, 2011**

Retirement and Depreciation Rates Used:

<u>Depreciation Rates:</u>	<u>Percentage</u>
Mains	1.58%
Services	5.57%
Meters	12.07%
Meter Installations	4.91%
Hydrants	3.91%

Historical Retirement Ratio:

<u>Historical Retirement Ratio:</u>	<u>Percentage</u>
Mains	3.80%
Services	5.43%
Meters	3.10%
Meter Installations	5.69%
Hydrants	7.61%

Calculated Formulas and Percentages:

PTR = ((WCCE+WCPE)*GRCF)+WCLTD+WCSTD	11.00%
Utility Determined Reconciliation Component (R)	\$0
Commission Ordered Adjustment Component (O)	\$0
Commission Ordered O Component Multiplier	0.00
<u>Last Rate Order:</u>	
Weighted Cost of Common Equity (WCCE)	4.91%
Weighted Cost of Preferred Equity (WCPE)	0.00%
Weighted Cost of Long-Term Debt (WCLTD)	3.11%
Weighted Cost of Short-Term Debt (WCSTD)	0.01%
Personal Property Tax Rate (PPRT)	0.00%
State Income Tax Rate (SIT)	4.11%
Federal Income Tax Rate (FIT)	35.00%
Gross Revenue Conversion Factor (GRCF):	
GRCF = 1/ (1-PPRT)(1-SIT)(1-FIT)	1.6044

	<u>QIP Adds</u>	<u>QIP Rets</u>	<u>QIP Investment</u>	<u>QIP Rets</u>	<u>QIP Accum Depr</u>	<u>Net QIP</u>	<u>Net QIP x PTR</u>	<u>QIP Depr Exp</u>	<u>Total</u>
<u>MAINS Acct. 331</u>									
Recurring Project QIP Revenues	\$ 3,078	\$ (117)	\$ 2,961	\$ 117	\$ (47)	\$ 3,031	\$ 333	\$ 47	\$ 380
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Pekin QIP Revenues	\$ 3,078	\$ (117)	\$ 2,961	\$ 117	\$ (47)	\$ 3,031	\$ 333	\$ 47	\$ 380
<u>SERVICES Acct. 333</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Pekin QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>METERS Acct. 334110</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Meters Purchased	-	-	-	-	-	-	-	-	-
Meters Installed	-	-	-	-	-	-	-	-	-
Pekin QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>METER INSTALLATIONS Acct. 334200</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Pekin QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>HYDRANTS Acct. 335</u>									
Recurring Project QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Project QIP Revenues	-	-	-	-	-	-	-	-	-
Pekin QIP Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Total Pekin District	\$ 3,078	\$ (117)	\$ 2,961	\$ 117	\$ (47)	\$ 3,031	\$ 333	\$ 47	\$ 380

Illinois-American Water Company
 QIP Surcharge Reconciliation-Zone 1
 For the Year Ended December 31, 2011

