

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

CONSUMERS ILLINOIS WATER COMPANY)	
AND OAKVIEW AVENUE WATER WORKS, INC.)	
)	
Petition for Approval Of Proposed Reorganization.)	Docket 03-0556
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)	

DRAFT ORDER OF JOINT APPLICANTS

On September 12, 2003, Consumers Illinois Water Company ("CIWC") and Oakview Avenue Water Works, Inc. ("Oakview") (hereby referred to jointly as the "Joint Applicants"), pursuant to Section 7-204 of the Illinois Public Utilities Act (the "Act") (220 ILCS 5/7-204), filed a Verified Joint Application, seeking approval for the purchase by CIWC ("Acquisition" or "Reorganization") of assets and property rights of Oakview and its current owner that are used and useful to provide water service ("Rate Base Items") and accounts receivable (the Rate Base Items and accounts receivable being referred to jointly as the "Assets"). Immediately following the Acquisition, CIWC proposes to serve the area formerly served by Oakview ("Area") as a part of its University Park-Water Division.

Pursuant to due notice as required by law and the rules and regulations of the Commission, an Order was entered in this matter based on the Verified Joint Application. **[Alternative Language** - this matter came on for hearing before a duly authorized Administrative Law Judge on September __, 2003. CIWC was represented by counsel and presented the testimony of Thomas J. Bunosky, its Vice President and General Manager. Oakview was represented by its President. Mr. or Ms. _____ presented a statement on behalf of Commission Staff. At the conclusion of the hearing on September _____, 2003, this matter was marked "Heard and Taken."]

I. POSITION OF THE PARTIES

A. Position of the Joint Applicants

CIWC is a public utility as defined in Section 3-105 of the Act, which provides water service to approximately 54,780 customers and wastewater service to approximately 10,770 customers in portions of Will County, Kankakee County, Vermilion County, Boone County, Knox County, Lee County and Lake County. The area presently served by Oakview Avenue would become a part of CIWC's University Park-

Water service area in Will County, which has approximately 2,000 residential, commercial and industrial customers. All of the common stock of CIWC is owned by Consumers Water Company. All of the common stock of Consumers Water Company is, in turn, owned by Philadelphia Suburban Corporation ("PSC"). CIWC has 111 employees in Illinois (as of June 30, 2003). CIWC is staffed with experienced specialists in all aspects of water/wastewater public utility business and operations. CIWC's expertise extends, in particular, to the areas of water quality and compliance with applicable environmental law and regulations.

Oakview is a public utility that operates a small, troubled water system in Joliet Township, Will County, Illinois. Oakview serves approximately 111 water customers. The People of the State of Illinois, through the Office of the Attorney General of the State of Illinois ("AG"), have filed an enforcement action against Oakview in the Circuit Court of the Twelfth Judicial Circuit, Will County, Illinois ("Circuit Court"), seeking that Oakview be directed to take the actions needed to comply with certain environmental laws and regulations, including, but not limited to installation of: (i) a storage tank; and (ii) facilities to provide auxiliary power (referred to as the "Compliance Items"). The Circuit Court has entered an Order requiring that Oakview install the Compliance Items. Oakview, however, believes that it lacks financial resources adequate to comply with the Court's order.

For this reason, Oakview proposes to sell the Assets to CIWC, which has agreed to install the Compliance Items, and otherwise provide customers now served by Oakview Acres with water service that is in all respects, adequate, efficient, reliable and environmentally safe and which, consistent with these obligations, is the least-cost means of meeting service obligations. Due to concerns with regard to the public health and safety, the Staff of the Commission ("Staff"), Illinois Environmental Protection Agency ("IEPA") and the AG have requested that CIWC complete the Acquisition.

Subject to the approval of the Commission, CIWC has entered into an Asset Purchase Agreement with Oakview and its current owner under which CIWC will purchase the Assets. A copy of the Asset Purchase Agreement is included in the Appendix, which accompanied the Application as Exhibit "A". The purchase price for the Assets under the Asset Purchase Agreement is \$30,000. Of this amount, \$26,645 is allocable to the Rate Base Items.

From and after the effective date of the Acquisition, Oakview will relinquish its utility business to CIWC. CIWC will continue to provide water service in the Area without interruption. The Area will become a part of CIWC's University Park-Water Division. Joint Applicants, therefore, request that the Commission approve an assignment to CIWC of the Certificate(s) of Public Convenience and Necessity previously issued to Oakview ("Certificate"), effective on the closing date of the Acquisition. The Area is depicted in Attachment "A" to this Order, and legally described in Attachment "B" to this Order.

