

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

CONSUMERS ILLINOIS WATER COMPANY)
Petition For Initiation Of Reconciliation Hearing.) Docket 03-0177
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AMENDED PETITION

Consumers Illinois Water Company (“CIWC” or the “Company”) hereby requests, pursuant to 83 Illinois Administrative Code, Section 656.80(b), that the annual reconciliation hearing required by Section 9-220.2 of the Illinois Public Utilities Act (“Act”) (220 ILCS 5/9-220.2) be initiated with respect to Qualifying Infrastructure Plant (“QIP”) Riders (“QIP Riders”) in effect during calendar year 2002 for CIWC’s Kankakee, Vermilion and Woodhaven-Water rate areas (“QIP Rate Areas” or “Rate Areas”). CIWC further requests that, based on the record created during the reconciliation hearing, the Commission enter an Order finding that, for 2002, no adjustment under the “O” component of the QIP Rider is required for any of the QIP Rate Areas. In support of its requests, CIWC states as follows:

1. CIWC provides water and sewer public utility service to the public in certain areas of Kankakee, Vermilion, Will, Boone, Knox, Lake and Lee Counties in the State of Illinois. CIWC is a public utility within the meaning of the Act. 220 ILCS 5/3-105.
2. On January 1, 2002, pursuant to the terms of the QIP Rider and Part 656 of the Illinois Administrative Code (83 Ill. Adm. Code, Part 656), CIWC placed into effect for each QIP Rate Area the QIP Surcharge Percentages specified in the Information Sheet filed in

accordance with the terms of the QIP Rider for each Rate Area. For the Kankakee, Vermilion and Woodhaven-Water Rate Areas, the 2002 QIP Surcharge Percentages were 2.49%, 1.06% and 1.71%, respectively.

3. Exhibits A, B and C to this Amended Petition contain the reconciliation for the Kankakee, Vermilion and Woodhaven-Water Rate Areas, respectively. For each respective Rate Area, Exhibits A, B and C include information required by Section 656.80(f) and Section 656.80(h)(1), (2), (4) and (5) of the Commission's Rules.

4. CIWC has provided to the Commission's Manager of the Water Department and Manager of Accounting the information required by Section 656.80(h)(3) of the Commission's Rules.

5. As required by Sections 656.80(a), 656.80(f)(3) and 656.80(h)(4) of the Rules, each of Exhibits A, B and C: (a) is verified by an officer of the Company; and (b) includes a calculation of the "R" component necessary to adjust actual revenue collected under the QIP Rider for the applicable QIP Rate Area to an amount equivalent to the actual level of prudently-incurred QIP cost for the reconciliation year, 2002. Also, as required by Section 656.80(h)(2) and (h)(5), the Exhibits include: (1) a detailed summary of all invoices supporting costs for eligible QIP Projects; and (2) information supporting the prudence of the investment in QIP.

6. As required by Sections 656.80(c) and 656.80(f)(4) of the Rules, CIWC Exhibits A, B and C include, for each respective Rate Area, Schedules showing a calculation of actual operating income and average rate base for calendar year 2002. As the Schedules show, the actual rate of return on rate base for each Rate Area was below the overall rate of return allowed in CIWC's last water rate case.

7. As Exhibits A, B and C show, the “R” factors of the QIP Riders for the Kankakee, Vermilion and Woodhaven-Water Rate Areas, respectively, are, (\$147,305.41), (\$28,912.19) and (\$10,923.60).¹

8. As required by Sections 656.70(a) and 656.80(a) of the Rules, CIWC will file, on or before March 27, 2003, Information Sheets for each respective QIP Rate Area that reflect revised calculations of the QIP Surcharge Percentages. The revised calculations reflect for each QIP Rate Area the “R” component identified above for that Rate Area. The revised QIP Surcharge Percentages also will reflect other factors addressed in materials accompanying the Information Statement filing. The revised QIP Surcharge Percentages will take effect on April 1, 2003.

9. As explained above, CIWC did not realize a rate of return on rate base above the allowed rate of return in any QIP Rate Area. Furthermore, as a result of implementation of the “R” component on April 1, 2003, the amount of revenue collected under the QIP Riders will be adjusted over the nine-month period ended December 31, 2003, to an amount equal to the actual level of prudently-incurred QIP cost for the reconciliation year.

10. As Sections 656.80(b) and 656.80(c) of the Rules indicate, the Commission should require that an adjustment be made under the “O” component of the QIP Rider only if the needed adjustment(s) has not already been made under the “R” component.

11. The adjustment needed for each QIP Rate Area to result in an amount of actual QIP Rider revenue for the reconciliation year that equals the actual amount of prudently-incurred QIP cost is reflected in the “R” component that will be used in calculating the QIP Surcharge Percentages for the QIP Riders to be effective April 1, 2003. Accordingly, the

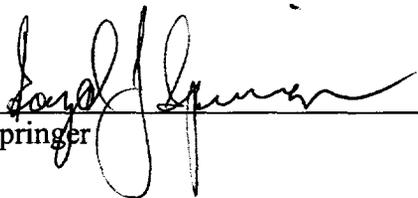
¹ Parentheticals denote negative values.

Commission should determine in its Order that no adjustment should be required under the "O" component of the QIP Rider for any of the QIP Rate Areas.

WHEREFORE, Consumers Illinois Water Company requests that the Commission initiate reconciliation hearings and that, in its Order, the Commission determine that no adjustment is required under the "O" factor for any of the QIP Rate Areas.

Respectfully submitted,

CONSUMERS ILLINOIS WATER COMPANY



Boyd J. Springer

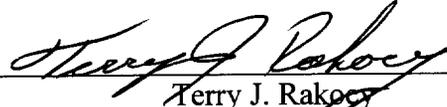
Date: March 26, 2003

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VERIFICATION

Terry J. Rakocy, President of Consumers Illinois Water Company, being first duly sworn, states that: (1) he has read the foregoing Amended Petition, including attached Exhibits; (2) he is familiar with the facts stated therein; and (3) the facts stated therein are true and correct to the best of his knowledge.



Terry J. Rakocy

SUBSCRIBED AND SWORN TO before
me this 26th day of March, 2003.



Notary Public

