CONSUMERS ILLINOIS WATER COMPANY — ILL. C.C. No. 47
KANKAKEE — Section No. 2
KANKAKEE COUNTY, ILLINOIS — Original Sheet No. 29

Applies To: City of Kankakee, Village of Bradley, Village of Bourbonnais, Village of Aroma Park, and other portions of Kankakee, Aroma, Manteno, Bourbonnais and Limestone Townships in Kankakee County, Illinois.

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER

QIPS Charge

The following shall be the percentage rate applied to the customers water bill:

QIPS Percentage = 2.49%

Filing in compliance with Order of Illinois
Commerce Commission in Docket 01-

Issued: Effective:

Issued By: Terry J. Rakocy, President
1000 S. Schuyler Ave., Kankakee, IL 60901

Recoverable Qualifying Infrastructure Plant Costs (Section 656.50) & QIP Surcharge Percentage (Section 656.60).
For the Year 2002

GROSS REVENUE CONVERSION FACTOR FORMULA

$$GRCF = \frac{1}{(1 - PPRT)(1 - SIT)(1 - FIT)}$$

GRCF	=	Gross Revenue Conversion Factor	GRCF	=	**1.66**
PPRT	=	Illinois Personal Property Replacement Tax Rate	PPRT	=	2.50%
SIT	=	Illinois State Income Tax Rate	SIT	=	4.80%
FIT	=	Federal Income Tax Rate	FIT	=	35.00%

PRE-TAX RETURN FORMULA

$$PTR = ((WCCE + WCPE) \times GRCF) + WCLTD + WCSTD$$

PTR	=	Pre-tax return	PTR	=	**12.76%**
WCCE	=	Weighted cost of common equity per last rate case(Docket No.00-0337,0338,0339).	WCCE	=	5.21%
WCPE	=	Weighted cost of preferred equity per last rate case(Docket No.00-0337,0338,0339).	WCPE	=	0.03%
WCLTD	=	Weighted cost of long-term debt per last rate case(Docket No.00-0337,0338,0339).	WCLTD	=	3.85%
WCSTD	=	Weighted cost of short-term debt per last rate case(Docket No.00-0337,0338,0339).	WCSTD	=	0.21%

QIP SURCHARGE PERCENTAGE FORMULA

$$S\% = \frac{(NetQIP \times PTR) + NetDep + (R \times 1.33) + ((O + INT) \times Om) \times 100\%}{PAR}$$

S%	=	QIP surcharge percentage	S%	=	**2.49%**
NetQIP	=	Average forecasted QIP investment cost less forecasted QIP accumulated depr.	NetQIP	=	1,893,033
PTR	=	Pre-tax return	PTR	=	12.76%
NetDep	=	Net depreciation expense related to the average QIP investment.	NetDep	=	24,685
R	=	Utility determined reconciliation component calculated for the reconcialiation year.	R	=	0
O	=	Commission-ordered adjustment component.	O	=	0
INT	=	Calculated interest attributable to the O component.	INT	=	0
Om	=	Commission-ordered O component multiplier timing factor applied to O & INT.	Om	=	1.00
PAR	=	Projection of total water operating revenues.	PAR	=	9,695,306

