

OFFICIAL FILE  
ILLINOIS COMMERCE COMMISSION

AQUA<sup>SM</sup>

ORIGINAL

Aqua Illinois, Inc.  
1000 S. Schuyler Avenue  
Kankakee, Illinois 60901

April 20, 2016

Elizabeth A. Rolando  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62701

Re: Docket No. 15-0384 – Eastwood Manor and Nunda Water Systems  
Accounting Entry

Dear Ms. Rolando:

Per the Findings and Ordering Paragraphs VII., (18) of the Order in Docket No. 15-0384, Aqua Illinois, Inc. has recorded the acquisition of the Eastwood Manor and Nunda Water Systems. I have attached a copy of the entry to record the acquisitions. If you have any further questions, I can be reached at 815.614.2033.

Sincerely,



Paul Hanley  
Controller  
Aqua Illinois, Inc.

CHIEF CLERK'S OFFICE

2016 APR 26 A 11:06

ILLINOIS COMMERCE  
COMMISSION

|              |          |                          |                       |              |        |   |
|--------------|----------|--------------------------|-----------------------|--------------|--------|---|
| Journal      | GL N     | 27-00 Eastwood Manor Acq | Fiscal Year           | 2016         | Period | 3 |
| Status       | Released | Hold Code                | Hold Removal Operator | Operator     | bakerb |   |
| Posting Date | 03/31/16 | Transaction Date         | 04/04/16              | Reverse No   |        |   |
| Reference    |          | Document                 |                       | Reverse Pd   |        |   |
|              |          |                          |                       | Journal Book |        |   |

| Line   | Account | Activity           | Ref | SC Rvs | Debit      | Credit     |
|--|---------|--------------------|-----|--------|------------|------------|
| 1  | 340     | 300000-0000        |     | JE     | 724,279.00 |            |
| PPE-Utility Plant in Servic Eastwood Manor Acq |         |                    |     |        |            |            |
| 2  | 340     | 300000-0000        |     | JE     | 26,567.00  |            |
| PPE-Utility Plant in Servic Eastwood Manor Acq |         |                    |     |        |            |            |
| 3  | 340     | 300000-0000        |     | JE     | 80,124.02  |            |
| PPE-Utility Plant in Servic Eastwood Manor Acq |         |                    |     |        |            |            |
| 4  | 900     | 104000-0000 M92978 | 005 | JE     |            | 830,970.02 |
| Utility Plant Purchased/Sol Eastwood Manor Acq |         |                    |     |        |            |            |

|                                 |                        |            |            |            |
|---------------------------------|------------------------|------------|------------|------------|
| *** Totals For Journal entry N- | 27-00 , Source Code JE | Debits     | Credits    | Difference |
|                                 | Base . . . . .         | 830,970.02 | 830,970.02 | 0.00       |
|                                 | Reverse . . . . .      | 0.00       | 0.00       | 0.00       |
|                                 | Entered . . . . .      | 830,970.02 | 830,970.02 | 0.00       |
|                                 | Unit . . . . .         | 0.00       | 0.00       | 0.00       |

|                                 |                   |            |            |            |
|---------------------------------|-------------------|------------|------------|------------|
| *** Totals For Journal entry N- | 27-00             | Debits     | Credits    | Difference |
|                                 | Base . . . . .    | 830,970.02 | 830,970.02 | 0.00       |
|                                 | Reverse . . . . . | 0.00       | 0.00       | 0.00       |
|                                 | Entered . . . . . | 830,970.02 | 830,970.02 | 0.00       |
|                                 | Unit . . . . .    | 0.00       | 0.00       | 0.00       |

BB 4/4/16  
LV 4/6/16





OPR NEW ASSETS HISTORY LOADER  
AQUA\_OPR\_LDR

| col5<br><u>UTILITY ACCOUNT</u><br>REQUIRED<br><i>Corresponds to 'Utility Account Description (for given Business Segment)'</i> | col6<br><u>SUB ACCOUNT</u><br><i>Corresponds to 'Sub Account Description (for given Utility Account and Bus Segment)'</i> | col12<br><u>LONG DESCRIPTION</u><br>REQUIRED<br><i>254 characters</i> | col14<br><u>COST - NO DETAIL BASIS</u><br>REQUIRED<br><i>number</i> |
|--|---|---|---|
| 331400-T&D Mains   | None  | 4" Watermain Ph 1   | 10,323.00   |
| 331400-T&D Mains   | None  | 6" Watermain Ph 1   | 34,476.00   |
| 331400-T&D Mains   | None  | 4" Valves Ph 1  | 232.00  |
| 331400-T&D Mains   | None  | 6" Valves Ph 1  | 811.00  |
| 335400-Hydrants  | None  | 4" Hydrants with auxiliary valves PH 1                                | 2,317.00  |
| 330400-Dist Reservoirs & Standpipes  | 330410-DR&S-Tank-Elevated/Gnd Storg   | 60,000 gallons Water Tower Ph 1                                       | 35,701.00   |
| 307200-Wells & Springs   | None  | 6" Dia. Well- 300' Deep- 100gpm Ph 1                                  | 3,862.00  |
| 304000-Structures & Improvements   | 304210-Structures & Imp-Source  | Pump House Building Ph 1  | 7,506.00  |
| 330400-Dist Reservoirs & Standpipes  | 330430-DR&S-Steel Pneumatic Tank  | 6,000 Pneumatic Tank Ph 1   | 5,492.00  |
| 330400-Dist Reservoirs & Standpipes  | 330430-DR&S-Steel Pneumatic Tank  | Piping Ph 1   | 338.00  |
| 320300-Water Treatment Equipment   | 320350-WTE-Chlorination Equipment   | Chlorinators and Tank Ph 1  | 129.00  |
| 331400-T&D Mains   | None  | 6" Water Main Ph 2  | 85,586.00   |
| 331400-T&D Mains   | None  | 6" Valves Ph 2  | 631.00  |
| 335400-Hydrants  | None  | 6" Hydrants with auxiliary valves Ph 2                                | 2,575.00  |
| 331400-T&D Mains   | None  | 6" Water Main Ph 3  | 113,535.00  |
| 331400-T&D Mains   | None  | 6" Valves Ph 3  | 811.00  |
| 335400-Hydrants  | None  | 6" Hydrants with auxiliary valves Ph 3                                | 2,575.00  |
| 331400-T&D Mains   | None  | 6" Water Main Ph 3  | 49,123.00   |
| 331400-T&D Mains   | None  | 6" Valves Ph 3  | 180.00  |
| 331400-T&D Mains   | None  | 6" Water Main Ph 4  | 195,471.00  |
| 331400-T&D Mains   | None  | 6" Valves Ph 4  | 1,081.00  |
| 335400-Hydrants  | None  | 6" Hydrants with auxiliary valves Ph 4                                | 8,754.00  |
| 307200-Wells & Springs   | None  | 12" Dia. Well- 100' Deep- 350 gpm Ph 4                                | 3,862.00  |
| 304000-Structures & Improvements   | 304210-Structures & Imp-Source  | Pump House Building Ph 4  | 3,862.00  |
| 320300-Water Treatment Equipment   | None  | Flow Meter Ph 4   | 604.00  |
| 320300-Water Treatment Equipment   | None  | Piping Ph 4   | 595.00  |
| 320300-Water Treatment Equipment   | 320350-WTE-Chlorination Equipment   | Chlorinators and Tank Ph 4  | 193.00  |
| 331400-T&D Mains   | None  | 6" Water Main Ph 5  | 64,230.00   |
| 331400-T&D Mains   | None  | 6" Valves Ph 5  | 673.00  |
| 335400-Hydrants  | None  | 6" Hydrants with auxiliary valves Ph 5                                | 3,845.00  |
| 331400-T&D Mains   | None  | 8" Water Main Ph 6  | 33,888.00   |
| 331400-T&D Mains   | None  | 8" Valves Ph 6  | 193.00  |
| 331400-T&D Mains   | None  | 8" Water Main Ph 7  | 47,060.00   |
| 331400-T&D Mains   | None  | 8" Valves Ph 7  | 1,081.00  |
| 335400-Hydrants  | None  | 6" Hydrants with auxiliary valves Ph 7                                | 2,884.00  |
| 303000-Land & Land Rights  | 303220-Land & Land Rights-Pumping   | Land-Pump House Building  | 26,567.00   |
| 301100-Organization  | None  | Organization Costs - Eastwood Manor                                   |   |

EASTWOOD 750,846

Aqua Illinois  
Eastwood Manor Water System  
Reproduction Costs New Less Depreciation Study

