**Section 656.40 Qualifying Infrastructure Plant**

a) To be classified as QIP, the plant additions must meet the following criteria:

1) The plant additions must be replacements of existing plant items from the accounts listed in subsection (b);

2) The replacements must be nonrevenue producing;

3) The replacements are installed to replace facilities that are worn out or deteriorated or to replace facilities that are obsolete and at the end of their useful service lives due to a change in law or a change in the regulations of a governmental agency;

4) The replacements are installed after the conclusion of the test year in the utility's latest rate case for the rate zone; and

5) The replacements were not included in the calculation of the rate base in the utility's last rate case for the rate zone.

b) Qualifying Infrastructure Plant shall include plant items or facilities, except for land, from accounts 304 through 336 (see 83 Ill. Adm. Code 605, for water utilities), and from accounts 354 through 382 (see 83 Ill. Adm. Code 650 for sewer utilities). Qualifying plant shall not include land, intangibles or a tangible plant classified as a General and Administrative plant.

c) In addition to replacements, the following items may be classified as QIP: water main lining and related rehabilitation projects to eliminate water loss from water main breaks, as well as main extensions for water utilities that are constructed to eliminate dead ends and the unreimbursed costs recorded in the appropriate accounts listed in subsection (b) that are associated with relocations of mains, services, hydrants and sewers occasioned by street or highway construction.

d) In addition to replacements, the following items may be classified as QIP: sewer collection main and manhole lining/grouting for sewer utilities that are rehabilitating collection systems to eliminate inflow and infiltration, as well as rehabilitation of sewer structures and receiving wells when rehabilitated as part of the scope of eliminating inflow and infiltration.

e) QIP shall include only plant additions installed on or after January 1 of the year in which the utility files its initial QIP surcharge rider in accordance with Sections 656.70 and 656.90. However, QIP shall also include a reconciliation of the projected QIP plant included in the rate base of the utility's last rate case filing for the rate zone with the actual cost of the QIP plant incurred as of the end of the projected test year in the utility's last rate case filing for the rate zone.

(Source: Amended at 40 Ill. Reg. 9467, effective July 1, 2016)