

**BEFORE THE  
ILLINOIS COMMERCE COMMISSION**

**DOCKET NO. 16-0093**

**ILLINOIS AMERICAN WATER COMPANY**

**Lead/Lag Schedules**

**Schedule HW-1R and Schedule HW-2R**

**To Accompany the  
Rebuttal Testimony of Harold Walker, III  
On Lead/Lag Study - Working Capital**

**IAWC Exhibit 12.01R**  
**Page 2 of 6**

ILLINOIS AMERICAN WATER COMPANY  
Analysis and Correction of Mr. Gorman's Cash Working Capital Adjustments

Line Reference		Zone 1	Chicago	Pekin	Lincoln	Total Company
<b>Item I</b>						
Schedule A-2	Rate Base	\$797,191,604	\$66,764,349	\$23,946,835	\$11,441,739	\$899,344,528
Schedule D-1	Weighted Cost of Equity	5.48%	5.48%	5.48%	5.48%	5.48%
		<u>\$43,686,100</u>	<u>\$3,658,686</u>	<u>\$1,312,287</u>	<u>\$627,007</u>	<u>\$49,284,080</u>
<b>Item II</b>						
21*	Maintenance - other	\$6,644,024	\$481,735	\$213,292	\$149,403	\$7,488,454
C-2.4 data	Less: Tank Painting	1,609,631	-	16,425	31,271	1,657,327
	Net Maintenance - other	<u>\$5,034,393</u>	<u>\$481,735</u>	<u>\$196,867</u>	<u>\$118,132</u>	<u>\$5,831,127</u>
<b>Item III</b>						
1*	Gorman Revenues	\$267,879,977	\$20,401,489	\$9,116,560	\$4,633,486	\$302,031,512
7*	Gorman Net Revenues	166,645,516	9,687,935	5,492,947	2,790,912	184,617,310
	Gorman Excluded Revenues	<u>\$101,234,461</u>	<u>\$10,713,554</u>	<u>\$3,623,613</u>	<u>\$1,842,574</u>	<u>\$117,414,202</u>
	% Excluded Revenues	<u>38%</u>	<u>53%</u>	<u>40%</u>	<u>40%</u>	<u>39%</u>
<b>Item IV</b>						
5*	Deferred Taxes	\$7,128,870	\$879,353	\$331,284	\$148,724	\$8,488,231
	Divided by 365 days	365	365	365	365	365
	Daily Deferred Tax	\$19,531	\$2,409	\$908	\$407	\$23,255
	Multiplied by Revenue Lag	49.1	54.5	44.7	47.4	49.3
	Deferred Taxes CWC	<u>\$958,972</u>	<u>\$131,291</u>	<u>\$40,588</u>	<u>\$19,292</u>	<u>\$1,146,472</u>

\* - From line referenced of IAWC/FEA/CUB Exhibit 1.6, pages 2 through 5.

## ZONE 1

## IAWC Exhibit 12.01R

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PARTIAL REVENUE LAG METHOD (I.E., ILLINOIS' METHOD)  
CALCULATION OF CASH WORKING CAPITAL REQUIREMENTS  
BASED ON LEAD/LAG STUDY FOR THE TWELVE MONTHS ENDED JUNE 30, 2015

Line No.	Expense Category	Proforma Proposed Amount	Average Daily Expense	Expense (Lead)/Lag *	Cash Requirement
1					
2	Revenues	\$267,879,977			
3	Return on Equity	(43,686,100)			
4	Non-cash OPEB expenses	0			
5	Uncollectible Accounts	(2,590,212)			
6	Total Depr/Amortization	(46,402,125)			
6a	Amortization Tank Painting	(1,609,631)			
6b	Amortization Regulatory Expense	(1,427,154)			
7					
8	Net Revenues	172,164,755	\$471,684	49.1	\$23,159,697
9					
10	Salaries and Wages	22,572,778	61,843	(11.9)	(735,934)
11	Fuel and power	5,640,722	15,454	(34.2)	(528,528)
12	Chemicals	6,338,368	17,365	(44.6)	(774,496)
13	Purchased Water	29,802,049	81,649	(56.1)	(4,580,534)
14	Waste disposal	1,036,322	2,839	(57.4)	(162,972)
15	Service Company	18,580,397	50,905	7.7	391,970
16	Group insurance	4,911,152	13,455	(9.7)	(130,516)
17	Pension	1,856,091	5,085	(7.8)	(39,664)
18	Insurance - other	3,385,969	9,277	101.4	940,650
19	Customer accounting	2,393,022	6,556	(47.7)	(312,732)
20	Rents	279,626	766	11.7	8,963
21	General office expense	518,675	1,421	(45.5)	(64,657)
22	Maintenance - other	5,034,393	13,793	(52.2)	(719,987)
23	Miscellaneous	10,262,075	28,115	(41.7)	(1,172,407)
24					
25	Total O&M Expenses	112,611,639			(7,880,845)
26					
27	Taxes Other Than Income	13,380,898	36,660	(147.5)	(5,407,349)
28	Current Federal taxes	18,233,840	49,956	(35.5)	(1,773,428)
29	Current State taxes	2,205,759	6,043	(35.5)	(214,533)
30	Deferred Income Taxes	7,128,870	19,531	0.0	0
31	Interest Expense	20,487,824	56,131	(88.2)	(4,950,756)
32					
33	Subtotal other expenses	\$61,437,191			(\$12,346,067)
34					
35	Total Cash Working Capital Requirement				\$2,932,786
36					
37	Round to Nearest \$1,000				\$2,933,000
38					
39					

