

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois-American Water Company)
) 01-0645
Petitions for Certificates of Public Convenience)
and Necessity to provide water and/or sanitary)
sewer service to parcels in DuPage and Will)
Counties, Illinois, pursuant to Section 8-406)
of the Public Utilities Act.)
)

SURREBUTTAL TESTIMONY

OF

BOB KHAN

OFFICIAL FILE

I.C.C. DOCKET NO. 01-0645

I-AWC Exhibit No. 2

Witness _____

Date 5-7-02 Reporter ZB

SURREBUTTAL TESTIMONY

OF

BOB KHAN

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Q. Please state your name.

A. Bob Khan.

Q. Are you the same Bob Khan who has provided Direct and Supplemental Testimony in this proceeding?

A. Yes.

Q. What is the purpose of your Surrebuttal Testimony?

A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony of Staff Witness Roy A. King.

Q. Are there any portions of Mr. King's Rebuttal Testimony with which you agree?

A. Yes. As I read and understand pages 4 and 5 of Mr. King's Rebuttal Testimony, he acknowledges that the addition of \$907,265 in sewer facilities resulting from the granting of certificates of public convenience and necessity in this proceeding would not result in a "windfall" gain to Illinois-American investors. Mr. King points out in this regard that a "windfall" could occur if a municipality acquires an investor-owned system. He then provides an example of a situation in which the regulation of Illinois-American as an investor-owned utility prevents such a windfall. In that case, Illinois-American

24 ratepayers were not impacted by the merger premium. On pages 4 and 5 of Mr. King's
25 Rebuttal Testimony, he points out that Illinois-American's investors paid a "merger
26 premium" of approximately \$66 million to acquire the assets of CUCI. The
27 Commission's approval of the acquisition, however, ensured that the customers would
28 not be impacted. Thus, Mr. King's stated basis for requiring a sewer refund is without
29 merit.

30

31

32 **Q. Why do you think that Mr. King still may believe that Illinois-American may**
33 **unreasonably gain over \$900,000 in sewer assets?**

34 **A.** Later in Mr. King's Rebuttal Testimony, page 7, he states, in part, as follows: "What Mr.
35 Khan failed to mention was that the Company's proposed contracts not only gain
36 approximately \$907,265 of sewer mains, without making any investment..." This
37 statement appears to me to be contradictory to his earlier recognition that there would be
38 no windfall gain to Illinois-American. In fact, there is no windfall gain. Since the sewer
39 property is contributed, there is no return earned on the investment and if the contributed
40 property were to be sold, any so-called merger premium, as Mr. King noted in the context
41 of Docket 00-0476, would presumably not be passed on to ratepayers.

42

43 **Q. Are there other portions of Mr. King's Rebuttal Testimony with which you**
44 **disagree?**

45 **A.** Yes.

46

47 **Q. On pages 6 and 7 of Mr. King's Rebuttal Testimony, he contends that Illinois-**
48 **American's special contracts are contrary to Sections 8-101 and 9-101 of the Public**
49 **Utilities Act. Do you agree?**

50 **A. No. I believe that special sewer contracts provide a proper balancing of utility and**
51 **ratepayer interests and so the special contracts do not violate Sections 8-101 and 9-101 of**
52 **the PUA. On page 8 of my Rebuttal Testimony I stated: "The Company believes that**
53 **CUCI's long-standing approach (special sewer contracts) is necessary to maintain**
54 **reasonable rate levels for sewer service." As explained in my Rebuttal Testimony, the**
55 **use of special contracts is required by the Company's tariffs for the five agreements at**
56 **issue in this proceeding. Thereafter, on pages 8-10 of my Rebuttal Testimony, I show the**
57 **current high level of investment in sewer services using special contracts and how the**
58 **sewer rates would have to be increased to the detriment of ratepayers using Mr. King's**
59 **proposed sewer refund mechanism. Thus, if Mr. King's sewer refund proposal is**
60 **adopted, sewer rates would have to increase to unreasonably high rate levels and this**
61 **would be contrary to Sections 8-101 and 9-101 of the PUA.**

62
63 **Q. In your direct testimony, you indicate that the water and sewer improvements will**
64 **be financed in accordance with "Rule 600." Would you clarify this testimony?**

65 **A. Yes. As has been discussed, the special contracts applicable to sewer main extensions do**
66 **not include a refund provision and, therefore, differ from the provisions of Part 600. The**
67 **water improvements are being financed in accordance with Part 600, which, as I have**
68 **discussed, applies only to water facilities.**

