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BEFORE THE  
ILLINOIS COMMERCE COMMISSION

ILLINOIS-AMERICAN WATER COMPANY ) DOCKET NO.  
 ) 07-0370  
 )  
 )  
Request for Waiver of Certain )  
Provisions of 83 Ill. Admin. Code )  
Part 285 )

Springfield, Illinois  
Tuesday, July 3, 2007

Met, pursuant to notice, at 9:30 a.m.

BEFORE:

MR. JOHN ALBERS & MS. LISA TAPIA,  
Administrative Law Judges

APPEARANCES:

MR. JOHN REICHART  
Corporate Counsel  
727 Craig Road  
St. Louis, Illinois 63141

(Appearing on behalf of  
Petitioner via teleconference)

SULLIVAN REPORTING COMPANY, by  
Carla J. Boehl, Reporter  
Ln. #084-002710

1 APPEARANCES: (Cont'd)

2 MS. BURMA C. JONES  
3 Accounting Department  
4 527 East Capitol Avenue  
5 Springfield, Illinois 62701

6 (Appearing on behalf of Staff of  
7 the Illinois Commerce  
8 Commission)

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I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
RICH KERCKHOVE				
By Mr. Reichart	6			
By Judge Albers		8		

EXHIBITS

	<u>MARKED</u>	<u>ADMITTED</u>
IAWC Exhibit RK 1.0	4	11

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PROCEEDINGS

(Whereupon IAWC Exhibit RK 1.0  
was marked for purposes of  
identification as of this date.)

JUDGE ALBERS: By the authority vested in me I  
now call Docket Number 07-0370. This petition was  
initiated by Illinois-American Water Company. The  
Company seeks a waiver of certain provisions of 83  
Illinois Administrative Code Part 285.

May I have the appearances for the  
record, please? Why don't we start with you, Mr.  
Reichart.

MR. REICHART: Thank you, Judge. Appearing on  
behalf of Illinois-American Water Company, John J.  
Reichart. My address is 727 Craig Road, St. Louis,  
Missouri 63141.

MS. JONES: Burma C. Jones appearing on behalf  
of the Accounting Department of the Financial  
Analysis Division of the Illinois Commerce  
Commission, 527 East Capitol Avenue, Springfield,  
Illinois 62701.

JUDGE ALBERS: Thank you. Let the record

1 reflect that there are no others wishing to enter an  
2 appearance.

3 Any preliminary matters this morning?

4 MS. JONES: Not from Staff.

5 JUDGE ALBERS: Hearing none, we will move on.

6 Prior to today's hearing we did  
7 receive a response from Staff in writing indicating  
8 they have no objection to the waiver request.

9 Before we turn to that, though, Mr.  
10 Reichart, I understand that you have an individual  
11 from the Company present. Do you have an exhibit you  
12 would like to offer?

13 MR. REICHART: That's correct, Your Honor.

14 JUDGE ALBERS: Would you like to go ahead and  
15 call your witness then? I will swear him in.

16 MR. REICHART: Certainly. The Company calls  
17 Company witness Rich Kerckhove.

18 JUDGE ALBERS: Mr. Kerckhove as well as  
19 Ms. Jones, would you both stand and raise your right  
20 hand and I will swear you both in?

21 (Whereupon the witnesses were  
22 duly sworn by Judge Albers.)

1 JUDGE ALBERS: Go ahead, Mr. Reichart.

2 MR. REICHART: Thank you, Your Honor.

3 RICH KERCKHOVE

4 called as a witness on behalf of Petitioner, having  
5 been first duly sworn, was examined and testified as  
6 follows:

7 DIRECT EXAMINATION

8 BY MR. REICHART:

9 Q. Good morning, Mr. Kerckhove.

10 A. Good morning.

11 Q. Could you please state your full name for  
12 the record?

13 A. It is Rich Kerckhove. Kerckhove is spelled  
14 K-E-R-C-K-H-O-V-E.

15 Q. And who are you employed by?

16 A. American Water Company.

17 Q. What is your business address,  
18 Mr. Kerckhove?

19 A. 727 Craig Road, St. Louis, Missouri 63141.

20 Q. I would like to call your attention to a  
21 document that's previously been marked as  
22 Illinois-American Water Company Exhibit RK 1.0. It

1 is a document that consists of a letter and four  
2 attached pages. Do you have this document before  
3 you?

