**Section 655.50 Annual Reconciliation**

a) At the time that the utility files its annual reconciliation, the utility shall file a petition pursuant to 83 Ill. Adm. Code 200 seeking approval of its annual reconciliation. The annual reconciliation shall be verified by an officer of the utility.

b) The utility shall provide the following schedules for each surcharge being reconciled:

1) A schedule showing the costs recoverable through the applicable surcharge during the reconciliation year,

2) A schedule showing the revenues arising from the applicable surcharge during the reconciliation year, and

3) A schedule showing the reconciliation components determined by the utility (Rf, Rv, and R, as applicable) to be recovered or refunded throughout the April 1 through December 31 period following the filing of the annual reconciliation. The reconciliation components shall be treated as an addition to, or an offset against, actual purchased water/purchased sewage treatment costs.

A) The calculation of the utility-determined reconciliation components shall include the effects of the reconciliation components and adjustment components from prior reconciliation years that were effective in the year being reconciled.

B) The utility-determined reconciliation components shall include the total of the following items:

i) Refunds, directly billed supplier surcharges, unamortized balances of adjustments in effect as of the utility's implementation date, and other separately designated adjustments;

ii) For the initial reconciliation year, the cumulative difference between actual recoverable purchased water/sewage treatment costs and surcharge recoveries for the period preceding the initial effective month; and

iii) The unamortized portion of any reconciliation components and/or adjustment components included in prior determinations of the purchased water/sewage treatment surcharge.

C) The reconciliation components shall not include costs associated with unaccounted for water or any storm water inflow or infiltration in contravention of an Order of the Commission directing that such costs not be reflected in rates.

D) If a utility determines the need to amortize a positive reconciliation component over a period longer than nine months, the utility must receive authority from the Commission's Manager of the Accounting Department to recover such costs over a longer period. The utility shall make the request in writing to the Manager of the Accounting Department. The Manager of the Accounting Department must approve the request for a longer amortization period in writing. The Manager of the Accounting Department shall consider the dollar amount of the positive reconciliation component and the impact of the positive reconciliation component on customer bills when granting or denying a utility's request for an amortization period longer than nine months.

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

d) The initial reconciliation year shall begin on the effective date of the purchased water/sewage treatment surcharge and end on December 31 of the calendar year in which the surcharge was initiated. Each subsequent reconciliation year shall begin on January 1 and shall end on December 31.

e) The utility will file its annual reconciliation no later than the March 15 following the December 31 end of the reconciliation period. The utility-determined reconciliation component from the annual reconciliation shall become effective on the April 1 following the end of the reconciliation year.

f) When the utility files its annual reconciliation, the utility shall provide two copies of the following items, for each surcharge being reconciled, one copy to the Commission's Manager of the Water Department and one copy to the Commission's Manager of the Accounting Department:

1) Copies of all workpapers pertaining to the reconciliation;

2) Copies of all invoices supporting the costs for the applicable purchased water/sewage treatment surcharge;

3) Copies of the applicable general ledger or equivalent documentation supporting the recovery of the purchased water/sewage treatment surcharge;

4) A worksheet showing an independent calculation of the purchased water/sewage treatment surcharge. For fixed charges, the worksheet shall show the total fixed charge obtained by multiplying the monthly fixed charge by the number of customer months. For variable charges, the worksheet shall show the total variable charge obtained by multiplying the units delivered by the variable charge rate; and

5) A detailed worksheet showing the calculation of any reconciliation component based upon the annual reconciliation and the effect of the reconciliation component amount on the purchased water/sewage treatment surcharge rate.