REVISED

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

July 16, 2015

TABLE OF CONTENTS

Witness Identification 1
Schedules 2
Purchased Water Surcharge Reconciliation 3
Purchased Sewage Treatment Surcharge Reconciliation 6
Conclusion 9

SCHEDULES

Schedule 1.1R – Purchased Water Surcharge Reconciliation Summary

Schedule 1.2R – Purchased Water Surcharge Reconciliation by Service Area

Schedule 1.3R – Purchased Sewage Treatment Reconciliation Summary

Schedule 1.4R – Purchased Sewage Treatment Reconciliation by Service Area

Witness Identification

Q. Please state your name and business address.

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

Q By whom are you employed and in what capacity?

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

Q. Please describe your background and professional affiliations.

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

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

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

Q. What are your responsibilities in this case?

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

Q. Have you previously testified before this Commission?

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

<u>Schedules</u>

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

A. Yes. I am sponsoring the following schedules:

Schedule 1.1R – Purchased Water Surcharge Reconciliation Summary

Schedule 1.2R – Purchased Water Surcharge Reconciliation by Service Area

Schedule 1.3R – Purchased Sewage Treatment Surcharge Reconciliation Summary

Schedule 1.4R – Purchased Sewage Treatment Surcharge Reconciliation by Service Area

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

1.2R AH for Alpine Heights;
1.2R CS for Chicago Suburban;
1.2R DC for DuPage County;
1.2R F for Fernway;

1.2R M for Moreland;
1.2R SW for Southwest Suburban;
1.2R W for Waycinden; and
1.2R SB for South Beloit.

For the Chicago Suburban ("CS"), DuPage County ("DC") and South Beloit ("SB") water service areas, the charge is composed of both a variable and a fixed component. The schedules for these service areas are designated as pages 1 and 2 for the variable charge, and pages 3 and 4 for the fixed charge. For those service areas with a Factor O from prior periods, the interest calculation is presented on pages 2 and 3 of Schedules 1.2R and 1.4R.

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

1.4R CC for Country Club;
1.4R VV for Valley View;
1.4R RO for Rollins; and
1.4R RM for Romeoville.

<u>Purchased Water Surcharge Reconciliation</u>

Q. Please explain Schedule 1.1R, Purchased Water Surcharge Reconciliation.

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

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

A. Schedule 1.2R presents the reconciliations by separate service area as proposed by Staff. Staff adjustments to individual service areas are detailed on this schedule when applicable.

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

A. Yes; I am adjusting the O Factors from previous reconciliations reported on IAWC's Ex. 1.13 to:

(1) Separately identify the interest and the Factor O from the specific order, which may or may not include an update to the amount of interest;

(2) Calculate and include compound interest that has accrued since the order in the specific reconciliation that was not included in IAWC's reconciliation;

(3) Make a correction to IAWC's reporting of a previous R and O Factor; and

(4) Respond to a correction to IAWC's reporting of its unaccounted-for-water adjustment identified by the Company in its supplemental direct testimony, IAWC Ex. 1.00SUPPL.

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

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

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

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

A. The adjustment to include compound interest on O Factors that has accrued since the order in the specific reconciliation that were not included in IAWC's reconciliation is being made in the following surcharges:

1. Chicago Suburban, Variable and Fixed Charges;
2. DuPage, Variable and Fixed Charges;
3. Southwest Suburban;
4. Waycinden; and
5. South Beloit, Variable Charge.

Q. Please discuss your adjustment to separately identify interest that has accrued since the end of the reconciliation years, but has sometimes been reported by IAWC included as part of the O Factor.

A. The purpose of the adjustment is to separately identify interest and the Factor O to which it relates to provide clarity and ease of following the O Factor from the order to its disposition as either a refund to, or a collection

from, ratepayers in the same amount as that ordered by the Commission. The adjustment requires a restating of the Factor O to the ordered amount where IAWC has included interest combined with the O Factor for a specific docket. This adjustment is made in the following surcharges:

DuPage Fixed;

Southwest Suburban;

Waycinden; and

South Beloit Variable.

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

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

Q. Are you proposing another type of adjustment to an O Factor to correct to the amount reported by the Company?

A. Yes. In the South Beloit Fixed area, the Company reported an incorrect R Factor from a prior year, part of which should have been reported as an O Factor from a prior year. The change restates the amount to the correct R Factor and the correct O Factor for the 2010 reconciliation, Docket No. 11-0265.

<u>Purchased Sewage Treatment Surcharge Reconciliation</u>

Q. Please explain Schedule 1.3R, Purchased Sewage Treatment Surcharge Reconciliation.

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

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

A. Schedule 1.4R presents the sewage treatment reconciliations by separate service area proposed by Staff.

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

A. Yes; I am adjusting the O Factors from previous reconciliations reported on IAWC's Ex. 1.13 to:

(1) Separately identify the interest and the Factor O from the specific order, which may or may not include an update to the amount of interest; and

(2) Calculate and include compound interest that has accrued since the order in the specific reconciliation that was not included in IAWC's reconciliation.

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

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

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

83 Ill. Adm. Code 655.50(c).

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

A. The adjustment to include compound interest on O Factors that has accrued since the order in the specific reconciliation that were not included in IAWC's reconciliation is being made in the following surcharges:

Country Club;

Valley View; and

Romeoville.

Q. Please discuss your adjustment to separately identify interest that has accrued since the end of the reconciliation years, but has sometimes been reported by IAWC included with the O Factor in specific dockets.

A. The purpose of the adjustment is to separately identify interest and the Factor O to which it relates to provide clarity and ease of following the Factor O from the order to its disposition as either a refund to, or a collection from,

ratepayers in the same amount as that ordered by the Commission. The adjustment requires a restating of the Factor O to the ordered amount where IAWC has included interest combined with the O Factor for a specific docket. This adjustment is made in the following surcharges:

Country Club;

Valley View; and

Romeoville.