| General Description               | Quantity from Google Earth | Unit | Unit Price    | Year Installed | Reproduction Cost New | Age | Average Service Life | Percent Depreciation | Total Depreciation | Reproduction Cost New Less Depreciation | Allocation of Rate Base |
|-----------------------------------|----------------------------|------|---------------|----------------|-----------------------|-----|----------------------|----------------------|--------------------|---|-------------------------|
| <b>PHASE I</b>                    |                            |      |               |                |                       |     |                      |                      |                    |   | <b>\$ 724,277</b>       |
| <b>Distribution System</b>        |                            |      |               |                |                       |     |                      |                      |                    |   |                         |
| 4" Water Main                     | 611                        | LF   | \$ 75.00      | 1956           | \$ 45,825.00          | 59  | 80                   | 74%                  | \$ 33,795.94       | \$ 12,029.06                            | \$ 10,323.00            |
| 6" Water Main                     | 1,913                      | LF   | \$ 80.00      | 1956           | \$ 153,040.00         | 59  | 80                   | 74%                  | \$ 112,867.00      | \$ 40,173.00                            | \$ 34,476.00            |
| 4" Valves                         | 3                          | EA   | \$ 600.00     | 1956           | \$ 1,800.00           | 59  | 50                   | 85%                  | \$ 1,530.00        | \$ 270.00                               | \$ 232.00               |
| 6" Valves                         | 9                          | EA   | \$ 700.00     | 1956           | \$ 6,300.00           | 59  | 50                   | 85%                  | \$ 5,355.00        | \$ 945.00                               | \$ 811.00               |
| 4" Hydrants with auxillary valves | 5                          | EA   | \$ 3,600.00   | 1956           | \$ 18,000.00          | 59  | 50                   | 85%                  | \$ 15,300.00       | \$ 2,700.00                             | \$ 2,317.00             |
|                                   |                            |      |               |                | \$ 224,965.00         |     |                      |                      | \$ 168,847.94      | \$ 56,117.06                            | \$ 48,159.00            |
| <b>Storage</b>                    |                            |      |               |                |                       |     |                      |                      |                    |   |                         |
| 60,000 Gallons Water Tower        | 1                          | EA   | \$ 195,000.00 | 1956           | \$ 195,000.00         | 59  | 75                   | 79%                  | \$ 153,400.00      | \$ 41,600.00                            | \$ 35,701.00            |
|                                   |                            |      |               |                | \$ 195,000.00         |     |                      |                      | \$ 153,400.00      | \$ 41,600.00                            | \$ 35,701.00            |
| <b>Supply</b>                     |                            |      |               |                |                       |     |                      |                      |                    |   |                         |
| 6" Dia. Well- 300' Deep- 100gpm   | 1                          | EA   | \$ 30,000.00  | 1956           | \$ 30,000.00          | 59  | 50                   | 85%                  | \$ 25,500.00       | \$ 4,500.00                             | \$ 3,862.00             |
| Pump House Building               | 1                          | EA   | \$ 41,000.00  | 1956           | \$ 41,000.00          | 59  | 75                   | 79%                  | \$ 32,253.33       | \$ 8,746.67                             | \$ 7,506.00             |
| 6,000 Pneumatic Tank              | 1                          | EA   | \$ 30,000.00  | 1956           | \$ 30,000.00          | 59  | 75                   | 79%                  | \$ 23,600.00       | \$ 6,400.00                             | \$ 5,492.00             |
| Piping                            | 1                          | EA   | \$ 1,500.00   | 1956           | \$ 1,500.00           | 59  | 80                   | 74%                  | \$ 1,108.25        | \$ 393.75                               | \$ 338.00               |
| Chlorinators and Tank             | 1                          | EA   | \$ 1,000.00   | 1956           | \$ 1,000.00           | 59  | 25                   | 85%                  | \$ 850.00          | \$ 150.00                               | \$ 129.00               |
|                                   |                            |      |               |                | \$ 103,500            |     |                      |                      | \$ 83,309.58       | \$ 20,190.42                            | \$ 17,327.00            |
| <b>Subtotal Phase I</b>           |                            |      |               |                | \$ 523,465.00         |     |                      |                      | \$ 405,557.52      | \$ 117,907.48                           | \$ 101,187.00           |
| <b>PHASE II</b>                   |                            |      |               |                |                       |     |                      |                      |                    |   |                         |
| <b>Distribution System</b>        |                            |      |               |                |                       |     |                      |                      |                    |   |                         |
| 6" Water Main                     | 4,749                      | LF   | \$ 80.00      | 1956           | \$ 379,920.00         | 59  | 80                   | 74%                  | \$ 280,191.00      | \$ 99,729.00                            | \$ 85,586.00            |
| 6" Valves                         | 7                          | EA   | \$ 700.00     | 1956           | \$ 4,900.00           | 59  | 50                   | 85%                  | \$ 4,165.00        | \$ 735.00                               | \$ 631.00               |
| 6" Hydrants with auxillary valves | 5                          | EA   | \$ 4,000.00   | 1956           | \$ 20,000.00          | 59  | 50                   | 85%                  | \$ 17,000.00       | \$ 3,000.00                             | \$ 2,575.00             |
| <b>Subtotal Phase II</b>          |                            |      |               |                | \$ 404,820.00         |     |                      |                      | \$ 301,356.00      | \$ 103,464.00                           | \$ 88,792.00            |

| PHASE III                         |       |    |             |      |               |    |    |     |               |               |               |
|-----------------------------------|-------|----|-------------|------|---------------|----|----|-----|---------------|---------------|---------------|
| Distribution System               |       |    |             |      |               |    |    |     |               |               |               |
| 6" Water Main                     | 5,752 | LF | \$ 80.00    | 1958 | \$ 480,180.00 | 57 | 80 | 71% | \$ 327,864.00 | \$ 132,296.00 | \$ 113,535.00 |
| 6" Valves                         | 9     | EA | \$ 700.00   | 1958 | \$ 6,300.00   | 57 | 50 | 85% | \$ 5,355.00   | \$ 945.00     | \$ 811.00     |
| 6" Hydrants with auxiliary valves | 5     | EA | \$ 4,000.00 | 1958 | \$ 20,000.00  | 57 | 50 | 85% | \$ 17,000.00  | \$ 3,000.00   | \$ 2,575.00   |
| Subtotal Phase III                |       |    |             |      | \$ 488,480.00 |    |    |     | \$ 350,219.00 | \$ 136,241.00 | \$ 116,921.00 |
| PHASE IIIA                        |       |    |             |      |               |    |    |     |               |               |               |
| Distribution System               |       |    |             |      |               |    |    |     |               |               |               |
| 6" Water Main                     | 2120  | LF | \$ 80.00    | 1962 | \$ 169,600.00 | 53 | 80 | 66% | \$ 112,360.00 | \$ 57,240.00  | \$ 49,123.00  |
| 4" Valves                         |       | EA | \$ 600.00   | 1962 | \$ -          | 53 | 50 | 85% | \$ -          | \$ -          | \$ -          |
| 6" Valves                         | 2     | EA | \$ 700.00   | 1962 | \$ 1,400.00   | 53 | 50 | 85% | \$ 1,190.00   | \$ 210.00     | \$ 180.00     |
| 6" Hydrants with auxiliary valves | 0     | EA | \$ 4,000.00 | 1962 | \$ -          | 53 | 50 | 85% | \$ -          | \$ -          | \$ -          |
| Subtotal Phase IIIA               |       |    |             |      | \$ 171,000.00 |    |    |     | \$ 113,550.00 | \$ 57,450.00  | \$ 49,303.00  |

| PHASE IV                          |      |    |              |      |               |    |    |     |               |               |               |
|-----------------------------------|------|----|--------------|------|---------------|----|----|-----|---------------|---------------|---------------|
| Distribution System               |      |    |              |      |               |    |    |     |               |               |               |
| 6" Water Main                     | 6156 | LF | \$ 80.00     | 1972 | \$ 492,480.00 | 43 | 80 | 54% | \$ 264,708.00 | \$ 227,772.00 | \$ 195,471.00 |
| 6" Valves                         | 12   | EA | \$ 700.00    | 1972 | \$ 8,400.00   | 43 | 50 | 85% | \$ 7,140.00   | \$ 1,260.00   | \$ 1,081.00   |
| 6" Hydrants with auxiliary valves | 17   | EA | \$ 4,000.00  | 1972 | \$ 68,000.00  | 43 | 50 | 85% | \$ 57,800.00  | \$ 10,200.00  | \$ 8,754.00   |
|                                   |      |    |              |      | \$ 568,880.00 |    |    |     | \$ 329,648.00 | \$ 239,232.00 | \$ 205,306.00 |
| Supply                            |      |    |              |      |               |    |    |     |               |               |               |
| 12" Dia. Well- 100' Deep- 350 gpm | 1    | EA | \$ 30,000.00 | 1972 | \$ 30,000.00  | 43 | 50 | 85% | \$ 25,500.00  | \$ 4,500.00   | \$ 3,862.00   |
| Pump House Building               | 1    | EA | \$ 10,000.00 | 1972 | \$ 10,000     | 43 | 75 | 57% | \$ 5,733      | \$ 4,267      | \$ 3,662      |
| Flow Meter                        | 1    | EA | \$ 1,500.00  | 1972 | \$ 1,500.00   | 43 | 81 | 53% | \$ 796.30     | \$ 703.70     | \$ 604.00     |
| Piping                            | 1    | EA | \$ 1,500.00  | 1972 | \$ 1,500.00   | 43 | 80 | 54% | \$ 806.25     | \$ 693.75     | \$ 595.00     |
| Chlorinators and Tank             | 1    | EA | \$ 1,500.00  | 1972 | \$ 1,500.00   | 43 | 25 | 85% | \$ 1,275.00   | \$ 225.00     | \$ 193.00     |
|                                   |      |    |              |      | \$ 44,500.00  |    |    |     | \$ 34,110.88  | \$ 10,389.12  | \$ 8,916.00   |

|                                   |      |    |             |      |               |    |    |     |              |               |               |               |
|-----------------------------------|------|----|-------------|------|---------------|----|----|-----|--------------|---------------|---------------|---------------|
| Subtotal Phase IV                 |      |    |             |      | \$ 613,380.00 |    |    |     |              | \$ 363,758.88 | \$ 249,621.12 | \$ 214,222.00 |
| PHASE V                           |      |    |             |      |               |    |    |     |              |               |               |               |
| Distribution System               |      |    |             |      |               |    |    |     |              |               |               |               |
| 6" Water Main                     | 1701 | LF | \$ 80.00    | 1979 | \$ 136,080    | 36 | 80 | 45% | \$ 61,236    | \$ 74,844     | \$ 64,230     |               |
| 6" Valves                         | 4    | EA | \$ 700.00   | 1979 | \$ 2,800      | 36 | 50 | 72% | \$ 2,016     | \$ 784        | \$ 673        |               |
| 6" Hydrants with auxiliary valves | 4    | EA | \$ 4,000.00 | 1979 | \$ 16,000     | 36 | 50 | 72% | \$ 11,520    | \$ 4,480      | \$ 3,845      |               |
| Subtotal Phase V                  |      |    |             |      | \$ 154,880.00 |    |    |     | \$ 74,772.00 | \$ 80,108.00  | \$ 68,748.00  |               |

|                                   |     |    |             |      |              |    |    |     |              |              |              |  |
|-----------------------------------|-----|----|-------------|------|--------------|----|----|-----|--------------|--------------|--------------|--|
| PHASE VI                          |     |    |             |      |              |    |    |     |              |              |              |  |
| Distribution System               |     |    |             |      |              |    |    |     |              |              |              |  |
| 6" Water Main                     |     | LF | \$ 80.00    | 1980 | \$ -         | 35 | 80 | 44% | \$ -         | \$ -         | \$ -         |  |
| 8" Water Main                     | 780 | LF | \$ 90.00    | 1980 | \$ 70,200.00 | 35 | 80 | 44% | \$ 30,712.50 | \$ 39,487.50 | \$ 33,888.00 |  |
| 6" Valves                         |     | EA | \$ 700.00   | 1980 | \$ -         | 35 | 50 | 70% | \$ -         | \$ -         | \$ -         |  |
| 8" Valves                         | 1   | EA | \$ 750.00   | 1980 | \$ 750.00    | 35 | 50 | 70% | \$ 525.00    | \$ 225.00    | \$ 193.00    |  |
| 6" Hydrants with auxiliary valves |     | EA | \$ 4,000.00 | 1980 | \$ -         | 35 | 50 | 70% | \$ -         | \$ -         | \$ -         |  |
| Subtotal Phase VI                 |     |    |             |      | \$ 70,950.00 |    |    |     | \$ 31,237.50 | \$ 39,712.50 | \$ 34,081.00 |  |

|                                   |     |    |             |      |              |   |    |     |             |              |              |  |
|-----------------------------------|-----|----|-------------|------|--------------|---|----|-----|-------------|--------------|--------------|--|
| PHASE VII                         |     |    |             |      |              |   |    |     |             |              |              |  |
| Distribution System               |     |    |             |      |              |   |    |     |             |              |              |  |
| 6" Water Main                     |     | LF | \$ 80.00    | 2007 | \$ -         | 8 | 80 | 10% | \$ -        | \$ -         | \$ -         |  |
| 8" Water Main                     | 677 | LF | \$ 90.00    | 2007 | \$ 60,930    | 8 | 80 | 10% | \$ 6,093    | \$ 54,837    | \$ 47,060    |  |
| 6" Valves                         |     | EA | \$ 700.00   | 2007 | \$ -         | 8 | 50 | 16% | \$ -        | \$ -         | \$ -         |  |
| 8" Valves                         | 2   | EA | \$ 750.00   | 2007 | \$ 1,500     | 8 | 50 | 16% | \$ 240      | \$ 1,260     | \$ 1,081     |  |
| 6" Hydrants with auxiliary valves | 1   | EA | \$ 4,000.00 | 2007 | \$ 4,000     | 8 | 50 | 16% | \$ 640      | \$ 3,360     | \$ 2,884     |  |
| Subtotal Phase VII                |     |    |             |      | \$ 66,430.00 |   |    |     | \$ 6,973.00 | \$ 59,457.00 | \$ 51,025.00 |  |

