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BEFORE THE  
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF: )  
 )  
ILLINOIS-AMERICAN WATER COMPANY, )  
 ) No. 06-0782  
Petition for issuance of an )  
expanded Certificate of Public )  
Convenience and Necessity to )  
operate a water supply and )  
distribution system and wastewater )  
collection and treatment system )  
and for approval of certain )  
provisions related to water and )  
wastewater plant investment and )  
refunds, a variance from the )  
provisions of Rule 16, accounting )  
entries, depreciation rates and )  
water and wastewater rates. )

Chicago, Illinois  
March 5, 2008

Met pursuant to notice at 10:00 a.m.

BEFORE:

MS. LESLIE HAYNES, Administrative Law Judge.

1 APPEARANCES:

2 JONES DAY, by  
3 MR. MARK A. WHITT  
4 77 West Wacker Drive  
5 Chicago, Illinois 60601

6 -and-

7 MS. MARY G. SULLIVAN (telephonically)  
8 100 North Water Works Drive  
9 Belleville, Illinois 62223

10 Appearing for the petitioner;

11 MR. ARSHIA JAVAHERIAN  
12 160 North LaSalle Street, Suite C-800  
13 Chicago, Illinois 60601

14 -and-

15 MS. JANICE VonQUALEN (telephonically)  
16 527 East Capitol Avenue  
17 Springfield, Illinois 62701

18 Appearing for Staff.

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21 SULLIVAN REPORTING COMPANY, by  
22 Tracy L. Overocker, CSR

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I N D E X

<u>Witnesses:</u>	<u>Direct</u>	<u>Cross</u>	<u>Re-</u> <u>direct</u>	<u>Re-</u> <u>cross</u>	<u>By</u> <u>Examiner</u>
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None so marked.

E X H I B I T S

<u>Number</u>	<u>For Identification</u>	<u>In Evidence</u>
IAWC Nos. 3.6 and 4.4	29	
Staff Nos. 1.0, 2.0, 3.0, 4.0		34

1 (Whereupon, IAWC  
2 Exhibit Nos. 3.6 and 4.4 were  
3 marked for identification  
4 as of this date.)

5 JUDGE HAYNES: Pursuant to the direction of the  
6 Illinois Commerce Commission, I now call  
7 Docket 06-0782. This is the petition of  
8 Illinois-American Water Company for issuance of an  
9 expended certificate of public convenience and  
10 necessity.

11 May I have the appearances for the  
12 record, please, starting here in Chicago.

13 MR. WHITT: On behalf of Illinois-American  
14 Water Company, Mark Whitt of the Jones Day law firm,  
15 77 West Wacker, Chicago, Illinois 60601.

16 MR. JAVAHERIAN: On behalf of Staff witnesses  
17 of the Illinois Commerce Commission, Arshia  
18 Javaherian and Jan VonQualen, 160 North LaSalle,  
19 Suite C-800, Chicago, Illinois 60601.

20 JUDGE HAYNES: And on the telephone?

21 MS. SULLIVAN: Mary Sullivan on behalf of  
22 Illinois-American Water. My address is 100 North

1 Water Works Drive, Belleville, Illinois 62223.

2 JUDGE HAYNES: Are there any further  
3 appearances?

4 (No response.)

5 JUDGE HAYNES: Let the record reflect there are  
6 none.

7 Okay. Since we're here today for  
8 evidentiary, would the company like to proceed with  
9 their testimony and exhibits?

10 MR. WHITT: Yes, your Honor. Pursuant to  
11 discussion and agreement with Staff, the company will  
12 submit at this time the affidavit of Bob Khan which  
13 is IAWC Exhibit 3.6, a copy of that as been provided  
14 to the bench. We will also be submitting IAWC  
15 Exhibit 4.4, which is the affidavit of Michael  
16 Hoffman and in each of the affidavits, the witnesses  
17 indicate that their pre-filed direct testimony and  
18 accompanying exhibits are true and correct to the  
19 best of their knowledge, information and belief and  
20 that if asked the questions in their testimony today,  
21 their answers would be the same.

22 JUDGE HAYNES: Okay. So what exactly are the

1 numbers of the testimony that you pre-filed on  
2 e-Docket that you're asking to be admitted into the  
3 record?

4 MR. WHITT: Your Honor, those would be  
5 Exhibit -- 4.0 is the revised direct testimony.  
6 Actually, I started that backwards. Let me try this  
7 again.