Q. Are there sewer surcharge areas where no adjustment is necessary?

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

<u>Conclusion</u>

Q. What is your recommendation?

A. I recommend that the Commission adopt the Purchased Water Surcharge Reconciliations as presented on Schedule 1.1R. I also recommend that the Commission adopt the Purchased Sewage Treatment Surcharge Reconciliations as presented on Schedule 1.3R. I further recommend that schedules 1.1R, 1.2R by area, 1.3R, and 1.4R by area each be attached as Appendices to the Commission's Order in this proceeding to facilitate understanding and tracking of the details of each separate service area.

Q. Does this conclude your prepared revised direct testimony?

A. Yes.

Key to highlights:
Derivative Impact
Revision/Correction/Change

Docket No. 12-0200
Staff Ex. 1.0R
Schedule 1.1R

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

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (152,414)	$ (176)	$ (152,590)
3	**O Factors (Refunded)/Recovered but not reflected in prior reconciliations**			
4	2004 O Factor Docket No. 05-0176	(261,252)	7,609	(253,643)
5	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
6	2005 O Factor Docket No. 06-0196	-	-	-
7	2006 O Factor Docket No. 07-0195	-	-	-
8	2007 O Factor Docket No. 08-0218	358	-	358
9	2008 O Factor Docket No. 09-0151	(9,754)	192	(9,562)
10	2009 O Factor Docket No. 10-0203	137	-	137
11	2010 O Factor Docket No. 11-0265	-	176	176
12	Interest on Prior O Factors	-	(7,801)	(7,801)
13	Unamortized Balance from previous reconciliation	(4,601)	-	(4,601)
14	**Cumulative (Over)/Under Recovery from Prior Years** (Sum of Lines 2 through 13)	(427,524)	-	(427,526)
15	**Current Year (Over)/Under Recovery**			
16	Current Year Recoverable Costs	$ 18,411,033	$ -	$ 18,411,033
17	Current Year Revenue Recovered	(18,262,344)	-	(18,262,344)
18	Other Adjustments - UAF in Excess of Tariff	(187,956)	114,617	(73,339)
19	Interest	-	-	-
20	Interest on Prior Year O Factor	-	(34,301)	(34,301)
21	Rounding	-	-	-
22	**Current Year (Over)/Under Recovery (Sum of Lines 16 thru 21)**	(39,267)	80,316	41,049
23	**Cumulative (Over)/Under Recovery (Line 14 + Line 22)**	$ (466,792)	$ 80,318	$ (386,474)
24	**Disposition of Prior Years R and O Factors**			
25	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ (191,680)	$ -	$ (191,680)
26	**Factor O Ordered to be applied in a future year:**			
27	2004 O Factor (Refund) Docket No. 05-0176	(261,252)	7,609	(253,643)
28	2005 O Factor Docket No. 06-0196	-		-
29	2006 O Factor Docket No. 07-0176	-	-	-
30	2007 O Factor Collection Docket No. 08-0218	358	-	358
31	2008 O Factor (Refund) Docket No. 09-0151	(9,754)	192	(9,562)
32	2009 O Factor Collection Docket No. 10-0203	137	-	137
33	Unamortized Balance from previous reconciliation	(4,601)	-	(4,601)
34	Interest on Prior O Factors	-	(7,801)	(7,801)
35	2011 O Factor (Refund) Docket No. 12-0200	-	80,318	80,318
36	**Cumulative (Over)/Under Recovery at 12/31/11 (Line 23)**	$ (466,792)	$ 80,318	$ (386,474)

Sources:
Column (B): IAWC Exhibit 1.13 Water Summary
Column (C): Schedules 1.2R by area if applicable
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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (1,377)	$ -	$ (1,377)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
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	**Current Year (Over)/Under Recovery**			
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)**	$ (1,082)	$ -	$ (1,082)
17	**Disposition of Prior Years R and O Factors**			
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)**	$ (1,082)	$ -	$ (1,082)

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0R
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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (98,308)	$ -	$ (98,308)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
4	2006 O Factor Docket No. 07-0195	(31,765)	-	(31,765)
5	**Cumulative (Over)/Under Recovery from Prior Years**	$ (130,073)	$ -	$ (130,073)
	(Sum of Lines 2 through 4)			
6	**Current Year (Over)/Under Recovery**			
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	-	(3,450)	(3,450)
12	Rounding	-	-	-
13	**Current Year (Over)/Under Recovery (Sum of Lines 7 thru 12)**	124,464	(3,450)	121,014
14	**Cumulative (Over)/Under Recovery (Line 5 + Line 13)**	$ (5,609)	$ (3,450)	$ (9,059)
15	**Disposition of Prior Years R and O Factors**			
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	Interest on Prior O Factors	-	(3,450)	(3,450)
20	2011 O Factor Docket No. 12-0200	-	-	-
21	**Cumulative (Over)/Under Recovery at 12/31/11 (Line 14)**	$ (5,609)	$ (3,450)	$ (9,059)

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R CS, page 2
Column (D): Col. (B) + (C)

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

Line No.	Description	2007	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**Docket No. 07-0195 O Factor**						
2	O Factor	$ (31,765.00)					
3	Interest Rate	5.00%	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	100%	
5	Interest on Factor O	(1,588.25)	(1,167.36)	(345.21)	(174.33)	(175.20)	(3,450.35)
6	Interest on O Factor included in rate and reconciliation	-	-	-	-	-	-
7	Ending Balance to be refunded (line 2 + line 5 + line 6)	$ (33,353.25)	$ (34,520.61)	$ (34,865.82)	$ (35,040.15)	$ (35,215.35)	
8	Total Interest on 2006 reconciliation						$ (3,450.35)
9	Total Interest reported on 2006 reconciliation by IAWC						$ -

Sources:

