

DIRECT TESTIMONY

of

MARY H. EVERSON

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Illinois-American Water Company

Application for Approval of its Annual Reconciliation of Purchased Water and
Purchased Sewage Treatment Surcharges pursuant to 83 Ill. Adm. Code 655

Docket No. 12-0200

June 18, 2015

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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 February
13 1999. Prior to joining Staff, I was employed in industry as a financial analyst
14 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 matters
20 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 Area

35 Schedule 1.3 – Purchased Sewage Treatment Surcharge Reconciliation
36 Summary

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

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

42 1.2 AH for Alpine Heights;

43 1.2 CS for Chicago Suburban;

44 1.2 DC for DuPage County;

45 1.2 F for Fernway;

46 1.2 M for Moreland;
47 1.2 SW for Southwest Suburban;
48 1.2 W for Waycinden; and
49 1.2 SB for South Beloit.

50 For the Chicago Suburban (“CS”), DuPage County (“DC”) and South Beloit
51 (“SB”) water service areas, the charge is composed of both a variable and
52 a fixed component. The schedules for these service areas are designated
53 as pages 1 and 2 for the variable charge, and pages 3 and 4 for the fixed
54 charge. For those service areas with a Factor O from prior periods, the
55 interest calculation is presented on pages 2 and 4.

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

58 1.4 CC for Country Club;
59 1.4 VV for Valley View;
60 1.4 RO for Rollins; and
61 1.4 RM for Romeoville.

62 **Purchased Water Surcharge Reconciliation**

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

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

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

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

73 **Q. Do you have any adjustments to the purchased water surcharge**
74 **amounts submitted in IAWC's direct testimony?**

75 A. Yes; I am adjusting the Factor Os from previous reconciliations reported on
76 IAWC's Ex. 1.13 to: (1) calculate and include interest that has accrued
77 since the order in the specific reconciliation that was not included in IAWC's
78 reconciliation; and (2) separately identify the interest and the Factor O from
79 the specific order, which may or may not include an update to the amount
80 of interest. I will discuss each in turn.

81 **Q. What is the purpose of an adjustment to include interest?**

82 A. Interest must be added to the O Factor determined by the Commission in
83 the reconciliation. 83 Ill. Adm. Code 655.50(c), Annual Reconciliation
84 states:

85 Costs and revenues associated with the purchased
86 water/sewage treatment surcharge shall be subject to
87 adjustment components (Of, Ov and O, as applicable)
88 as required by an Order of the Commission. Any
89 difference determined by the Commission shall be
90 credited or charged, as appropriate, along with any
91 interest at the effective rates established by the
92 Commission under 83 Ill. Adm. Code 280.70(e)(1).
93 Interest on the adjustment component shall be applied
94 from the end of the reconciliation year until the
95 adjustment component is refunded or charged.
96
97
98

99 **Q. Please discuss your adjustment to include interest that has accrued**
100 **since the order in the specific reconciliation that was not included in**
101 **IAWC's reconciliation.**

102 A. The adjustment to include interest that has accrued since the order in the
103 specific reconciliation that was not included in IAWC's reconciliation is being
104 made in the following surcharges:

- 105 1. Chicago Suburban, Variable and Fixed Charge;
- 106 2. DuPage, Variable and Fixed Charge; and
- 107 3. South Beloit, Fixed.

108 **Q. Please discuss your adjustment to separately identify the interest and**
109 **if necessary, update the interest on the Factor O from the specific**
110 **order.**

111 A. The purpose of the adjustment to separately identify interest and the Factor
112 O to which it relates is to provide clarity and ease of following the Factor O
113 from the order to its disposition as either a refund to, or a collection from,
114 ratepayers. As a part of this adjustment, I am also updating the interest.
115 This adjustment requires a restating of the Factor O to the ordered amount
116 where IAWC has included interest, but not the updated amount. This
117 adjustment is made in the following surcharges:

- 118 1. Southwest Suburban;
- 119 2. Waycinden; and
- 120 3. South Beloit, Variable.

121 **Q. Are there surcharge areas where no adjustment for interest is**
122 **necessary?**

123 A. Yes. In the Alpine Heights, Fernway and Moreland surcharge areas, no
124 adjustment is necessary.

125

126 **Purchased Sewage Treatment Surcharge Reconciliation**

127 **Q. Please explain Schedule 1.3, Purchased Sewage Treatment Surcharge**
128 **Reconciliation.**

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

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

134 A. Schedules 1.4 present the sewage treatment reconciliations by separate
135 service area proposed by Staff.

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

139 A. Yes; I am adjusting the Factor Os from previous reconciliations reported on
140 IAWC's Ex. 1.13 to: (1) calculate and include interest that has accrued
141 since the order in the specific reconciliation that was not included in IAWC's
142 reconciliation; and (2) separately identify the interest and the Factor O from

143 the specific order, which may or may not include an update to the amount
144 of interest; I will discuss each in turn.

145 **Q. What is the purpose of an adjustment to include interest?**

146 A. Interest must be added to the O Factor determined by the Commission in
147 the reconciliation. Part 655.50(c) of the Commission's Rules on Annual
148 Reconciliation states:

149 Costs and revenues associated with the purchased
150 water/sewage treatment surcharge shall be subject to
151 adjustment components (Of, Ov and O, as applicable)
152 as required by an Order of the Commission. Any
153 difference determined by the Commission shall be
154 credited or charged, as appropriate, along with any
155 interest at the effective rates established by the
156 Commission under 83 Ill. Adm. Code 280.70(e)(1).
157 Interest on the adjustment component shall be applied
158 from the end of the reconciliation year until the
159 adjustment component is refunded or charged.

160
161 83 Ill. Adm. Code 655.50(c).
162

163 **Q. Please discuss your adjustment to include interest that has accrued
164 since the order in the specific reconciliation that was not included in
165 IAWC's reconciliation.**

166 A. The adjustment to include interest that has accrued since the order in the
167 specific reconciliation that was not included in IAWC's reconciliation is being
168 made in the Romeoville sewer surcharge area for the Factor O related to
169 IAWC's 2005 reconciliation.

170 **Q. Please discuss your adjustment to separately identify the interest and**
171 **if necessary, update the interest on the Factor O from the specific**
172 **order.**

173 A. The purpose of the adjustment, to separately identify interest and the Factor
174 O to which it relates, is to provide clarity and ease of following the Factor O
175 from the order to its disposition as either a refund to, or a collection from,
176 ratepayers. As a part of this adjustment, I am also updating the interest.
177 This adjustment requires a restating of the Factor O to the ordered amount
178 where IAWC has included interest, but not the updated amount. This
179 adjustment is made in the following sewer surcharges:

- 180 1. Country Club;
- 181 2. Valley View; and
- 182 3. Romeoville for the Factor Os from IAWC's 2003, 2004, and
183 2009 reconciliations.