From and after the closing date of the Acquisition and until such time as a change(s) is (are) approved by the Commission, CIWC, after the closing, proposes to

place into effect the various rules, regulations, terms and conditions of service to the public approved by the Commission and in effect for the University Park-Water Division of CIWC. Until such time as a meter is installed for a given customer, CIWC will continue to apply the flat monthly charge specified in Oakview's presently applicable tariffs. When a meter is installed at a customer premises, however, CIWC will apply the rates of the University Park-Water Division, as now in effect or as subsequently revised in accordance with law. In addition, to avoid unreasonable subsidization of Oakview customers, CIWC proposes that, in addition to all other applicable rates and charges, Oakview customers be required to pay a surcharge ("Required Plant Surcharge" or "RPS") that provides a return of (through amortization) and on (through a rate of return) CIWC's investment in new plant required to install the Compliance Items and other upgrades deemed necessary by CIWC to provide adequate service (the Compliance Items and other necessary upgrades being referred to as the "Required Plant"). The RPS, which is further discussed below, would become effective after verification by the Commission Staff that the Required Plant is in service. The RPS would remain in effect for a period of 120 months, until the estimated level of capital cost associated with the Required Plant ("Plant Capital Cost") is fully recovered.

Subsequent to the closing of the Acquisition, CIWC will enhance the adequacy, reliability, efficiency and safety of service provided to customers in the Area, with no detriment to CIWC's current customers. In the future, all aspects of the water service provided to present customers of Oakview will be the responsibility of CIWC, which has significant resources in Will County and a reputation for providing high quality water service. As customers of CIWC, the former Oakview customers will have access to CIWC's 24-hour customer service telephone line and technicians on call 24-hours per day.

The Joint Application states that CIWC is committed to providing adequate, efficient, safe and least-cost service, as is demonstrated by its consistent record of quality service. CIWC will bring this commitment to the Area. The Acquisition will not adversely affect CIWC's ability to provide adequate, reliable, efficient, safe and least-cost public utility services. According to the Joint Application, the Acquisition will not result in the unjustified subsidization of non-utility activities by CIWC or its customers. At present, neither CIWC nor Oakview engages in a significant level of such activity. To the extent that CIWC engages in such activities in the future, it will continue to maintain its books and records in such a manner as to fairly and reasonably allocate utility and non-utility activities, and allow the Commission to identify costs and facilities that are properly included for ratemaking purposes.

The Joint Application states that the Acquisition will not impair CIWC's ability to raise necessary capital on reasonable terms or to maintain a reasonable capital structure. For the Area, the Acquisition should significantly enhance the Area's ability to access necessary capital needed for the Compliance Items and other service requirements on reasonable terms. CIWC will remain subject to all applicable laws, regulations, rules, decisions and policies governing the regulation of Illinois public utilities.

The Joint Application notes that, due to the geographical separation of their service areas, there is no significant competition for customers and/or water sales between CIWC and Oakview. Accordingly, market conditions in Illinois after consummation of the Acquisition will be substantially the same as those currently existing. The Acquisition, therefore, is not likely to have a significant adverse effect on competition in Illinois.

According to the Joint Application, the Acquisition is not likely to result in any adverse rate impacts on retail customers. The Acquisition also will not adversely affect CIWC's capital structure ratios, which are shown as of July 31, 2003, on Exhibit "D" in the Appendix to the Application. After closing, CIWC's capitalization will be consistent with the requirements of Section 6-103 of the Act (220 ILCS 5/6-103).

The Joint Application states that the Acquisition will produce certain economies which will result in a reduced level of cost as compared to the level which would exist for separate companies ("Acquisition Savings"). The expected Acquisition Savings over ten years are detailed in Exhibit "E", which is included in the Appendix to the Application. CIWC proposes that all Acquisition Savings included in data for rate case test years be reflected in rates of the University Park-Water Division and, thereby, allocated in their entirety to ratepayers. CIWC, however, should not be required to quantify or otherwise demonstrate the existence of Acquisition Savings in any future rate proceeding.