DEPRECIATION

Acct. #	Description	2001 Ending Balance	2002 Additions	2002 Retirements	2002 Ending Balance	Dep'n Rate	Full Year Dep'n Expense	Half Year Dep'n Expense	Total Dep'n Expense
3010	Organization	58,733.00			58,733.00		-	-	-
3020	Franchises	12,606.00			12,606.00		-	-	-
3030	Land and Land Rights Misc.				-		-	-	-
3030-110	Water Rights				-		-	-	-
3030-130	Land & Land Rights - Source of Supply	3,500.00			3,500.00		-	-	-
3030-200	Land & Land Rights - Pumping Plant	17,320.00			17,320.00		-	-	-
3030-300	Land & Land Rights - Treatment Plant	43,016.00			43,016.00		-	-	-
3030-400	Land & Land Rights - Transmission & Distribution	39,161.00			39,161.00		-	-	-
3030-500	Distribution Reservoirs and Standpipes Land				-		-	-	-
3030-610	Land & Land Rights - General Plant	35,116.00			35,116.00		-	-	-
3040-200	Structures & Improvements - Pumping Plant	525,263.00			525,263.00	2.27%	11,923.47	-	11,923.47
3040-300	Structures & Improvements - Treatment Plant	2,980,780.00			2,980,780.00	2.78%	82,865.68	-	82,865.68
3040-400	Structures & Improvements - Trans & Dist	283,747.00			283,747.00	4.17%	11,832.25	-	11,832.25
3040-610	Structures & Improvements - General Plant	597,725.00			597,725.00	4.00%	23,909.00	-	23,909.00
3050	Collecting & Impounding Reserves	-			-	1.50%	-	-	-
3060	Lakes, Rivers and Other Intakes	93,936.00			93,936.00	1.47%	1,380.86	-	1,380.86
3070	Wells and Springs	28,856.00			28,856.00	1.67%	481.90	-	481.90
3090	Supply Mains	45,027.00			45,027.00	1.89%	851.01	-	851.01
3100	Power Generation Equipment	247,810.00			247,810.00	3.33%	8,252.07	-	8,252.07
3110	Pumping Equipment	549,473.00			549,473.00	3.13%	17,198.50	-	17,198.50
3110-100	Hydraulic Pumping Equip.				-		-	-	-
3114	T & D Pumping Equip.				-		-	-	-
3200	Water Treatment Equipment	3,099,350.00			3,099,350.00	3.57%	110,646.80	-	110,646.80
3300	Distribution Reservoirs and Standpipes	2,390,634.00			2,390,634.00	1.67%	39,923.59	-	39,923.59
3310	Mains	21,410,125.00		31,784.00	21,378,341.00	1.89%	404,651.36	(300.36)	404,351.00
	Quip Mains	-	698,198.00		698,198.00	1.89%	-	6,597.97	6,597.97
3330	Services	7,912,932.00		58,277.00	7,854,655.00	3.33%	263,500.64	(970.31)	262,530.32
	Quip Services		895,396.00		895,396.00	3.33%	-	14,908.34	14,908.34
3340-700	Meters	2,046,433.00		114,346.00	1,932,087.00	6.21%	127,083.49	(3,550.44)	123,533.05
	Quip Meters		160,000.00		160,000.00	6.21%	-	4,968.00	4,968.00
3340-800	Meter Installations	1,411,233.00			1,411,233.00	4.44%	62,658.75	-	62,658.75
3350	Hydrants	2,202,393.00		15,737.00	2,186,656.00	3.95%	86,994.52	(310.81)	86,683.72
	Quip Hydrants		169,256.00		169,256.00	3.95%	-	3,342.81	3,342.81
3390	Intang-oth Plant & Misc Equip	15,599.00			15,599.00		-	-	-
3394	Other Plant and Miscellaneous				-	5.46%	-	-	-
3400	Office Furniture and Equipment	904,649.00			904,649.00	4.74%	42,880.36	-	42,880.36
3410-100	Transportation Equipment	713,118.00			713,118.00	10.77%	76,802.81	-	76,802.81
3420	Stores Equipment	5,724.00			5,724.00	3.28%	187.75	-	187.75
3430	Tools Shop and Garage Equipment	550,921.00			550,921.00	7.31%	40,272.33	-	40,272.33
3440	Laboratory Equipment	91,212.00			91,212.00	5.00%	4,560.60	-	4,560.60
3450	Power Operated Equipment	227,624.00			227,624.00	5.00%	11,381.20	-	11,381.20
3460	Communication Equipment	251,257.00			251,257.00	12.50%	31,407.13	-	31,407.13
3470	Miscellaneous Equipment	7,118.00			7,118.00	5.46%	388.64	-	388.64
3480	Other Tangible Plant	-			-		-	-	-
Total		48,802,391.00	1,922,850.00	220,144.00	50,505,097.00		1,462,034.70	24,685.20	1,486,719.90

ACCUMULATED DEPRECIATION

Acct. #	Description	2001 Ending Balance	2002 Depreciaton	2002 Retirements	2002 Ending Balance		NetDep	
3010	Organization		-	-	-			
3020	Franchises		-	-	-			
3030	Land and Land Rights Misc.		-	-	-			
3030-110	Water Rights		-	-	-			
3030-130	Land & Land Rights - Source of Supply		-	-	-			
3030-200	Land & Land Rights - Pumping Plant		-	-	-			
3030-300	Land & Land Rights - Treatment Plant		-	-	-			
3030-400	Land & Land Rights - Transmission & Distribution		-	-	-			
3030-500	Distribution Reservoirs and Standpipes Land		-	-	-			
3030-610	Land & Land Rights - General Plant		-	-	-			
3040-200	Structures & Improvements - Pumping Plant	205,061.00	11,923.47	-	216,984.47			
3040-300	Structures & Improvements - Treatment Plant	669,356.00	82,865.68	-	752,221.68			
3040-400	Structures & Improvements - Trans & Dist	15,202.00	11,832.25	-	27,034.25			
3040-610	Structures & Improvements - General Plant	46,664.00	23,909.00	-	70,573.00			
3050	Collecting & Impounding Reserves		-	-	-			
3060	Lakes, Rivers and Other Intakes	47,163.00	1,380.86	-	48,543.86			
3070	Wells and Springs	6,981.00	481.90	-	7,462.90			
3090	Supply Mains	(281.00)	851.01	-	570.01			
3100	Power Generation Equipment	59,557.00	8,252.07	-	67,809.07			
3110	Pumping Equipment	74,783.00	17,198.50	-	91,981.50			
3110-100	Hydraulic Pumping Equip.		-	-	-			
3114	T & D Pumping Equip.		-	-	-			
3200	Water Treatment Equipment	814,999.00	110,646.80	-	925,645.80			
3300	Distribution Reservoirs and Standpipes	361,259.00	39,923.59	-	401,182.59		1,922,850	QIP Investment
3310	Mains	6,496,874.00	404,351.00	31,784.00	6,869,441.00			
	Quip Mains		6,597.97	-	6,597.97	←	(6,597.97)	QIP Accum Depr
3330	Services	2,186,739.00	262,530.32	58,277.00	2,390,992.32			
	Quip Services		14,908.34	-	14,908.34	←	(14,908.34)	QIP Accum Depr
3340-700	Meters	354,145.00	123,533.05	114,346.00	363,332.05			
	Quip Meters		4,968.00	-	4,968.00	←	(4,968.00)	QIP Accum Depr
3340-800	Meter Installations	566,897.00	62,658.75	-	629,555.75			
3350	Hydrants	612,986.00	86,683.72	15,737.00	683,932.72			
	Quip Hydrants		3,342.81	-	3,342.81	←	(3,342.81)	QIP Accum Depr
3390	Intang-oth Plant & Misc Equip		-	-	-			
3394	Other Plant and Miscellaneous	309.00	-	-	309.00		1,893,033	= NetQIP
3400	Office Furniture and Equipment	(72,520.00)	42,880.36	-	(29,639.64)			
3410-100	Transportation Equipment	169,792.00	76,802.81	-	246,594.81			
3420	Stores Equipment	11,298.00	187.75	-	11,485.75			
3430	Tools Shop and Garage Equipment	42,142.00	40,272.33	-	82,414.33			
3440	Laboratory Equipment	9,293.00	4,560.60	-	13,853.60			
3450	Power Operated Equipment	42,163.00	11,381.20	-	53,544.20			
3460	Communication Equipment	50,083.00	31,407.13	-	81,490.13			
3470	Miscellaneous Equipment	(7,176.00)	388.64	-	(6,787.36)			
3480	Other Tangible Plant		-	-	-			
Total		12,763,769.00	1,486,719.90	220,144.00	14,030,344.90			

