060253-WS

REDACTED

ORIGINAL

CONFIDENTIAL

UTILITIES, INC.

Consolidated Financial Statements
For the years ended December 31, 2005 and 2004

SPECIFIED
CONFIDENTIAL

PBC

CMP ______
COM ______
CTR ______
ECR ______
GCL ______
OPC ______
RCA ______
SCR ______
SGA ______
SEC ______
OTH ______

DOCUMENT NUMBER-DATE
11262 DEC-8 90
FPSC-COMMISSION CLERK

31-4pl

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
One North Wacker
Chicago IL 60606
Telephone (312) 298 2000
Facsimile (312) 298 2001

Report of Independent Auditors

CONFIDENTIAL

To the Board of Directors and
Shareholder of Utilities, Inc.:

In our opinion, the accompanying consolidated balance sheets and statements of capitalization as of December 31, 2005 and 2004 and the related consolidated statements of income, of cash flows and of common shareholder's equity present fairly, in all material respects, the financial position of Utilities, Inc. and its subsidiaries at December 31, 2005 and 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PBC

February 16, 2006

SPECIFIED CONFIDENTIAL

31-4p2

CONFIDENTIAL

UTILITIES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
UTILITY OPERATIONS		

The accompanying notes to consolidated financial statements are an integral part of these statements.

31-4p3

CONFIDENTIAL

UTILITIES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004

ASSETS	December 31, 2005	December 31, 2004

The accompanying notes to consolidated financial statements are an integral part of these statements.

31-4p 4

CONFIDENTIAL

UTILITIES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2005 AND 2004

CAPITALIZATION AND LIABILITIES	December 31, 2005	December 31, 2004

The accompanying notes to consolidated financial statements are an integral part of these statements.

31-4p5

UTILITIES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CAPITALIZATION

AT DECEMBER 31, 2005 AND 2004

CONFIDENTIAL

	December 31, 2005	December 31, 2004

The accompanying notes to consolidated financial statements are an integral part of these statements.

31-4p6

UTILITIES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

CONFIDENTIAL

	2005	2004

The accompanying notes to consolidated financial statements are an integral part of these statements.

31-4, 7

UTILITIES, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

CONFIDENTIAL

Common Shares					Accumulated	
		Paid-In	Retained	Notes Receivable	Other Comprehensive	Total Comprehensive
Shares	Amount	Capital	Earnings	From Parent	Income	Income

The accompanying notes to consolidated financial statements are an integral part of these statements.

PBC

SPECIFIED CONFIDENTIAL

31-4p8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

NATURE OF BUSINESS

31-4p9

CONFIDENTIAL

REVENUES

31-4,10

CONFIDENTIAL

PLANT ACQUISITION ADJUSTMENTS

31-4p11

CONFIDENTIAL

31-4, p12

CONFIDENTIAL

31-4-13

CONFIDENTIAL

31-4,14

CONFIDENTIAL

31-4p15

PBC

CONFIDENTIAL

SPECIFIED
CONFIDENTIAL

31-4p16

UTILITIES, INC.

2335 Sanders Road
Northbrook, Illinois 60062-6196
Telephone 847 498-6440
Facsimile 847 498-2066

CONFIDENTIAL

SPECIFIED CONFIDENTIAL

February 20, 2006

PricewaterhouseCoopers LLP
One North Wacker
Chicago, IL 60606

PBC

We are providing this letter in connection with your audits of the consolidated financial statements of Utilities, Inc. (the "Company") as of December 31, 2005 and 2004 and for the years then ended for the purpose of expressing an opinion as to whether such consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Utilities, Inc. in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the consolidated financial statements of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

Certain representations in this letter are described as being limited to those matters that are material. For the purposes of this letter, material is defined as any items, which would affect income, by more than $27,000 or the balance sheet by more than $500,000, after giving effect for income taxes. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of February 20, 2006, the date of your report, the following representations made to you during your audit(s):

1. The consolidated financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America, and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which the Company is subject.