\* - Note: See Schedule HW-2 for revenue lag days. See page 1 of Schedule HW-3 for expense lead/lag day reference schedules.

## CHICAGO METRO - WASTEWATER

## IAWC Exhibit 12.01R

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PARTIAL REVENUE LAG METHOD (I.E., ILLINOIS' METHOD)  
 CALCULATION OF CASH WORKING CAPITAL REQUIREMENTS  
 BASED ON LEAD/LAG STUDY FOR THE TWELVE MONTHS ENDED JUNE 30, 2015

Line No.	Expense Category	Proforma Proposed Amount	Average Daily Expense	Expense (Lead)/Lag *	Cash Requirement
1					
2	Revenues	\$20,401,489			
3	Return on Equity	(3,658,686)			
4	Non-cash OPEB expenses	0			
5	Uncollectible Accounts	(191,937)			
6	Total Depr/Amortization	(5,810,906)			
6a	Amortization Tank Painting	0			
6b	Amortization Regulatory Expense	(172,672)			
7					
8	Net Revenues	10,567,288	\$28,951	54.5	\$1,577,855
9					
10	Salaries and Wages	1,068,283	2,927	(11.9)	(34,829)
11	Fuel and power	773,984	2,121	(34.2)	(72,521)
12	Chemicals	112,670	309	(44.6)	(13,767)
13	Purchased Water	0	0	(56.1)	0
14	Waste disposal	1,615,221	4,425	(57.4)	(254,010)
15	Service Company	112,546	308	7.7	2,374
16	Group insurance	233,015	638	(9.7)	(6,192)
17	Pension	78,345	215	(7.8)	(1,674)
18	Insurance - other	408,694	1,120	101.4	113,539
19	Customer accounting	2,912	8	(47.7)	(381)
20	Rents	3,025	8	11.7	97
21	General office expense	48,025	132	(45.5)	(5,987)
22	Maintenance - other	481,735	1,320	(52.2)	(68,895)
23	Miscellaneous	867,999	2,378	(41.7)	(99,166)
24					
25	Total O&M Expenses	5,806,454			(441,412)
26					
27	Taxes Other Than Income	925,422	2,535	(147.5)	(373,972)
28	Current Federal taxes	1,073,908	2,942	(35.5)	(104,449)
29	Current State taxes	166,307	456	(35.5)	(16,175)
30	Deferred Income Taxes	879,353	2,409	0.0	0
31	Interest Expense	1,715,844	4,701	(88.2)	(414,623)
32					
33	Subtotal other expenses	\$4,760,834			(\$909,219)
34					
35	Total Cash Working Capital Requirement				\$227,224
36					
37	Round to Nearest \$1,000				\$227,000
38					
39					

\* - Note: See Schedule HW-2 for revenue lag days. See page 1 of Schedule HW-3 for expense lead/lag day reference schedules.

PEKIN

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PARTIAL REVENUE LAG METHOD (I.E., ILLINOIS' METHOD)  
CALCULATION OF CASH WORKING CAPITAL REQUIREMENTS  
BASED ON LEAD/LAG STUDY FOR THE TWELVE MONTHS ENDED JUNE 30, 2015