TOTAL COST \$ 2,491,385.00 34% \$ 1,647,423.90 \$ 843,961.10 \$ 724,279.00

Opinion of Projected Total Cost of Improvements through December 31, 2015



AQUA ILLINOIS, INC.  
 AQUA ILLINOIS - EASTWOOD MANOR AND NUNDA WATER SYSTEMS  
 CLOSING COSTS AS OF APRIL 1, 2016  
 M92977 & M92978

| <b>ACTUAL</b> |                                 |                    |               |
|---------------|---------------------------------|--------------------|---------------|
| <u>Date</u>   | <u>Vendor</u>                   | <u>Description</u> | <u>Amount</u> |
| 12/31/2015    | ARNSTEIN & LEHR LLP             | Legal              | 6,969.50      |
| 1/31/2016     | ARNSTEIN & LEHR LLP             | Legal              | 8,152.00      |
| 2/29/2016     | ARNSTEIN & LEHR LLP             | Legal              | 18,019.08     |
| 3/31/2016     | ARNSTEIN & LEHR LLP             | Legal              | 10,040.50     |
| 7/31/2015     | EDWARD J. Batis & ASS           | Appraisal          | 5,000.00      |
| 7/31/2015     | EDWARD J. Batis & ASS           | Appraisal          | 5,000.00      |
| 3/31/2015     | ESI CONSULTANTS, LTD.           | Appraisal          | 2,760.00      |
| 3/31/2015     | ESI CONSULTANTS, LTD.           | Appraisal          | 1,960.00      |
| 7/31/2015     | ESI CONSULTANTS, LTD.           | Appraisal          | \$ 7,240.00   |
| 7/31/2015     | ESI CONSULTANTS, LTD.           | Appraisal          | 8,040.00      |
| 8/31/2015     | GOODMAN APPRAISAL CON           | Appraisal          | 2,000.00      |
| 8/31/2015     | GOODMAN APPRAISAL CON           | Appraisal          | 2,000.00      |
| 6/30/2015     | HARTMAN CONSULTANTS,            | Appraisal          | 5,500.00      |
| 7/31/2015     | JAY M. HEAP & ASSOCIA           | Appraisal          | 8,750.00      |
| 7/31/2015     | JAY M. HEAP & ASSOCIA           | Appraisal          | 8,750.00      |
| 2/29/2016     | PROFESSIONAL LAND SUR           | Survey             | 1,100.00      |
| 2/29/2016     | PROFESSIONAL LAND SUR           | Survey             | 950.00        |
| 2/29/2016     | PROFESSIONAL LAND SUR           | Survey             | 925.00        |
| 7/31/2015     | ROONEY RIPPLE & RATNA           | Legal              | 206.00        |
| 7/31/2015     | ROONEY RIPPLE & RATNA           | Legal              | 5,000.00      |
| 8/31/2015     | ROONEY RIPPLE & RATNA           | Legal              | 10,380.34     |
| 10/31/2015    | ROONEY RIPPLE & RATNA           | Legal              | 5,631.50      |
| 10/31/2015    | ROONEY RIPPLE & RATNA           | Legal              | 7,591.50      |
| 10/31/2015    | ROONEY RIPPLE & RATNA           | Legal              | 11,357.00     |
| 11/30/2015    | ROONEY RIPPLE & RATNA           | Legal              | 11,215.00     |
| 12/31/2015    | ROONEY RIPPLE & RATNA           | Legal              | 138.00        |
| 2/29/2016     | ROONEY RIPPLE & RATNA           | Legal              | 322.00        |
| 2/23/2016     | Closing Costs and Attorney Fees | Legal              | 5,070.50      |
|               | OTHER                           |                    | -             |
|               |                                 |                    | \$ 160,067.92 |
|               |                                 | Eastwood           | \$ 80,124.02  |
|               |                                 | Nunda              | \$ 79,943.90  |
|               |                                 |                    | \$ 160,067.92 |

| Mth                   | AU  | Account | SY   | SC | TP | JE     | Amount              | Date       | Description                   | Activity | Cat | Units |
|-----------------------|-----|---------|------|----|----|--------|---------------------|------------|-------------------------------|----------|-----|-------|
| <b>CLOSING COSTS:</b> |     |         |      |    |    |        |                     |            |                               |          |     |       |
| Mont                  | A/U | Acct.   | Syst | A  | B  | Entry  | Amount              | Date       | Description                   | Activity | C   | D     |
| 3                     | 900 | 104000  | AP   | AD | N  | 15     | 2,760.00            | 3/31/2015  | 35292ESI CONSULTANTS, LTD.    | M92978   | 5   | 0     |
| 3                     | 900 | 104000  | AP   | AD | N  | 15     | 1,960.00            | 3/31/2015  | 35292ESI CONSULTANTS, LTD.    | M92977   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 20     | 7,240.00            | 7/31/2015  | 35292ESI CONSULTANTS, LTD.    | M92978   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 20     | 8,040.00            | 7/31/2015  | 35292ESI CONSULTANTS, LTD.    | M92977   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 20     | 5,000.00            | 7/31/2015  | 35546EDWARD J. Batis & ASS    | M92978   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 20     | 5,000.00            | 7/31/2015  | 35546EDWARD J. Batis & ASS    | M92977   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 10     | 206.00              | 7/31/2015  | 38465ROONEY RIPPLE & RATNA    | M92724   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 10     | 5,000.00            | 7/31/2015  | 38465ROONEY RIPPLE & RATNA    | M92724   | 5   | 0     |
| 8                     | 900 | 104000  | AP   | AD | N  | 9      | 10,380.34           | 8/31/2015  | 38465ROONEY RIPPLE & RATNA    | M92724   | 5   | 0     |
| 10                    | 900 | 104000  | AP   | AD | N  | 10     | 5,631.50            | 10/31/2015 | 38465ROONEY RIPPLE & RATNA    | M92978   | 5   | 0     |
| 10                    | 900 | 104000  | AP   | AD | I  | 1      | 7,591.50            | 10/31/2015 | 38465ROONEY RIPPLE & RATNA    | M92978   | 5   | 0     |
| 10                    | 900 | 104000  | AP   | AD | I  | 1      | 11,357.00           | 10/31/2015 | 38465ROONEY RIPPLE & RATNA    | M92978   | 5   | 0     |
| 11                    | 900 | 104000  | AP   | AD | N  | 12     | 11,215.00           | 11/30/2015 | 38465ROONEY RIPPLE & RATNA    | M92978   | 5   | 0     |
| 12                    | 900 | 104000  | AP   | AD | N  | 4      | 138.00              | 12/31/2015 | 38465ROONEY RIPPLE & RATNA    | M92978   | 5   | 0     |
| 2                     | 900 | 104000  | AP   | AD | N  | 7      | 322.00              | 2/29/2016  | 38465ROONEY RIPPLE & RATNA    | M92978   | 5   | 0     |
| 8                     | 900 | 104000  | AP   | AD | I  | 1      | 2,000.00            | 8/31/2015  | 43916GOODMAN APPRAISAL CON    | M92978   | 5   | 0     |
| 8                     | 900 | 104000  | AP   | AD | I  | 1      | 2,000.00            | 8/31/2015  | 43916GOODMAN APPRAISAL CON    | M92977   | 5   | 0     |
| 2                     | 900 | 104000  | AP   | AD | I  | 1      | 1,100.00            | 2/29/2016  | 43932PROFESSIONAL LAND SUR    | M92978   | 5   | 0     |
| 2                     | 900 | 104000  | AP   | AD | I  | 1      | 950.00              | 2/29/2016  | 43932PROFESSIONAL LAND SUR    | M92978   | 5   | 0     |
| 2                     | 900 | 104000  | AP   | AD | I  | 1      | 925.00              | 2/29/2016  | 43932PROFESSIONAL LAND SUR    | M92977   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 20     | 8,750.00            | 7/31/2015  | 43934JAY M. HEAP & ASSOCIA    | M92978   | 5   | 0     |
| 7                     | 900 | 104000  | AP   | AD | N  | 20     | 8,750.00            | 7/31/2015  | 43934JAY M. HEAP & ASSOCIA    | M92977   | 5   | 0     |
| 6                     | 900 | 104000  | AP   | AD | N  | 11     | 5,500.00            | 6/30/2015  | 44412HARTMAN CONSULTANTS,     | M92977   | 5   | 0     |
| 12                    | 900 | 104000  | AP   | AD | N  | 10     | 6,969.50            | 12/31/2015 | 45743ARNSTEIN & LEHR LLP      | M92978   | 5   | 0     |
| 1                     | 900 | 104000  | GL   | JE | N  | 4      | 8,152.00            | 1/31/2016  | 45743ARNSTEIN & LEHR LLP      | M92978   | 5   | 0     |
| 2                     | 900 | 104000  | AP   | AD | N  | 7      | 18,019.08           | 2/29/2016  | 45743ARNSTEIN & LEHR LLP      | M92978   | 5   | 0     |
| 3                     | 900 | 104000  | AP   | AD | I  | 1      | 10,040.50           | 3/31/2016  | 45743ARNSTEIN & LEHR LLP      | M92978   | 5   | 0     |
| 2                     | 900 | 104000  | CM   | TW | I  | 100015 | 234,000.00          | 2/29/2016  | IL Plant Purchase Eastwood    | M92978   | 5   | 0     |
| 2                     | 900 | 104000  | CM   | TW | I  | 100017 | (5,118.88)          | 2/29/2016  | Illinois Plant Purch Eastwood | M92978   | 5   | 0     |
|                       |     |         |      |    |    |        | 8,256.38            |            |                               |          |     |       |
|                       |     |         |      |    |    |        | 1,262,862.50        |            |                               |          |     |       |
|                       |     |         |      |    |    |        | 5,070.50            |            |                               |          |     |       |
|                       |     |         |      |    |    |        | -                   |            |                               |          |     |       |
|                       |     |         |      |    |    |        | <u>1,660,067.92</u> |            |                               |          |     |       |

