

CONSUMERS ILLINOIS WATER COMPANY
CANDLEWICK
BOONE COUNTY, ILLINOIS

ILL. C.C. No. 47
Section No. 6
Original Sheet No. 20

Applies To: Candlewick Lake Subdivision and Adjoining Territories in Boone County,
Illinois

QUALIFYING INFRASTRUCTURE PLANT SURCHARGE RIDER

QIPS Charge

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

QIPS Percentage = 0.70%

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

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

- GRCF** = Gross Revenue Conversion Factor
- PPRT** = Illinois Personal Property Replacement Tax Rate
- SIT** = Illinois State Income Tax Rate
- FIT** = Federal Income Tax Rate

CALCULATION

- GRCF** = 1.66
- PPRT** = 2.50%
- SIT** = 4.80%
- FIT** = 35.00%

PRE-TAX RETURN FORMULA

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

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

CALCULATION

- PTR** = 12.76%
- WCCE** = 5.21%
- WCPE** = 0.03%
- WCLTD** = 3.85%
- WCSTD** = 0.21%

QIP SURCHARGE PERCENTAGE FORMULA

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

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

CALCULATION

- S%** = 0.70%
- NetQIP** = 43,603
- PTR** = 12.76%
- NetDep** = 399
- R** = 0
- O** = 0
- INT** = 0
- Om** = 1.00
- PAR** = 795,263

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	1,687.90			1,687.90		-	-	-
3020	Franchises	19,040.12			19,040.12		-	-	-
3030	Land and Land Rights Misc.	-			-		-	-	-
3030-110	Water Rights	-			-		-	-	-
3030-130	Land & Land Rights - Source of Supply	23,661.63			23,661.63		-	-	-
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	(23,661.63)			(23,661.63)		-	-	-
3030-610	Land & Land Rights - General Plant	-			-		-	-	-
3040-200	Structures & Improvements - Pumping Plant	27,127.12			27,127.12	2.07%	561.53	-	561.53
3040-300	Structures & Improvements - Treatment Plant	1,100,279.81			1,100,279.81	2.78%	30,587.78	-	30,587.78
3040-400	Structures & Improvements - Trans & Dist	-			-	4.17%	-	-	-
3040-610	Structures & Improvements - General Plant	-			-	4.00%	-	-	-
3050	Collecting & Impounding Reserves	-			-	1.50%	-	-	-
3060	Lakes, Rivers and Other Intakes	-			-	1.47%	-	-	-
3070	Wells and Springs	311,533.43			311,533.43	1.67%	5,202.61	-	5,202.61
3090	Supply Mains	3,782.91			3,782.91	1.89%	71.50	-	71.50
3100	Power Generation Equipment	-			-	3.33%	-	-	-
3110	Pumping Equipment	94,037.44			94,037.44	3.13%	2,943.37	-	2,943.37
3110-100	Hydraulic Pumping Equip.	-			-		-	-	-
3114	T & D Pumping Equip.	-			-		-	-	-
3200	Water Treatment Equipment	13,756.67			13,756.67	3.57%	491.11	-	491.11
3300	Distribution Reservoirs and Standpipes	73,766.83			73,766.83	1.67%	1,231.91	-	1,231.91
3310	Mains	403,664.39			403,664.39	1.89%	7,629.26	-	7,629.26
	Quip Mains	-			-	1.89%	-	-	-
3330	Services	993,421.44			993,421.44	3.33%	33,080.93	-	33,080.93
	Quip Services	-			-	3.33%	-	-	-
3340-700	Meters	141,743.88		32,160.00	109,583.88	6.21%	8,802.29	(998.57)	7,803.73
	Quip Meters	-	45,000.00	-	45,000.00	6.21%	-	1,397.25	1,397.25
3340-800	Meter Installations	47,386.28			47,386.28	4.44%	2,103.95	-	2,103.95
3350	Hydrants	47,466.16			47,466.16	3.95%	1,874.91	-	1,874.91
	Quip Hydrants	-			-	3.95%	-	-	-
3390	Intang-oth Plant & Misc Equip	-			-		-	-	-
3394	Other Plant and Miscellaneous	-			-	5.46%	-	-	-
3400	Office Furniture and Equipment	17,033.01			17,033.01	4.74%	807.36	-	807.36
3410-100	Transportation Equipment	128,845.47			128,845.47	10.77%	13,876.66	-	13,876.66
3420	Stores Equipment	-			-	3.28%	-	-	-
3430	Tools Shop and Garage Equipment	57,282.23			57,282.23	7.31%	4,187.33	-	4,187.33
3440	Laboratory Equipment	5,876.04			5,876.04	5.00%	293.80	-	293.80
3450	Power Operated Equipment	-			-	5.00%	-	-	-
3460	Communication Equipment	36,421.61			36,421.61	12.50%	4,552.70	-	4,552.70
3470	Miscellaneous Equipment	1,074.45			1,074.45	5.46%	58.66	-	58.66
3480	Other Tangible Plant	-			-		-	-	-
Total		3,525,227.19	45,000.00	32,160.00	3,538,067.19		118,357.68	398.68	118,756.36