8 Exhibit 3.0 would be the revised  
9 direct testimony of Bob Khan and attached to  
10 Exhibit 3.0 are Exhibits BK 3.1, 3.2, 3.3 and 3.4.  
11 The Company intends to file as a late-filed exhibit,  
12 Exhibit 3.5 and that is a letter agreement between  
13 Illinois-American Water Company and Terra Cotta  
14 relative to a correction of the amended and restated  
15 asset purchase agreement.

16 With respect to Mr. Hoffman, his  
17 revised direct testimony is IAWC Exhibit 4.0.  
18 Attached to that testimony are IAWC Exhibits MJH 4.1,  
19 4.2 and 4.3.

20 JUDGE HAYNES: Okay. And 3.6 was the affidavit  
21 of Khan and 4.4 is the affidavit of Hoffman?

22 MR. WHITT: That's correct.

1           JUDGE HAYNES:   Okay.  Is there -- are there any  
2 further exhibits that you are seeking to be admitted  
3 into the record?

4           MR. WHITT:    No, your Honor.

5           JUDGE HAYNES:  Is there any objection from  
6 Staff to admitting these exhibits into the record?

7           MR. JAVAHERIAN:  No objection from Staff, your  
8 Honor.

9           JUDGE HAYNES:  Okay.  And I will note that 3.6  
10 and 4.4 are hard copies and not filed on e-Docket and  
11 everything else has been filed on e-Docket and I will  
12 look for the late-filed 3.5.  Okay?

13          MR. WHITT:    Your Honor, we will make best  
14 efforts to get Exhibit 3.5 signed by the end of this  
15 week.  I know that some of the company personnel  
16 are -- may be unavailable, but we will attend to that  
17 as soon as we can.

18          JUDGE HAYNES:  Okay.  Is there any  
19 cross-examination?

20          MR. JAVAHERIAN:  No cross from Staff, your  
21 Honor.

22          JUDGE HAYNES:  Okay.  Thank you.

1                   And, Staff, what do you have?

2                   MR. JAVAHERIAN: Staff would like to move into  
3 the record four pieces of direct testimony that were  
4 previously filed and I will go through them one at a  
5 time.

6                   The first is ICC Staff Exhibit 1.0,  
7 the verified direct testimony of William R. Johnson,  
8 dated February 28th, 2008, and filed on the same  
9 date. It consists of a title page, table of contents  
10 and 23 pages of narrative text as well as a  
11 verification.

12                   Staff also moves into the record ICC  
13 Staff Exhibit 2.0, the verified direct testimony of  
14 Daniel G. Kahle, dated February 28th, 2008 and filed  
15 on February 28th, 2008, on the e-Docket system. It  
16 consists of title page, table of contents, four pages  
17 of narrative text and a verification page.

18                   JUDGE HAYNES: Can you spell Kahle for the  
19 record?

20                   THE WITNESS: K-a-h-l-e.

21                   JUDGE HAYNES: Thank you.

22                   MR. JAVAHERIAN: Staff moves into the record

1 ICC Staff Exhibit 3.0, the verified direct testimony  
2 of Janice Freetly, F-r-e-e-t-l-y, dated February 28th  
3 and filed on file February 28th. It consists of a  
4 cover page, five pages of narrative text and a  
5 verification page.

6 And lastly, Staff moves into the  
7 record ICC Staff Exhibit 4.0, the verified direct  
8 testimony of Sherry L. Harden, H-a-r-d-e-n, dated  
9 February 28th, filed on February 28th consisting of a  
10 cover page, seven pages of narrative text and a  
11 verification page.

12 JUDGE HAYNES: Is there any objection from the  
13 company to admitting these into the record?

14 MR. WHITT: No objection, your Honor, and the  
15 Company would waive cross.

16 JUDGE HAYNES: Okay. Then Staff Exhibit 1.0,  
17 2.0, 3.0 and 4.0 as previously filed on e-Docket are  
18 admitted.

19 (Whereupon, Staff  
20 Exhibit Nos. 1.0, 2.0, 3.0 and 4.0  
21 were admitted into evidence as  
22 of this date.)

1 JUDGE HAYNES: Is there anything further?

2 MR. WHITT: Should we go off the record to  
3 discuss a -- dates for a proposed order?

4 JUDGE HAYNES: Sure, we can do that.

5 (Discussion off the record.)

6 JUDGE HAYNES: We've had a brief scheduling  
7 discussion and the Company has agreed to provide a  
8 draft order to Staff by April 10th.

9 Staff will review it by April 18th and  
10 it will be filed on e-Docket by April 21st.

11 Anything further?

12 MR. WHITT: Nothing from the Company.

13 MR. JAVAHERIAN: Nothing from Staff.

14 JUDGE HAYNES: Okay. Then this matter is  
15 marked heard and taken. Thank you.

16 (Heard and taken.)

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