Line 2: Commission Order Docket No. 07-0195, Appendix A, col. (C), line 8
Line 3 col. (B): Commission Ordered Interest Rate, Docket No. 06-0809, dated December 20, 2006
Line 3 col. (C): Commission Ordered Interest Rate, Docket No. 07-0623, dated December 19, 2007
Line 3 col. (D): Commission Ordered Interest Rate, Docket No. 08-0679, dated December 17, 2008
Line 3 col. (E): Commission Ordered Interest Rate, Docket No. 09-0607, dated December 16, 2009
Line 3 col. (F): Commission Ordered Interest Rate, 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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ 24,577	$ -	$ 24,577
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
4	2006 O Factor Docket No. 07-0195	31,765	-	31,765
5	**Cumulative (Over)/Under Recovery from Prior Years**	$ 56,342	$ -	$ 56,342
	(Sum of Lines 2 through 4)			
6	**Current Year (Over)/Under Recovery**			
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	-	3,450	3,450
12	Rounding	-	-	-
13	**Current Year (Over)/Under Recovery (Sum of Lines 7 thru 12)**	(15,623)	3,450	(12,173)
14	**Cumulative (Over)/Under Recovery (Line 5 + Line 13)**	$ 40,720	$ 3,450	$ 44,170
15	**Disposition of Prior Years R and O Factors**			
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	Interest on Prior O Factors	-	3,450	3,450
20	2011 O Factor Docket No. 12-0200	-	-	-
	Cumulative (Over)/Under Recovery at 12/31/11 (Line 14)	$ 40,720	$ 3,450	$ 44,170

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R CS, page 4
Column (D): Col. (B) + (C)

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

Line No.	Description	2007	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**Docket No. 07-0195 O Factor**						
2	O Factor	$ 31,765.00					
3	Interest Rate	5.00%	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	100%	
5	Interest on Factor O	1,588.25	1,167.36	345.21	174.33	175.20	3,450.35
6	Interest on O Factor included in rate and reconciliation	-	-	-	-	-	-
7	Ending Balance to be collected (line 2 + line 5 + line 6)	$ 33,353.25	$ 34,520.61	$ 34,865.82	$ 35,040.15	$35,215.35	
8	Total Interest on 2006 reconciliation						$ 3,450.35
9	Total Interest reported on 2006 reconciliation by IAWC						$ -

Sources:

Line 2: Commission Order Docket No. 07-0195, Appendix A, col. (C), line 8
Line 3 col. (B): Commission Ordered Interest Rate, Docket No. 06-0809, dated December 20, 2006
Line 3 col. (C): Commission Ordered Interest Rate, Docket No. 07-0623, dated December 19, 2007
Line 3 col. (D): Commission Ordered Interest Rate, Docket No. 08-0679, dated December 17, 2008
Line 3 col. (E): Commission Ordered Interest Rate, Docket No. 09-0607, dated December 16, 2009
Line 3 col. (F): Commission Ordered Interest Rate, 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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (48,630)	$ -	$ (48,630)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
4	2007 O Factor Docket No. 08-0218	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	**Current Year (Over)/Under Recovery**			
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	-	15	15
13	Rounding	-	-	-
14	**Current Year (Over)/Under Recovery (Sum of Lines 8 thru 13)**	(61,832)	15	(61,817)
15	**Cumulative (Over)/Under Recovery (Line 6 + Line 14)**	$ (110,201)	$ 15	$ (110,186)
16	**Disposition of Prior Years R and O Factors**			
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	2007 O Factor Docket No. 08-0218	261	-	261
20	Interest on Prior O Factor	-	15	15
21	2011 O Factor Docket No. 12-0200	-	-	-
	Cumulative (Over)/Under Recovery at 12/31/11 (Line 15)	$ (110,201)	$ 15	$ (110,186)

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R DC, page 2
Column (D): Col. (B) + (C)

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

Line No.	Description	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)
1	**Docket No. 08-0218 O Factor**					
2	O Factor	$ 261.00				
3	Interest Rate	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	
5	Interest on Factor O	9.14	2.70	1.36	1.37	14.57
6	Interest on O Factor included in rate and reconciliation	-	-	-	-	-
7	Ending Balance to be collected (line 2 + line 5 + line 6)	$ 270.14	$ 272.84	$ 274.20	$ 275.57	
8	Total Interest on 2007 reconciliation					$ 14.57
9	Total Interest reported on 2007 reconciliation by IAWC					$ -

Sources:
Line 2 Col. (B): Commission Order, Docket No. 09-0151, Appendix, p. 1, col. (F), line 10
Line 3 col. (B): Commission Ordered Interest Rate, Docket No. 09-0607, dated December 16, 2009
Line 3 col. (C): Commission Ordered Interest Rate, 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	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ 644	$ -	$ 644
3	**O Factors (Refunded)/Recovered but not reflected in prior reconciliations**			
4	2004 O Factor Docket No. 05-0176	2,021	(59)	1,962
5	Interest on Prior O Factors	-	59	59
		-	-	-
6	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
7	2008 O Factor Docket No. 09-0151	-	-	-
8	2007 O Factor Docket No. 08-0218	97	-	97
9	2010 O Factor Docket No. 11-0265	-	-	-
10	**Cumulative (Over)/Under Recovery from Prior Years** (Sum of Lines 2 through 9)	2,762	-	2,762
11	**Current Year (Over)/Under Recovery**			
12	Current Year Recoverable Costs	$ 574,116	$ -	$ 574,116
13	Current Year Revenue Recovered	(568,599)	-	(568,599)
14	Other Adjustments	-	-	-
15	Interest	-	-	-
16	Interest on Prior Year O Factor	-	309	309
17	Rounding	-	-	-
18	**Current Year (Over)/Under Recovery (Sum of Lines 11 thru 17)**	$ 5,517	$ 309	$ 5,826
19	**Cumulative (Over)/Under Recovery from Prior Years (Line 10 + Line 18)**	$ 8,279	$ 309	$ 8,588
20	**Disposition of Prior Years R and O Factors**			
21	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ 6,161	$ -	$ 6,161
22	**Factor O Ordered to be applied in a future year:**			
23	2004 O Factor Docket No. 05-0176	2,021	(59)	1,962
24	2007 O Factor Docket No. 08-0218	97	-	97
25	Interest on Prior O Factors	-	368	368
26	2011 Factor O Docket No. 12-0200	-	-	-
	Cumulative (Over)/Under Recovery at 12/31/11 (Line 18)	$ 8,279	$ 309	$ 8,588