2. We have made available to you all:

   a. Financial records and related data.

   b. Minutes of the meetings of stockholders, directors, and committees of directors. The most recent meeting was held on December 22, 2005 by the Board of Directors.

9-1p1

CONFIDENTIAL

3. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

4. There are no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the consolidated financial statements.

5. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

6. There are no significant deficiencies, including material weaknesses, in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data.

7. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.

8. We have no knowledge of any fraud or suspected fraud affecting the Company involving:

   a. Management,

   PBC

   b. Employees who have significant roles in internal control over financial reporting, or

   c. Others where the fraud could have a material effect on the consolidated financial statements.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, analysts, regulators, short sellers, or others.

(As to items 7., 8. and 9., we understand the term "fraud" to mean those matters described in Statement on Auditing Standards No. 99.)

10. There have been no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the consolidated financial statements or as a basis for recording a loss contingency.

11. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

12. The following, if material, have been properly recorded or disclosed in the consolidated financial statements:

SPECIFIED CONFIDENTIAL

9.1p2

a. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties. (We understand the term "related party" to include those entities described in Statement on Auditing Standards No. 45, footnote 1.)

b. Guarantees, whether written or oral, under which the Company is contingently liable.

c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. (Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.)

PBC

13. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the consolidated financial statements.

14. The Company has complied with all aspects of contractual agreements that would have a material effect on the consolidated financial statements in the event of noncompliance.

15. Receivables recorded in the consolidated financial statements represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet dates and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts which are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

16. Inventories recorded in the consolidated financial statements are stated at the lower of cost or market, cost being determined on the basis of weighted average cost, and due provision was made to reduce all slow-moving, obsolete, or unusable inventories to their estimated useful or scrap values. Inventory quantities at the balance sheet dates were determined from physical counts or from the Company's perpetual inventory records, which have been adjusted on the basis of physical inventories taken by competent employees from November 25, 2005 through November 30, 2005. Liabilities for amounts unpaid are recorded for all items included in inventories at balance sheet dates and all quantities billed to customers at those dates are excluded from the inventory balances.

17. All liabilities of the Company of which we are aware are included in the consolidated financial statements at the balance sheet dates. There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*, and no unasserted claims or assessments that our legal counsel has advised us are probable of assertion and required to be disclosed in accordance with that Statement.

9-1-3

CONFIDENTIAL

18. The Company has appropriately reconciled its books and records (e.g., general ledger accounts) underlying the consolidated financial statements to their related supporting information (e.g., sub ledger or third-party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the consolidated financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to an income statement account and vice versa. All consolidating entries have been properly recorded. All intracompany and intercompany accounts have been eliminated or appropriately measured and considered for disclosure in the consolidated financial statements.

19. In conjunction with its acquisition of water and wastewater business in the year ended December 31, 2005, the Company has properly:

   a. Concluded that the acquisition is a business combination as defined in FASB Statement No. 141, *Business Combinations.*

   b. Identified, valued, and recorded all the acquired assets and liabilities, including all intangible assets meeting the criteria for separate recognition outlined in paragraph 39 of FASB Statement No. 141, *Business Combinations.*

   c. Allocated the acquired assets and liabilities, including goodwill, to the appropriate reporting units in accordance with paragraphs 32-35 of FASB Statement No. 142, *Goodwill and Other Intangible Assets.*

PBC

20. All cash and bank accounts and all other properties and assets of the Company of which we are aware are included in the consolidated financial statements at December 31, 2005.

21. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

22. All borrowings and financial obligations of the Company of which we are aware are included in the consolidated financial statements at December 31, 2005, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

23. The Company has not violated any covenants on collateral trust notes or other long-term debt during any of the periods reported. We have fully disclosed to you all covenants and information related to how we determined our compliance with the terms of the covenants.

24. All material costs that have been deferred to future periods, including costs related to storm damage and repair, are probable of recovery.