Division (All)

| Row Labels         | Activity Name                    | Sum of Amount       |
|--------------------|----------------------------------|---------------------|
| M92977             | Nunda Water Acquisition          | 32,175.00           |
| M92978             | Eastwood Water Acquisition       | 1,627,892.92        |
| M92780             | Manteno / Diversitech WW         | 1,000.00            |
| M92782             | Golf Greenwood Garden            | 17,722.50           |
| M93029             | Crystal Clear Water Acquisition  | 68,186.44           |
| M93104             | Tilton Sewer Acquisition         | 1,147.48            |
| M93105             | Steger Water & Sewer Acquisition | 5,031.80            |
| <b>Grand Total</b> |                                  | <b>1,753,156.14</b> |

1,660,067.92

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Aqua Illinois Inc. :  
 :  
 :  
 Petition for approval of an Asset Purchase :  
 Agreement, Issuance of a Certificate of : 15-0384  
 Public Convenience and Necessity to :  
 Operate a Water System, and for the :  
 Issuance of an Order Approving Rates, :  
 Accounting Entries and Tariff Language. :

ORDER

By the Commission:

I. PROCEDURAL HISTORY

On June 8, 2015, Aqua Illinois, Inc. ("Aqua Illinois" or the "Company") filed with the Illinois Commerce Commission ("Commission") a Verified Petition ("Petition") requesting that, pursuant to Sections 8-406 and 9-210.5 of the Illinois Public Utilities Act (the "Act"), 220 ILCS 5/1-101 *et seq.*, the Commission enter an Order: (1) approving Aqua Illinois' Asset Purchase Agreement ("APA") entered into between Aqua Illinois and Eastwood Manor Water Company ("Eastwood") and Nunda Water Company ("Nunda") (collectively, the "Systems"); (2) granting Aqua Illinois a Certificate of Public Convenience and Necessity ("Certificate") authorizing Aqua Illinois to construct, operate, and maintain the assets of Eastwood and Nunda in portions of unincorporated McHenry County, Illinois (the "Area"), pursuant to the terms of Aqua Illinois' current Rules, Regulations, and Conditions of Service as most recently approved by the Commission; (3) establishing the ratemaking rate base for the Eastwood and Nunda water assets purchased pursuant to the APA; and (4) approving applicable rates for the provision of water service in the Area, accounting entries, and applicable tariffs. On June 29, 2015, Aqua Illinois filed an Amended Verified Petition ("Amended Petition") that additionally requested that the Commission approve the proposed reorganization pursuant to Section 7-204 of the Act, 220 ILCS 5/7-204.

On July 1, 2015, pursuant to Section 9-210.5 of the Act, 220 ILCS 5/9-210.5, Aqua Illinois provided the Commission's Water Department Manager with an official notice letter proposing three appraisers to be used to establish the fair market value of the Systems. On July 2, 2015, the Commission's Water Department Manager provided Aqua Illinois with a letter approving the selected appraisers. On July 7, 2015, Aqua Illinois filed the Affidavit of Paul J. Hanley. On July 9, 2015, the Staff of the Commission ("Staff") filed the Affidavit of Jonathan M. Sperry. On July 14, 2015, Aqua Illinois filed a Motion requesting entry of an Interim Order finding that the three appraiser engagement agreements

proposed by Aqua Illinois were reasonable and approved. On July 28, 2015, the Commission entered an Interim Order finding reasonable and approving the three appraisal engagement agreements as submitted by Aqua Illinois.

Pursuant to notice given in accordance with the law and the rules and regulations of the Commission, status hearings were scheduled in this matter before a duly authorized Administrative Law Judge ("ALJ") of the Commission at its offices in Chicago, Illinois on July 1, 2015 and August 11, 2015. An evidentiary hearing was held in this matter on October 13, 2015. At the evidentiary hearing, Aqua Illinois presented the testimony of Craig L. Blanchette, President of Aqua Illinois, and of Paul J. Hanley, Controller of Aqua Illinois. Staff presented the testimony of Jonathan M. Sperry, a water engineer in the Water Engineering Program of the Safety and Reliability Division of the Commission; Daniel G. Kahle, an accountant in the Accounting Department of the Financial Analysis Division of the Commission; Janis Freetly, a Senior Financial Analyst in the Finance Department of the Financial Analysis Division of the Commission; and Cheri Harden, a rate analyst in the Rates Department of the Financial Analysis Division of the Commission. No intervening petitions were filed in this matter. On October 27, 2015, Aqua Illinois filed a Draft Order agreed to by Staff. The record was marked "heard and taken" on October 28, 2015.

## II. FACTUAL BACKGROUND

Aqua Illinois requests that the Commission enter an order that: (1) approves Aqua Illinois' APA entered into between Aqua Illinois and the Systems; (2) grants Aqua Illinois a Certificate authorizing Aqua Illinois to construct, operate, and maintain the assets of the Systems in portions of unincorporated McHenry County, Illinois; (3) establishes the ratemaking rate base for the Systems purchased pursuant to the APA; and (4) approves applicable rates for the provision of water service in the Area, accounting entries, and applicable tariffs, pursuant to Sections 7-204, 8-406 and 9-210.5 of the Act, 220 ILCS 5/1-101 *et seq.*

Aqua Illinois is a wholly-owned subsidiary of Aqua America, Inc. ("Aqua America"). Aqua Illinois consists of ten tariff areas, serving approximately 71,500 customers in thirteen counties. Aqua Illinois maintains regional offices in Kankakee, Danville, and Wauconda, Illinois.

Eastwood currently owns, maintains, and operates a water system that serves approximately 320 single-family residential and 20 commercial units within the unincorporated area near the City of McHenry in McHenry County. Nunda currently owns, maintains and operates a water system that serves approximately 190 single-family residential units within the unincorporated area of McHenry County near Island Lake. Eastwood and Nunda are public utilities within the meaning of Section 3-105 of the Act.

On May 29, 2015, Aqua Illinois and the Systems entered into the APA, wherein Aqua Illinois agreed to purchase the Systems and all related assets, properties, and rights

for a total maximum purchase price of \$1,500,000, inclusive of a cash payment and a stock issuance, to be paid on the date that the transaction described in the APA is closed.

On July 1, 2015, Aqua Illinois provided the Commission's Water Department Manager with an official notice letter proposing three appraisers to be used to establish the fair market value of the Systems as required by Section 9-210.5 of the Act. On July 2, 2015, the Commission's Water Department Manager, Mr. William Marr, provided Aqua Illinois with a letter stating that "to the best of the water department Manager's knowledge and belief, each appraiser meets the requirements of Section 9-210.5(c) of the Act as a disinterested person licensed as a State certified general real estate appraiser." On July 7, 2015, Aqua Illinois filed with the Commission the Affidavit of Paul J. Hanley, the Company's Controller. Attached to the Affidavit were the three signed appraiser engagement agreements entered into by the Company. On July 9, 2015, Staff filed the Affidavit of Jonathan M. Sperry, a Water Engineer in the Water Engineering Program of the Safety and Reliability Division of the Commission. Mr. Sperry recommended that the Commission issue an Interim Order approving the terms of the appraiser engagement agreements.

On July 28, 2015, the Commission entered an Interim Order approving and finding reasonable the terms of the three appraisal engagement agreements that were submitted to the Commission by Aqua Illinois. The three approved appraisers subsequently performed independent appraisals pursuant to Section 9-210.5 of the Act, the average of which represented the fair market value of the Systems.

### III. THE ASSET PURCHASE AGREEMENT

Pursuant to the terms of the APA, Aqua Illinois agreed to purchase the Systems and all related assets, properties, and rights. As detailed by the APA, these assets include: (i) all of the land, buildings, pipes, pipelines, well, pumping stations, storage tanks, standpipes, fire hydrants, treatment facilities, plants, generators, portable emergency generators, structures, improvements, fixtures, rights-of-way, rights, uses, licenses and easements, and all hereditaments, tenements and appurtenances belonging or appertaining thereto; (ii) all machinery, equipment, tools, vehicles, furniture, furnishings, leasehold improvements, goods, and other tangible personal property; (iii) all supplies and inventories relating to the Systems; (iv) all rights of the Systems under any written or oral contract, easement, license, agreement, lease, plan, instrument, registration, permit, certificate, CCN, or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization; (v) all rights and choices in action of the System arising out of occurrences before or after the closing date of the instant purchase; and (vi) all information, files, records, data, plans, contracts, and recorded knowledge, including customer and supplier lists and property records, related to the foregoing. The APA further delineated specific assets that were excluded from the purchase agreement.

Aqua Illinois asserts that Eastwood and Nunda are in need of a number of improvements, and explained that the Company plans to invest approximately \$165,000

in the Eastwood system within the first year of operation and \$384,000 over the first six years of owning the Eastwood system. Aqua Illinois explains that the wells and related structures are in poor condition, with water damage visible; that the buildings require new roofs and eaves; and that the lot has not been maintained. Aqua Illinois notes that it has budgeted \$93,000 to get the wells and related structures in proper working condition and that the water tower requires inspecting and painting. The Company seeks approval of the following proposed investments and upgrades to the Eastwood system: (i) \$100,000 in distribution system repairs and replacements within the first five years; (ii) \$20,000 in improvements to the elevated storage tank; (iii) \$30,000 in emergency power generation to ensure reliable service to customers; (iv) \$25,000 in a supervisory control and data acquisition ("SCADA") system so system failures can be addressed in a timely manner; and (v) \$85,000 budgeted for a plan to replace all meters in the Eastwood system with new units capable of being read remotely.