ACCUMULATED DEPRECIATION

Acct. #	Description	2001 Ending Balance	2002 Depreciation	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	(23,661.63)	-	-	(23,661.63)	
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	225.34	561.53	-	786.87	
3040-300	Structures & Improvements - Treatment Plant	25,489.82	30,587.78	-	56,077.60	
3040-400	Structures & Improvements - Trans & Dist	12,242.03	-	-	12,242.03	
3040-610	Structures & Improvements - General Plant	-	-	-	-	
3050	Collecting & Impounding Reserves	-	-	-	-	
3060	Lakes, Rivers and Other Intakes	-	-	-	-	
3070	Wells and Springs	11,666.53	5,202.61	-	16,869.14	
3090	Supply Mains	1,722.60	71.50	-	1,794.10	
3100	Power Generation Equipment	-	-	-	-	
3110	Pumping Equipment	9,899.45	2,943.37	-	12,842.82	
3110-100	Hydraulic Pumping Equip.	-	-	-	-	
3114	T & D Pumping Equip.	-	-	-	-	
3200	Water Treatment Equipment	(443.48)	491.11	-	47.63	
3300	Distribution Reservoirs and Standpipes	32,784.45	1,231.91	-	34,016.36	45,000 QIP Investment
3310	Mains	231,380.95	7,629.26	-	239,010.21	
	Quip Mains	-	-	-	-	- QIP Accum Depr
3330	Services	141,580.62	33,080.93	-	174,661.55	
	Quip Services	-	-	-	-	
3340-700	Meters	15,831.78	7,803.73	32,160.00	(8,524.49)	
	Quip Meters	-	1,397.25	-	1,397.25	(1,397.25) QIP Accum Depr
3340-800	Meter Installations	6,635.54	2,103.95	-	8,739.49	
3350	Hydrants	5,071.08	1,874.91	-	6,945.99	
	Quip Hydrants	-	-	-	-	- QIP Accum Depr
3390	Intang-oth Plant & Misc Equip	-	-	-	-	
3394	Other Plant and Miscellaneous	-	-	-	-	
3400	Office Furniture and Equipment	(10,057.47)	807.36	-	(9,250.11)	43,603 = NetQIP
3410-100	Transportation Equipment	14,660.69	13,876.66	-	28,537.35	
3420	Stores Equipment	-	-	-	-	
3430	Tools Shop and Garage Equipment	5,804.39	4,187.33	-	9,991.72	
3440	Laboratory Equipment	1,364.38	293.80	-	1,658.18	
3450	Power Operated Equipment	-	-	-	-	
3460	Communication Equipment	5,608.50	4,552.70	-	10,161.20	
3470	Miscellaneous Equipment	532.00	58.66	-	590.66	
3480	Other Tangible Plant	-	-	-	-	
Total		488,337.57	118,756.36	32,160.00	574,933.93	

PROJECTS TO BE COMPLETED IN 2002 UNDER QIPS

<u>Year</u>	<u>Name</u>	<u>Description</u>	<u>Acct #</u>		<u>Cost</u>
2002	1990-1992 Meters	Replace 5/8" x 3/4" Rockwell Meters with 3/4" x 3/4" RF Meters	334	\$	45,000

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