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R DC, page 4
Column (D): Col. (B) + (C)

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

Line No.	Description	2005	2006	2007	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	**Docket No. 05-0176 O Factor**								
2	O Factor	$ 1,962.00							
3	Interest Rate	2.50%	4.50%	5.00%	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	100%	100%	100%	
5	Interest on Factor O	49.05	90.50	105.08	77.23	22.84	11.53	11.59	$ 368
6	Interest on O Factor included in rate and reconciliation	-	-	-	-	-	-	-	$ 59
7	Ending Balance to be collected (line 2 + line 5 + line 6)	$ 2,011.05	$ 2,101.55	$ 2,206.62	$ 2,283.86	$ 2,306.70	$ 2,318.23	$ 2,329.82	
8	Total Interest on 2004 reconciliation								$ 368
9	Total Interest reported on 2004 reconciliation by IAWC								$ 59
10					Line 8 - line 9 (to page 1, line 16)				$ 309

Sources:

Line 2 Col. (B): Commission Order, Docket No.05-0176, Appendix, p. 1, col. (D), line 8
Line 3 col. (B): Commission Ordered Interest Rate, Docket No. 04-0751, dated December 7, 2004
Line 3 col. (C): Commission Ordered Interest Rate, Docket No. 05-0797, dated December 13, 2005
Line 3 col. (D): Commission Ordered Interest Rate, Docket No. 06-0809, dated December 20, 2006
Line 3 col. (E): Commission Ordered Interest Rate, Docket No. 07-0623, dated December 19, 2007
Line 3 col. (F): Commission Ordered Interest Rate, Docket No. 08-0679, dated December 17, 2008
Line 3 col. (G): Commission Ordered Interest Rate, Docket No. 09-0607, dated December 16, 2009
Line 3 col. (H): Commission Ordered Interest Rate, 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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (41,223)	$ -	$ (41,223)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
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	**Current Year (Over)/Under Recovery**			
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)**	$ (11,013)	$ -	$ (11,013)
17	**Disposition of Prior Years R and O Factors**			
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)**	$ (11,013)	$ -	$ (11,013)

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

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

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (7,169)	$ -	$ (7,169)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
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	**Current Year (Over)/Under Recovery**			
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)**	$ (8,013)	$ -	$ (8,013)
17	**Disposition of Prior Years R and O Factors**			
18	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ (3,412)	$ -	$ (3,412)
19	Unamortized Balance from previous reconciliation	(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)**	$ (8,013)	$ -	$ (8,013)

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0R
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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ 66,142	$ -	$ 66,142
3	**O Factors (Refunded)/Recovered but not reflected in prior reconciliations**			
4	2004 O Factor Docket No. 05-0176	(253,755)	7,391	(246,364)
5	2008 O Factor Docket No. 09-0151	(9,570)	188	(9,382)
6	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
7	2009 O Factor Docket No. 10-0203	-	-	-
8	2010 O Factor Docket No. 11-0265	-	-	-
9	Interest on Prior O Factors	-	(7,579)	(7,579)
10	**Cumulative (Over)/Under Recovery from Prior Years**	$ (197,183)	-	$ (197,183)
	(Sum of Lines 2 through 9)			
11	**Current Year (Over)/Under Recovery**			
12	Current Year Recoverable Costs	$ 12,874,631	$ -	$ 12,874,631
13	Current Year Revenue Recovered	(12,826,044)	-	(12,826,044)
14	Other Adjustments - Excess UAF over Tariff	(187,956)	114,617	(73,339)
15	Interest	-	-	-
16	Interest on Prior Year O Factor	-	(33,171)	(33,171)
17	Rounding	-	-	-
18	**Current Year (Over)/Under Recovery (Sum of Lines 12 thru 17)**	(139,369)	81,446	(57,923)
19	**Cumulative (Over)/Under Recovery (Line 10 + Line 18)**	$ (336,551)	$ 81,446	$ (255,105)
20	**Disposition of Prior Years R and O Factors**			
21	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ (73,226)	$ -	$ (73,226)
22	**O Factors Collected in a prior year**			
23	2004 Factor O Refunded in 2006	(253,755)	7,391	(246,364)
24	**Factor O Ordered to be applied in a future year:**			
25	2008 O Factor Docket No. 09-0151	(9,570)	188	(9,382)
26	2009 O Factor Docket No. 10-0203	-	-	-
27	2010 O Factor Docket No. 11-0265	-	-	-
28	Interest on Prior O Factors	-	(40,750)	(40,750)
29	2011 O Factor Docket No. 12-0200	-	114,617	114,617
30	**Cumulative (Over)/Under Recovery at 12/31/11 (Line 19)**	$ (336,551)	$ 81,446	$ (255,105)

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R SW, page 2
Column (C), Line 14: IAWC Exhibit 1.01SUPP
Column (D): Col. (B) + (C)

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

Line No.	Description	2005	2006	2007	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	**Docket No. 05-0176 O Factor**								
2	O Factor	$ (246,364.00)							
3	Interest Rate	2.50%	4.50%	5.00%	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	100%	100%	100%	
5	Interest on Factor O	(6,159.10)	(11,363.54)	(13,194.33)	(9,697.83)	-	-	-	(40,415.00)
6	Interest on O Factor included in rate and reconciliation	-	-	-	-	-	-	-	(7,391.00)
7	Ending Balance to be refunded (line 2 + line 5 + line 6)	$ (252,523.10)	$ (263,886.64)	$ (277,080.97)	$(286,778.81)	$ (286,778.81)	$(286,778.81)	$(286,778.81)	