4 A. Yes, I do.

5 Q. Was this document prepared by you or under  
6 your supervision?

7 A. Yes, it was.

8 Q. Is the information contained or attached to  
9 this document true and correct to the best of your  
10 knowledge?

11 A. Yes, it is.

12 MR. REICHART: Thank you, Mr. Kerckhove. Your  
13 Honor, subject to cross examination I would move for  
14 the admission of Illinois-American Water Company  
15 Exhibit RK 1.0.

16 JUDGE ALBERS: Ms. Jones, do you have any  
17 questions for Mr. Kerckhove?

18 MS. JONES: No, I do not.

19 JUDGE ALBERS: Mr. Kerckhove, I have just a  
20 couple for you just to make sure I am clear and the  
21 record is clear.

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EXAMINATION

BY JUDGE ALBERS:

Q. So to begin with, Illinois-American would like a waiver of Section 285.7010(a) which requires the use of a 1999 version of the guide for prospective financial information; correct?

A. Yes, that is correct.

Q. And if the Company gets that waiver, it intends to use the 2006 version of that guide; is that correct?

A. Yes, it is.

Q. And then referring to the Illinois-American exhibit Mr. Reichart just identified, it would appear that since the '99 version was adopted by the Commission, it appears that the guide was changed in May of '03, May of '05 and May of '06; is that correct?

A. It is. It may have also been changed in other years, but these are the only changes that were provided to us by our internal auditing firm.

Q. So you are aware of at least these changes then?

1 A. Yes.

2 Q. And the version, the 2006 version that you  
3 would like to rely on, may reflect other changes?

4 A. It may reflect changes that I am not aware  
5 of.

6 Q. All right. So you have provided these  
7 three pages -- I am sorry, you have provided this  
8 letter and the attachments then as a sample then of  
9 the changes made at least in '03, '05 and '06?

10 A. Yes.

11 JUDGE ALBERS: Okay, thank you. Did you have  
12 any questions, Judge Tapia?

13 MS. TAPIA: No.

14 JUDGE ALBERS: Thank you, Mr. Kerckhove.

15 Mr. Reichart, do you have any redirect?

16 MR. REICHART: I do not.

17 JUDGE ALBERS: Thank you. Does  
18 Illinois-American have anything further?

19 MR. REICHART: We don't, Judge.

20 JUDGE ALBERS: Thank you.

21 MR. REICHART: Thank you.

22 JUDGE ALBERS: And, Ms. Jones, we have received

1 a response to the request for a waiver signed by  
2 Scott Struck here at the Accounting Department.  
3 Given that he is absent from today's hearing, do you  
4 have an opinion or a recommendation regarding this?

5 MS. JONES: I recommend that the waiver be  
6 granted. Staff has no objections to the petition.

7 JUDGE ALBERS: Staff does have a copy of the  
8 2006 version of the guide?

9 MS. JONES: Yes, Staff does.

10 JUDGE ALBERS: All right. Well, thank you.

11 Is there anything further for the  
12 record today?

13 MR. REICHART: The Company has nothing further,  
14 Your Honor.

15 MS. BURMA: Nothing from Staff, Your Honor.

16 JUDGE ALBERS: All right. Well, thank you,  
17 all. Judge Tapia, do you have anything else?

18 JUDGE TAPIA: No.

19 JUDGE ALBERS: All right. Well, thank you,  
20 everyone. And hearing no objection to the admission  
21 of the exhibit, I will admit IAWC Exhibit RK 1.0 and  
22 mark the record heard and taken.

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(Whereupon IAWC Exhibit RK 1.0  
was admitted into evidence.)

HEARD AND TAKEN