

ILL. C. C. NO. xx  
xx Revised Sheet No. \_\_\_  
Canceling xx Revised Sheet No. xx

**RIDER TO SCHEDULE OF RATES FOR WATER AND WASTEWATER SERVICE**

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**Rider VBA**

**Volume Balancing Adjustment**

**Applicable to All Residential and Non-Residential Service Classifications, exclusive of Customers on a Competitive Service Tariff**

The Volume Balancing Adjustment (VBA), expressed on a cents per 100 gallons basis, stabilizes the revenue requirement approved by the Commission in the Company's most recent rate proceeding. A separate adjustment shall be calculated for each Rate Zone for every calendar year beginning with the effective date of this tariff for the Service Classifications (Residential and Non-Residential).

The Company shall determine annual adjustments under this rider. The adjustments, as outlined in Section B, shall be filed with the Commission, no later than March 20th of each year, and shall be in effect for the nine-month period commencing the following April 1.

**Section A - Definitions**

As used in this rider, the terms below are defined to mean:

**Actual Revenue (AR)** shall mean the actual dollar amount of revenues billed to customers for the identified Service Classifications, excluding revenues arising from adjustments under this rider and any other rider, which were billed for the applicable Fiscal Year.

**Actual Production Costs (APC)** shall mean the actual dollar amount of power, chemicals and water waste disposal incurred by the Company in the Fiscal Year.

**Effective Period** shall mean the period for which the adjustments in Section B are to be billed to customers, and shall be the nine-month period after the Filing Month.

**Factor G (G)** shall mean the number of 100 gallons delivered to customers by the Company, including the number of 100 gallons for the applicable period.

**Filing Month** shall mean the month in which an adjustment is determined by the Company and submitted to the Commission.

**Fiscal Year** shall mean the Fiscal Year of the Company that ended as of the most recent December 31.

**Previous Amortization Period** shall mean the nine-month reconciliation amortization period that ended as of the most recent Fiscal Year.

**Rate Case Revenue (RCR)** shall mean the dollar amount of revenues reflected in the revenue requirements approved by the Commission for the applicable Service Classification in the Company's most recent general rate case. In a month or year in which new rates come into effect, the RCR shall be prorated based upon the number of days in the month or year under the old rates and the number of days in the month or year under the new rates.

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**Section A - Definitions – continued**

**Rate Case Production Costs (RPC)** shall mean the dollar amount of power, chemicals and water waste disposal expenses reflected in revenue requirements approved by the Commission in the Company's most recent general rate case. In a month or year in which new rates come into effect, the RPC shall be prorated based upon the number of days in the month or year under the old rates and the number of days in the month or year under the new rates.

**Upcoming Amortization Period** shall mean the nine-month reconciliation amortization period commencing on April 1 following the Fiscal Year.

**Section B - Determination of Adjustment**

There shall be separate per 100 gallon adjustments determined annually for each applicable Rate Zone and such adjustments shall be determined with two separate components, as follows:

$$\left[ \frac{((RCR-RPC) - (AR-APC))}{G} + \frac{(RA + O) \times (1 + i)}{G} \right] \times 100$$

Where:

- RCR represents the Rate Case Revenue for the Fiscal Year.
- RPC represents the Rate Case Production Costs for the Fiscal Year.
- AR represents the Actual Revenue for the Fiscal Year.
- APC represents the Actual Production Costs for the Fiscal Year.
- G represents the Factor G for the Effective Period.
- O represents the Ordered adjustment, in dollars (\$), ordered by the Commission that is to be refunded to or collected from customers as a result of the reconciliation established in Section C.
- RA represents the dollar amount due the Company (+RA) or the customers (-RA) arising from adjustments under this rider that were under-billed or over-billed in the Fiscal Year.
- i represents the interest rate established by the Commission under 83 Ill. Adm. Code 280 and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Effective Period.

The adjustment components above shall be summed together for billing purposes. If either component of the adjustments computes to 0.0001¢ per 100 gallons or more, any fraction of 0.0001¢ in the computed per 100 Gallons adjustment amount shall be dropped if less than 0.00005¢ or, if 0.00005¢ or more, shall be rounded up to the next full 0.0001¢.

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**Section C - Reports and Reconciliations**

The Company shall file with the Commission on or before March 20 of each year, an information sheet that specifies the annual adjustments to be effective under this rider. The Company shall file any corrections from a timely filed information sheet on or before March 31. Any filing after that date will be accepted only if submitted as a special permission request under the provisions of Section 9-201 (a) of the Public Utilities Act [220 ILCS 5/9-201 (a)]. The Company shall include with its filing a report which shows a determination of the RA to be applicable for the Upcoming Amortization Period. The Company shall also submit a report which provides the Company's rate of return with and without the effect of Rider VBA. At this same time, the Company shall also file a petition with the Commission seeking initiation of an annual reconciliation to determine the accuracy of the statement. The reconciling amount from such proceeding (Factor O) shall be recovered in the manner determined by the Commission in the annual reconciliation proceeding.

**Section D - Terms and Conditions**

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Water and Wastewater Services which are applicable to this rider.

**Section E – Audit**

The Company shall annually conduct an internal audit of the revenue requirements recovered or refunded pursuant to this rider. The internal audit shall determine if: (1) the actual amount of revenues that exceed or fall short of any approved Rate Case Revenue (RCR) collected are correctly reflected in the calculations; 2) the revenues are not collected through other approved tariffs; 3) Rider VBA adjustments are being properly billed to customers; and 4) Rider VBA revenues are recorded in the appropriate accounts. The above list of determinations does not limit the scope of the audit. The Company shall submit the audit report to the Commission's Manager of the Accounting Department, no later than August 1 of each year. Such report shall be verified by an officer of the Company.

**Section F – Compliance Filing**

The Company shall submit as a public document, in any rate case compliance filing, the Rider VBA Rate Case Revenue (RCR) for each applicable Rate Zone customers as applicable.