Line No.	Description (A)	As Filed Per Company (B)	Adjustments (C)	Per Staff (D)
1	<u>(Over)/Under recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior year:</u>			
3	Prior Period R Factor (2010) Docket No. 11-0264	\$ 335,146	\$ -	335,146
4				
5	<u>Factor Os not yet (refunded)/recovered at beginning of year:</u>			
6	2010 Factor O (Refund) Docket No. 11-0264	-	(182) (2)	(182)
7		-	-	-
8	Cumulative (Over)/Under Recovery from Prior Year (Sum of lines 3 through 7)	<u>\$ 335,146</u>	<u>\$ (182)</u>	<u>\$ 334,964</u> (1)
9	<u>Current Year (Over)/Under recovery</u>			
10	Recoverable QIP Costs	\$ 1,334,503	\$ (242) (3)	1,334,261
11	QIP Revenues Recovered	1,486,173	-	1,486,173
12	Other Adjustments (Rounding)	-	-	-
13	(Over)/Under Recovery of Current Year (line 10 - line 11 + line 12)	<u>\$ (151,670)</u>	<u>\$ (242)</u>	<u>\$ (151,912)</u>
14	Interest on 2010 Factor O	-	(1) (4)	(1)
15	Current Year (Over)/Under recovery (line 13 + line 14)	<u>\$ (151,670)</u>	<u>\$ (243)</u>	<u>(151,913)</u>
16	<u>Cumulative (Over)/Under recovery (line 8 + line 15)</u>	<u>\$ 183,476</u>	<u>\$ (425)</u>	<u>\$ 183,051</u>
17	<u>Disposition of Cumulative (Over)/Under Recovery</u>			
18	R Factor (Refund)/Recovery to be applied in 2012	\$ 183,476	\$ -	\$ 183,476
19	Factor O (Refund)/Recovery to be applied in a future year:			
20	2010 Factor O (Refund) Docket No. 11-0264	-	(182)	(182)
21	Interest on 2010 Factor O	-	(1)	(1)
22	2011 Factor O (Refund) Docket No. 12-0201	-	(242)	(242)
23	Rounding	-	-	-
24	<u>Total (Agrees to line 16)</u>	<u>\$ 183,476</u>	<u>\$ (425)</u>	<u>\$ 183,051</u>

Source: Col. (B): IAWC Section 656.80(f)(3)
 (1) Agrees to Order, Docket No. 11-0264, Appendix, col. (D), line 11
 (2) Docket No. 11-0264
 (3) (\$167) [IAWC Ex. 1.10, Col. (B)] + (\$75) (Attachment A)
 (4) Staff Sch. 1.06
 Col. (D): Col. (B) + Col. (C)

Illinois-American Water Company
 QIP Surcharge Reconciliation-Pekin
 For the Year Ended December 31, 2011

Line No.	Description (A)	As Filed Per Company (B)	Adjustment (C)	Per Staff (D)
1	<u>(Over)/Under recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior year:</u>			
3		\$ -	\$ -	-
4				
5	<u>Factor Os not yet (refunded)/recovered at beginning of year:</u>			
6		-	-	-
7		-	-	-
8	Cumulative (Over)/Under Recovery from Prior Year (Sum of lines 3 through 7)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	<u>Current Year (Over)/Under recovery</u>			
10	Recoverable QIP Costs	\$ 25,037	\$ (380)	24,657
11	QIP Revenues Recovered	38,262	-	38,262
12	Other Adjustments (Rounding)	-	-	-
13	(Over)/Under Recovery of Current Year (line 10 - line 11 + line 12)	<u>\$ (13,225)</u>	<u>\$ (380)</u>	<u>\$ (13,605)</u>
14	Interest on Factor O	-	-	-
15	Current Year (Over)/Under recovery (line 13 + line 14)	<u>\$ (13,225)</u>	<u>\$ (380)</u>	<u>(13,605)</u>
16	<u>Cumulative (Over)/Under recovery (line 8 + line 15)</u>	<u>\$ (13,225)</u>	<u>\$ (380)</u>	<u>\$ (13,605)</u>
17	<u>Disposition of Cumulative (Over)/Under Recovery</u>			
18	R Factor (Refund)/Recovery to be applied in 2012	\$ (13,225)	\$ -	\$ (13,225)
19	Factor O (Refund)/Recovery to be applied in a future year:			
20		-	-	-
21		-	-	-
22	2011 Factor O (Refund) Docket No. 12-0201	-	(380)	(380)
23	Rounding	-	-	-
24	<u>Total (Agrees to line 16)</u>	<u>\$ (13,225)</u>	<u>\$ (380)</u>	<u>\$ (13,605)</u>

Source: Col. (B): IAWC Ex. 1.10
 Col. (C): Staff Ex. 2.0 and Attachment B
 Col. (D): Col. (B) + Col. (C)

Illinois-American Water Company
 QIP Surcharge Reconciliation-Lincoln
 For the Year Ended December 31, 2011