To accomplish the Acquisition and, thereby, bring about the Acquisition Savings, CIWC will incur certain costs ("Acquisition Costs"). The Acquisition Costs include legal fees and certain other costs necessary to combine the companies. The estimated amount of the Acquisition Costs is shown on Attachment "C" to this Order. CIWC proposes to defer the actual amount of total Acquisition Costs in Account 186 of the Uniform System of Accounts. CIWC further proposes to accrue a carrying cost equivalent to its last overall authorized rate of return on the unrecovered balance of such costs. Acquisition Costs should be recoverable in the next rate filing for the University Park-Water Division, subject to a review in that proceeding of the prudence of cost incurred only to the extent that the actual level of Acquisition Cost exceeds the estimated level of Acquisition Cost shown in Attachment "C" to this Order. If the actual level of Acquisition Cost is equal to or below the estimated level, no additional prudence review should be required. If the Commission determines in the rate proceeding that Acquisition Costs are recoverable over an amortization period, the amortization period will not exceed three years and the unamortized balance of Acquisition Costs will be included in rate base during the amortization period.

CIWC notes that, because the estimated amount of Acquisition Savings over ten years exceeds the level of Acquisition Costs, the recovery of Acquisition Costs in rates in the manner proposed is not likely to have an adverse rate impact.

As noted above, CIWC proposes that the Plant Capital Cost be recovered by use of the RPS, which would apply to customers within the Area. The proposed RPS is calculated in Attachment "D" to this Order. The total Plant Capital Cost is \$300,750, as

shown in Attachment "E" to this Order. The RPS recovers the Plant Capital Cost over a 120-month period, including both a return "of" (depreciation) and a return "on" (rate of return) the unrecovered balance of Plant Capital Cost. As proposed by CIWC, the RPS would take effect after verification by Commission Staff that the Required Plant is in service. The Staff would provide such verification in writing within ten business days after receiving CIWC's written request for verification. The RPS amortization is based on CIWC's last-allowed rate of return. The RPS amortizes recovery of the Plant Capital Cost at a fixed monthly cost per customer of \$31.15. As described below, the monthly cost reflects use as an offset of the credit Acquisition Adjustment. CIWC notes that, after 120 months, the Plant Capital Cost is fully recovered through amortization and the RPS is terminated.

CIWC proposes that, if the actual level of Plant Capital Cost changes for any reason from the level of cost estimated for the RPS (due to a difference between actual and forecasted plant cost, and/or a change in the allowed rate of return), CIWC should record the difference between the actual and assumed level of Plant Capital Cost for each calendar year, if any, in Account 186 (positive or negative), and include such cost in the revenue requirement for the next rate filing for the University Park-Water Division (after the cost is so recorded). CIWC states that the unamortized balance of such costs recorded in Account 186, if any, should accrue carrying costs in the same manner as was discussed above in connection with deferred Acquisition Costs.

As previously discussed, the purchase price for the Rate Base Items is \$26,645. According to CIWC, in accordance with the Uniform System of Accounts for Water Utilities ("USOA"), an Acquisition Adjustment in the estimated amount of \$27,375, the difference between the applicable purchase price and net original cost will be recorded in Account 114, upon the closing of the Acquisition. The instructions for Account 114 of the USOA provide that the amount recorded in that account "shall be amortized, or otherwise disposed of, as the Commission may approve or direct." CIWC requests that the Commission approve amortization of the Acquisition Adjustment over the period during which the RPS is in effect as a credit to Account 406-Amortization of Utility Plant Acquisition Adjustments-and inclusion of the credit acquisition adjustment as a component of the RPS to offset the level of Plant Capital Cost that would otherwise be used. According to CIWC, this approach to amortization is proposed only for purposes of this proceeding, so that the ratemaking treatment of the Acquisition Adjustment will mitigate the effect of the RPS on customer bills.

CIWC points out that the recovery of the Plant Capital Cost is not properly characterized as an Acquisition Cost, since, to provide adequate and safe water service, any owner of the Assets would have been required to incur such costs.

In accordance with Commission policy and the Uniform System of Accounts (83 Ill. Admin. Code, Part 605, Accounting Instruction 17), CIWC proposes to record the original cost of Rate Base Items in the applicable plant accounts. The Rate Base Items include plant items listed by Oakview as items in rate base and other items listed as "leased" property, with respect to which Oakview paid the owner a rental expense. Under the Agreement, CIWC will acquire both types of used and useful Assets. A listing

of the Rate Base Items is shown on Attachment "F" to this Order. CIWC states that the Order entered in this proceeding should provide that the original cost of the Rate Base Items will be included in the Rate Base of the University Park-Water Division.