184 **Q. Are there sewer surcharge areas where no adjustment for interest is**
185 **necessary?**

186 A. Yes. In the Rollins sewer surcharge area, no adjustment is necessary.

187 **Conclusion**

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

189 A. I recommend that the Commission adopt the Purchased Water Surcharge
190 Reconciliations as presented on Schedule 1.1, attached to this direct
191 testimony. I also recommend that the Commission adopt the Purchased
192 Sewage Treatment Surcharge Reconciliations as presented on Schedule

193 1.3, attached to this direct testimony. I further recommend that schedules
194 1.1 through 1.4 each be attached as Appendices to the Commission's Order
195 in this proceeding to facilitate understanding and tracking of the details of
196 each separate service area.

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

198 **A. Yes.**

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Summary of Water Surcharge
For the Year Ended December 31, 2011

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	<u>(Over)/Under Recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior years:</u>	\$ (152,412)	\$ (176)	\$ (152,588)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2004 O Factor Docket No. 05-0176	(261,252)	-	(261,252)
5	2007 O Factor Docket No. 08-0218	358	-	358
6	2008 O Factor Docket No. 09-0151	(9,754)	-	(9,754)
7	2009 O Factor Docket No. 10-0203	137	-	137
8	Unamortized Balance from previous reconciliation	(4,601)	-	(4,601)
9	Interest on 2004 and 2008 O Factors	-	176	176
10	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 9)	(427,524)	-	(427,524)
11	<u>Current Year (Over)/Under Recovery</u>			
12	Current Year Recoverable Costs	\$ 18,411,033	\$ -	\$ 18,411,033
13	Current Year Revenue Recovered	(18,262,344)	-	(18,262,344)
14	Other Adjustments - NRW	(187,956)	-	(187,956)
15	Interest	-	8,036	8,036
16	Interest on Prior Year O Factor	-	(44,557)	(44,557)
17	Rounding	-	-	-
18	Current Year (Over) /Under Recovery (Sum of Lines 12 thru 17)	(39,269)	(36,521)	(75,790)
19	Cumulative (Over)/Under Recovery (Line 10 + Line 18)	<u>\$ (466,792)</u>	<u>\$ (36,521)</u>	<u>\$ (503,313)</u>
20	<u>Disposition of Prior Years R and O Factors</u>			
21	R Factor to be (Refunded)/Recovered to be applied in 2012	(191,680)	-	(191,680)
22	Factor O Ordered to be applied in a future year:			
23	2004 O Factor (Refund) Docket No. 05-0176	(261,252)	-	(261,252)
24	2007 O Factor Collection Docket No. 08-0218	358	-	358
25	2008 O Factor (Refund) Docket No. 09-0151	(9,754)	-	(9,754)
26	2009 O Factor Collection Docket No. 10-0203	137	-	137
27	2010 R Factor (Refund) Docket No. 11-0265	(4,601)	-	(4,601)
28	2011 O Factor (Refund) Docket No. 12-0200	-	(36,521)	(36,521)
29	Cumulative (Over)/Under Recovery at 12/31/11 (Line 19)	<u>\$ (466,792)</u>	<u>\$ (36,521)</u>	<u>\$ (503,313)</u>

Sources:
Column (B): IAWC Exhibit 1.13 Water Summary
Column (C): Staff Ex. 1.0, Sch. 1.2 by area
Column (D): Col. (B) + (C)

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Alpine Heights
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 years:</u>	\$ (1,377)	\$ -	\$ (1,377)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2008 O Factor Docket No. 09-0151	-	-	-
5	2009 O Factor Docket No. 10-0203	-	-	-
6	2010 O Factor Docket No. 11-0265	-	-	-
7	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 6)	(1,377)	-	(1,377)
8	<u>Current Year (Over)/Under Recovery</u>			
9	Current Year Recoverable Costs	\$ 59,120	\$ -	\$ 59,120
10	Current Year Revenue Recovered	(58,825)	-	(58,825)
11	Other Adjustments	-	-	-
12	Interest	-	-	-
13	Interest on Prior Year O Factor	-	-	-
14	Rounding	-	-	-
15	Current Year (Over) /Under Recovery (Sum of Lines 9 thru 14)	295	-	295
16	Cumulative (Over)/Under Recovery (Line 7 + Line 15)	<u>\$ (1,082)</u>	<u>\$ -</u>	<u>\$ (1,082)</u>
17	<u>Disposition of Prior Years R and O Factors</u>			
18	R Factor to be (Refunded)/Recovered to be applied in 2012	(1,082)	-	(1,082)
19	Factor O Ordered to be applied in a future year:			
20	2011 O Factor Docket No. 12-0200	-	-	-
21	Cumulative (Over)/Under Recovery at 12/31/11 (Line 16)	<u>\$ (1,082)</u>	<u>\$ -</u>	<u>\$ (1,082)</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Chicago Suburban Variable Charge
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 years:</u>	\$ (98,308)	\$ -	\$ (98,308)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2006 O Factor Docket No. 07-0195	(31,765)	-	(31,765)
5	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 4)	<u>\$ (130,073)</u>	<u>\$ -</u>	<u>\$ (130,073)</u>
6	<u>Current Year (Over)/Under Recovery</u>			
7	Current Year Recoverable Costs	\$ 1,213,144	\$ -	\$ 1,213,144
8	Current Year Revenue Recovered	(1,088,680)	-	(1,088,680)
9	Other Adjustments	-	-	-
10	Interest	-	-	-
11	Interest on Prior Year O Factor	-	(3,335)	(3,335)
12	Rounding	-	-	-
13	Current Year (Over) /Under Recovery (Sum of Lines 7 thru 12)	<u>124,464</u>	<u>(3,335)</u>	<u>121,129</u>
14	Cumulative (Over)/Under Recovery (Line 5 + Line 13)	<u>\$ (5,609)</u>	<u>\$ (3,335)</u>	<u>\$ (8,944)</u>
15	<u>Disposition of Prior Years R and O Factors</u>			
16	R Factor to be (Refunded)/Recovered to be applied in 2012	26,156	-	26,156
17	Factor O Ordered to be applied in a future year:			
18	2006 O Factor Docket No. 07-0195	(31,765)	-	(31,765)
19	2011 O Factor Docket No. 12-0200	-	(3,335)	(3,335)
20	Cumulative (Over)/Under Recovery at 12/31/11 (Line 14)	<u>\$ (5,609)</u>	<u>\$ (3,335)</u>	<u>\$ (8,944)</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 Chicago Suburban Variable Charge
 Factor O Interest Calculation
 For the Year Ended December 31, 2011

Line No.	Description (A)	Amount (B)	Interest for Year (C)
1	2006 Factor O to be (refunded)/recovered as determined in Docket No. 07-0195	(31,765)	
2	Commission approved Interest Rate, January, 2007 through December, 2007	5.00%	(1,588.25)
3	Commission approved Interest Rate, January, 2008 through December, 2008	3.50%	(1,111.78)
4	Commission approved Interest Rate, January, 2009 through December, 2009	1.00%	(317.65)
5	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	(158.83)
6	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	(158.83)
7	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ (3,335)</u>

Source:

- Line 1, Col. (B): IAWC Ex. 1.13
- Line 2: Commission Order, Docket No. 06-0809, dated December 20, 2006
- Line 3: Commission Order, Docket No. 07-0623, dated December, 19, 2007
- Line 4: Commission Order, Docket No. 08-0679, dated December, 17, 2008
- Line 5: Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 6: Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Chicago Suburban Fixed Charge
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 years:</u>	\$ 24,577	\$ -	\$ 24,577
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2006 O Factor Docket No. 07-0195	31,765	-	31,765
5	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 4)	<u>\$ 56,342</u>	<u>\$ -</u>	<u>\$ 56,342</u>
6	<u>Current Year (Over)/Under Recovery</u>			
7	Current Year Recoverable Costs	\$ 888,703	\$ -	\$ 888,703
8	Current Year Revenue Recovered	(904,326)	-	(904,326)
9	Other Adjustments	-	-	-
10	Interest	-	-	-
11	Interest on Prior Year O Factor	-	3,335	3,335
12	Rounding	-	-	-
13	Current Year (Over) /Under Recovery (Sum of Lines 7 thru 12)	<u>(15,623)</u>	<u>3,335</u>	<u>(12,288)</u>
14	Cumulative (Over)/Under Recovery (Line 5 + Line 12)	<u>\$ 40,720</u>	<u>\$ 3,335</u>	<u>\$ 44,055</u>
15	<u>Disposition of Prior Years R and O Factors</u>			
16	R Factor to be (Refunded)/Recovered to be applied in 2012	8,955	-	8,955
17	Factor O Ordered to be applied in a future year:			
18	2006 O Factor Docket No. 07-0195	31,765		31,765
19	2011 O Factor Docket No. 12-0200	-	3,335	3,335
20	Cumulative (Over)/Under Recovery at 12/31/11 (Line 14)	<u>\$ 40,720</u>	<u>\$ 3,335</u>	<u>\$ 44,055</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 Chicago Suburban Fixed Charge
 Factor O Cumulative Interest Calculation

Line No.	Description (A)	Amount (B)	Interest for Year (C)
1	2006 Factor O to be (refunded)/recovered as determined in Docket No. 07-0195	31,765	
2	Commission approved Interest Rate, January, 2007 through December, 2007	5.00%	1,588.25
3	Commission approved Interest Rate, January, 2008 through December, 2008	3.50%	1,111.78
4	Commission approved Interest Rate, January, 2009 through December, 2009	1.00%	317.65
5	Commission approved Interest Rate, January, 2010 through December, 2010	0.50%	158.83
6	Commission approved Interest Rate, January, 2011 through December, 2011	0.50%	<u>158.83</u>
7	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ 3,335</u>

Sources:

- Line 1, Col. (B): IAWC Ex. 1.13
- Line 2: Commission Order, Docket No. 06-0809, dated December 20, 2006
- Line 3: Commission Order, Docket No. 07-0623, dated December, 19, 2007
- Line 4: Commission Order, Docket No. 08-0679, dated December, 17, 2008
- Line 5: Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 6: Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
Purchased Water Surcharge Reconciliation
DuPage County Variable Charge
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 years:</u>	\$ (48,630)	\$ -	\$ (48,630)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2009 O Factor Docket No. 10-0203	261	-	261
5	2010 O Factor Docket No. 11-0265	-	-	-
6	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 5)	(48,369)	-	(48,369)
7	<u>Current Year (Over)/Under Recovery</u>			
8	Current Year Recoverable Costs	\$ 1,326,853	\$ -	\$ 1,326,853
9	Current Year Revenue Recovered	(1,388,685)	-	(1,388,685)
10	Other Adjustments	-	-	-
11	Interest	-	-	-
12	Interest on Prior Year O Factor	-	3	3
13	Rounding	-	-	-
14	Current Year (Over) /Under Recovery (Sum of Lines 8 thru 13)	(61,832)	3	(61,829)
15	Cumulative (Over)/Under Recovery (Line 6 + Line 14)	<u>\$ (110,201)</u>	<u>\$ 3</u>	<u>\$ (110,198)</u>
16	<u>Disposition of Prior Years R and O Factors</u>			
17	R Factor to be (Refunded)/Recovered to be applied in 2012	(110,462)	-	(110,462)
18	Factor O Ordered to be applied in a future year:			
19	2009 O Factor Docket No.10-0203	261	-	261
20	2011 O Factor Docket No. 12-0200	-	3	3
21	Cumulative (Over)/Under Recovery at 12/31/11 (Line 15)	<u>\$ (110,201)</u>	<u>\$ 3</u>	<u>\$ (110,198)</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

**Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 DuPage County Variable Charge
 Factor O Cumulative Interest Calculation**

Line No.	Description (A)	Amount (B)	Interest for Year (C)
1	2009 Factor O to be (refunded)/recovered as determined in Docket No. 10-0203	\$ 261.00	
2	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	\$ 1.31
3	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	\$ 1.31
4	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ 2.61</u>

Sources:

- Line 1 Col. (B): Commission Order, Docket No.10-0203, Staff Ex. 1.0, Sch. 1.2 DC, Column (D), line 11
- Line 2: Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 3: Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 DuPage County Fixed Charge
 For the Year Ended December 31, 2011

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	<u>(Over)/Under Recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior years:</u>	\$ 644	\$ -	\$ 644
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2004 O Factor Docket No. 05-0176	2,021	-	2,021
5	2007 O Factor Docket No. 08-0218	97	-	97
6	2008 O Factor Docket No. 09-0151	-	-	-
7	2009 O Factor Docket No. 10-0203	-	-	-
8	2010 O Factor Docket No. 11-0265	-	-	-
9	<u>Cumulative (Over)/Under Recovery from Prior Years</u> (Sum of Lines 2 through 8)	2,762	-	2,762
10	<u>Current Year (Over)/Under Recovery</u>			
11	Current Year Recoverable Costs	\$ 574,116	\$ -	\$ 574,116
12	Current Year Revenue Recovered	(568,599)	-	(568,599)
13	Other Adjustments	-	-	-
14	Interest	-	-	-
15	Interest on Prior Year O Factor	-	359	359
16	Rounding	-	-	-
17	<u>Current Year (Over) /Under Recovery (Sum of Lines 11 thru 16)</u>	5,517	359	5,876
18	<u>Cumulative (Over)/Under Recovery (Line 9 + Line 17)</u>	\$ 8,279	\$ 359	\$ 8,638
19	<u>Disposition of Prior Years R and O Factors</u>			
20	<u>R Factor to be (Refunded)/Recovered to be applied in 2012</u>	6,161	-	6,161
21	<u>Factor O Ordered to be applied in a future year:</u>			
22	2004 O Factor Docket No. 05-0176	2,021	-	2,021
23	2007 O Factor Docket No. 08-0218	97	-	97
24	2011 Factor O Docket No. 12-0200	-	359	359
25	<u>Cumulative (Over)/Under Recovery at 12/31/11 (Line 18)</u>	\$ 8,279	\$ 359	\$ 8,638