Line No.	Description (A)	As Filed Per Company (B)	Adjustment (C)	Per Staff (D)
1	<u>(Over)/Under recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior year:</u>			
3		\$ -	\$ -	-
4				
5	<u>Factor Os not yet (refunded)/recovered at beginning of year:</u>			
6		-	-	-
7		-	-	-
8	Cumulative (Over)/Under Recovery from Prior Year (Sum of lines 3 through 7)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	<u>Current Year (Over)/Under recovery</u>			
10	Recoverable QIP Costs	\$ 18,045	\$ -	18,045
11	QIP Revenues Recovered	19,038	-	19,038
12	Other Adjustments (Rounding)	-	-	-
13	(Over)/Under Recovery of Current Year (line 10 - line 11 + line 12)	<u>\$ (993)</u>	<u>\$ -</u>	<u>\$ (993)</u>
14	Interest on Factor O	-	-	-
15	Current Year (Over)/Under recovery (line 13 + line 14)	<u>\$ (993)</u>	<u>\$ -</u>	<u>\$ (993)</u>
16	<u>Cumulative (Over)/Under recovery (line 8 + line 15)</u>	<u>\$ (993)</u>	<u>\$ -</u>	<u>\$ (993)</u> (1)
17	<u>Disposition of Cumulative (Over)/Under Recovery</u>			
18	R Factor (Refund)/Recovery to be applied in 2012	\$ (993)	\$ -	\$ (993)
19	Factor O (Refund)/Recovery to be applied in a future year:			
20	N/A	-	-	-
21		-	-	-
22		-	-	-
23	Rounding	-	-	-
24	<u>Total (Agrees to line 16)</u>	<u>\$ (993)</u>	<u>\$ -</u>	<u>\$ (993)</u>

Source: Col. (B): IAWC Ex. 1.10
 Col. (C): ICC Staff Ex. 1.0
 Col. (D): Col. (B) + Col. (C)
 (1) Agrees to IAWC Ex 1.10, line 11, col. (C)

Illinois-American Water Company
 QIP Surcharge Reconciliation-Chicago Water
 For the Year Ended December 31, 2011

Line No.	Description (A)	As Filed Per Company (B)	Adjustment (C)	Per Staff (D)
1	<u>(Over)/Under recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior year:</u>			
3		\$ -	\$ -	-
4				
5	<u>Factor Os not yet (refunded)/recovered at beginning of year:</u>			
6		-	-	-
7		-	-	-
8	Cumulative (Over)/Under Recovery from Prior Year (Sum of lines 3 through 7)	\$ -	\$ -	\$ -
9	<u>Current Year (Over)/Under recovery</u>			
10	Recoverable QIP Costs	\$ 290,431	\$ -	290,431
11	QIP Revenues Recovered	188,668	-	188,668
12	Other Adjustments (Rounding)	-	-	-
13	(Over)/Under Recovery of Current Year (line 10 - line 11 + line 12)	\$ 101,763	\$ -	\$ 101,763
14	Interest on Factor O	-	-	-
15	Current Year (Over)/Under recovery (line 13 + line 14)	\$ 101,763	\$ -	101,763
16	<u>Cumulative (Over)/Under recovery (line 8 + line 15)</u>	\$ 101,763	\$ -	101,763 (1)
17	<u>Disposition of Cumulative (Over)/Under Recovery</u>			
18	R Factor (Refund)/Recovery to be applied in 2012	\$ 101,763	\$ -	\$ 101,763
19	Factor O (Refund)/Recovery to be applied in a future year:			
20	N/A	-	-	-
21		-	-	-
22		-	-	-
23	Rounding	-	-	-
24	<u>Total (Agrees to line 16)</u>	\$ 101,763	\$ -	\$ 101,763

Source: Col. (B): IAWC Ex. 1.10
 Col. (C): ICC Staff Ex. 1.0
 Col. (D): Col. (B) + Col. (C)
 (1) Agrees to IAWC Ex 1.10, line 11, col. (C)