69

70 **Q. Does Mr. King address the analysis you presented in your rebuttal evidence?**

71 **A. No. He ignores it entirely. As I explained, in determining the contribution which should**
72 **be required under a special contract, the goal should be to determine the proper share of**
73 **the cost of an extension which should be paid by the applicant, on the one hand, and the**
74 **utility (and its existing customers) on the other. My analysis shows that CUCI's long-**
75 **standing use of service agreements that do not provide for refunds is essential to maintain**
76 **reasonable rate levels for sewer service. This point is not disputed by Mr. King.**

77

78 **Q. On pages 7 and 8 of Mr. King's Rebuttal Testimony, he points to the Commission**
79 **Order in the Derby Meadow certificate case, 84-0344, entered March 20, 1985,**
80 **which ordered sewer refunds. What comments do you have regarding this Order?**

81 **A. I do not believe this Order sets any precedent. On the contrary, ten years later, in**
82 **Citizens Utilities Company of Illinois' last rate case, 94-0481, Order entered September**
83 **15, 1995, the Commission revisited the Derby Meadows case. In the Citizens rate case,**
84 **Mr. King had testified that the water "main extension rule" should also apply to CUCI's**
85 **sewer service. On pages 17-18 of the Citizens Order, the Commission stated: "While the**
86 **Commission is aware that Derby Meadows Utility Company is now merged into CUCI,**
87 **the Company has convinced the Commission that the proposed sewer main extension rule**
88 **need not be applied to the Company. The Commission is not prepared to extend the main**
89 **extension rule to sewer service as proposed by Staff. A generic docket is the appropriate**
90 **venue to examine whether the main extension rule should apply not only to the Company,**
91 **but also to other sewer utilities." Ignoring this precedent, Mr. King recommends in this**
92 **case that the Commission extend application of the water main extension provisions of**

93 Part 600 to sewer facilities without any consideration of the rate impact of such an
94 approach or examination of the utility's related costs. I believe that in fairness to all
95 sewer utilities and their customers, a generic docket should be established. I believe it is
96 unfair to have the Commission extend the water main extension provisions to sewer cases
97 with no consideration of the effect of its proposal on the customers of Illinois-American
98 and/or other sewer utilities.

99

100 **Q. On page 8 of Mr. King's Rebuttal Testimony, he states that Westlake Utilities, Inc.,**
101 **Ellwood Greens Utility and Emmett Utilities, Inc. have provisions in their tariffs**
102 **that require refunds for sewer main extensions. Does this in any way change your**
103 **judgment that Illinois-American should not be required to have a similar refund as**
104 **part of its sewer tariffs?**

105 **A. No. First, as I have pointed out previously in my Rebuttal Testimony, pages 5-7, Citizens**
106 **Utilities Company of Illinois had its Commission-approved sewer tariffs in place for**
107 **many years. Those tariffs require the use of special contracts for the five agreements at**
108 **issue in this case. Second, I provided an example of Commission approval of no refund**
109 **sewer service agreement in Citizens Utilities Company of Illinois, 97-0383, Order**
110 **entered January 21, 1999. As Page 6 of my Rebuttal Testimony indicates, the**
111 **Commission approved a no refund agreement in that case on the recommendation of**
112 **Mr. King (Page 6). I also note that Mr. King is incorrect in suggesting that tariffs filed**
113 **for certain sewer utilities provide for main extensions refunds. The so-called refund**
114 **provision of Part 600 is Section ^{600.370} ~~200-670~~(b)(5)(C), which provides a refund of one and**
115 **one-half times revenue for each new customer attaching over the ten year period**

116 following the in-service date of the new main . Contrary to the representations of
117 Mr. King, neither of the recent filing of rules and regulations of Consumers Illinois Water
118 Company nor Westlake Utilities, Inc. contain a similar provision. The relevant pages of
119 the sewer rules and regulations of these companies are attached as IAWC Exhibit 3. It is
120 possible that Mr. King was confused by the "recapture" provision that appears in each set
121 of rules and regulations. The recapture provisions, which for water utilities are codified
122 in § 200.670(b)(5)(D), requires that new applicants who own property that abuts the main
123 provide a contribution to the utility on a pro rata basis based on the number of feet of
124 main that their property abuts. These contributions are turned over to the Applicant who
125 originally paid for the main. Recapture, therefore, involves a transfer of money from new
126 applicants to the original applicant. It does not involve a refund financed by the utility.