		2008	2009	2010	2011	Total Interest
		(E)	(F)	(G)	(H)	(I)
8	**Docket No. 09-0151 O Factor**					
9	O Factor	$ (9,382.00)				
10	Interest Rate	3.50%	1.00%	0.50%	0.50%	
11	% of Year	100%	100%	100%	100%	
12	Interest on Factor O	(328.37)	(3.28)	(1.66)	(1.67)	$ (335)
13	Interest on O Factor included in rate and reconciliation	-	-	-	-	$ (188)
14	Ending Balance to be refunded (line 2 + line 5 + line 6)	(328.37)	(331.65)	(333.31)	(334.98)	
15	Total Interest on 2004 and 2008 reconciliations					$ (40,750)
16	Total Interest reported on 2004 and 2008 reconciliations by IAWC					$ (7,579)
17					Line 15 - line 16 (to page 1, line 16)	$ (33,171)

Sources:

Line 2 Col. (B): Commission Order, Docket No.05-0176, Appendix, p. 1, col. (G), line 8
Line 9 Col. (B): Commission Order, Docket No. 09-0151, Appendix, p. 1, col. (F), line 10
Line 3 col. (B): Commission Ordered Interest Rate, Docket No. 04-0751, dated December 7, 2004
Line 3 col. (C): Commission Ordered Interest Rate, Docket No. 05-0797, dated December 13, 2005
Line 3 col. (D): Commission Ordered Interest Rate, Docket No. 06-0809, dated December 20, 2006
Line 3 col. (E): Commission Ordered Interest Rate, Docket No. 07-0623, dated December 19, 2007
Line 3 col. (F): Commission Ordered Interest Rate, Docket No. 08-0679, dated December 17, 2008
Line 3 col. (G): Commission Ordered Interest Rate, Docket No. 09-0607, dated December 16, 2009
Line 3 col. (H): Commission Ordered Interest Rate, 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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (44,053)	$ -	$ (44,053)
3	**O Factors (Refunded)/Recovered but not reflected in prior reconciliations**			
4	2004 O Factor Docket No. 05-0176	(9,518)	277	(9,241)
5	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
6	2008 O Factor Docket No. 09-0151	18	-	18
7	2009 O Factor Docket No. 10-0203	-	-	-
8	2010 O Factor Docket No. 11-0265	-	-	-
9	Interest on Prior O Factors	-	(277)	(277)
10	**Cumulative (Over)/Under Recovery from Prior Years** (Sum of Lines 2 through 9)	(53,553)	-	(53,553)
11	**Current Year (Over)/Under Recovery**			
12	Current Year Recoverable Costs	$ 620,612	$ -	$ 620,612
13	Current Year Revenue Recovered	(615,175)	-	(615,175)
14	Other Adjustments	-	-	-
15	Interest	-	-	-
16	Interest on Prior Year O Factor	-	(1,455)	(1,455)
17	Rounding	-	-	-
18	**Current Year (Over)/Under Recovery (Sum of Lines 12 thru 17)**	5,437	(1,455)	3,982
19	**Cumulative (Over)/Under Recovery (Line 10 + Line 18)**	$ (48,116)	$ (1,455)	$ (49,571)
20	**Disposition of Prior Years R and O Factors**			
21	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ (38,616)	$ -	$ (38,616)
22	**O Factors Collected in a prior year**			
23	2004 O Factor Docket No. 05-0176	$ (9,518)	$ 277	$ (9,241)
24	**Factor O Ordered to be applied in a future year:**			
25	2008 O Factor Docket No. 09-0151	18	-	18
26	2009 O Factor Docket No. 10-0203	-	-	-
27	2010 O Factor Docket No. 11-0265	-	-	-
28	Interest on Prior O Factors	-	(1,732)	(1,732)
29	2011 O Factor Docket No. 12-0200	-	-	-
30	**Cumulative (Over)/Under Recovery at 12/31/11 (Line 19)**	$ (48,116)	$ (1,455)	$ (49,571)

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R W, page 2
Column (D): Col. (B) + (C)

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

Line No.	Description	2005	2006	2007	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	**Docket No. 05-0176 O Factor**								
2	O Factor	$ (9,241.00)							
3	Interest Rate	2.50%	4.50%	5.00%	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	100%	100%	100%	
5	Interest on Factor O	(231.03)	(426.24)	(494.91)	(363.76)	(107.57)	(54.32)	(54.59)	(1,732.43)
6	Interest on O Factor included in rate and reconciliation	-	-	-	-	-	-	-	277.00
7	Ending Balance to be refunded (line 2 + line 5 + line 6)	(9,472.03)	(9,898.27)	(10,393.18)	(10,756.94)	(10,864.51)	(10,918.83)	(10,973.43)	
8	Total Interest on 2004 reconciliation								$ (1,732.43)
9	Total Interest reported on 2004 reconciliation by IAWC								$ 277.00

Source:
Line 2 Col. (B): Commission Order, Docket No.05-0176, Appendix, p. 1, Col. (H), line 8
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 Water Surcharge Reconciliation
South Beloit Variable Charge
For the Year Ended December 31, 2011

Line No.	Description	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (2,288)	$ -	$ (2,288)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
4	2008 O Factor Docket No. 09-0151	(183)	4	(179)
5	2009 O Factor Docket No. 10-0203	-	-	-
6	2010 O Factor Docket No. 11-0265	-	-	-
7	Interest on Prior O Factors	-	(4)	(4)
8	**Cumulative (Over)/Under Recovery from Prior Years** (Sum of Lines 2 through 7)	(2,471)	-	(2,471)
9	**Current Year (Over)/Under Recovery**			
10	Current Year Recoverable Costs	$ 329,438	$ -	$ 329,438
11	Current Year Revenue Recovered	(322,208)	-	(322,208)
12	Other Adjustments - NRW	-	-	-
13	Interest	-	-	-
14	Interest on Prior Year O Factor	-	1	1
15	Rounding	-	-	-
16	**Current Year (Over)/Under Recovery (Sum of Lines 10 thru 15)**	7,230	1	7,231
17	**Cumulative (Over)/Under Recovery (Line 8 + Line 16)**	$ 4,759	$ 1	$ 4,760
18	**Disposition of Prior Years R and O Factors**			
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)	4	(179)
22	Interest on Prior O Factors	-	(3)	(3)
23	2011 O Factor Docket No. 12-0200	-	-	-
24	**Cumulative (Over)/Under Recovery at 12/31/11 (Line 16)**	$ 4,759	$ 1	$ 4,760