Aqua Illinois further asserts that it plans to invest approximately \$116,000 in the Nunda system within the first year of operation and \$336,000 over the first six years of owning the Nunda system. Aqua Illinois explains that the distribution system piping appears to be in poor condition with many repairs and high water loss; that there is no well head protection; that the well house is in poor condition with the back of the building deteriorating; that the three hydro pneumatic tanks located below ground are severely rusted, as is the piping; that the vault ladder is corroded and broken loose from the anchor bolts; and that open electric boxes are dangling from the ceiling. The Company seeks approval of the following proposed investments and upgrades to the Nunda system: (i) \$100,000 plus in distribution system repairs and replacements within the first five years; (ii) \$130,000 in improvements to the wells and related structures; (iii) \$15,000 in improvements to promote reliable service to customers; (iv) \$15,000 in a SCADA system so that system failures can be addressed in a timely manner; and (v) \$46,000 budgeted for a plan to replace all meters in the Nunda system with new units capable of being read remotely.

#### **IV. RATE BASE**

Aqua Illinois proposed to establish the rate base for the acquired Systems pursuant to Section 9-210.5 of the Act, which establishes an alternative procedure whereby a large public water and wastewater utility such as Aqua Illinois may choose to establish the ratemaking rate base for an acquired water or wastewater utility. Section 9-210.5 states that three appraisers selected by the Commission's Water Department Manager shall perform three independent appraisals of the Systems. The average of the three appraisals will represent the fair market value of the acquired water and/or wastewater assets. Thereafter, the lesser of the purchase price of the Systems or the appraisal-determined fair market value of the Systems plus transaction costs will constitute the rate base, subject to any Commission adjustments necessary to ensure that the rate base reflects prudent and useful investments in the provision of public utility service.

In accordance with the Act, on July 1, 2015, Aqua Illinois provided William Marr, the Commission's Water Department Manager with an official notice letter proposing

three appraisers to be used to establish the fair market value of the Systems. The three appraisers Aqua Illinois selected were: (1) Mr. Joseph E. Batis of Edward J. Batis & Associates, Inc., located at 313 N. Chicago Street, Joliet, IL 60432; (2) Ms. Elizabeth K. Goodman of Goodman Appraisal Consultants LLC, located at 6260 Lake Drive, Suite 718, Cudahy, WI 53110; and (3) Mr. Jay M. Heap of Jay M. Heap & Associates, Ltd., located at 310 W. Jefferson Street, Morris, IL 60450. On July 2, 2015, Mr. Marr notified Aqua Illinois, in writing, that he approved the three appraisers proposed by the Company.

The three appraisals were completed in July 2015. The appraised values for Eastwood were as follows: (1) Mr. Batis, \$860,000; (2) Ms. Goodman, \$907,700; and (3) Mr. Heap, \$900,000. The average of the three appraisals determined that the fair market value of Eastwood is \$889,233. The appraised values for Nunda were as follows: (1) Mr. Batis, \$940,000; (2) Ms. Goodman, \$921,700; and (3) Mr. Heap, \$800,000. The average of the three appraisals determined that the fair market value of Nunda is \$887,233.

Because the purchase price was less than the combined appraised values of the Systems, Aqua Illinois asserts that the rate base of the Systems is calculated to be the purchase price plus the transaction costs. The average appraisal of Eastwood is calculated to be \$889,233, while the allocated purchase price is calculated to be \$750,844 ( $(\$889,233 / \$1,776,466) \times \$1,500,000$ ); therefore, Aqua Illinois' proposed rate base (including estimated transaction costs of \$65,000) for Eastwood is \$815,844. The average appraisal of Nunda is calculated to be \$887,233, while the allocated purchase price is calculated to be \$749,156 ( $(\$887,233 / \$1,776,466) \times \$1,500,000$ ); therefore, Aqua Illinois' proposed rate base (including estimated transaction costs of \$65,000) for Nunda is \$814,156.

Staff could not opine to the reasonableness of estimated transactional costs of \$130,000 as the costs beyond the invoiced \$57,000 for appraisals is not yet known. Since the Commission cannot make a finding concerning the amount of transaction and closing costs in total that will be recorded in Account 301 Organization and included in rate base for the acquisitions of Eastwood and Nunda, the transactional costs not yet considered by the Commission should be reviewed for reasonableness in the Company's next rate case.

Staff recommended a change to Petitioner's journal entries to include the annual amortization expense to be recorded to the above-the-line Account 407.3 Amortization of Other Utility Plant. Staff does not dispute Petitioner's proposed rate base.

Staff also recommended that the company file the final accounting entries for the reorganization, showing the actual dollar values of all involved accounts, as a filing on the commission's e-docket system in this docket and also as an email to [accountingmgr@icc.illinois.gov](mailto:accountingmgr@icc.illinois.gov) within sixty (60) days of the reorganization date and, if the reorganization has not occurred within six months of the Final Order in this proceeding, then the company shall file a status report at six month intervals until the journal entries

are filed on the Commission's e-docket system and also as an email to AccountingMgr@icc.illinois.gov.

## V. REQUESTED FINDINGS AND APPROVALS

Consistent with Sections 8-406 and 9-210.5 of the Act, Aqua Illinois requests that the Commission: (1) approve Aqua Illinois' APA entered into between Aqua Illinois and the Systems; (2) grant Aqua Illinois a Certificate authorizing Aqua Illinois to construct, operate, and maintain the assets of Eastwood and Nunda in the Area, pursuant to the terms of Aqua Illinois' current Rules, Regulations, and Conditions of Service as most recently approved by the Commission; (3) establish the ratemaking rate base for the Eastwood and Nunda water assets purchased pursuant to the APA; (4) approve applicable rates for the provision of water service in the Area, accounting entries, and applicable tariffs; (5) approve the proposed reorganization pursuant to Section 7-204 of the Act, 220 ILCS 5/7-204; and (6) grant any and all other appropriate relief. Staff does not oppose the Commission granting this request, subject to the inclusion of specific findings. The Company had no objection to Staff's proposal.

### A. Aqua Illinois has the Technical, Financial, and Managerial Ability to Operate and Maintain the Systems

Mr. Blanchette, President of Aqua Illinois, testified that Aqua Illinois has the financial, technical, and managerial ability to operate and maintain the Eastwood and Nunda system assets.

According to Mr. Blanchette, Aqua Illinois currently provides service to approximately 62,400 water customers and 9,100 sewer customers throughout Illinois. Allowing Aqua Illinois to provide water service in these unincorporated areas of McHenry County will not impose a significant financial or other burden on Aqua Illinois or its existing customers. Mr. Blanchette also testified regarding Aqua Illinois' extensive and proven track record in the acquisition, operation, and management of water and/or wastewater systems of all sizes and financial conditions throughout the state. Notably, Aqua Illinois has had considerable success rehabilitating troubled systems, which is directly relevant in the case of Eastwood and Nunda, and Aqua Illinois has the managerial, financial and technical ability to bring financial and operational stability to Eastwood and Nunda. Staff witness Mr. Sperry testified that Aqua Illinois has extensive experience and capability in acquiring, managing, supervising and efficiently operating water systems, and noted that Aqua Illinois has successfully undertaken numerous similar transactions in the last two decades. Further, Staff witness Ms. Freetly testified that Aqua Illinois is capable of financing the proposed system upgrades without significant adverse financial consequences for the Company or its customers. Ms. Freetly also testified that the proposed acquisition will not impair Aqua Illinois' ability to raise necessary capital on reasonable terms, as required by Section 7-204(b)(4) of the Act. Staff and Aqua Illinois agree that the Company has the technical, financial and managerial ability to operate and maintain the Eastwood and Nunda Systems.

**B. There are No Other Municipal Corporations or Other Entities that are Able to Provide Service in a More Cost-Effective Manner**

Mr. Blanchette testified that no other municipal corporations or other entities are willing or able to provide water and/or wastewater service to customers of the Systems. Aqua Illinois also noted that it served notice of this proceeding on all other municipalities located partly or wholly within the Area or with a corporate boundary within 1 ½ miles of the Area.

**C. Aqua Illinois has Demonstrated that it has Proposed the Least-Cost Means for Providing Service in the Proposed Certificated Area**

Aqua Illinois and Staff agree that the Company will provide the least-cost public utilities services in the Proposed Certificated Area.

Staff and Aqua Illinois agree that the Company's proposed acquisition will not impose a significant financial burden on Aqua Illinois or its existing customers.

**D. Rates**

Mr. Blanchette testified that Aqua Illinois proposed to include the System in its Consolidated Water Division. Ms. Harden, testified for Staff as to Aqua Illinois' proposed rates for the Systems. Ms. Harden agreed that the Systems should be added to the Company's Consolidated water service rates and tariffs. Ms. Harden further recommended that Aqua Illinois file revised tariffs as the Company proposed in Aqua Exhibit 1.3. The Commission should also find that granting the Certificate is not likely to result in any adverse rate impact on customers as required under section 7-204(b)(7) of the Act.

As for the depreciation rates for each System, Aqua Illinois proposes to use the depreciation rates currently in effect for Aqua Illinois' Consolidated Water Division and as approved by the Commission in Docket No. 11-0436.

**VI. COMMISSION ANALYSIS AND CONCLUSION**

Aqua Illinois has presented substantial and compelling evidence to support its requested relief pursuant to Sections 7-204, 8-406, and 9-210.5 of the Act.

The record shows that there is a need to provide adequate, reliable and efficient service to the customers within portions of unincorporated McHenry County, Illinois. As an experienced water and wastewater utility in the State of Illinois, Aqua Illinois has demonstrated that it has the technical, financial and managerial ability to construct, operate and maintain the water distribution and systems of Eastwood and Nunda. Aqua Illinois has also shown that the ownership, operation, and maintenance of the Systems by Aqua Illinois is the least-cost means of providing service to the customers of the Systems. Furthermore, Aqua Illinois has demonstrated that it is capable of efficiently managing and supervising the activities necessary to provide water service to the Systems. In light of these findings, and consistent with Aqua Illinois' request, which Staff

supports, the Commission grants the requested Certificate and applicable tariffs for the Systems as presented by Aqua Illinois and agreed to by Staff, and establishes the ratemaking rate base for the Eastwood water system as \$815,844 and the rate base for the Nunda water system as \$814,156. In light of these findings, the Commission concludes that, effective as of the date of closing of the acquisition, Eastwood and Nunda shall each permanently abandon and be deemed to have permanently abandoned all water service.

Next, regarding Aqua Illinois' request for approval of proposed rates and tariffs, the Commission agrees with the recommendation of Staff and Aqua Illinois to consolidate Eastwood and Nunda with Aqua Illinois' Consolidated Water Division. The Commission approves Aqua Illinois' proposal to adopt the Company's existing miscellaneous charges, return check charges, late payment fees, state add-on taxes, and other fees for the Eastwood and Nunda Areas. The Commission finds it reasonable that Aqua Illinois apply the current depreciation rates in effect for Aqua Illinois' Consolidated Water Divisions, as identified in Aqua Ex. 2.1, Schedule 7 and Aqua Ex. 2.2, Schedule 7.