127 Mr. King is correct that the tariffs of Emmett Utilities filed over 25 years ago in
128 1975 do contain a refund provision, which differs from the language of Part 600.
129 Mr. King, however, offers no information about the reasons for that entity's use of such a
130 provision. Mr. King also fails to note that, since 1975, tariffs not providing for a refund
131 were filed and approved for CUCI (Docket 97-0383), Consumers Illinois and Westlake.
132 The 1989 tariff of Mr. King's other example company purports to adopt "the sewer main
133 extension policies set out in 83 Ill. Adm. Code § 600." As I have discussed, however,
134 there are no "sewer" policies in Part 600. Thus, the tariff of Emmett is, at best,
135 meaningless. Moreover, if the tariff purports to adopt the provisions of Part 600 for
136 application to sewer operation, it is inconsistent with the various later tariff filings made
137 by utilities that do not require refunds.

138

139 Q. On page 9 of Mr. King's Rebuttal Testimony, he discusses my example that
140 applying 83 Ill. Adm. Code 600.230 could create a dangerous situation. Mr. King
141 states that "..., most of the provisions in Part 600 could be adopted for sewer
142 facilities, with minor changes to the language and not create a dangerous situation."
143 Could you comment on this portion of Mr. King's Rebuttal Testimony?

144 A. Yes. In general, every provision of Part 600 is specifically directed to the regulation of
145 public water service. My specific reference to the average water pressure requirements
146 set forth in Part 600.230 b) was illustrative of the obvious inapplicability of the Part 600
147 rule to sewer service. Mr. King does not deny that application of the provision of
148 Section 600.230 b) to sewer utilities would be dangerous. I cannot emphasize too
149 strongly that the word "sewer" is no where to be found in Part 600. Part 600 is entitled:
150 "STANDARDS OF SERVICE FOR WATER "UTILITIES." Besides the meter and
151 pressure requirements which Mr. King cited as not being adaptable for sewer service,
152 there are several major provisions Part 600 that are not adaptable. As examples, the
153 Illinois Environmental Protection Agency drinking water requirements found in Part
154 600.210, and the meter testing requirements found in Part 600.300 through 600.360 are
155 not adaptable. Also, I am of the opinion that Mr. King's acknowledgement that there
156 would have to be "minor changes to the language" of Part 600 is an admission by him
157 that Part 600 does not apply to sewer service. If the Commission wishes to promulgate
158 rules for sewer service, the appropriate way to do so is by having a generic docket with
159 proper input and, ultimately, establishing a separate rule for sewer service.

160

161 **Q. Could you summarize your position regarding refunds for sewer extensions?**

162 **A.** Yes. In my judgment, the Illinois-American sewer tariff and special contract
163 requirements are fair and reasonable. I believe that my testimony has clearly
164 demonstrated the following:

165 1) There is no "windfall" associated with the acquisition or sale of a
166 contributed sewer main extension;

167 2) Illinois-American's sewer service tariff and special contract do not violate
168 any provisions of the Public Utilities Act, and have been accepted and approved by the
169 Commission for many years;

170 3) 83 Ill. Adm. Code 600 applies only to water utilities;

171 4) On a per customer basis, sewer facilities cost more than water facilities;

172 5) The long-standing approach of CUCI (now assumed by Illinois-
173 American) of not including a refund provision in special contracts for sewer main
174 extensions is necessary to limit the utility's investment in sewer plant to a reasonable
175 amount and maintain reasonable rate levels.

176 6) If Mr. King's sewer refund proposal is adopted for all contracts, Illinois-
177 American's sewer revenue requirement, per customer, could increase by about 15%; this
178 would be detrimental to ratepayers and shareholders alike;

179 7) Before Mr. King's sewer refund proposal should be adopted by the
180 Commission, a generic docket should be established to allow input from all appropriate
181 parties to promulgate separate sewer service rules;

182 8) If Mr. King's sewer refund proposal is adopted, developers who have not
183 complained about entering into special contracts to pay the cost of facilities they require
184 would receive a windfall at the expense of ratepayers.

185

186 **Q. Does this conclude your Rebuttal Testimony?**

187 **A. Yes.**

188

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CONSUMERS ILLINOIS WATER COMPANY

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such portion of the loan (as of the time of the debit) shall be recorded as an uncollectible account. The unpaid balance of principal and interest for the portion of a loan, if any, which relates to facilities owned and maintained by the customer shall be recorded as a non-utility expense.