Sources:
 Column (B): IAWC Exhibit 1.13
 Column (C): Staff Ex. 1.0
 Column (D): Col. (B) + (C)

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 DuPage County Fixed Charge
 Factor O Cumulative Interest Calculation

Line No.	Description	Amount	Docket No. 05-0176 Annual Interest	Docket No. 08-0218 Annual Interest
	(A)	(B)	(C)	(D)
1	2004 Factor O to be (refunded)/recovered as determined in Docket No. 05-0176	\$ 2,021.00		
2	2007 Factor O to be (refunded)/recovered as determined in Docket No. 08-0218	\$ 97.00		
3	Commission approved Interest Rate, January, 2005 through December, 2005:	2.50%	\$ 50.53	
4	Commission approved Interest Rate, January, 2006 through December, 2006:	4.50%	\$ 90.95	
5	Commission approved Interest Rate, January, 2010 through December, 2007:	5.00%	\$ 101.05	
6	Commission approved Interest Rate, January, 2008 through December, 2008:	3.50%	\$ 70.74	\$ 3.40
7	Commission approved Interest Rate, January, 2009 through December, 2009:	1.00%	\$ 20.21	\$ 0.97
8	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	\$ 10.11	\$ 0.49
9	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	\$ 10.11	\$ 0.49
10	Cumulative Interest on Outstanding O Factors through 2011		\$ 353.68	\$ 5.34

Sources:

- Lines 1 and 2: Col. (B): IAWC Ex. 1.13
- Line 3: Commission Order, Docket No. 04-0751, dated December 7, 2004
- Line 4: Commission Order, Docket No. 05-0797, dated December 13, 2005
- Line 5: Commission Order, Docket No. 06-0809, dated December 20, 2006
- Line 6: Commission Order, Docket No. 07-0623, dated December 19, 2007
- Line 7: Commission Order, Docket No. 08-0679, dated December 17, 2008
- Line 8: Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 9: Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 Fernway
 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 years:</u>	\$ (41,223)	\$ -	\$ (41,223)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2008 O Factor Docket No. 09-0151	-	-	-
5	2009 O Factor Docket No. 10-0203	-	-	-
6	2010 O Factor Docket No. 11-0265	-	-	-
7	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 6)	(41,223)	-	(41,223)
8	<u>Current Year (Over)/Under Recovery</u>			
9	Current Year Recoverable Costs	\$ 455,813	\$ -	\$ 455,813
10	Current Year Revenue Recovered	(425,604)	-	(425,604)
11	Other Adjustments	-	-	-
12	Interest	-	-	-
13	Interest on Prior Year O Factor	-	-	-
14	Rounding	-	-	-
15	Current Year (Over) /Under Recovery (Sum of Lines 9 thru 14)	30,209	-	30,209
16	Cumulative (Over)/Under Recovery (Line 7 + Line 15)	<u>\$ (11,013)</u>	<u>\$ -</u>	<u>\$ (11,013)</u>
17	<u>Disposition of Prior Years R and O Factors</u>			
18	R Factor to be (Refunded)/Recovered to be applied in 2012	(11,013)	-	(11,013)
19	Factor O Ordered to be applied in a future year:			
20	2011 O Factor Docket No. 12-0200	-	-	-
21	Cumulative (Over)/Under Recovery at 12/31/11 (Line 16)	<u>\$ (11,013)</u>	<u>\$ -</u>	<u>\$ (11,013)</u>

Sources:

Column (B): IAWC Exhibit 1.13
 Column (C): Staff Ex. 1.0
 Column (D): Col. (B) + (C)

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Moreland
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 years:</u>	\$ (7,169)	\$ -	\$ (7,169)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2008 O Factor Docket No. 09-0151	-	-	-
5	2009 O Factor Docket No. 10-0203	-	-	-
6	Unamortized Balance from previous reconciliation	(4,601)	-	(4,601)
7	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 6)	(11,770)	-	(11,770)
8	<u>Current Year (Over)/Under Recovery</u>			
9	Current Year Recoverable Costs	\$ 29,002	\$ -	\$ 29,002
10	Current Year Revenue Recovered	(25,245)	-	(25,245)
11	Other Adjustments	-	-	-
12	Interest	-	-	-
13	Interest on Prior Year O Factor	-	-	-
14	Rounding	-	-	-
15	Current Year (Over) /Under Recovery (Sum of Lines 9 thru 14)	3,757	-	3,757
16	Cumulative (Over)/Under Recovery (Line 7 + Line 15)	<u>\$ (8,013)</u>	<u>\$ -</u>	<u>\$ (8,013)</u>
17	<u>Disposition of Prior Years R and O Factors</u>			
18	R Factor to be (Refunded)/Recovered to be applied in 2012	(3,412)	-	(3,412)
19	2010 R Factor (Refund) Docket No. 11-0265	(4,601)	-	(4,601)
20	Factor O Ordered to be applied in a future year:			
21	2007 O Factor Docket No. 08-0218	-	-	-
22	2011 O Factor Docket No. 12-0200	-	-	-
23	Cumulative (Over)/Under Recovery at 12/31/11 (Line 16)	<u>\$ (8,013)</u>	<u>\$ -</u>	<u>\$ (8,013)</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Southwest Suburban
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 years:</u>	\$ 66,142	\$ -	\$ 66,142
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2004 O Factor Docket No. 05-0176	(253,755)	-	(253,755)
5	2008 O Factor Docket No. 09-0151	(9,570)	-	(9,570)
6	Interest on 2004 and 2008 O Factor	-	-	-
7	<u>Cumulative (Over)/Under Recovery from Prior Years</u> (Sum of Lines 2 through 6)	<u>\$ (197,183)</u>	<u>\$ -</u>	<u>\$ (197,183)</u>
8	<u>Current Year (Over)/Under Recovery</u>			
9	Current Year Recoverable Costs	\$ 12,874,631	\$ -	\$ 12,874,631
10	Current Year Revenue Recovered	(12,826,044)	-	(12,826,044)
11	Other Adjustments - Excess UAF	(187,956)	-	(187,956)
12	Interest	-	7,579	7,579
13	Interest on Prior Year O Factor	-	(43,301)	(43,301)
14	Rounding	-	-	-
15	<u>Current Year (Over) /Under Recovery (Sum of Lines 9 thru 14)</u>	<u>(139,369)</u>	<u>(35,722)</u>	<u>(175,091)</u>
16	<u>Cumulative (Over)/Under Recovery (Line 7 + Line 15)</u>	<u>\$ (336,551)</u>	<u>\$ (35,722)</u>	<u>\$ (372,273)</u>
17	<u>Disposition of Prior Years R and O Factors</u>			
18	<u>R Factor to be (Refunded)/Recovered to be applied in 2012</u>	(73,226)	-	(73,226)
19	2009 R Factor (Refund) Docket No. 10-0203	-	-	-
20	2010 R Factor (Refund) Docket No. 11-0265	-	-	-
21	<u>Factor O Ordered to be applied in a future year:</u>			
22	2004 O Factor Docket No. 05-0176	(253,755)	-	(253,755)
23	2008 O Factor Docket No. 09-0151	(9,570)	-	(9,570)
24	2011 O Factor Docket No. 12-0200	-	(35,722)	(35,722)
	<u>Cumulative (Over)/Under Recovery at 12/31/11 (Line 16)</u>	<u>\$ (336,551)</u>	<u>\$ (35,722)</u>	<u>\$ (372,273)</u>