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R SB, page 2
Column (D): Col. (B) + (C)

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

Line No.	Description	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)
1	**Docket No. 09-0151 O Factor**				
2	O Factor	$ (179)			
3	Interest Rate	0.50%	0.50%	0.50%	
4	% of Year	100%	100%	100%	
5	Interest on Factor O	(1)	(1)	(1)	$ (3)
6	Interest on O Factor included in rate and reconciliation	-	-	-	4
7	Ending Balance to be refunded (line 2 + line 5 + line 6)	$ (180)	$ (181)	$ (182)	
8	Total Interest on 2008 reconciliation				$ (3)
9	Total Interest reported on 2008 reconciliation by IAWC				$ 4

Sources:

Line 2 Col. (B): Commission Order, Docket No. 09-0151, Appendix A, Col. (I), line 10
Line 3 Col. (B): Commission Order, Docket No. 08-0679, dated December 17, 2008
Line 3 Col (C): Commission Order, Docket No. 09-0607, dated December 16, 2009
Line 3 Col. (D): 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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years:**	$ (729)	$ (176)	$ (905)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
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	**Current Year (Over)/Under Recovery**			
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)**	$ 36	$ 1	$ 37
17	**Disposition of Prior Years R and O Factors**			
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)**	$ 36	$ 1	$ 37

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.2R SW, page 4
Column (C), Line 1: Commission Order Docket No. 11-0265 Appendix A
Column (D): Col. (B) + (C)

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

Line No.	Description	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)
1	**Docket No. 09-0151 O Factor**				
2	O Factor	$ (19)			
3	Interest Rate	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	
5	Interest on O Factor	-	-	-	-
6	Interest included in Company reconciliation	-	-	-	-
7	Ending Balance to be refunded (line 2 + line 5 + line 6)	$ -	$ -	$ -	
8	**Docket No. 10-0203 O Factor**		**2010**	**2011**	**Total Interest**
			(C)	**(D)**	**(E)**
9	O Factor		$ 137		
10	Interest Rate		0.50%	0.50%	
11	% of Year		100%	100%	
12	Interest on Factor O		1	-	$ 1
13	Interest on O Factor included in rate and reconciliation		-	-	-
14	Ending Balance to be collected (line 9 + line 12 + line 13)		$ 1	$ -	
15	Total Interest on 2008 and 2009 reconciliations				$ 1
16	Total Interest reported on 2008 and 2009 reconciliations by IAWC				-

Line 2 Col. (B): Commission Order, Docket No. 09-0151, Appendix A, Col. (I), line 10
Line 9 Col. (B): Commission Order, Docket No.10-0203, Appendix, page 1, Col. (C), line 16
Line 3 Col. (B): Commission Order, Docket No. 08-0679, dated December 17, 2008
Line 3 Col (C): Commission Order, Docket No. 09-0607, dated December 16, 2009
Line 3 Col. (D): 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	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ 48,693	$ -	$ 48,693
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
4	2003 O Factor Docket No. 04-0671	(1,676)	-	(1,676)
5	2004 O Factor Docket No. 05-0176	(9,422)	275	(9,147)
6	2005 O Factor Docket No. 06-0196	47	(2)	45
7	2008 O Factor Docket No. 09-0151	(15,096)	296	(14,800)
8	2009 O Factor Docket No. 10-0203	133	-	133
9	Interest on Prior O Factors	-	(569)	(569)
10	Unamortized Factor O from previous reconciliations	74,992	-	74,992
11	**Cumulative (Over)/Under Recovery from Prior Years** (Sum of Lines 2 through 9)	97,671	-	97,671
12	**Current Year (Over)/Under Recovery**			
13	Current Year Recoverable Costs	$ 869,116	$ -	$ 869,116
14	Current Year Revenue Recovered	(858,332)	-	(858,332)
15	Other Adjustments - NRW	-	-	-
16	Interest	-	-	-
17	Interest on Prior Year O Factor	-	(1,832)	(1,832)
18	Rounding	-	-	-
19	**Current Year (Over)/Under Recovery (Sum of Lines 12 thru 17)**	10,784	(1,832)	8,952
20	**Cumulative (Over)/Under Recovery (Line 10 + Line 18)**	$ 108,456	$ (1,832)	$ 106,623
21	**Disposition of Prior Years R and O Factors**			
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)	275	(9,147)
26	2005 O Factor Collection Docket No. 06-0196	47	(2)	45
27	2008 O Factor (Refund) Docket No. 09-0151	(15,096)	296	(14,800)
28	2009 O Factor Collection Docket No. 10-0203	133	-	133
29	2010 O Factor Collection Docket No. 11-0265	-	-	-
30	Unamortized O Factor from previous reconciliation	22,535	-	22,535
31	Interest on Prior O Factors	-	(2,401)	(2,401)
32	2011 O Factor (Refund) Docket No. 12-0200	-	-	-
33	**Cumulative (Over)/Under Recovery at 12/31/11 (Line 19)**	$ 108,456	$ (1,832)	$ 106,623

