

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois-American Water Company :  
and Thames Water Aqua Holdings, GmbH :  
: 01-0832  
Joint Application for Approval of Proposed :  
Reorganization and Change in Control of :  
Illinois-American Water Company Pursuant :  
to Section 7-204 of the Illinois Public :  
Utilities Act. :

MOTION TO EXTEND THE SCHEDULE

NOW COMES the Staff of the Illinois Commerce Commission (“Staff”), through its undersigned counsel, moves for an extension of the schedule. In support of this motion, Staff states as follows:

1. On December 21, 2001, the Joint Applicants (Illinois American Water Company (“Illinois-American” or “IAWC”) and Thames Water Aqua Holding GmbH (“Thames Holdings”)) filed a Verified Application (“Application”), pursuant to Section 5/7-204 of the Illinois Public Utilities Act (“PUA” or “Act”), seeking approval by the Illinois Commerce Commission (“Commission”) of a proposed reorganization and change in control of Illinois American.

2. Among other relief, the Application requests that the Commission enter an Order

...(i) approving the transaction described in the Agreement and Plan of Merger by and among RWE, [American Water Works Company], Thames Holdings, and [Apollo Acquisition Corp.] dated as of September 16, 2001; and (ii) authorizing Thames Holdings, RWE and any other entity owned or controlled, directly or indirectly by Thames Holdings and managed by [Thames Water PLC (“Thames”)] to acquire control of Illinois American and American; and (iii) determining that no further approval of the Commission is required with regard to the Agreement;

3. The evidentiary hearing of the matter was held on May 21, 2002 in Springfield, Illinois.

4. During cross-examination at the evidentiary hearing, when asked if Thames Holdings is going to hold all the outstanding stock in American, one of the Joint Applicants' witnesses testified that "there may well be a subsidiary in between. That has yet to be finally determined." Tr., 157.

5. On June 5, 2002, the Joint Applicants filed a Motion for Leave to File Additional Evidence and Request for Additional Hearing.

6. On June 10 Staff filed a Response supporting the Joint Applicants' Motion stating that Joint Applicants have not provided evidence to enable Staff to analyze whether approval should be granted for the reorganization in the event the Joint Applicants decide in favor of having an as-yet-unformed entity hold all outstanding shares of American Water Works Company.

7. The Motion was allowed and on June 19, 2002, the Joint Applicants filed the Supplemental Testimony of Stephen Smith.

8. Staff has additional concerns not addressed by the supplemental testimony and will be sending out data requests regarding the following:

- a) a complete description of the ownership of the intermediate holding company;
- b) questions aimed at clarification of Exhibit I regarding, which of the Thames companies is referenced in various spots, whether US Holding Co. from Exhibit I is the same as Thames Water Aqua US Holdings, Inc. ("TWUS") in the testimony; whether Thames Water Holdings, Inc is the same entity as Thames Water Plc referred to in former exhibit G;

- c) questions aimed at determining the reason for the creation of TWUS to own American Water Works including: the date of the referenced change in German law;
- d) questions regarding the need for and consequences of a consolidated U.S. income tax return; including a request for an estimate of the benefits in U.S. dollars to Thames Gmbh, RWE and IAWC;
- e) questions regarding the costs from the new intermediary holding company, whether any would be passed down to IAWC, if so, a description of the costs, method of charging, etc.;
- f) questions regarding the existence of any agreement to effectuate the formation of TWUS or any other documentation regarding TWUS.

9. In sum, the Joint Applicants now seek approval for Thames Water Aqua US Holdings, Inc, not Thames Water Aqua Holdings Gmbh, to own or control a majority of the voting capital stock of American Water Works Company, Illinois American's holding company and the supplemental testimony does not provide a sufficient basis upon which Staff may form an opinion as to whether this new transaction should be approved.

10. Staff's data requests are designed to elicit information which will aid in the analysis of how the new transaction will affect IAWC in terms of subsidization of non-utility activities and the determination of whether costs are fairly and reasonably allocated between utility and non-utility activities.

11. Staff will need additional time to send out at least one, perhaps two, round(s) of data requests, review responses and prepare supplemental testimony.

12. The Joint Applicants will not be prejudiced by the allowance of additional time for the filing of rebuttal testimony by Staff.

13. Staff proposes the following modification to the current schedule:

Current Schedule	New Schedule
Staff/Int. Testimony 7/3/02	Staff/Int. Testimony 7/17/02
Jt. Applicants' Rebuttal 7/10/02	Jt. Applicants' Rebuttal 7/24/02
Hearing 7/18/02	Hearing 7/31/02

14. Staff has contacted the parties to this proceeding. Neither Illinois American, Thames Holding, the City of Pekin, nor the City of Peoria objects to this change in the schedule.

WHEREFORE, for the foregoing reasons Staff respectfully requests an extension to the schedule as set forth above.

Respectfully submitted,

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