Illinois-American Water Company
 QIP Surcharge Reconciliation-Chicago Waste Water
 For the Year Ended December 31, 2011

<u>Line No.</u>	<u>Description</u> (A)	<u>As Filed</u> <u>Per Company</u> (B)	<u>Adjustment</u> (C)	<u>Per Staff</u> (D)
1	<u>(Over)/Under recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior year:</u>			
3		\$ -	\$ -	-
4				
5	<u>Factor Os not yet (refunded)/recovered at beginning of year:</u>			
6		-	-	-
7		-	-	-
8	Cumulative (Over)/Under Recovery from Prior Year (Sum of lines 3 through 7)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	<u>Current Year (Over)/Under recovery</u>			
10	Recoverable QIP Costs	\$ 121,100	\$ 2,366	123,466
11	QIP Revenues Recovered	151,726	-	151,726
12	Other Adjustments (Rounding)	-	-	-
13	(Over)/Under Recovery of Current Year (line 10 - line 11 + line 12)	<u>\$ (30,626)</u>	<u>\$ 2,366</u>	<u>\$ (28,260)</u>
14		-	-	-
15	Current Year (Over)/Under recovery (line 13 + line 14)	<u>\$ (30,626)</u>	<u>\$ 2,366</u>	<u>(28,260)</u>
16	<u>Cumulative (Over)/Under recovery (line 8 + line 15)</u>	<u>\$ (30,626)</u>	<u>\$ 2,366</u>	<u>\$ (28,260) (1)</u>
17	<u>Disposition of Cumulative (Over)/Under Recovery</u>			
18	R Factor (Refund)/Recovery to be applied in 2012	\$ (30,626)	\$ -	\$ (30,626)
19	Factor O (Refund)/Recovery to be applied in a future year:			
20		-	-	-
21	2011 Factor O (Refund) Docket No. 12-0201	-	2,366	2,366
22		-	-	-
23	Rounding	-	-	-
24	<u>Total (Agrees to line 16)</u>	<u>\$ (30,626)</u>	<u>\$ 2,366</u>	<u>\$ (28,260)</u>

Source: Col. (B): IAWC Ex. 1.10
 Col. (C): IAWC Ex. 1.10, Col. (B)
 Col. (D): Col. (B) + Col. (C)
 (1) Agrees to IAWC Ex 1.10, line 11, col. (C)

Illinois-American Water Company
 Interest Calculation on 2010 Factor O
 For the Year Ended December 31, 2011

Line No.	Description (A)	Zone 1 Amount (B)
1	2010 Factor O to be (refunded)/recovered as determined in Docket No. 11-0264	\$ (182)
2	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%
3	Commission approved Interest Rate, January, 2012 through December, 2012:	0.00%
4	Commission approved Interest Rate, January, 2013 through December, 2013:	0.00%
5	Commission approved Interest Rate, January, 2014 through December, 2014:	0.00%
6	Commission approved Interest Rate, January, 2015 through December, 2015:	<u>0.00%</u>
7	Interest on Line 1	<u><u>\$ (1)</u></u>

Source: Line 1, Col. (B): Commission Order, Docket No. 11-0264, Appendix, Page 1, line 11
 Line 1, Col. (C): Staff Sch. 1.05, Col. (C), line 10
 Line 2: Commission Order, Docket No. 10-0719, dated December 15, 2010
 Line 3: Commission Order, Docket No. 11-0793, dated December 21, 2011
 Line 4: Commission Order, Docket No. 12-0686, dated December 19, 2012
 Line 5: Commission Order, Docket No. 13-0695, dated December 18, 2013
 Line 6: Commission Order, Docket No. 14-0742, dated December 17, 2014
 Line 7: Line 1 x line 2
 83 Ill. Adm. Code 656.80(i) provides, "Amounts either collected or refunded through the O component shall accrue interest at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1). Interest on the O component shall be applied from the end of the reconciliation year until the O component is refunded or charged to ratepayers through the QIP surcharge."