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 Factor O Cumulative Interest Calculation

Line No.	Description	Amount	Docket No. 05- 0176 Annual Interest	Docket No. 09- 0151 Annual Interest
	(A)	(B)	(C)	
1				
2	2004 Factor O to be (refunded)/recovered as determined in Docket No. 05-0176	\$ (246,364.00)		
	2008 Factor O to be (refunded)/recovered as determined in Docket No. 09-0151	\$ (9,382.00)		
3				
4	Commission approved Interest Rate, January, 2005 through December, 2005:	2.50%	\$ (6,159.10)	
5	Commission approved Interest Rate, January, 2006 through December, 2006:	4.50%	(11,086.38)	
6	Commission approved Interest Rate, January, 2010 through December, 2007:	5.00%	(12,318.20)	
7	Commission approved Interest Rate, January, 2008 through December, 2008:	3.50%	(8,622.74)	
8	Commission approved Interest Rate, January, 2009 through December, 2009:	1.00%	(2,463.64)	\$ (93.82)
9	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	(1,231.82)	\$ (46.91)
10	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	(1,231.82)	\$ (46.91)
	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ (43,113.70)</u>	<u>\$ (187.64)</u>

Sources:

- 1 Col. (B): Commission Order, Docket No.10-0203, Staff Ex. 1.0, Sch. 1.2 DC, Column (D), line 11
- 2 Line Number 1.: Commission Order, Docket No. 09-0151, dated July 31, 2012.
- 3 Commission Order, Docket No. 04-0751, dated December 7, 2004
- 4 Commission Order, Docket No. 05-0797, dated December 13, 2005
- 5 Commission Order, Docket No. 06-0809, dated December 20, 2006
- 6 Commission Order, Docket No. 07-0623, dated December 19, 2007
- 7 Commission Order, Docket No. 08-0679, dated December 17, 2008
- 8 Commission Order, Docket No. 09-0607, dated December 16, 2009
- 9 Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
Purchased Water Surcharge Reconciliation
Waycinden
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 years:</u>	\$ (44,053)	\$ -	\$ (44,053)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2004 O Factor Docket No. 05-0176	(9,518)	-	(9,518)
5	2008 O Factor Docket No. 09-0151	18	-	18
6	2009 O Factor Docket No. 10-0203	-	-	-
7	2010 O Factor Docket No. 11-0265	-	-	-
8	Interest on 2004 O Factor	-	-	-
9	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 8)	(53,553)	-	(53,553)
10	<u>Current Year (Over)/Under Recovery</u>			
11	Current Year Recoverable Costs	\$ 620,612	\$ -	\$ 620,612
12	Current Year Revenue Recovered	(615,175)	-	(615,175)
13	Other Adjustments	-	-	-
14	Interest	-	277	277
15	Interest on Prior Year O Factor	-	(1,617)	(1,617)
16	Rounding	-	-	-
17	Current Year (Over) /Under Recovery (Sum of Lines 10 thru 16)	5,437	(1,340)	4,097
18	Cumulative (Over)/Under Recovery (Line 9 + Line 17)	<u>\$ (48,116)</u>	<u>\$ (1,340)</u>	<u>\$ (49,456)</u>
19	<u>Disposition of Prior Years R and O Factors</u>			
20	R Factor to be (Refunded)/Recovered to be applied in 2012	(38,616)	-	(38,616)
21	Factor O Ordered to be applied in a future year:			
22	2004 O Factor Docket No. 05-0176	(9,518)	-	(9,518)
23	2008 O Factor Docket No. 09-0151	18	-	18
24	2009 O Factor Docket No. 10-0203	-	-	-
25	2010 O Factor Docket No. 11-0265	-	-	-
26	2011 O Factor Docket No. 12-0200	-	(1,340)	(1,340)
27	Cumulative (Over)/Under Recovery at 12/31/11 (Line 18)	<u>\$ (48,116)</u>	<u>\$ (1,340)</u>	<u>\$ (49,456)</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Purchased Water Surcharge Reconciliation
 Waycinden
 For the Year Ended December 31, 2011
 Factor O Cumulative Interest Calculation

Line No.	Description	Amount	Docket No. 05-0176 Annual Interest	Docket No. 09-0151 Annual Interest
	(A)	(B)	(C)	(D)
1	2004 Factor O to be (refunded)/recovered as determined in Docket No. 05-0176	\$ (9,241.00)		
2	2008 Factor O to be (refunded)/recovered as determined in Docket No. 09-0151	\$ 18.00		
3	Commission approved Interest Rate, January, 2005 through December, 2005:	2.50%	\$ (231.03)	
4	Commission approved Interest Rate, January, 2006 through December, 2006:	4.50%	\$ (415.85)	
5	Commission approved Interest Rate, January, 2010 through December, 2007:	5.00%	\$ (462.05)	
6	Commission approved Interest Rate, January, 2008 through December, 2008:	3.50%	\$ (323.44)	
7	Commission approved Interest Rate, January, 2009 through December, 2009:	1.00%	\$ (92.41)	\$ 0.18
8	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	\$ (46.21)	\$ 0.09
9	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	\$ (46.21)	\$ 0.09
10	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ (1,617.18)</u>	<u>\$ 0.36</u>

Source:

- Line 1 Col. (B): Commission Order, Docket No.10-0203, Staff Ex. 1.0, Sch. 1.2 DC, Column (D), line 11
- Line 2 Col. (B): IAWC Ex. 1.13
- Line 3: Commission Order, Docket No. 04-0751, dated December 7, 2004
- Line 4: Commission Order, Docket No. 05-0797, dated December 13, 2005
- Line 5: Commission Order, Docket No. 06-0809, dated December 20, 2006
- Line 6: Commission Order, Docket No. 07-0623, dated December 19, 2007
- Line 7: Commission Order, Docket No. 08-0679, dated December 17, 2008
- Line 8: Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 9: Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
Purchased Water Surcharge Reconciliation
South Beloit Variable Charge
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 years:</u>	\$ (2,288)	\$ -	\$ (2,288)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2008 O Factor Docket No. 09-0151	(183)	-	(183)
5	2009 O Factor Docket No. 10-0203	-	-	-
6	2010 O Factor Docket No. 11-0265	-	-	-
7	Interest on 2008 O Factor	-	-	-
8	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 7)	(2,471)	-	(2,471)
9	<u>Current Year (Over)/Under Recovery</u>			
10	Current Year Recoverable Costs	\$ 329,438	\$ -	\$ 329,438
11	Current Year Revenue Recovered	(322,208)	-	(322,208)
12	Other Adjustments - NRW	-	-	-
13	Interest	-	4	4
14	Interest on Prior Year O Factor	-	(2)	(2)
15	Rounding	-	-	-
16	Current Year (Over) /Under Recovery (Sum of Lines 9 thru 15)	7,230	2	7,232
17	Cumulative (Over)/Under Recovery (Line 8 + Line 16)	\$ 4,759	\$ 2	\$ 4,761
18	<u>Disposition of Prior Years R and O Factors</u>			
19	R Factor to be (Refunded)/Recovered to be applied in 2012	4,942	-	4,942
20	Factor O Ordered to be applied in a future year:			
21	2008 O Factor Docket No. 09-0151	(183)	-	(183)
22	2011 O Factor Docket No. 12-0200	-	2	2
23	Cumulative (Over)/Under Recovery at 12/31/11 (Line 17)	\$ 4,759	\$ 2	\$ 4,761