SPECIFIED
CONFIDENTIAL

9-1,4

CONFIDENTIAL

25. The Company accounts for its regulated operations in accordance with FASB Statement No. 71, *Accounting for the Effects of Certain Types of Regulation* ("FAS 71"), requiring the Company to record in the financial statements the effects of the rate regulation to which these operations are currently subject. The use of FAS 71 is applicable to the utility operations of the Company that meet the following criteria: (1) third part regulation of rates; (2) cost based rates; and (3) a reasonable assumption that costs will be recoverable from customers through rates. The Company believes that it is probable that regulatory assets associated with these operations will be recovered.

26. The Company has evaluated its material legal obligations relative to asset retirements associated with the environmental aspects of ongoing operations and has determined that they have no obligations that are required to be recorded based on FASB Statement No. 143, *Accounting for Asset Retirement Obligations* and FASB Interpretation No. 47, *Accounting for Conditional Retirement Obligations*.

27. We have reviewed long-lived assets to be held and used or to be disposed of by sale for impairment in accordance with FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, ("FAS 144") whenever events or changes in circumstances have indicated that the carrying amount of assets might not be recoverable, and have recorded an impairment of $1.1 million as of December 31, 2005. The methods and assumptions used to measure the cash flows of the entity in accordance with FAS 144 were appropriate and reasonable and utilize the best available information.

28. We also have reviewed goodwill and indefinite-lived intangibles for impairment in accordance with FASB Statement No. 142, *Goodwill and Other Intangible Assets* ("FAS 142"). Based on this review, there is no requirement to record adjustments to the carrying value of these assets to reflect impairment. The methods and assumptions used to measure the fair value of the entity in accordance with FAS 142 were appropriate and reasonable and utilize the best available information.

29. We believe that it is probable that acquisition of the Company by Hydro Star, LLC will be approved by the necessary regulatory and governmental bodies and it is management's best estimate that the acquisition will close in April 2006.

30. As a result of additional analysis, the Company adjusted the previously reported balances of accumulated deferred income taxes and income tax related regulatory assets. The adjustments have been reflected in the December 31, 2005 balance sheet. The effects of these adjustments were not material to financial position or results of operations. Further, we have performed a qualitative evaluation in accordance with the guidance in SAB 99 and determined that the effects of the adjustment are not qualitatively material. As a result, prior year financial statements have not been restated.

SPECIFIED
CONFIDENTIAL

9-1p5

CONFIDENTIAL

31. A valuation allowance against the deferred tax asset at the balance sheet date is not considered necessary because that the deferred tax asset will, more likely than not, be fully realized.

32. The Company continually reviews its exposure related to open tax and tax related interest claims against the Company by federal, state and local taxing authorities. Management believes the reserves recorded for these open tax and interest claims are adequate and represent management's best estimate of the most likely outcome of these matters.

33. We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned consolidated financial statements.

PBC

Jim Camaren, Chief Executive Officer

Lawrence Schumacher, President and Chief Financial Officer

John Haynes, Director of Corporate Accounting

SPECIFIED
CONFIDENTIAL

9.1, 6

Crowe

Crowe Chizek and Company LLC
Member Horwath International

One Mid America Plaza
Post Office Box 3697
Oak Brook, Illinois 60522-3697
Tel 630.574.7878
Fax 630.574.1608
www.crowechizek.com

May 11, 2006

SPECIFIED CONFIDENTIAL

Mr. John Haynes
Utilities, Inc.
2335 Sanders Road
Northbrook, Illinois 60062

Dear John:

This letter confirms the arrangements for Crowe Chizek and Company LLC ("Crowe Chizek" or "us" or "we" or "our") to audit and report on the financial statements of the Utilities, Inc./Water Service Corp. 401(k) Plan ("the Plan" or "you" or "your") for the year ending December 31, 2005. The attached Crowe Chizek Engagement Terms is an integral part of this letter, and its terms are incorporated herein.