- D. The Company's capital structure used for rate-making purposes will not include short-term debt issued by the Company to finance loans under this Rule.

XI. EXTENSION OF SEWERS

- A. The Company will extend its sewers within its service area on the following terms and conditions.

1. Collection sewers will be extended at locations acceptable to the Company only on public ways, alleys or easements that have been dedicated in such a manner as to clearly provide the Company with the perpetual right to own, operate and maintain a sanitary sewer system therein and in which grades have been established.
2. Upon application being made for an extension of a sewer, the Company shall determine (in accordance with Section XI, Paragraph A.7) the size of sewer and shall estimate the cost of the proposed extension, including pipe, lift stations, manholes, fittings, portions of Customer sewer lateral under proposed pavements, all other materials and all other costs such as labor, permits, the expenses incurred by the Company for supervision, engineering, insurance, tools and equipment, accounting and other overhead expenses.
3. If the estimated cost of the extension is not greater than one and one-half (1 1/2) times the Company's estimate of annual revenue to be received from Original Prospective Customers, the Company will finance and make

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the extension without the requirement of any payment. If the estimated cost of the proposed extension exceeds one and one-half (1 1/2) times the Company's estimate of annual revenue from Original Prospective Customers, the applicant or the applicant's authorized agent shall contract for such extension and shall deposit with the Company the estimated cost of the extension less one and one-half (1 1/2) times such estimated annual revenue. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained. Should the actual cost be more than the estimated cost, the difference shall be paid by the applicant. The term "Original Prospective Customers" as used in this subparagraph 3 shall only include those Customers who sign contracts for at least one year's sewer service and guarantee to the Company that they will take sewer service at their premises within thirty (30) days after the date sewer service is available. Estimates of annual revenue shall be made by the Company and, if there are similarly situated Customers, shall be based on the experience of the Company regarding use of sewers by such similarly situated Customers.

4. During the first ten years after the date of the deposit, if the extension abuts property that the applicant does not have an interest in, the Company will prorate the cost of the extension on a front foot or per lot basis and if during the term of the extension agreement, the Owner or occupant of such property requests sewer service, the Company shall collect from such new applicant an amount equal to such applicant's pro rata cost of the extension less one and one-half (1 1/2) times the estimated annual revenue to be received from such applicant and shall refund such amount to the original applicant. The total amount refunded shall not exceed the original deposit, without interest, and all or any part of such deposit not refunded within said ten (10) year period shall become the property of the Company.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE-SEWER

5. Extensions made under this Rule shall be and remain the sole property of the Company.
6. The Company reserves the right to further extend its sewers from and beyond the terminus of each sewer extension made under this Rule. The applicant making a deposit hereunder shall not be entitled to any refund on account of any other or further extension or the attachment of any services to any other or further extension.
7. Extensions made under this Rule shall generally be made with pipe eight inches (8") in diameter, except that in special cases exceptions can be made by the Company to comply with sound engineering principles; provided, however, that sewer extensions shall in no event be less than six inches (6") in diameter. If the Company desires to make extensions of sewers with pipe larger than eight inches (8") in diameter, although not required to do so by sound engineering principles, the additional cost of the larger pipe shall be borne by the Company.
8. The Company may require a contract with the depositor outlining any or all of the above terms and conditions.

XII. EXTENSION OF SEWERS - SPECIAL

- A. Sewers may, at the discretion of the Company, be extended under the terms of Section XII, Paragraphs B through F in those areas where all of the following conditions exist:
 1. All lands abutting the dedicated public way or easement along which the extension is to be made are subdivided into lots not more than one acre in size.

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2. No one individual, partnership or corporation or an affiliated group of individuals, partnerships and/or corporations owns or has an interest in more than twenty percent (20%) of the lots to be improved by the extension.
 3. At least eighty percent (80%) of the lots to be improved would be reasonably expected to take service from the extension within ten (10) years of the date of its completion.
- B. The Company shall bear the full initial cost of the extension.
- C. The total cost of the extension, including all labor, material, engineering, supervision and direct construction overheads shall be divided by eighty percent (80%) of the total number of lots to be improved by the extension. The figure thus derived shall be considered the "per lot cost" of the sewer improvement.
- D. Extensions made under this Rule shall generally be made with pipe eight inches (8") in diameter, except that in special cases exceptions can be made by the Company to comply with sound engineering principles; provided, however, that such sewer extensions shall in no event be less than six inches (6") in diameter. If the Company desires to make extensions of sewer with pipe larger than eight inches (8") in diameter, although not required to do so by sound engineering principles, the additional cost of the larger pipe shall be deducted from the total cost before computing the "per lot cost" as described in Section XII, Paragraph C.
- E. Any Customer making application for sewer service from the sewer extension will be required to make a "Contribution in Aid of Construction" equal to the "per lot cost" less eighteen (18) times the monthly flat rate or availability charge applicable to the type of service requested by such customer at the time of application. If eighteen (18) times the monthly flat rate or availability charge for

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the type of service requested is equal to or exceeds the "per lot cost," no contribution will be required.