The Commission approves Aqua Illinois' proposed accounting entries applicable to the Eastwood and Nunda Systems, subject to Staff's modifications and as set forth in Appendix A.

Regarding the proposed reorganization, the Commission finds that: (1) the reorganization will not diminish Aqua Illinois' ability to provide adequate, reliable, efficient, safe and least-cost public utility service; (2) the reorganization will not result in the unjustified subsidization of non-utility activities by Aqua Illinois or its customers; (3) costs and facilities will be fairly and reasonably allocated between utility and non-utility activities in such a manner that the Commission may identify those costs and facilities that are properly included by the utility for ratemaking purposes; (4) the proposed reorganization will not significantly impair Aqua Illinois' ability to raise necessary capital on reasonable terms or to maintain a reasonable capital structure; (5) Aqua Illinois will remain subject to all applicable laws, regulations, rules, decisions and policies governing the regulation of Illinois public utilities; (6) the proposed reorganization is not likely to have a significant adverse effect on competition in those markets over which the Commission has jurisdiction; and (7) the proposed reorganization is not likely to result in any adverse rate impacts on retail customers.

The Commission also finds that the evidence in this proceeding indicates that the capitalization of Aqua Illinois will not change. Further, there are no anticipated savings that will result from the proposed reorganization. Consistent with previous cases, the Commission finds that any reorganization savings that do occur which reduce Aqua Illinois' cost of service shall be subject to being passed on to ratepayers through the normal rate proceeding process. The Commission also finds that Aqua Illinois should not be allowed to recover any costs incurred in accomplishing the proposed reorganization from its regulated services customers.

**VII. FINDINGS AND ORDERING PARAGRAPHS**

The Commission, having given due consideration to the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) Aqua Illinois, Inc. provides water and sewer service to the public within the State of Illinois and, as such, is a public utility as defined in Section 3-105 of the Public Utilities Act;
- (2) the Commission has jurisdiction over the Company and the subject matter herein;
- (3) the recitals of fact and conclusions of law reached in the prefatory portion of this Order are supported by the evidence of record, and are hereby adopted as findings of fact and conclusions of law;
- (4) Aqua Illinois, Inc. has met the requirements of Sections 7-204, 8-406, and 9-210.5 of the Public Utilities Act;
- (5) The Asset Purchase Agreement listed in Aqua Ex. 1.4 is approved;
- (6) The proposed certificated service areas as depicted and legally described in Aqua Exs. 1.1 and 1.2 are approved and are hereto attached as Appendices B and C;
- (7) The proposed water depreciation rates of Aqua Illinois, Inc.'s Consolidated Water Division should be approved for the Eastwood and Nunda systems, as identified in Aqua Ex. 2.1, Schedule 7, and Aqua Ex. 2.2, Schedule 7;
- (8) The Company's current Consolidated Schedule of Rates For Water Service and Rates, Rules, Regulations, and Conditions of Service tariffs, including Aqua Illinois, Inc.'s existing miscellaneous charges, return check charges, late payment fees, state add-on taxes and other fees, are applicable to customers in the Areas;
- (9) The accounting entries to record the acquired Eastwood water and Nunda water systems at the purchase prices reflected in Appendix A of \$750,844 and \$749,156, respectively, are approved, and the transaction costs resulting from the purchase of the water systems will be included in Aqua Illinois' water rate base, and the amortization of the organization costs will be amortized above-the-line in Account 407.3 Amortization of Other Utility Plant commencing upon the close of the acquisition;
- (10) The Company did not identify any savings from this reorganization but recognized the possibility of future operating expense and/or capital cost reductions resulting from operating efficiencies achieved through the proposed reorganization. Pursuant to Section 7-204(c)(i) of the Act, any such future operating expense and/or capital cost reductions shall be

identified in the Company's applicable future rate case and the Company shall flow such reductions through to ratepayers;

- (11) Pursuant to Section 7-204(c)(ii) of the Act, any costs incurred in accomplishing the proposed reorganization shall not be recoverable from ratepayers;
- (12) In Aqua Illinois, Inc.'s next rate case for the Consolidated Water Division, Eastwood, Nunda, and Aqua Illinois, Inc.'s Consolidated Water Division and their costs of service shall be combined under the same rate tariff for ratemaking purposes, pursuant to Section 9-210.5(h) of the Act;
- (13) Pursuant to 220 ILCS 5/9-210.5(i), Aqua Illinois, Inc.'s post-acquisition improvements shall accrue a cost for financing set at the Company's rate for allowance for funds used during construction, inclusive of the debt, equity, and income tax gross up components, beginning on the date on which the expenditure was incurred by Aqua Illinois, Inc. until the investment has been in service for a 4-year period or, if a rate case is initiated prior to the end of the four-year period, until the time new rates are implemented;
- (14) Pursuant to 220 ILCS 5/9-210.5(i), Aqua Illinois, Inc.'s post-acquisition improvements shall not be depreciated for ratemaking purposes from the date on which the expenditure was incurred by Aqua Illinois, Inc. until the investment has been in service for a 4-year period or, if a rate case is initiated prior to the end of the four-year period, until the time the new rates are implemented;
- (15) Aqua Illinois, Inc. shall comply with Section 9-210.5(m) of the Act if Aqua Illinois, Inc. hires a contractor or subcontractor to perform work on the Eastwood or Nunda water systems;
- (16) Aqua Illinois, Inc. shall file a report with the Chief Clerk of the Commission, bearing Docket 15-0384, within seven days after the closing on the proposed acquisition, indicating the date on which the closing on the transaction occurred and shall provide a copy of the same to the Manager of the Commission's Water Engineering Program;
- (17) Aqua Illinois, Inc. shall file revised tariffs sheets for water service consistent with Aqua Exhibit 1.3, within fifteen (15) days prior to the closing of the acquisition, with an effective date of closing which shall not be less than five (5) working days after the date of filing, for service rendered on and after their effective date, with individual tariff sheets to be corrected within that time period, if necessary;
- (18) The Company shall file the final accounting entries for the reorganization, showing the actual dollar values of all involved accounts, as a filing on the Commission's e-Docket system in this docket and also as an email to AccountingMgr@icc.illinois.gov within sixty (60) days of the reorganization

date. If the reorganization has not occurred within six months of the Final Order in this proceeding, the Company shall file a status report at six-month intervals until the journal entries are filed on the Commission's e-Docket system and also as an email to AccountingMgr@icc.illinois.gov; and

- (19) Upon entry of the final Order in this proceeding, and effective as of the date of closing of each acquisition, Eastwood and Nunda shall each permanently abandon and be deemed to have permanently abandoned all water service, and their respective Certificates shall be cancelled.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that Aqua Illinois, Inc.'s Petition is granted, subject to the conclusions and findings set forth above.

IT IS FURTHER ORDERED by the Commission that a Certificate of Public Convenience and Necessity is hereby granted to Aqua Illinois, Inc. pursuant to Section 8-406 of the Act as follows:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that the public convenience and necessity requires the construction, operation, and maintenance of a water supply and distribution system and, in connection therewith, the provision of public utility water service by Aqua Illinois, Inc. in portions of McHenry County, Illinois, as shown on a map and legally described in Aqua Ex. 1.1 and 1.2, and in attached Appendices B and C.

IT IS FURTHER ORDERED that the proposed rates set forth herein, and the terms and conditions of service set forth in the Asset Purchase Agreement are approved;

IT IS FURTHER ORDERED that the proposed water depreciation rates of Aqua Illinois, Inc.'s Consolidated Water and Sewer Divisions are approved for the Eastwood and Nunda water systems, as identified in Aqua Ex. 2.1, Schedule 7, and Aqua Ex. 2.2, Schedule 7.

IT IS FURTHER ORDERED that Aqua Illinois, Inc. shall comply with findings set forth above in this Order.

IT IS FURTHER ORDERED that any motions, petitions, objections, and other matters in this proceeding which remain outstanding are hereby denied.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 4th day of November, 2015.

(SIGNED) BRIEN SHEAHAN

CHAIRMAN

**Aqua Illinois, Inc.**  
**Recommended Changes to Company Proposed Accounting Entries**  
**to Record the Purchase of the Eastwood Manor Water Company at Closing**

| Line No.   | Account Number | Account Description                 | Entry Per Company (A) |                  | Adjustments (B) |            | Entry Per Order  |                  |
|--|----------------|-------------------------------------|-----------------------|------------------|-----------------|------------|------------------|------------------|
|  |                |                                     | Debit (c)             | Credit (d)       | Debit (e)       | Credit (f) | Debit (g)        | Credit (h)       |
| <b>Journal Entry #1 - To record the initial purchase price to Account 104.</b>                         |                |                                     |                       |                  |                 |            |                  |                  |
| 1  | 104            | Utility Plant Purchased or Sold     | 750,844               |                  |                 |            | 750,844          |                  |
| 2  | 104            | Closing Costs                       | 65,000                |                  |                 |            | 65,000           |                  |
| 3  | 131            | Cash                                |                       | 815,844          |                 |            |                  | 815,844          |
| <b>Journal Entry #2 - To transfer at closing the initial purchase price from Account 104 to plant.</b> |                |                                     |                       |                  |                 |            |                  |                  |
| 4  | 104            | Utility Plant Purchased or Sold     |                       | 750,844          |                 |            |                  | 750,844          |
| 5  | 104            | Closing Costs                       |                       | 65,000           |                 |            |                  | 65,000           |
| 6  | 300            | Utility Plant in Service            | 750,844               |                  |                 |            | 750,844          |                  |
| 7  | 301            | Organization Costs                  | 65,000                |                  |                 |            | 65,000           |                  |
| 8  |                | Totals                              | <u>1,631,688</u>      | <u>1,631,688</u> | <u>-</u>        | <u>-</u>   | <u>1,631,688</u> | <u>1,631,688</u> |
| <b>Journal Entry #3 - To record the annual amortization of organizational costs.</b>                   |                |                                     |                       |                  |                 |            |                  |                  |
| 9  | 301            | Organizational Costs                |                       |                  |                 | 2,015      |                  | 2,015            |
| 10   | 407.3          | Amortization of Other Utility Plant |                       |                  | 2,015           |            | 2,015            |                  |