B. Staff Position

On behalf of the Commission Staff, Mr. or Ms. _____ stated at the hearing that the proposals set forth should be approved.

II. COMMISSION CONCLUSION

For the reasons given by CIWC, the proposals set forth in the Joint Verified Application are reasonable and should be approved. The Commission finds, under Section 7-204, that:

- (a) the Reorganization will not diminish CIWC's ability to provide adequate, reliable, efficient, safe and least-cost public utility service;
- (b) the Reorganization will not result in any unjustified subsidization of non-utility activities by CIWC;
- (c) costs and facilities are fairly and reasonably allocated between utility and any non-utility activities in such a manner that the Commission may identify those costs and facilities which are properly included by CIWC for ratemaking purposes;
- (d) the Reorganization will not significantly impair CIWC's ability to raise necessary capital on reasonable terms or to maintain a reasonable capital structure;
- (e) CIWC will remain subject to all applicable laws, regulations, rules, decisions and policies governing the regulation of Illinois public utilities;
- (f) the Reorganization is not likely to have a significant adverse effect on competition in those markets over which the Commission has jurisdiction; and
- (g) the Reorganization is not likely to result in any adverse rate impacts on retail customers.

The Commission notes that the water service presently provided by Oakview is deficient and that an environmental enforcement action was filed against Oakview by the Attorney General. The Commission believes that CIWC has a reputation for providing quality water service, and that CIWC will enhance the safety, reliability and adequacy of the water service received by customers of Oakview.

The Acquisition will produce certain economies which will result in a reduced level of cost as compared to the level which would exist for separate companies ("Acquisition Savings"). The expected Acquisition Savings over ten years are detailed

in an Exhibit, which is included in the Appendix to the Application. As proposed by CIWC, all Acquisition Savings included in data for rate case test years should be reflected in rates of the University Park-Water Division and, thereby, allocated in their entirety to ratepayers. CIWC, however, should not be required to quantify or otherwise demonstrate the existence of Acquisition Savings in any future rate proceeding.

To accomplish the Acquisition and, thereby, bring about the Acquisition Savings, CIWC will incur certain costs ("Acquisition Costs"). The Acquisition Costs include legal fees and certain other costs necessary to combine the companies. The estimated amount of the Acquisition Costs is shown in Attachment "C" to this Order. CIWC should defer the actual amount of total Acquisition Costs in Account 186 of the Uniform System of Accounts. CIWC should further be authorized to accrue a carrying cost equivalent to its last overall authorized rate of return on the unrecovered balance of such costs. Acquisition Costs should be recoverable in the next rate filing for the University Park-Water Division, subject to a review in that proceeding of the prudence of cost incurred only to the extent that the actual level of Acquisition Cost exceeds the estimated level of Acquisition Cost shown in Attachment "C" to this Order. If the actual level of Acquisition Cost is equal to or below the estimated level, no additional prudence review should be required. If the Commission determines in the rate proceeding that Acquisition Costs are recoverable over an amortization period, the amortization period will not exceed three years and the unamortized balance of Acquisition Costs will be included in rate base during the amortization period. Because the estimated amount of Acquisition Savings over ten years exceeds the level of Acquisition Costs, the recovery of Acquisition Costs in rates in the manner proposed is not likely to have an adverse rate impact.

For the reasons discussed, pursuant to Section 7-204(c) of the Act (220 ILCS 5/7-204(c)), the Commission finds as follows with regard to Acquisition Costs and Acquisition Savings:

- (a) Actual Acquisition Costs incurred by CIWC should be allocated to the University Park-Water Division;
- (b) The amount of Acquisition Costs actually incurred by CIWC should be recoverable in rates in the next rate filing for the University Park-Water Division in the manner discussed above; and
- (c) Acquisition Savings included in test year data for future rate cases for the University Park-Water Division should be reflected in rates and, thereby, allocated to ratepayers.

From and after the closing date of the Acquisition and until such time as a change(s) is (are) approved by the Commission, CIWC should place into effect the various rules, regulations, terms and conditions of service to the public approved by the Commission and in effect for the University Park-Water Division of CIWC. Until such time as a meter is installed for a given customer, CIWC should continue to apply the flat monthly charge specified in Oakview's presently applicable tariffs. CIWC should be

authorized to file a tariff sheet establishing this charge. After a meter is installed at a customer premises, CIWC should apply the rates of the University Park-Water Division, as now in effect or as subsequently revised in accordance with law. CIWC should be authorized to file tariff pages for the University Park-Water Division (including rules and regulations), as are required to implement the proposals approved herein (including the RPS discussed below), such tariff pages to become effective immediately upon closing of the Acquisition.