AUDIT SERVICES

PBC

Our Responsibilities

We will audit the financial statements of the Plan for the period indicated, except as described in the next paragraph. The objective of an audit is the expression of an opinion on the financial statements. We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America except as stated in the next paragraph. Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Therefore, a material misstatement may remain undetected.

As permitted by Regulation 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), you have instructed us not to perform any auditing procedures on information certified by a trustee or custodian except for comparing such information to the financial statements and supplemental schedules. Because of the significance of the information that will not be subject to audit, we will issue a disclaimer of opinion on the financial statements taken as a whole and will express our opinion as to whether the form and content of the financial statements and schedules, other than that derived from the information certified by the trustee or custodian, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

We will examine, on a test basis, evidence supporting the amounts and disclosures in your financial statements and evaluate the accounting principles used and the overall financial

48-7/6 p1

SPECIFIED
CONFIDENTIAL

statement presentation. We will assess the risk that error or fraud might misstate the financial statements by an amount we believe would influence the financial statement users. An audit is not designed to detect error or fraud that is immaterial to the financial statements. Any supplemental schedules the Plan is required to file with Form 5500 by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA will be subjected to the auditing procedures applied in our audit of the financial statements and we will report on the supplemental schedules in relation to the basic financial statements taken as a whole.

An audit includes understanding internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed but is not specifically designed to provide assurance on internal control or to identify reportable conditions. We will communicate, either orally or in writing, to the Audit Committee or senior management matters that come to our attention which, in our judgment, are significant deficiencies in internal control that could adversely affect your ability to record, process, summarize, and report financial data. We will also communicate suggestions we have to improve controls and business operations. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel. Our audit will not include any opinion on plan tax qualification or compliance with ERISA and IRS requirements.

Our audit and work products are intended for the benefit and use of the Plan only. The audit will not be planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party. The working papers for this engagement are the property of Crowe Chizek and constitute confidential information.

PBC

The Plan's Responsibilities

The Plan's management is responsible for the financial statements and for maintaining effective internal control that will, among other things, permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

Management has the responsibility to adopt sound accounting policies, maintain an adequate and efficient accounting system, safeguard assets, and devise policies to ensure that the Plan complies with applicable laws and regulations. Management's judgments are typically based on its knowledge and experience about past and current events and its expected courses of action. Management's responsibility for financial reporting includes establishing a process to prepare the accounting estimates included in the financial statements and adjusting the financial statements to correct material misstatements.

Management is responsible for making available to us, on a timely basis, all financial records and related information and your personnel to whom we may direct inquiries. Management agrees to

48-1/6 p2

SPECIFIED
CONFIDENTIAL

provide us with written representations relating to matters contained in or related to the financial statements including that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the financial statements. Because of the importance of management's representations to an effective audit, you agree to release Crowe Chizek and its personnel from any liability and costs relating to our services under this letter attributable to any misrepresentations by management.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes the maintenance of adequate records and related internal control policies and procedures, the selection and application of accounting principles, and the safeguarding of assets. We understand that your personnel will prepare schedules and analyses and type all confirmations we request and will locate any documents selected by us for testing. We understand management will provide us a copy of the Form 5500 prior to its submission since our audit report will be included in that filing.

You agree to be responsible for making all management decisions and performing all management functions; designating an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management to oversee our services; evaluating the adequacy and results of the services performed; accepting responsibility for the results of the services; and establishing and maintaining internal controls, including monitoring ongoing activities.

FEES PBC 48-7

We will invoice you for our services on a periodic basis as services are rendered. Our invoices are due and payable upon receipt. Our fees will not exceed (combined fee for the limited-scope audit of the Utilities, Inc./Water Service Corp. 401(k) Plan and the full-scope audit of the Utilities, Inc. Pension Plan, for which a separate engagement letter has been provided) unless specifically arranged in advance and agreed to between you and our firm. Bills that are not paid within 30 days of receipt are subject to a monthly interest charge of one percent per month or the highest interest rate allowed by law, whichever is less, which we may elect to waive at our sole discretion, plus costs of collection including reasonable attorneys' fees.