**Sources:**

(A) Aqua, Ex. 2.1, p. 5

(B) 65,000 \* 3.1%

**AQUA ILLINOIS - EASTWOOD ANOR WATER SYSTEMS  
WATER**

|  | 2015<br>Current      | 2016<br>Year 1       | 2017<br>Year 2                   | 2018<br>Year 3                   | 2019<br>Year 4                   | 2020<br>Year 5                   |        |      |        |      |        |
|--|----------------------|----------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--------|------|--------|------|--------|
| Beginning Investment (Purchase Price)              |                      | \$ 815,844           | \$ 815,844                       | \$ 815,844                       | \$ 815,844                       | \$ 815,844                       |        |      |        |      |        |
| Additional Capital                                 |                      | \$ 165,000           | \$ 260,000                       | \$ 282,000                       | \$ 355,000                       | \$ 372,000                       |        |      |        |      |        |
| Total Investment                                   |                      | \$ 980,844           | \$ 1,075,844                     | \$ 1,097,844                     | \$ 1,170,844                     | \$ 1,187,844                     |        |      |        |      |        |
| Customers / Growth                                 | 340                  | 340                  | 340                              | 340                              | 340                              | 340                              |        |      |        |      |        |
| Residential Rate (Annual)                          | Annual/Cust<br>\$384 | Annual/Cust<br>\$571 | Increase<br>Annual/Cust<br>\$586 | Increase<br>Annual/Cust<br>\$824 | Increase<br>Annual/Cust<br>\$839 | Increase<br>Annual/Cust<br>\$855 |        |      |        |      |        |
| (Monthly) (\$12 base charge, \$4/1000)             | \$32                 | \$48                 | \$49                             | \$52                             | \$53                             | \$55                             |        |      |        |      |        |
| Revenues:  |                      |                      |                                  |                                  |                                  |                                  |        |      |        |      |        |
| Residential  | 74,143               | 184,227              | 199,082                          | 212,023                          | 217,323                          | 222,758                          |        |      |        |      |        |
| Other  | -                    | -                    | -                                | -                                | -                                | -                                |        |      |        |      |        |
| Net Revenues                                       | \$ 74,143            | \$ 184,227           | \$ 199,082                       | \$ 212,023                       | \$ 217,323                       | \$ 222,758                       |        |      |        |      |        |
| Expenses:  |                      |                      |                                  |                                  |                                  |                                  |        |      |        |      |        |
| Operation and Maintenance                          | \$ 66,514            | \$ 85,411            | \$ 87,964                        | \$ 90,672                        | \$ 93,382                        | \$ 96,173                        |        |      |        |      |        |
| Other Taxes - 0.8% of rate base                    | -                    | 8,527                | 7,153                            | 7,183                            | 7,629                            | 7,918                            |        |      |        |      |        |
| Depreciation                                       | 1.8%                 | 14,937               | 16,676                           | 17,079                           | 18,416                           | 18,727                           |        |      |        |      |        |
| Subtotal   | 66,514               | 106,875              | 111,793                          | 114,944                          | 119,427                          | 122,515                          |        |      |        |      |        |
| Income Before Interest and Income Taxes            | 7,629                | 87,352               | 87,289                           | 97,078                           | 87,896                           | 100,241                          |        |      |        |      |        |
| Interest (47% rate base)                           | 4.5%                 | 21,903               | (5,146)                          | 19,016                           | 20,170                           | 20,134                           |        |      |        |      |        |
| Income Taxes (Fed and State 41.175%) (state 7.75%) | 40%                  | 3,100                | 26,200                           | 37,000                           | 31,300                           | 32,100                           |        |      |        |      |        |
| Net Gain /(Loss)                                   | \$ 4,529             | \$ 38,249            | \$ 55,435                        | \$ 48,782                        | \$ 48,626                        | \$ 48,007                        |        |      |        |      |        |
| Rate Base  |                      | \$ 815,844           | \$ 894,168                       | \$ 899,089                       | \$ 953,673                       | \$ 951,946                       |        |      |        |      |        |
| Operating Income                                   |                      | \$ 81,152            | \$ 50,280                        | \$ 85,778                        | \$ 66,796                        | \$ 66,141                        |        |      |        |      |        |
| Return on Rate Base                                |                      | 7.50%                | 5.62%                            | 7.32%                            | 7.00%                            | 7.16%                            |        |      |        |      |        |
| Return on Equity (Based on 53% of Rate Base)       |                      | 9.08%                | 11.70%                           | 9.81%                            | 9.22%                            | 9.62%                            |        |      |        |      |        |
| <b>OPERATIONS AND MAINTENANCE:</b>                 |                      | Increase             | Increase                         | Increase                         | Increase                         | Increase                         |        |      |        |      |        |
| Power  | 15,218               | 3.0%                 | 15,675                           | 3.0%                             | 16,629                           | 3.0%                             | 17,128 | 3.0% | 17,642 |      |        |
| Chemicals  | 9,115                | 3.0%                 | 9,388                            | 3.0%                             | 9,660                            | 3.0%                             | 9,960  | 3.0% | 10,259 | 3.0% | 10,567 |
| Cust Operations - Direct                           | -                    | 3.0%                 | 2,584                            | 3.0%                             | 2,662                            | 3.0%                             | 2,741  | 3.0% | 2,824  | 3.0% | 2,908  |
| Outside Serv - Operation                           | 28,775               | 3.0%                 | 29,638                           | 3.0%                             | 30,527                           | 3.0%                             | 31,443 | 3.0% | 32,387 | 3.0% | 33,358 |
| Outside Serv - Other                               | 700                  | 3.0%                 | 721                              | 3.0%                             | 743                              | 3.0%                             | 765    | 3.0% | 788    | 3.0% | 811    |
| Supplies   | 9,365                | 3.0%                 | 9,646                            | 3.0%                             | 9,935                            | 3.0%                             | 10,233 | 3.0% | 10,540 | 3.0% | 10,857 |
| Transportation                                     | -                    | 3.0%                 | 2,560                            | 3.0%                             | 2,637                            | 3.0%                             | 2,716  | 3.0% | 2,798  | 3.0% | 2,882  |
| Insurance  | -                    | 3.0%                 | 4,376                            | 3.0%                             | 4,507                            | 3.0%                             | 4,642  | 3.0% | 4,782  | 3.0% | 4,925  |
| Bad Debt Expense                                   | -                    | 1.0%                 | 1,942                            | 1.0%                             | 1,991                            | 1.0%                             | 2,120  | 1.0% | 2,173  | 1.0% | 2,228  |
| Other Expense                                      | 3,341                | 3.0%                 | 8,881                            | 3.0%                             | 9,147                            | 3.0%                             | 9,422  | 3.0% | 9,704  | 3.0% | 9,995  |
| Total O&M  | \$ 66,514            | \$ 85,411            | 3.0% \$ 87,964                   | 3.1% \$ 90,672                   | 3.0% \$ 93,382                   | 3.0% \$ 96,173                   |        |      |        |      |        |
| O&M Per Customer                                   | \$ 196               | \$ 251               | 3.0% \$ 259                      | 3.1% \$ 267                      | 3.0% \$ 275                      | 3.0% \$ 283                      |        |      |        |      |        |
| Annual CAPX  |                      | \$ 165,000           | \$ 260,000                       |                                  |                                  |                                  |        |      |        |      |        |
| Cumulative CAPX                                    |                      | \$ 165,000           | \$ 425,000                       |                                  |                                  |                                  |        |      |        |      |        |
| Wtd Cost of Capital                                | 8.58%                |                      |                                  |                                  |                                  |                                  |        |      |        |      |        |
| Gross up for 50% Equity (@7.75%)                   | 2.64%                |                      |                                  |                                  |                                  |                                  |        |      |        |      |        |
|  | 11.23%               |                      |                                  |                                  |                                  |                                  |        |      |        |      |        |
| AFUDC on Cum CAPX                                  |                      | 18,522               | 47,709                           |                                  |                                  |                                  |        |      |        |      |        |
| Base Annual Interest                               |                      | 40,425               | 42,583                           |                                  |                                  |                                  |        |      |        |      |        |
| Net Annual Interest                                |                      | 21,903               | (5,146)                          |                                  |                                  |                                  |        |      |        |      |        |

**AQUA ILLINOIS - EASTWOOD MANOR WATER SYSTEMS  
WATER**

**Average Residential Bill**

| <b>CURRENT</b>   |            |                      | <u>Gallons</u> | <u>Customer</u>             | <u>Rates</u>  | <u>Usage</u>        |                     | <u>Gross Revenue Tax (ICC)</u> | <u>TOTAL</u>  |               |             |
|------------------|------------|----------------------|----------------|-----------------------------|---------------|---------------------|---------------------|--------------------------------|---------------|---------------|-------------|
| <u>Division:</u> | <u>A/U</u> | <u>Billing Units</u> | <u>Gallons</u> | <u>Equals Billing Units</u> | <u>Charge</u> | <u>1000 Gallons</u> | <u>1000 Gallons</u> | <u>Subtotal</u>                | <u>Rate %</u> | <u>Charge</u> | <u>BILL</u> |
| Eastwood Manor   |            | 1000 Gallons         | 5000           | 5.00                        | \$12.00       | \$4.0000            | \$20.00             | \$32.00                        | 0.10%         | \$0.03        | \$32.03     |

| <b>PROPOSED</b>  |            |                      | <u>Gallons</u> | <u>Customer</u>             | <u>Rates</u>  | <u>Usage</u>        |                     | <u>Gross Revenue Tax (ICC)</u> | <u>TOTAL</u>  |               |             |
|------------------|------------|----------------------|----------------|-----------------------------|---------------|---------------------|---------------------|--------------------------------|---------------|---------------|-------------|
| <u>Division:</u> | <u>A/U</u> | <u>Billing Units</u> | <u>Gallons</u> | <u>Equals Billing Units</u> | <u>Charge</u> | <u>1000 Gallons</u> | <u>1000 Gallons</u> | <u>Subtotal</u>                | <u>Rate %</u> | <u>Charge</u> | <u>BILL</u> |
| Consolidated     |            | 1000 Gallons         | 5000           | 5.00                        | \$14.86       | \$6.5394            | \$32.70             | \$47.56                        | 0.10%         | \$0.05        | \$47.60     |