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
 Purchased Water Surcharge Reconciliation
 South Beloit Variable Charge
 Factor O Cumulative Interest Calculation

Line No.	Description (A)	Amount (B)	Docket No. 10- 0203 Annual Interest (C)
1	2009 Factor O to be (refunded)/recovered as determined in Docket No. 10-0203	\$ (179.00)	
2	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	(0.90)
3	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	<u>(0.90)</u>
4	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ (1.79)</u>

Sources:

- Line 1 Col. (B): Commission Order, Docket No.10-0203, Staff Ex. 1.0, Sch.1.2 SB, page 1, Col. (D), line 11
- Line 2 Col (B): Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 3 Col. (B): Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
Purchased Water Surcharge Reconciliation
South Beloit Fixed Charge
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 years:</u>	\$ (729)	\$ (176)	\$ (905)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2008 O Factor Docket No. 09-0151	(19)	-	(19)
5	2009 O Factor Docket No. 10-0203	137	-	137
6	2010 O Factor Docket No. 11-0265	-	176	176
7	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 6)	(611)	-	(611)
8	<u>Current Year (Over)/Under Recovery</u>			
9	Current Year Recoverable Costs	\$ 39,600	\$ -	\$ 39,600
10	Current Year Revenue Recovered	(38,953)	-	(38,953)
11	Other Adjustments	-	-	-
12	Interest	-	-	-
13	Interest on Prior Year O Factor	-	1	1
14	Rounding	-	-	-
15	Current Year (Over) /Under Recovery (Sum of Lines 9 thru 14)	647	1	648
16	Cumulative (Over)/Under Recovery (Line 7 + Line 15)	<u>\$ 36</u>	<u>\$ 1</u>	<u>\$ 37</u>
17	<u>Disposition of Prior Years R and O Factors</u>			
18	R Factor to be (Refunded)/Recovered to be applied in 2012	(82)	-	(82)
19	Factor O Ordered to be applied in a future year:			
20	2008 O Factor Docket No. 09-0151	(19)	-	(19)
21	2009 O Factor Docket No. 10-0203	137	-	137
22	2011 O Factor Docket No. 12-0200	-	1	1
23	Cumulative (Over)/Under Recovery at 12/31/11 (Line 16)	<u>\$ 36</u>	<u>\$ 1</u>	<u>\$ 37</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Purchased Water Surcharge Reconciliation
 South Beloit Fixed Charge
 For the Year Ended December 31, 2011
 Factor O Cumulative Interest Calculation

Line No.	Description (A)	Amount (B)	Docket No. 09-151 Annual Interest (C)	Docket No. 10-0203 Interest (D)
1	2008 Factor O to be (refunded)/recovered as determined in Docket No. 09-0151	\$ (19.00)		
2	2009 Factor O to be (refunded)/recovered as determined in Docket No. 10-0203	\$ 137.00		
3	Commission approved Interest Rate, January, 2009 through December, 2009:	1.00%	\$ (0.19)	
4	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	\$ (0.10)	\$ 0.69
5	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	\$ (0.10)	\$ 0.69
6	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ (0.38)</u>	<u>\$ 1.37</u>

Sources:

- Line 1 Col. (B): Commission Order, Docket No.10-0203, Staff Ex. 1.0, Sch.1.2 SB, page 1, Col. (D), line 11
- Line 2 Col. (B): Staff Ex. 1.0, Sch. 1.2SB, col. (D), line 12
- Line 3 Col. (B): Commission Order, Docket No. 08-0679, dated December 17, 2008
- Line 4 Col. (B): Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 5 Col. (B): Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Summary of Sewer Surcharge Reconciliations
For the Year Ended December 31, 2011

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	<u>(Over)/Under Recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior years:</u>	\$ 48,693	\$ -	\$ 48,693
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2003 O Factor Docket No. 04-0671	(1,676)	-	(1,676)
5	2004 O Factor Docket No. 05-0176	(9,422)	-	(9,422)
6	2005 O Factor Docket No. 06-0196	47	-	47
7	2008 O Factor Docket No. 09-0151	(15,096)	-	(15,096)
8	2009 O Factor Docket No. 10-0203	133	-	133
9	Unamortized Factor O	74,992	-	74,992
10	Interest on 2004, 2005, and 2008 O Factor	-	-	-
11	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 10)	97,671	-	97,671
12	<u>Current Year (Over)/Under Recovery</u>			
13	Current Year Recoverable Costs	\$ 869,116	\$ -	\$ 869,116
14	Current Year Revenue Recovered	(858,332)	-	(858,332)
15	Other Adjustments - NRW	-	-	-
16	Interest	-	569	569
17	Interest on Prior Year O Factor	-	(2,207)	(2,207)
18	Rounding	-	-	-
19	Current Year (Over) /Under Recovery (Sum of Lines 13 thru 18)	10,784	(1,638)	9,146
20	Cumulative (Over)/Under Recovery (Line 11 + Line 19)	<u>\$ 108,456</u>	<u>\$ (1,638)</u>	<u>\$ 106,818</u>
21	<u>Disposition of Prior Years R and O Factors</u>			
22	R Factor to be (Refunded)/Recovered to be applied in 2012	111,935	-	111,935
23	Factor O Ordered to be applied in a future year:			
24	2003 O Factor (Refund) Docket No. 04-0258	(1,676)	-	(1,676)
25	2004 O Factor (Refund) Docket No. 05-0176	(9,422)	-	(9,422)
26	2005 O Factor Collection Docket No. 06-0196	47	-	47
27	2008 O Factor (Refund) Docket No. 09-0151	(15,096)	-	(15,096)
28	2009 O Factor Collection Docket No. 10-0203	133	-	133
29	2010 O Factor Collection Docket No. 11-0265	22,535	-	22,535
30	2011 O Factor (Refund) Docket No. 12-0200	-	(1,638)	(1,638)
31	Cumulative (Over)/Under Recovery at 12/31/11 (Line 20)	<u>\$ 108,456</u>	<u>\$ (1,638)</u>	<u>\$ 106,818</u>

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Country Club
For the Year Ended December 31, 2011