To avoid unreasonable subsidization of Oakview customers, CIWC proposes that, in addition to all other applicable rates and charges, Oakview customers should be required to pay the proposed "Required Plant Surcharge" or "RPS" that provides a return of (through amortization) and on (through a rate of return) CIWC's investment in new plant for the Compliance Items and other upgrades deemed necessary by CIWC to provide adequate service (the Compliance Items and other necessary upgrades being referred to as the "Required Plant"). The RPS, which is further discussed below, would become effective after verification by the Commission Staff that the Required Plant is in service. The Staff should provide such verification in writing within ten business days after receiving CIWC's written request for verification. The RPS would remain in effect for a period of 120 months, until the estimated level of capital cost associated with the Required Plant ("Plant Capital Cost") is fully recovered. The RPS amortization should be based on CIWC's last-allowed rate of return. The RPS amortizes recovery of the Plant Capital Cost at a fixed monthly cost per customer of \$31.15. After 120 months, the Plant Capital Cost is fully recovered through amortization and the RPS should be terminated. The calculation of the RPS is shown on Attachment "D" to this Order.

If the actual level of Plant Capital Cost changes for any reason from the level of cost estimated for the RPS (due to a difference between actual and forecasted plant cost, and/or a change in the allowed rate of return), CIWC should record the difference between the actual and assumed level of Plant Capital Cost for each calendar year, if any, in Account 186 (positive or negative), and include such cost in the revenue requirement for the next rate filing for the University Park-Water Division (after the cost is so recorded). The unamortized balance of such costs recorded in Account 186, if any, should accrue carrying costs in the same manner as will be discussed below in connection with deferred Acquisition Costs.

In accordance with the Uniform System of Accounts for Water Utilities ("USOA"), an Acquisition Adjustment in the estimated amount of \$27,375, the difference between the applicable purchase price for Rate Base Items and net original cost should be recorded in Account 114, upon the closing of the Acquisition. The instructions for Account 114 of the USOA provide that the amount recorded in that account "shall be amortized, or otherwise disposed of, as the Commission may approve or direct." The Commission approves amortization of the Acquisition Adjustment over the period during which the RPS is in effect as a credit to Account 406-Amortization of Utility Plant Acquisition Adjustments-and inclusion of the credit acquisition adjustment as an offset to the level of Plant Capital Cost that would otherwise be used to calculate the RPS. The related accounting entries are shown on Attachment "G" to this Order. This approach to amortization is adopted only for purposes of this proceeding, so that the

ratemaking treatment of the Acquisition Adjustment will mitigate the effect of the RPS on customer bills. The Commission notes that the recovery of the Plant Capital Cost is not properly characterized as an Acquisition Cost, since, to provide adequate and safe water service, any owner of the Assets would have been required to incur such costs.

In accordance with Commission policy and the Uniform System of Accounts (83 Ill. Admin. Code, Part 605, Accounting Instruction 17), CIWC should record the original cost of Rate Base Items in the applicable plant accounts. The Rate Base Items include plant items listed by Oakview as items in rate base and other items listed as "leased" property, with respect to which Oakview paid the owner a rental expense. Under the Agreement, CIWC will acquire both types of used and useful Assets. The original cost of the Rate Base Items, as shown on Attachment "F" to this Order, should be included in the Rate Base of the University Park-Water Division at the time of its next rate proceeding.

III. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having given due consideration to the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) Consumers Illinois Water Company is engaged in the business of providing water and/or wastewater service to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) Oakview Avenue Water Works, Inc. is engaged in the business of providing water service to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (3) the Commission has jurisdiction over CIWC and Oakview, and of the subject matter of this proceeding;
- (4) the conclusions and recitals of the fact set forth in the Commission Conclusion section of this Order, including the specified findings under Section 7-204 and 7-204(c), are supported by the evidence and the record, and are hereby adopted as findings of fact and conclusions of law;
- (5) the Acquisition and Asset Purchase Agreement should be approved;
- (6) effective upon closing of the Acquisition, CIWC should be authorized to assume the Certificate(s) of Public Convenience and Necessity authorizing Oakview to provide water public utility service and conduct a water utility business in the Area shown on Attachment "A" to this Order and legally describe in Attachment "B" to this Order;
- (7) effective upon closing, Oakview should be authorized to discontinue and abandon the public utility business it presently provides;