Line No.	Expense Category	Proforma Proposed Amount	Average Daily Expense	Expense (Lead)/Lag *	Cash Requirement
1					
2	Revenues	\$9,116,560			
3	Return on Equity	(1,312,287)			
4	Non-cash OPEB expenses	0			
5	Uncollectible Accounts	(86,376)			
6	Total Depr/Amortization	(1,817,321)			
6a	Amortization Tank Painting	(16,425)			
6b	Amortization Regulatory Expense	(76,345)			
7					
8	Net Revenues	5,807,806	\$15,912	44.7	\$711,257
9					
10	Salaries and Wages	924,304	2,532	(11.9)	(30,135)
11	Fuel and power	157,828	432	(34.2)	(14,788)
12	Chemicals	38,350	105	(44.6)	(4,686)
13	Purchased Water	0	0	(56.1)	0
14	Waste disposal	0	0	(57.4)	0
15	Service Company	992,830	2,720	7.7	20,945
16	Group insurance	201,716	553	(9.7)	(5,361)
17	Pension	72,808	199	(7.8)	(1,556)
18	Insurance - other	180,699	495	101.4	50,200
19	Customer accounting	127,642	350	(47.7)	(16,681)
20	Rents	5,483	15	11.7	176
21	General office expense	24,654	68	(45.5)	(3,073)
22	Maintenance - other	196,867	539	(52.2)	(28,155)
23	Miscellaneous	453,077	1,241	(41.7)	(51,763)
24					
25	Total O&M Expenses	3,376,258			(84,877)
26					
27	Taxes Other Than Income	575,262	1,576	(147.5)	(232,469)
28	Current Federal taxes	816,541	2,237	(35.5)	(79,417)
29	Current State taxes	93,027	255	(35.5)	(9,048)
30	Deferred Income Taxes	331,284	908	0.0	0
31	Interest Expense	615,434	1,686	(88.2)	(148,716)
32					
33	Subtotal other expenses	<u>\$2,431,548</u>			<u>(\$469,650)</u>
34					
35	Total Cash Working Capital Requirement				<u>\$156,731</u>
36					
37	Round to Nearest \$1,000				<u>\$157,000</u>
38					
39	* - Note: See Schedule HW-2 for revenue lag days. See page 1 of Schedule HW-3 for expense lead/lag day reference schedules.				

LINCOLN

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PARTIAL REVENUE LAG METHOD (I.E., ILLINOIS' METHOD)  
CALCULATION OF CASH WORKING CAPITAL REQUIREMENTS  
BASED ON LEAD/LAG STUDY FOR THE TWELVE MONTHS ENDED JUNE 30, 2015

Line No.	Expense Category	Proforma Proposed Amount	Average Daily Expense	Expense (Lead)/Lag *	Cash Requirement
1					
2	Revenues	\$4,633,486			
3	Return on Equity	(627,007)			
4	Non-cash OPEB expenses	0			
5	Uncollectible Accounts	(42,860)			
6	Total Depr/Amortization	(992,215)			
6a	Amortization Tank Painting	(31,271)			
6b	Amortization Regulatory Expense	(31,768)			
7					
8	Net Revenues	2,908,365	\$7,968	47.4	\$377,689
9					
10	Salaries and Wages	545,013	1,493	(11.9)	(17,769)
11	Fuel and power	130,147	357	(34.2)	(12,195)
12	Chemicals	41,538	114	(44.6)	(5,076)
13	Purchased Water	0	0	(56.1)	0
14	Waste disposal	39,552	108	(57.4)	(6,220)
15	Service Company	412,006	1,129	7.7	8,692
16	Group insurance	122,517	336	(9.7)	(3,256)
17	Pension	43,685	120	(7.8)	(934)
18	Insurance - other	75,190	206	101.4	20,888
19	Customer accounting	52,909	145	(47.7)	(6,914)
20	Rents	3,880	11	11.7	124
21	General office expense	10,801	30	(45.5)	(1,346)
22	Maintenance - other	118,132	324	(52.2)	(16,894)
23	Miscellaneous	203,028	556	(41.7)	(23,195)
24					
25	Total O&M Expenses	1,798,398			(64,095)
26					
27	Taxes Other Than Income	271,000	742	(147.5)	(109,514)
28	Current Federal taxes	354,461	971	(35.5)	(34,475)
29	Current State taxes	41,675	114	(35.5)	(4,053)
30	Deferred Income Taxes	148,724	407	0.0	0
31	Interest Expense	294,053	806	(88.2)	(71,056)
32					
33	Subtotal other expenses	<u>\$1,109,913</u>			<u>(\$219,098)</u>
34					
35	Total Cash Working Capital Requirement				<u>\$94,496</u>
36					
37	Round to Nearest \$1,000				<u>\$94,000</u>
38					
39	* - Note: See Schedule HW-2 for revenue lag days. See page 1 of Schedule HW-3 for expense lead/lag day reference schedules.				