This estimate takes into account the agreed-upon level of preparation and assistance from your personnel. We will advise management should this not be provided or should any other circumstances arise that may cause our time to exceed this estimate. The fee estimate does not consider any time that might be necessary to assist management in the implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements that may

48-7
6 p3

SPECIFIED
CONFIDENTIAL

apply. If there is a significant change in your organizational structure or size due to acquisitions or other events, we reserve the right to revise our fees. Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services and which may delay the issuance of our report on the financial statements. Examples of such circumstances include, but are not limited to:

- Changing audit or accounting requirements applicable to the Plan.
- New professional standards or regulatory requirements applicable to the Plan.
- Erroneous or incomplete accounting records.
- Regulatory examination matters.
- Rescheduling of audit fieldwork without reasonable notice.
- Failure of your staff to prepare information requested in our client assistance letter(s) or lack of timely preparation as established in that letter(s).
- Failure to have records requested for the audit available at the Plan Sponsor's main office or other location mutually agreed upon in advance.
- A trial balance summarizing the entire period covered by the audit not being available by the date requested.
- A change in the Plan's service providers (i.e., payroll provider, custodian or recordkeeper) or the accounting systems used to process and account for transactions that creates need for additional services.
- Mergers or spin-offs affecting the Plan during the year.
- Prohibited transactions, litigation, or government investigations affecting the Plan during the year.
- Participant-level accounting records for the entire period covered by this audit not being made available by the date requested.
- Third party service organizations providing services to the Plan or the Plan Sponsor not providing Type II service auditors' reports (i.e.,: SAS70 reports) containing unqualified opinions covering all relevant aspects of the services provided by the organizations that are significant to the audit. Further, these SAS70 reports should cover the same period of time that is covered by the audits.
- A member of the Plan Sponsor's management (or their designee) inability to resolve questions that arise during the audit within the timeframe established at the conclusion of the on-site testing and agreed to by management.

Accounting and auditing standard setters and regulators are continuing to evaluate the need for changes that may affect you. Such changes may result in changes in reporting and expand the nature, timing, and scope of the activities we are required to perform to provide the services discussed in this letter. Proposed changes and shortened deadlines could result in a reduction of the level of assistance and preparedness you are able to provide. We expect that our clients will look to us to assist them with these changes. To the extent that the amount of time required to provide the services described in this letter increases due to such changes or that additional time

48-7/6 p4

SPECIFIED CONFIDENTIAL

is required to complete any new tasks required by such changes, we reserve the right to adjust our fees appropriately. We will endeavor to advise you of anticipated changes to our fees on a timely basis.

* * * * *

This engagement letter and the attached Crowe Chizek Engagement Terms reflect the entire agreement between us relating to the services covered by this letter. The headings included in this letter are to assist in ease of reading only; the letter and attachment are to be construed as a single document, with the provisions of each section applicable throughout. This agreement may not be amended or varied except by a written document signed by both parties. It replaces and supersedes any other proposals, correspondence, agreements and understandings, whether written or oral, relating to the services covered by this letter. The agreements of the Corporation and Crowe Chizek contained in this engagement letter shall survive the completion or termination of this engagement. If any term hereof is found unenforceable or invalid, this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included. This agreement is governed by the internal laws of the State of Illinois.

If the terms of this letter and the attached Crowe Chizek Engagement Terms are acceptable to you, please sign and date below and return a copy of this letter at your earliest convenience. If you have any questions, please contact Staci Arnold at (630) 586-5174.

Very truly yours,

Crowe Chizek and Company LLC

PRC

By: ______________________

I have reviewed the arrangements outlined above and in the attached Crowe Chizek Engagement Terms, and I accept on behalf of the Plan the terms and conditions as stated.

Utilities Inc./Water Service Corp. 401(k) Plan

Signature: ______________________

Printed Name: ______________________

Title: ______________________

Date: ______________________

48-7
10 P5