- F. Extensions installed pursuant to this Section XII shall be and remain the property of the Company.

XIII. GENERAL CONDITIONS

- A. The Company reserves the right at any time to alter, amend, change or add to these Rules and Regulations or to substitute other Rules and Regulations, subject to the approval of the Illinois Commerce Commission or other regulatory body having jurisdiction.
- B. No representative, employee or agent of the Company has the right to alter or waive any of these Rules and Regulations without the consent or approval of the Illinois Commerce Commission or other regulatory body having jurisdiction thereof.
- C. No employee or agent of the Company shall have the right or authority to bind the Company by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations.

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Westlake Utilities, Inc.

ORDER NO. 01-0050
 Law Tariff Prov.
CHECK FOR COMPLIANCE

01-0645
I-AWC Exhibit 3.02
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above shall bar the enforcement by the Company of any rights and remedies it may have under law, including its tariffs.

9. The Company will inspect all new structures prior to commencement of water and sewer service thereto to determine compliance with Rule V(A) or Rule II, Paragraph G.12. If and when the premises are in compliance, the Company shall issue a Certificate of Compliance. No service shall be rendered to such premises or property unless the Owner, Customer, or Tenant thereof shall have been issued a Certificate of Compliance which is in effect.
10. Non-compliance with Rule V(A) exists when any connections or facilities are found by the Company that will permit storm water, surface water, groundwater, or other non-sanitary sewage drainage to enter into the sanitary sewer, regardless of whether actual flow is observed.
11. Should the Company find non-compliance after issuance of a Certificate of Compliance, the certificate shall be immediately voided and without legal effect. The Company will then give written notice to the Customer describing the non-compliance and stating that the Customer shall have a period of thirty (30) days from the date of such notice to achieve compliance with Rule V(A) and to make an appointment for another inspection by the Company. At the time said reinspection is conducted, the Customer will be required to provide the Company with a certified statement from a licensed plumber verifying that the infraction resulting in the non-compliance status has been corrected in a manner permanent in nature that would make the possibility of reoccurrence highly improbable.

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X. EXTENSION OF SEWERS

A. The Company will extend its sewers on the following terms and conditions.

1. Collection sewers will be extended at locations acceptable to the Company only on public ways, alleys or easements that have been dedicated in such

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a manner as to clearly provide the Company with the perpetual right to own, operate and maintain a sanitary sewer system therein and in which grades have been established.

2. Upon application being made for an extension of a sewer, the Company shall determine (in accordance with Section XI, Paragraph A.7) the size of sewer and shall estimate the cost of the proposed extension, including pipe, lift stations, manholes, fittings, portions of Customer sewer lateral under proposed pavements, all other materials and all other costs such as labor, permits, the expenses incurred by the Company for supervision, engineering, insurance, tools and equipment, accounting and other overhead expenses.

3. If the estimated cost of the extension is not greater than one and one-half (1 1/2) times the Company's estimate of annual revenue to be received from Original Prospective Customers, the Company will finance and make the extension without the requirement of any payment. If the estimated cost of the proposed extension exceeds one and one-half (1 1/2) times the Company's estimate of annual revenue from Original Prospective Customers, the applicant or the applicant's authorized agent shall contract for such extension and shall deposit with the Company the estimated cost of the extension less one and one-half (1 1/2) times such estimated annual revenue. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained. Should the actual cost be more than the estimated cost, the difference shall be paid by the applicant. The term "Original Prospective Customers" as used in this subparagraph 3 shall only include those Customers who sign contracts for at least one year's sewer service and guarantee to the Company that they will take sewer service at their premises within thirty (30) days after the date sewer service is available. Estimates of annual revenue shall be made by the Company and, if there are similarly situated Customers, shall be based on the experience of the Company regarding use of sewers by such similarly situated Customers.