- (8) CIWC should be authorized to adopt for the area presently served by Oakview, the Rules, Regulations and Condition of Service applicable to CIWC's University Water Division; until a meter is installed for a given customer, CIWC should be permitted to utilize Oakview's present flat monthly charge and to file a tariff page so indicating; when a meter is installed for a given customer, the rates charged in the University Park-Water Division become applicable, provided, however, that CIWC may also apply the RPS in the Area previously served by Oakview;
- (9) CIWC should be authorized to file tariff pages as needed to implement the proposals approved herein (including the RPS), such tariff pages to become effective immediately upon closing of the Acquisition;
- (10) CIWC should be authorized to defer in Account 186 the actual amount of Acquisition Cost incurred in acquiring Oakview and associated carrying costs, and should be permitted to recover Acquisition Costs in the next University Park-Water rate case, as determined in the "Commission Conclusion" section above;
- (11) upon verification by Staff that the Required Plant is in service, the Company should be authorized to initiate the RPS is described in the "Commission Conclusion" section above and calculated on Attachment "D", and the RPS should remain in effect in accordance with its terms for 120 months until the Plant Capital Cost is recovered; for purposes of the RPS, Staff should provide written verification that the Required Plant is in service within ten business days after CIWC requests such verification in writing;
- (12) to the extent that the Plant Capital Cost differs from cost level estimated for purposes of the RPS, CIWC should defer such difference in Account 186, with carrying cost, and should reflect the difference in cost (positive or negative) in the next rate case (after the cost is recorded) for the University Park-West Division;
- (13) the Acquisition Adjustment proposed by CIWC, and related accounting entries are reasonable and should be approved;
- (14) the original cost of the Rate Base Items as shown in Attachment "F" should be reflected in the rate base of the University Park-Water Division;
- (15) after closing, CIWC's capitalization will be consistent with the requirements of Section 6-103 of the Act; and
- (16) Joint Applicants should be authorized to perform such other and further actions or transactions which may be necessary or appropriate to carry out the actions proposed in the Verified Application.

IT IS THEREFORE ORDERED that the Acquisition and Asset Purchase Agreement are approved.

IT IS FURTHER ORDERED that the ratemaking treatment of Acquisition Costs and Acquisition Savings shall be as specified in the Commission Conclusion section above.

IT IS FURTHER ORDERED that, effective on closing of the Acquisition, CIWC shall assume the Certificate(s) of Public Convenience and Necessity that authorize Oakview to provide to serve the Area shown in Appendix "A" and legally described in Appendix "B".

IT IS FURTHER ORDERED that, effective upon the closing of the Acquisition, Oakview shall discontinue and abandon its public utility business.

IT IS FURTHER ORDERED that CIWC may file such tariff sheets as are appropriate to implement the proposals approved herein (including the RPS), such tariff pages to become effective upon closing of the Acquisition.

IT IS FURTHER ORDERED that, within ten business days after receipt from CIWC of a written request for verification that the Required Plant is in service, Staff will provide such verification for purposes of the RPS.

IT IS FURTHER ORDERED that CIWC shall be permitted to defer to Account 186, with accrual of carrying cost as proposed herein, the Actual level of Acquisition Cost, such costs being recoverable as specified in the Commission Conclusion section above in the next University Park-Water rate case.

IT IS FURTHER ORDERED that CIWC is authorized to defer in Account 186 any difference (positive or negative) between actual Plant Capital Cost for a given year and the level assumed in calculation of the RPS (with accrual of carrying cost), such difference to be reflected in the revenue requirement for the next rate filing of the University Park-Water Division.

IT IS FURTHER ORDERED that CIWC's proposed disposition of the Acquisition Adjustment as a component of the RPS and accounting entries related to the Acquisition are hereby approved.

IT IS FURTHER ORDERED that the net original cost of the Rate Base Items shown on Attachment "F" to this Order be reflected in rate base in the next University Park-Water rate bases.

IT IS FURTHER ORDERED that, after closing, CIWC is authorized to utilize its actual level of capitalization as such now exists or may be revised.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Act and 83 Illinois Administrative Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this ____ day of _____, 2003.