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Staff Ex. 1.0R, Schedules 1.4R by area if applicable
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	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ 51,750	$ -	$ 51,750
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
4	2008 O Factor Docket No. 09-0151	(15,096)	296	(14,800)
5	2009 O Factor Docket No. 10-0203	-	-	-
6	Interest on Prior O Factors	-	(296)	(296)
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	**Current Year (Over)/Under Recovery**			
10	Current Year Recoverable Costs	$ 236,457	$ -	$ 236,457
11	Current Year Revenue Recovered	(262,532)	-	(262,532)
12	Other Adjustments	-	-	-
13	Interest	-	-	-
14	Interest on Prior Year O Factor	-	(2)	(2)
15	Rounding	-	-	-
16	**Current Year (Over)/Under Recovery (Sum of Lines 10 thru 15)**	(26,074)	(2)	(26,076)
17	**Cumulative (Over)/Under Recovery (Line 8 + Line 16)**	$ 85,572	$ (2)	$ 85,570
18	**Disposition of Prior Years R and O Factors**			
19	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ 78,133	$ -	$ 78,133
20	Unamortized Balance from previous reconciliation	22,535	-	22,535
			-	-
21	**Factor O Ordered to be applied in a future year:**			
22	2008 O Factor Docket No. 09-0151	(15,096)	296	(14,800)
23	2009 O Factor Docket No. 10-0203	-	-	-
24	2010 O Factor Docket No. 11-0265			
25	Interest on Prior O Factors	-	(298)	(298)
26	2011 O Factor Docket No. 12-0200	-	-	-
	Cumulative (Over)/Under Recovery at 12/31/11 (Line 17)	$ 85,572	$ (2)	$ 85,570

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.4R CC, page 2
Column (D): Col. (B) + (C)

Illinois American Water Company
Purchased Sewage Treatment Surcharge Reconciliation
Country Club
O Factor Cumulative Interest Calculation

Line No.	Description	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)
1	**Docket No. 09-0151 O Factor**				
2	O Factor	$ (14,800)			
3	Interest Rate	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	
5	Interest on Factor O	(148)	(75)	(75)	(298)
6	Interest included in Company reconciliation	-	-	-	-
7	Ending Balance to be refunded (line 2 + line 5 + line 6)	$ (14,948)	$ (15,023)	$ (15,098)	$ (298)
8	Total Interest on 2008 reconciliation				$ (298)
9	Total Interest reported on 2008 reconciliation by IAWC				$ 296

Sources:
Line 2 Col. (B): Commission Order, Docket No. 09-0151 Appendix B, Col. (C), line 9
Line 3 Col. (C): Commission Order, Docket No. 08-0679, dated December 17, 2008
Line 3 Col (D): Commission Order, Docket No. 09-0607, dated December 16, 2009
Line 3 Col. (E): 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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ (11,992)	$ -	$ (11,992)
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
4	2004 O Factor Docket No. 05-0176	(9,409)	275	(9,134)
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 Prior O Factor		(275)	(275)
9	Unamortized Balance from previous reconciliations	-	-	-
10	**Cumulative (Over)/Under Recovery from Prior Years** (Sum of Lines 2 through 9)	(21,401)	-	(21,401)
11	**Current Year (Over)/Under Recovery**			
12	Current Year Recoverable Costs	$ 571,693	$ -	$ 571,693
13	Current Year Revenue Recovered	(535,439)	-	(535,439)
14	Other Adjustments	-	-	-
15	Interest	-	-	-
16	Interest on Prior Year O Factor	-	(1,489)	(1,489)
17	Rounding	-	-	-
18	**Current Year (Over)/Under Recovery (Sum of Lines 12 thru 17)**	36,254	(1,489)	34,765
19	**Cumulative (Over)/Under Recovery (Line 10 + Line 18)**	$ 14,853	$ (1,489)	$ 13,364
20	**Disposition of Prior Years R and O Factors**			
21	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ 24,262	$ -	$ 24,262
22	**Factor O Ordered to be applied in a future year:**			
23	2004 O Factor Docket No. 05-0176	(9,409)	275	(9,134)
24	2008 O Factor Docket No. 09-0151	-	-	-
25	2009 O Factor Docket No. 10-0203	-	-	-
26	2010 O Factor Docket No. 11-0265	-	-	-
27	Interest on Prior O Factor	-	(1,764)	(1,764)
28	2011 O Factor Docket No. 12-0200	-	-	-
29	**Cumulative (Over)/Under Recovery at 12/31/11 (Line 19)**	$ 14,853	$ (1,489)	$ 13,364

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.4R VV, page 2
Column (D): Col. (B) + (C)

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

Line No.	Description	2005	2006	2007	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	**Docket No. 05-0176 O Factor**								
2	O Factor	$ (9,134)	$ -						
3	Interest Rate	2.5%	5%	5%	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	100%	100%	100%	
5	Interest on Factor O	(228)	(468)	(492)	(361)	(107)	(54)	(54)	(1,764)
6	Interest included in Company reconciliation	-	-	-	-	-	-	-	275
7	Ending Balance to be refunded (line 2 + line 5 + line 6)	$ (9,362)	$ (9,830)	$ (10,322)	$ (10,683)	$ (10,790)	$ (10,844)	$ (10,898)	
8	Total Interest on 2004 reconciliation								$ (1,764)
9	Total Interest reported on 2004 reconciliation by IAWC								$ 275

Sources:

Line 2 Col. (B): Commission Order, Docket No. 05-0176, Appendix p.2, Col. (C), line 7
Line 3 Col. (C): Commission Order, Docket No. 04-0751, dated December 7, 2004
Line 3 Col. (D): Commission Order, Docket No. 05-0797, dated December 13, 2005
Line 3 Col. (E): Commission Order, Docket No. 06-0809, dated December 20, 2006
Line 3 Col. (F): Commission Order, Docket No. 07-0623, dated December 19, 2007
Line 3 Col. (G): Commission Order, Docket No. 08-0679, dated December 17, 2008
Line 3 Col (H): Commission Order, Docket No. 09-0607, dated December 16, 2009
Line 3 Col. (I): 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	As Filed Per Company	Adjustments	Per Staff
	(A)	(B)	(C)	(D)
1	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ 3,624	$ -	$ 3,624
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
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	**Current Year (Over)/Under Recovery**			
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	**Disposition of Prior Years R and O Factors**			
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	-	-	-
	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. 1.0R
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	**(Over)/Under Recovery Carried Forward from Prior Year**			
2	**R Factor (refund)/recovery from prior years**	$ 5,311	$ -	$ 5,311
3	**O Factors Not Yet (Refunded)/Recovered at Beginning of Year**			
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	(2)	45
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 prior O Factors	-	2	2
11	**Cumulative (Over)/Under Recovery from Prior Years** (Sum of Lines 2 through 10)	3,802	-	3,802
12	**Current Year (Over)/Under Recovery**			
13	Current Year Recoverable Costs	$ 37,579	$ -	$ 37,579
14	Current Year Revenue Recovered	(39,536)	-	(39,536)
15	Other Adjustments	-	-	-
16	Interest	-	-	-
17	Interest on Prior Year O Factor	-	(341)	(341)
18	Rounding	-	-	-
19	**Current Year (Over)/Under Recovery (Sum of Lines 13 thru 18)**	(1,958)	(341)	(2,299)
20	**Cumulative (Over)/Under Recovery (Line 11 + Line 19)**	$ 1,844	$ (341)	$ 1,503
21	**Disposition of Prior Years R and O Factors**			
22	**R Factor to be (Refunded)/Recovered to be applied in 2012**	$ 3,353	$ -	$ 3,353
23	**Factor O Ordered to be applied in a future year:**			
24	2003 O Factor Docket No. 04-0258	(1,676)	-	(1,676)
25	2004 O Factor Docket No. 05-0176	(13)	-	(13)
26	2005 O Factor Docket No. 06-0196	47	(2)	45
27	2008 O Factor Docket No. 09-0151	-	-	-
28	2009 O Factor Docket No. 10-0203	133	-	133
29	2010 O Factor Docket No. 11-0265	-	-	-
30	Interest on prior O Factors	-	(339)	(339)
31	2011 O Factor Docket No. 12-0200	-	-	-
	Cumulative (Over)/Under Recovery at 12/31/11 (Line 20)	$ 1,844	$ (341)	$ 1,503

Sources:
Column (B): IAWC Exhibit 1.13
Column (C): Schedule 1.4R CC, page 3
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	2004	2005	2006	2007	2008	2009	2010	2011	Total Interest
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	**Docket No. 04-0258 O Factor**									
2	O Factor	$ (1,676)								
3	Interest Rate	1.5%	2.5%	4.5%	5%	3.50%	1.00%	0.50%	0.50%	
4	% of Year	100%	100%	100%	100%	100%	100%	100%	100%	
5	Interest on O Factor	(25)	(43)	(78)	(91)	(67)	(20)	(10)	(10)	(344)
6	Interest on O Factor included in rate and reconciliation	-	-	-	-	-	-	-	-	-
7	Ending Balance to be refunded	$ (1,701)	$ (1,744)	$ (1,822)	$ (1,913)	$ (1,980)	$ (2,000)	$ (2,010)	$ (2,020)	
8	**Docket No. 05-0176 O Factor**		2005	2006	2007	2008	2009	2010	2011	
9	O Factor		$ (13)							
10	Interest Rate		2.5%	5%	5%	3.50%	1.00%	0.50%	0.50%	
11	% of Year		100%	100%	100%	100%	100%	100%	100%	
12	Interest on Factor O		-	(1)	(1)	(1)	-	-	-	(3)
13	Interest on O Factor included in rate and reconciliation		-	-	-	-	-	-	-	-
14	Ending Balance to be refunded		$ (13)	$ (14)	$ (15)	$ (16)	$ (16)	$ (16)	$ (16)	
				2006	2007	2008	2009	2010	2011	
15	**Docket No. 06-0196 O Factor**									
16	O Factor			$ 45						
17	Interest Rate			4.5%	5%	3.50%	1.00%	0.50%	0.50%	
18	% of Year			100%	100%	100%	100%	100%	100%	
19	Interest on O Factor			2	2	2	1	0	0	7
20	Interest on O Factor included in rate and reconciliation			-	-	-	-	-	-	2
21	Ending Balance to be collected			$ 47	$ 49	$ 51	$ 52	$ 52	$ 52	

Sources:
Line 2 Col. (B): Commission Order, Docket No. 04-0258, Appendix A, Col. (B), line 10
Line 3 Col. (B): Commission Order, Docket No. 03-0764, dated December 17, 2003
Lines 3 and 10 Col. (C): Commission Order, Docket No. 04-0751, dated December 7, 2004
Lines 3 and 10 Col. (D): Commission Order, Docket No. 05-0797, dated December 13, 2005
Lines 3, 10 and 17 Col. (E): Commission Order, Docket No. 06-0809, dated December 20, 2006
Lines 3, 10 and 17 Col. (F): Commission Order, Docket No. 07-0623, dated December 19, 2007
Lines 3, 10 and 17 Col. (G): Commission Order, Docket No. 08-0679, dated December 17, 2008
Lines 3,10,and 17 Col (H): Commission Order, Docket No. 09-0607, dated December 16, 2009
Lines 3, 10, and 17 Col. (I): Commission Order, Docket No. 10-0719, dated December 15, 2010
Line 9 Col. (B): Commission Order, Docket No.05-0176, Appendix, page 2, Col. (D), line 7
Line 16 Col. (B): Commission Order, Docket No.06-0196, Appendix, Page 2, Col. (B), line 7

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

Line No.	Description	2010	2011	Total Interest
	(A)	(B)	(C)	(D)
				(Sum of Columns B-I)
1	**Docket No. 10-0203 O Factor**			
2	O Factor	$ 133		
3	Interest Rate	0.50%	0.50%	
4	% of Year	100%	100%	
5	Interest on O Factor	1	-	
6	Interest included in Company reconciliation	-	-	1
	Ending Balance to be refunded (line 2 + line 5 + line 6)	$ 134	$ 134	-
7	Total Interest on 2004, 2005, 2006 and 2010 reconciliations			$ (339)
8	Total Interest reported on 2004, 2005, 2006 and 2010 reconciliations by IAWC			$ (2)

Sources:

Line 2 Col. (C): Commission Order, Docket No. 10-0203, Appendix B, Col. (C), line 22

Line 3 Col. (C): Commission Order, Docket No. 09-0607, dated December 16, 2009

Line 3 Col. (D): Commission Order, Docket No. 10-0719, dated December 15, 2010