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June 23, 2004

VIA FAX: (312) 849-3690

Elizabeth Ritcherly, Esq.
McGuire Woods
77 West Wacker Drive
Suite 4400
Chicago, Illinois 60601-1681

Re: Easement to Install Natural Gas Main on Metropolitan Water Reclamation
District of Greater Chicago (District) Property Located at 3154 South
California Avenue in Chicago, Illinois

Dear Ms. Ritcherly:

I received your June 17, 2004, letter which discusses Peoples Gas's (Peoples) objections to the easement agreement I forwarded to you on May 25, 2004.

Your letter states that Peoples objects to Article 9 of the proposed easement because it "is not tailored to a gas service agreement." Article 9 is quite clear in stating its intent that Peoples will only be liable for its actions and conditions that it creates on the easement premises. It is not the intent of Article 9 to hold Peoples liable for conditions it does not cause. Article 9 is a standard provision on all District utility easements.

In response to Peoples' concerns that a permanent structure would be built over the gas service pipe, be advised that such concern can be addressed. No permanent structures will be built over any utilities.

Your letter also mentions that the easement must be designed, constructed, and installed in accordance with Peoples' standards. Peoples has not provided the District with its construction standards and is requested to forward same to the undersigned upon receipt of this letter, along with specific information on the gas main material to be used i.e., plastic or metal. Also, because the gas main will be installed on District property, it is only reasonable for the District to comment on the installation so that it can be assured that it does not interfere with or affect in any way District facilities at the site.

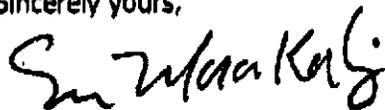
Elizabeth Ritcherly, Esq.
McGuire Woods
Re: Easement-Installation of Gas Main
at 3154 South California Avenue
June 23, 2004
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I have been informed by Recycling Systems Inc. (RSI) that it is in the process of performing certain construction activities at the site and that it is planning on installing a sleeve at the site to accommodate Peoples' gas main once installed. Peoples is requested to submit its standard construction details for installing a sleeve at the location of the 30-foot gas main. The purpose of RSI installing a sleeve at Peoples' easement location is to allow Peoples to easily perform its gas main installation activities once the easement is signed to protect Peoples from additional restoration costs.

Your letter also states that Peoples has not entered into any other standard District easement agreements when it was only servicing a single customer. The District currently does not distinguish between easements that serve multiple customers or only one customer. Rather, the District looks at a transaction in terms of whether a utility company will enter its land to install utilities. This last point raised in your June 17th letter illustrates how Peoples is basing its decisions in this instant matter on the economics of the transaction and not actually on whether reasonable access is being granted.

It is relevant to note that this gas service request has been outstanding for approximately three years. The District has preliminarily approved Peoples' easement request and is prepared to present this matter to its Board of Commissioners for final approval to grant the easement to Peoples at its July 15, 2004, meeting. This matter will be put on the July 15th agenda by July 1, 2004. If you have any further concerns regarding the easement, please respond hereto prior to that date.

Sincerely yours,



Susan T. Morakalis
Senior Assistant Attorney

STM:nm

100 East Erie Street
Chicago, Illinois 60611

Phone: (312) 751-5600

Metropolitan Water
Reclamation District
of Greater Chicago

Fax

To: John Koty

From: Susan Morakalis

Fax: 708-460-2157

Pages: 3

Phone: 708-460-1725

Date: 06/23/04

Re: RSI-Peoples Easement

CC:

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

● **Comments:** Attached is a copy of the letter that went out today.

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