

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

ILLINOIS COMMERCE COMMISSION, On Its Own)	
Motion,)	
vs.)	
)	Docket Nos. 01-0488 and
CRYSTAL CLEAR WATER COMPANY and)	01-0490 (consol.)
MCHENRY SHORES WATER COMPANY.)	
)	
Citations for failure to comply with Commission)	
Orders)	

BRIEF ON EXCEPTIONS OF ILLINOIS-AMERICAN WATER COMPANY

I. Introduction

This is the Brief on Exceptions of Illinois-American Water Company ("Illinois-American" or the "Company") with regard to the Administrative Law Judge's Proposed Order ("ALJPO") issued in this proceeding on December 9, 2005. The Company generally agrees with and supports the ALJPO's conclusions. However, there are a few matters which the Company believes need correction.

II. Proposed Changes to ALJPO

A. Incorporation by Reference of Staff Exceptions

Illinois-American specifically supports, and, for the reasons stated by Staff, hereby incorporates by reference, certain exceptions in Staff's Brief on Exceptions ("Staff BOE"): Staff Exception E, regarding the ALJPO p. 24, Finding (13) (Staff BOE, p. 3); and Staff Exception F, regarding an Addition to Ordering Paragraphs, ALJPO p. 24 (Staff BOE, pp. 3-4).

B. ALJPO, p. 20, 2nd ¶ of "Commission Analysis" Section

On the third line of the paragraph, the Company believes a reference to the record evidence would be appropriate to support the Commission's conclusions. The sentence should read:

"Although one is sufficient, based on the evidence in the record, Respondents meet at least the following three:..."

C. ALJPO, p. 22, 1st ¶ on Page, within "Commission Analysis" Section

On the sixth line of the paragraph, the Company believes a reference to the record evidence would be appropriate to support the Commission's conclusions. The sentence should read:

"The Commission finds that, based on its review of the entire record, the proposals in that stipulation between Staff and IAWC are reasonable and should be adopted for this proceeding."

D. ALJPO, p. 24, "Findings and Ordering Paragraphs," Finding (10)

In order to be consistent with Item 5 of the Stipulation between Illinois-American and Staff, as stated on p. 19 of the ALJPO, and the third Ordering paragraph on pages 24-25 of the ALJPO, Finding (10) should include a reference to a Commission-approved purchase price as well as any price determined by the court in an eminent domain proceeding. Finding (10) should read:

"(10) the Commission accepts as the original cost of plant in service for utility accounting and ratemaking purposes the ~~court-determined~~ purchase price approved by the Commission or established by a court in a Section 4-502 condemnation proceeding;

III. Technical Corrections

A. Removal of references to dismissed parties

This proceeding originally involved three additional companies and dockets: Highland Shores Water Company (Docket No. 01-0489), Northern Illinois Utilities, Inc. (Docket No. 01-0491), and Wonder Lake Water Company (Docket No. 01-0492) (the

"Three Companies"). The Three Companies were sold to the Village of Wonder Lake in the first half of 2006, and the Three Companies filed a Joint Motion to Dismiss the proceedings against them on June 28, 2006. Pursuant to the Notice issued by the ALJ on July 3, 2006, Dockets 01-0489, 01-0491 and 01-0492 were severed from Dockets 01-0488 and 01-0490. The Three Companies also petitioned the Commission on June 29, 2006 for a cancellation of their Certificates of Public Convenience and Necessity in Docket No. 06-0472, which was consolidated with Dockets 01-0489, 01-0491 and 01-0492. A Proposed Order has been issued in these Dockets dismissing the citation proceedings and canceling the Three Companies' Certificates. As a result, subject to the Commission's final order in the Docket 06-0472 proceeding, the Three Companies are no longer the subject of this ALJPO and reference to them in the ALJPO should be removed.

B. ALJPO, p. 17

The ALJPO, p. 17, final paragraph on the page, should have four additional commas placed in the first four sentences as follows:

Despite these problems, IAWC is willing to acquire and operate the Respondents' systems. If it is not able to negotiate a reasonable price, it urges the Commission to authorize IAWC to use eminent domain to acquire the systems. IAWC requests that the Commission enter declaratory judgment finding that its acquisition costs should be included in rate base. IAWC also requests that the Commission authorize a separate tariff at Chicago-Metro rates and, if necessary, a surcharge to insure that its return remains at a reasonable level.

IV. Conclusion

WHEREFORE, Illinois-American Water Company respectfully requests that the Administrative Law Judge's Proposed Order be amended pursuant to the exceptions detailed above.

Dated: August 24, 2006

Respectfully submitted,

ILLINOIS-AMERICAN WATER COMPANY

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CERTIFICATE OF SERVICE

I, Albert D. Sturtevant, certify that on August 24, 2006, I served a copy of the foregoing Brief on Exceptions by electronic mail to the individuals on the Service List below.

/s/ Albert D. Sturtevant

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