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	<u>(Over)/Under Recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior years:</u>	\$ 51,750	\$ -	\$ 51,750
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2008 O Factor Docket No. 09-0151	(15,096)	-	(15,096)
5	2009 O Factor Docket No. 10-0203	-	-	-
6	Interest on 2009 O Factor	-	-	-
7	Unamortized Balance from previous reconciliation	74,992	-	74,992
8	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 7)	111,646	-	111,646
9	<u>Current Year (Over)/Under Recovery</u>			
10	Current Year Recoverable Costs	\$ 236,457	\$ -	\$ 236,457
11	Current Year Revenue Recovered	(262,532)	-	(262,532)
12	Other Adjustments - NRW	-	-	-
13	Interest	-	296	296
14	Interest on Prior Year O Factor	-	(296)	(296)
15	Rounding	-	-	-
16	Current Year (Over) /Under Recovery (Sum of Lines 10 thru 15)	(26,074)	-	(26,074)
17	Cumulative (Over)/Under Recovery (Line 8 + Line 16)	<u>\$ 85,572</u>	<u>\$ -</u>	<u>\$ 85,572</u>
18	<u>Disposition of Prior Years R and O Factors</u>			
19	R Factor to be (Refunded)/Recovered to be applied in 2012	78,133	-	78,133
20	2010 R Factor (Refund) Docket No. 11-0265	22,535	-	22,535
			-	-
21	Factor O Ordered to be applied in a future year:			
22	2009 O Factor Docket No. 10-0203	(15,096)	-	(15,096)
23	2010 O Factor Docket No. 11-0265	-	-	-
24	2011 O Factor Docket No. 12-0200	-	-	-
	Cumulative (Over)/Under Recovery at 12/31/11 (Line 17)	<u>\$ 85,572</u>	<u>\$ -</u>	<u>\$ 85,572</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
 For the Year Ended December 31, 2011
 Country Club
 Factor O Cumulative Interest Calculation

Line No.	Description	Amount	Docket No. 09-0151 Annual Interest
			(C)
1	2008 Factor O to be (refunded)/recovered as determined in Docket No. 09-0151	\$ (14,800.00)	
2	Commission approved Interest Rate, January, 2009 through December, 2009:	1.00%	\$ (148.00)
3	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	\$ (74.00)
4	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	\$ (74.00)
5	Cumulative Interest on Outstanding O Factors through 2015		\$ (296.00)

Sources:

- Line 1 Col. (B): Commission Order, Docket No.09-0151, Appendix B, Column (C), Line 9
- Line 2 Col. (B): Commission Order, Docket No. 08-0679, dated December 17, 2008
- Line 3 Col. (B): Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 4 Col. (B): Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
 Purchased Sewage Treatment Surcharge Reconciliation
 Valley View
 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 years:</u>	\$ (11,992)	\$ -	\$ (11,992)
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2004 O Factor Docket No. 05-0176	(9,409)	-	(9,409)
5	2008 O Factor Docket No. 09-0151	-	-	-
6	2009 O Factor Docket No. 10-0203	-	-	-
7	2010 O Factor Docket No. 11-0265	-	-	-
8	Interest on 2004 O Factor	-	-	-
9	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 8)	(21,401)	-	(21,401)
10	<u>Current Year (Over)/Under Recovery</u>			
11	Current Year Recoverable Costs	\$ 571,693	\$ -	\$ 571,693
12	Current Year Revenue Recovered	(535,439)	-	(535,439)
13	Other Adjustments	-	-	-
14	Interest	-	275	275
15	Interest on Prior Year O Factor	-	(1,598)	(1,598)
16	Rounding	-	-	-
17	Current Year (Over) /Under Recovery (Sum of Lines 11 thru 16)	36,254	(1,323)	34,931
18	Cumulative (Over)/Under Recovery (Line 9 + Line 17)	<u>\$ 14,853</u>	<u>\$ (1,323)</u>	<u>\$ 13,530</u>
19	<u>Disposition of Prior Years R and O Factors</u>			
20	<u>R Factor to be (Refunded)/Recovered to be applied in 2012</u>	24,262	-	24,262
21	<u>Factor O Ordered to be applied in a future year:</u>			
22	2004 O Factor Docket No. 05-0176	(9,409)	-	(9,409)
23	2008 O Factor Docket No. 09-0151	-	-	-
24	2009 O Factor Docket No. 10-0203	-	-	-
25	2010 O Factor Docket No. 11-0265	-	-	-
26	2011 O Factor Docket No. 12-0200	-	(1,323)	(1,323)
27	Cumulative (Over)/Under Recovery at 12/31/11 (Line 18)	<u>\$ 14,853</u>	<u>\$ (1,323)</u>	<u>\$ 13,530</u>

Sources:

Column (B): IAWC Exhibit 1.13

Column (C): Staff Ex. 1.0

Column (D): Col. (B) + (C)

Illinois American Water Company
 Purchased Sewage Treatment Surcharge Reconciliation
 Valley View
 Factor O Cumulative Interest Calculation

Line No.	Description (A)	Amount (B)	Docket No. 05-0176 Annual Interest (C)
1	2004 Factor O to be (refunded)/recovered as determined in Docket No.05-0176	\$ (9,134.00)	
2	Commission approved Interest Rate, January, 2005 through December, 2005:	2.50%	\$ (228.35)
3	Commission approved Interest Rate, January, 2006 through December, 2006:	4.50%	\$ (411.03)
4	Commission approved Interest Rate, January, 2010 through December, 2007:	5.00%	\$ (456.70)
5	Commission approved Interest Rate, January, 2008 through December, 2008:	3.50%	\$ (319.69)
6	Commission approved Interest Rate, January, 2009 through December, 2009:	1.00%	\$ (91.34)
7	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	\$ (45.67)
8	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	\$ (45.67)
9	Cumulative Interest on Outstanding O Factors through 2011		\$ (1,598.45)

Sources:

- Line 1 Col. (B): Commission Order, Docket No.05-0176, Staff Ex. 1.0, Sch.1.4 VV, page 1, Col. (D), line 12
- Line 2: Commission Order, Docket No. 04-0751, dated December 7, 2004
- Line 3: Commission Order, Docket No. 05-0797, dated December 13, 2005
- Line 4: Commission Order, Docket No. 06-0809, dated December 20, 2006
- Line 5: Commission Order, Docket No. 07-0623, dated December 19, 2007
- Line 6: Commission Order, Docket No. 08-0679, dated December 17, 2008
- Line 7: Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 8: Commission Order, Docket No. 10-0719, dated December 15, 2010