MAIN REPLACEMENT 2002 LIST
High Priority

Sheet	Size	Age	Location	City	Cost@55/ft	Total Ft.	#Custom	Street to Stre	#HYD	Hyd $ @ $8 Per Ft.	Serv. $ @ $19 Per Ft.
108	4	1940	Marsile W.	Bourb.	75,323	1,370	35	Beniot, Tetrault	3	10,956	26,021
108	4	1940	Tetrault	Bourb.	34,375	625	21	River, W. Marsile	1	5,000	11,875
108	4	1950	Esther Circle	Bourb.	49,500	900	16	Stockton Heights	2	7,200	17,100
108	4	1950	Stck. Hghts	Bourb.	41,250	750	23	Pallissard, Esther	2	6,000	14,250
	Total				**200,448**	**3,645**	**95**		**8**	**29,156**	**69,246**
61	2.25	1955	N.Douglas	Brad.	30,250	550	27	E. North, E. Durh	1	4,400	10,450
59	2	1961	S.Randph.	Brad.	35,750	650	32	E. Liberty, E. Fra	1	5,200	12,350
62	2	1961	N.Randph.	Brad.	35,750	650	34	E. Durham, E. Br	1	5,200	12,350
	Total				**101,750**	**1,850**	**93**		**3**	**14,800**	**35,150**
11	2	1927	S.Frazer	K3	49,500	900	40	W. Court St., W. Me	2	7,200	17,100
6	2	1940	Cntry.Dr.	K3	49,500	900	29	Hickory, Bourbon	2	7,200	17,100
	2	1936	N.Indust.	K3	66,000	1,200	54	Spruce, Cedar, P	3	9,600	22,800
16	2	1937	E.Cedar	K3	22,000	400	26	Cottage, Industria	1	3,200	7,600
15	2	1917	N.Chicago	K3	16,500	300	16	Birch	1	2,400	5,700
AO6	2	1959	Greeley	Aroma	22,500	300	26	Seventh St.	1	5,700	5,700
	Total				**226,000**	**4,000**	**191**		**10**	**35,300**	**76,000**
	Grand Total				***528,198***	***9,495***	***379***		***21***	***79,256***	***180,396***

QIPS Qualifying Projects

	Account		Cost
Main Replacement Projects Costs:			
Main Replacement	331	$	528,198
Service Replacement	333	$	180,396
Hydrant Replacement	335	$	79,256
Main Replacement Account Totals:		$	787,849
Tie-In Dead End Mains	331	$	100,000
Valve Replacements	331	$	70,000
Meter Replacements	334	$	160,000
Replace Lead Services	333	$	555,000
Other Service Replacements	333	$	160,000
Other Hydrant Replacements	335	$	90,000
QIPS Qualifying Projects Total:		**$**	**1,922,849**

Officer Certification

I, Michael D. Bratetic, hereby certify that the forecast used in developing the QIF surcharge percentage was prepared in accordance with the Guidelines for Presentation of Projected Financial Information established by the American Institute of Certified Public Accountants, Inc.

I also certify that the accounting treatment applied to the events and transactions in the forecast is the same as the accounting treatment to be applied in recording the events once they occur.

Michael D. Bratetic
Vice President- Finance
Consumers Illinois Water Company