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4. During the first ten years after the date of the deposit, if the extension abuts property that the applicant does not have an interest in, the Company will prorate the cost of the extension on a front foot or per lot basis and if during the term of the extension agreement, the Owner or Tenant of such property requests sewer service, the Company shall collect from such new applicant an amount equal to such applicant's pro rata cost of the extension less one and one-half (1 1/2) times the estimated annual revenue to be received from such applicant and shall refund such amount to the original applicant. The total amount refunded shall not exceed the original deposit, without interest, and all or any part of such deposit not refunded within said ten (10) year period shall become the property of the Company.
5. Extensions made under this Rule shall be and remain the sole property of the Company.
6. The Company reserves the right to further extend its sewers from and beyond the terminus of each sewer extension made under this Rule. The applicant making a deposit hereunder shall not be entitled to any refund on account of any other or further extension or the attachment of any services to any other or further extension.
7. Extensions made under this Rule shall generally be made with pipe eight inches (8") in diameter, except that in special cases exceptions can be made by the Company to comply with sound engineering principles; provided, however, that sewer extensions shall in no event be less than six inches (6") in diameter. If the Company desires to make extensions of sewers with pipe larger than eight inches (8") in diameter, although not required to do so by sound engineering principles, the additional cost of the larger pipe shall be borne by the Company.
8. The Company may require a contract with the depositor outlining any or all of the above terms and conditions.

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Westlake Utilities, Inc.

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PUBLIC UTILITIES DIVISION
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RULES, REGULATIONS AND CONDITIONS OF SERVICE - SEWER

XI. EXTENSION OF SEWERS - SPECIAL

A. Sewers may, at the discretion of the Company, be extended under the terms of Section XII, Paragraphs B through F in those areas where all of the following conditions exist:

1. All lands abutting the dedicated public way or easement along which the extension is to be made are subdivided into lots not more than one acre in size.
2. No one individual, partnership or corporation or an affiliated group of individuals, partnerships and/or corporations owns or has an interest in more than twenty percent (20%) of the lots to be improved by the extension.
3. At least eighty percent (80%) of the lots to be improved would be reasonably expected to take service from the extension within ten (10) years of the date of its completion.

B. The Company shall bear the full initial cost of the extension.

C. The total cost of the extension, including all labor, material, engineering, supervision and direct construction overheads shall be divided by eighty percent (80%) of the total number of lots to be improved by the extension. The figure thus derived shall be considered the "per lot cost" of the sewer improvement.

D. Extensions made under this Rule shall generally be made with pipe eight inches (8") in diameter, except that in special cases exceptions can be made by the Company to comply with sound engineering principles; provided, however, that such sewer extensions shall in no event be less than six inches (6") in diameter. If the Company desires to make extensions of sewer with pipe larger than eight inches (8") in diameter, although not required to do so by sound engineering principles, the additional cost of the larger pipe shall be deducted from the total cost before computing the "per lot cost" as described in Section XII, Paragraph C.

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RULES, REGULATIONS AND CONDITIONS OF SERVICE - SEWER

- E. Any Customer making application for sewer service from the sewer extension will be required to make a "Contribution in Aid of Construction" equal to the "per lot cost" less eighteen (18) times the monthly flat rate applicable to the type of service requested by such customer at the time of application. If eighteen (18) times the monthly flat rate for the type of service requested is equal to or exceeds the "per lot cost," no contribution will be required.
- F. Extensions installed pursuant to this Section XII shall be and remain the property of the Company.

XII. GENERAL CONDITIONS

- A. The Company reserves the right at any time to alter, amend, change or add to these Rules, Regulations, and Conditions of Service or to substitute other Rules, Regulations, and Conditions of Service, subject to the approval of the Illinois Commerce Commission or other regulatory body having jurisdiction.
- B. No representative, employee or agent of the Company has the right to alter or waive any of these Rules, Regulations, and Conditions of Service without the consent or approval of the Illinois Commerce Commission or other regulatory body having jurisdiction thereof.
- C. No employee or agent of the Company shall have the right or authority to bind the Company by any promise, agreement or representation contrary to the letter or intent of these Rules, Regulations, and Conditions of Service.

FILED BY COMPLAINTS UNIT
 Order No. 01-0050 Tariff Prov.
 Law CHECK FOR COMPLIANCE

RECEIVED

OCT 05 2001

OCT 09 2001

PUBLIC UTILITIES DIVISION
Engineering Department

ILLINOIS COMMERCE COMMISSION
 CHIEF CLERK'S OFFICE

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2335 Sanders Road Northbrook, IL 60062