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Rollins
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 years:</u>	\$ 3,624	\$ -	\$ 3,624
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2004 O Factor Docket No. 05-0176	-	-	-
5	2008 O Factor Docket No. 09-0151	-	-	-
6	2009 O Factor Docket No. 10-0203	-	-	-
7	2010 O Factor Docket No. 11-0265	-	-	-
8	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 7)	3,624	-	3,624
9	<u>Current Year (Over)/Under Recovery</u>			
10	Current Year Recoverable Costs	\$ 23,387	\$ -	\$ 23,387
11	Current Year Revenue Recovered	(20,825)	-	(20,825)
12	Other Adjustments	-	-	-
13	Interest	-	-	-
14	Interest on Prior Year O Factor	-	-	-
15	Rounding	-	-	-
16	Current Year (Over) /Under Recovery (Sum of Lines 10 thru 15)	2,562	-	2,562
17	Cumulative (Over)/Under Recovery (Line 8 + Line 16)	\$ 6,187	\$ -	\$ 6,187
18	<u>Disposition of Prior Years R and O Factors</u>			
19	R Factor to be (Refunded)/Recovered to be applied in 2012	6,187	-	6,187
20	Factor O Ordered to be applied in a future year:			
21	2008 O Factor Docket No. 09-0151	-	-	-
22	2009 O Factor Docket No. 10-0203	-	-	-
23	2010 O Factor Docket No. 11-0265	-	-	-
24	2011 O Factor Docket No. 12-0200	-	-	-
25	Cumulative (Over)/Under Recovery at 12/31/11 (Line 17)	\$ 6,187	\$ -	\$ 6,187

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Romeoville
For the Year Ended December 31, 2011

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	<u>(Over)/Under Recovery Carried Forward from Prior Year</u>			
2	<u>R Factor (refund)/recovery from prior years:</u>	\$ 5,311	\$ -	\$ 5,311
3	<u>O Factors Not Yet (Refunded)/Recovered at Beginning of Year</u>			
4	2003 O Factor Docket No. 04-0671	(1,676)	-	(1,676)
5	2004 O Factor Docket No. 05-0176	(13)	-	(13)
6	2005 O Factor Docket No. 06-0196	47	-	47
7	2008 O Factor Docket No. 09-0151	-	-	-
8	2009 O Factor Docket No. 10-0203	133	-	133
9	2010 O Factor Docket No. 11-0265	-	-	-
10	Interest on 2005 O Factor	-	-	-
11	Cumulative (Over)/Under Recovery from Prior Years (Sum of Lines 2 through 10)	3,802	-	3,802
12	<u>Current Year (Over)/Under Recovery</u>			
13	Current Year Recoverable Costs	\$ 37,579	\$ -	\$ 37,579
14	Current Year Revenue Recovered	(39,536)	-	(39,536)
15	Other Adjustments - NRW	-	-	-
16	Interest	-	(2)	(2)
17	Interest on Prior Year O Factor	-	(313)	(313)
18	Rounding	-	-	-
19	Current Year (Over) /Under Recovery (Sum of Lines 13 thru 18)	(1,958)	(315)	(2,273)
20	Cumulative (Over)/Under Recovery (Line 11 + Line 19)	<u>\$ 1,844</u>	<u>\$ (315)</u>	<u>\$ 1,529</u>
21	<u>Disposition of Prior Years R and O Factors</u>			
22	R Factor to be (Refunded)/Recovered to be applied in 2012	3,353	-	3,353
23	<u>Factor O Ordered to be applied in a future year:</u>			
24	2003 O Factor Docket No. 04-0258	(1,676)	-	(1,676)
25	2004 O Factor Docket No. 05-0176	(13)	-	(13)
26	2008 O Factor Docket No. 09-0151	47	-	47
27	2009 O Factor Docket No. 10-0203	133	-	133
28	2010 O Factor Docket No. 11-0265	-	-	-
29	2011 O Factor Docket No. 12-0200	-	(315)	(315)
30	Cumulative (Over)/Under Recovery at 12/31/11 (Line 19)	<u>\$ 1,844</u>	<u>\$ (315)</u>	<u>\$ 1,529</u>

Sources:

Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0
Column (D): Col. (B) + (C)

**Illinois American Water Company
 Purchased Sewage Treatment Surcharge Reconciliation
 Romeoville
 Factor O Cumulative Interest Calculation**

Line No.	Description	Amount	Docket No.	Docket No.	Docket No.	Docket No.
			04-0258 Annual Interest	05-0176 Annual Interest	06-0196 Annual Interest	09-0151 Annual Interest
	(A)	(B)	(C)	(D)	(E)	
1	2003 Factor O to be (refunded)/recovered as determined in Docket No.04-0258	\$ (1,676.00)				
2	2004 Factor O to be (refunded)/recovered as determined in Docket No.05-0176	\$ (13.00)				
3	2005 Factor O to be (refunded)/recovered as determined in Docket No.06-0196	\$ 45.00				
4	2009 Factor O to be (refunded)/recovered as determined in Docket No.10-0203	\$ 133.00				
4	Commission approved Interest Rate, January, 2004 through December, 2004:	1.50%	\$ (25.14)			
5	Commission approved Interest Rate, January, 2005 through December, 2005:	2.50%	\$ (41.90)	\$ (0.33)		
6	Commission approved Interest Rate, January, 2006 through December, 2006:	4.50%	\$ (75.42)	\$ (0.59)	\$ 2.03	
7	Commission approved Interest Rate, January, 2007 through December, 2007:	5.00%	\$ (83.80)	\$ (0.65)	\$ 2.25	
8	Commission approved Interest Rate, January, 2008 through December, 2008:	3.50%	\$ (58.66)	\$ (0.46)	\$ 1.58	
9	Commission approved Interest Rate, January, 2009 through December, 2009:	1.00%	\$ (16.76)	\$ (0.13)	\$ 0.45	
10	Commission approved Interest Rate, January, 2010 through December, 2010:	0.50%	\$ (8.38)	\$ (0.07)	\$ 0.23	\$ 0.67
11	Commission approved Interest Rate, January, 2011 through December, 2011:	0.50%	\$ (8.38)	\$ (0.07)	\$ 0.23	\$ 0.67
12	Cumulative Interest on Outstanding O Factors through 2011		<u>\$ (318.44)</u>	<u>\$ (2.28)</u>	<u>\$ 6.75</u>	<u>\$ 1.33</u>

Sources:

- Line 1 Col. (B): Commission Order, Docket No. 04-0258, Appendix A, Col. (B), line 10
- Line 2 Col. (B): Commission Order, Docket No.05-0176, Appendix, page 2, Col. (D), line 7
- Line 3 Col. (B): Commission Order, Docket No.07-0195, Appendix B, Col. (B), line 9
- Line 4 Commission Order, Docket No. 03-0764, dated December 17, 2003
- Line 5 Commission Order, Docket No. 04-0751, dated December 7, 2004
- Line 6 Commission Order, Docket No. 05-0797, dated December 13, 2005
- Line 7 Commission Order, Docket No. 06-0809, dated December 20, 2006
- Line 8 Commission Order, Docket No. 07-0623, dated December 19, 2007
- Line 9 Commission Order, Docket No. 08-0679, dated December 17, 2008
- Line 10 Commission Order, Docket No. 09-0607, dated December 16, 2009
- Line 11 Commission Order, Docket No. 10-0719, dated December 15, 2010