\* 3/4" Meter

Rate Increase: 49%

**AQUA ILLINOIS - EASTWOOD MANOR WATER SYSTEMS  
WATER**

| ITEM                           | 2016           | 2017           | 2018           | 2019           | 2020           | TOTAL            |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Purchase Price                 | 750,844        |                |                |                |                | 750,844          |
| Appraisals                     | 30,000         |                |                |                |                | 30,000           |
| Closing Costs                  | 35,000         |                |                |                |                | 35,000           |
|                                |                |                |                |                |                | 0                |
| Meters                         | 85000          | 0              | 0              | 0              | 0              | 85,000           |
| Main Breaks                    | 10,000         | 10,000         | 10,000         | 10,000         | 10,000         | 50,000           |
| Flushing Hydrants & Valves     | 5,000          | 5,000          | 3,000          | 3,000          | 3,000          | 19,000           |
| Well #1                        |                |                |                |                |                | 0                |
| Building Improvements          | 5,000          | 10,000         | 2,000          | 0              | 2,000          | 19,000           |
| Well Improvements              | 10,000         | 10,000         | 0              | 0              | 0              | 20,000           |
| Well #2                        | 0              | 0              | 0              | 0              | 0              | 0                |
| Building Improvements          | 5000           | 10,000         | 2,000          | 0              | 2,000          | 19,000           |
| Well Improvements              | 10000          | 20,000         | 5,000          | 0              | 0              | 35,000           |
| Elevated Tank                  | 10000          | 0              | 0              | 10,000         | 0              | 20,000           |
| Scada / Telemetry              | 25000          | 0              | 0              | 0              | 0              | 25,000           |
| Generator                      | 0              | 30,000         | 0              | 0              | 0              | 30,000           |
| QIPS                           | 0              | 0              | 0              | 50,000         | 0              | 50,000           |
| <b>TOTAL CAPITAL ADDITIONS</b> | <b>165,000</b> | <b>95,000</b>  | <b>22,000</b>  | <b>73,000</b>  | <b>17,000</b>  | <b>1,187,844</b> |
| <b>TOTAL ACCUMULATED</b>       | <b>165,000</b> | <b>260,000</b> | <b>282,000</b> | <b>355,000</b> | <b>372,000</b> |                  |

AQUA ILLINOIS, INC.  
AQUA ILLINOIS - EASTWOOD MANOR WATER SYSTEMS  
RATE BASE PROJECTION

Docket No. 15-0384  
Aqua Ex. 2.1  
Page 4 of 7

Schedule 4

|                              |                          |
|------------------------------|--------------------------|
| Utility Plant                | \$ 815,844               |
| Accumulated Depreciation     | -                        |
| Other                        | -                        |
| <b>RATE BASE (ESTIMATED)</b> | <b><u>\$ 815,844</u></b> |

AQUA ILLINOIS, INC  
AQUA ILLINOIS - EASTWOOD MANOR WATER SYSTEMS  
ACCOUNTING ENTRIES

Docket No. 15-0384  
Aqua Ex. 2.1  
Page 5 of 7

Schedule 5

**Journal Entry # 1 To record funding.**

| <u>Account</u> | <u>Description</u>              | <u>Debit</u> | <u>Credit</u> |
|----------------|---------------------------------|--------------|---------------|
| 104            | Utility Plant Purchased or Sold | 750,844      |               |
| 104            | Legal - Closing Costs           | 65,000       |               |
| 131            | Cash                            |              | (815,844)     |

**Journal Entry # 2 To record purchase at closing.**

| <u>Account</u> | <u>Description</u>              | <u>Debit</u>   | <u>Credit</u>    |
|----------------|---------------------------------|----------------|------------------|
| 104            | Utility Plant Purchased or Sold |                | (750,844)        |
| 104            | Legal - Closing Costs           |                | (65,000)         |
| 300            | Utility Plant In Service        | 815,844        |                  |
| 108            | Accum. Depr.-Utility Plant      |                | -                |
|                |                                 | <u>815,844</u> | <u>(815,844)</u> |

AQUA ILLINOIS  
 AQUA ILLINOIS - EASTWOOD MANOR WATER SYSTEMS  
 DETAIL OF UTILITY PLANT IN SERVICE

| <u>Assets</u>                         | <u>Acct.</u> | <u>Rate</u> | <u>Book Value</u> | <u>Annual Dep'n</u> |
|---------------------------------------|--------------|-------------|-------------------|---------------------|
| <u>Intangible Plant</u>               |              |             |                   |                     |
| Organization                          | 301          | 0.00%       | \$ 85,000         | \$ -                |
| Franchises & Consents                 | 302          | 0.00%       | -                 | -                   |
| <u>Source of Supply Plant</u>         |              |             |                   |                     |
| Land and Land Rights                  | 303          | 0.00%       | -                 | -                   |
| Structures and Improvements           | 304          | 4.17%       | -                 | -                   |
| Collecting & Impounding Res.          | 305          | 1.50%       | -                 | -                   |
| Lake, River and Other Intakes         | 308          | 1.47%       | -                 | -                   |
| Wells and Springs                     | 307          | 1.87%       | -                 | -                   |
| Supply Mains                          | 309          | 1.89%       | -                 | -                   |
| <u>Pumping Plant</u>                  |              |             |                   |                     |
| Land and Land Rights                  | 303          | 0.00%       | -                 | -                   |
| Structures and Improvements           | 304          | 2.27%       | -                 | -                   |
| Power Generating Equipment            | 310          | 3.33%       | -                 | -                   |
| Source of Supply & Pumping Eq         | 311          | 3.13%       | 27,204.00         | 851.49              |
| Source of Supply & Pumping Eq         | 311.26       | 3.13%       | -                 | -                   |
| Transmission & Distribution Pn        | 311.4        | 3.13%       | -                 | -                   |
| <u>Water Treatment Plant</u>          |              |             |                   |                     |
| Land and Land Rights                  | 303          | 0.00%       | -                 | -                   |
| Structures and Improvements           | 304          | 2.78%       | -                 | -                   |
| Water Treatment Equipment             | 320          | 3.57%       | -                 | -                   |
| <u>Transmission &amp; Dist. Plant</u> |              |             |                   |                     |
| Land and Land Rights                  | 303          | 0.00%       | -                 | -                   |
| Structures and Improvements           | 304          | 4.17%       | -                 | -                   |
| Dist. Reservoirs & Standpipes         | 330          | 1.87%       | 37,010.00         | 618.07              |
| T & D Mains                           | 331          | 1.89%       | 682,840.00        | 12,527.68           |
| Services                              | 333          | 3.33%       | -                 | -                   |
| Meters                                | 334          | 6.21%       | -                 | -                   |
| Meter installations                   | 334          | 4.44%       | -                 | -                   |
| Hydrants                              | 335          | 3.85%       | 23,780.00         | 939.71              |
| Other Plant & Misc. Equipment         | 339          | 5.56%       | -                 | -                   |
| <u>General Plant</u>                  |              |             |                   |                     |
| Land and Land Rights                  | 303          | 0.00%       | -                 | -                   |
| Structures and Improvements           | 304          | 4.00%       | -                 | -                   |
| Laboratory Equipment                  | 344          | 5.00%       | -                 | -                   |
| Office Furniture                      | 340          | 4.74%       | -                 | -                   |
| Personal Computers                    | 340          | 12.50%      | -                 | -                   |
| PC Software                           | 340          | 20.00%      | -                 | -                   |
| MainFrame Computers                   | 340          | 12.50%      | -                 | -                   |
| MainFrame Software                    | 340          | 12.50%      | -                 | -                   |
| Other Machinery & Equipment           | 340          | 5.00%       | -                 | -                   |
| Stores Equipment                      | 342          | 3.28%       | -                 | -                   |
| Power Equipment                       | 345          | 5.00%       | -                 | -                   |
| Communication Equipment               | 348          | 12.50%      | -                 | -                   |
| Miscellaneous Equipment               | 347          | 5.58%       | -                 | -                   |
| Transportation Equipment              | 341          | 10.77%      | -                 | -                   |
| Tools, Shop and Garage Equip.         | 343          | 7.31%       | -                 | -                   |
| Other Tangible Plant                  | 348          | 3.33%       | -                 | -                   |
|                                       |              | 1.80%       |                   |                     |
|                                       |              |             | <u>\$ 815,844</u> | <u>\$ 14,937</u>    |
|                                       |              |             |                   | <u>1.8%</u>         |

AQUA ILLINOIS, INC.  
 AQUA ILLINOIS - EASTWOOD MANOR WATER SYSTEMS  
 PROPOSED DEPRECIATION RATES

|   | <u>Water Rates</u> |
|---|--------------------|
| <u>Intangible Plant</u>                           |                    |
| 301 Organization                                  | 0.00%              |
| 302 Franchises & Consents                         | 0.00%              |
| <u>Source of Supply Plant</u>                     |                    |
| 303 Land and Land Rights                          | 0.00%              |
| 304 Structures and Improvements                   | 4.17%              |
| 305 Collecting & Impounding Res.                  | 1.50%              |
| 306 Lake, River and Other Intakes                 | 1.47%              |
| 307 Wells and Springs                             | 1.67%              |
| 309 Supply Mains                                  | 1.89%              |
| <u>Pumping Plant</u>                              |                    |
| 303 Land and Land Rights                          | 0.00%              |
| 304 Structures and Improvements                   | 2.27%              |
| 310 Power Generating Equipment                    | 3.33%              |
| 311 Source of Supply & Pumping Equip.             | 3.13%              |
| 311 Source of Supply & Pumping Equip. - Hydraulic | 3.13%              |
| 311 Transmission & Distribution Pumping Equip.    | 3.13%              |
| <u>Water Treatment Plant</u>                      |                    |
| 303 Land and Land Rights                          | 0.00%              |
| 304 Structures and Improvements                   | 2.78%              |
| 320 Water Treatment Equipment                     | 3.57%              |
| <u>Transmission &amp; Dist. Plant</u>             |                    |
| 303 Land and Land Rights                          | 0.00%              |
| 304 Structures and Improvements                   | 4.17%              |
| 330 Dist. Reservoirs & Standpipes                 | 1.67%              |
| 331 T & D Mains                                   | 1.89%              |
| 333 Services                                      | 3.33%              |
| 334 Meters  | 6.21%              |
| 334 Meter Installations                           | 4.44%              |
| 335 Hydrants                                      | 3.95%              |
| 339 Other Plant & Misc. Equipment                 | 5.56%              |
| <u>General Plant</u>                              |                    |
| 303 Land and Land Rights                          | 0.00%              |
| 304 Structures and Improvements                   | 4.00%              |
| 344 Laboratory Equipment                          | 5.00%              |
| 340 Office Furniture                              | 4.74%              |
| 340 Personal Computers                            | 12.50%             |
| 340 PC Software                                   | 20.00%             |
| 340 MainFrame Computers                           | 12.50%             |
| 340 MainFrame Software                            | 12.50%             |
| 340 Other Machinery & Equipment                   | 5.00%              |
| 342 Stores Equipment                              | 3.28%              |
| 345 Power Equipment                               | 5.00%              |
| 346 Communication Equipment                       | 12.50%             |
| 347 Miscellaneous Equipment                       | 5.56%              |
| 341 Transportation Equipment                      | 10.77%             |
| 343 Tools, Shop and Garage Equip.                 | 7.31%              |
| 348 Other Tangible Plant                          | 3.33%              |