

**AQUA ILLINOIS, INC.
SURREBUTTAL TESTIMONY
OF
TERRY J. RAKOCY
(Docket 03-0455/0550 (cons.))**

TABLE OF CONTENTS

	<u>Page</u>
WITNESS IDENTIFICATION AND BACKGROUND	1
RESPONSE TO STAFF REBUTTAL	1

1
2
3
4
5
6

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7 **WITNESS IDENTIFICATION AND BACKGROUND**

8 **Q 1. Please state your name and business address.**

9 A. Terry J. Rakocy, 1000 S. Schuyler Avenue, Kankakee, Illinois 60901.

10 **Q 2. Mr. Rakocy, by whom are you employed?**

11 A. I am employed by Aqua Illinois, Inc. (“Aqua” or the “Company”).

12 **Q 3. Are you the same Terry J. Rakocy who submitted Direct Testimony and Rebuttal**
13 **Testimony in this proceeding?**

14 A. Yes, I am.

15 **Q 4. What is the purpose of your Surrebuttal Testimony?**

16 A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony
17 presented in this proceeding by witnesses for the Staff of the Illinois Commerce
18 Commission (“Staff”).

19 **RESPONSE TO STAFF REBUTTAL**

20 **Q 5. In your Rebuttal Testimony, you discussed certain matters raised by Staff witnesses**
21 **Pearce, Johnson and Luth. Would you comment on the status of these matters?**

22 A. Yes. As indicated in my Rebuttal Testimony, the only matter over which there was
23 disagreement was Mr. Luth's proposal with regard to the rate for residential wastewater
24 service. As I will discuss this matter has now been resolved. There also is agreement
25 with regard to the matters raised by Mr. Johnson and Ms. Pearce. Thus, all issues in
26 dispute have been resolved.

27 **Q 6. Please discuss the issue addressed by Mr. Luth.**

28 A. The Company proposed that residential wastewater customers be subject to a flat fee of
29 \$40.00 per month . In his Rebuttal Testimony, Mr. Luth raised the concern that a flat fee
30 could be inappropriate for a residential wastewater customer who is a low volume water
31 user. For this reason, Mr. Luth proposed that residential wastewater customers be subject
32 to a sewer volumetric rate based on the amount of their monthly water usage. In my
33 Rebuttal Testimony, I discussed my concern that, under this proposal, residential
34 wastewater customers could be assessed high bills in the summer when water is used for
35 lawn irrigation. My belief is that, because lawn irrigation usage does not affect
36 wastewater flow, it should not cause a significant seasonal fluctuation in the bill for
37 wastewater service. In my Rebuttal Testimony, I suggested an alternative approach under
38 which a sewer volumetric charge could be used for wastewater service, provided that
39 wastewater customers install a second service line and meter where water is used for an
40 outdoor irrigation system. If this is done, the metered water usage for non-irrigation
41 system uses would be the basis for the wastewater billing, eliminating irrigation system
42 usage from the amount of water flow used in calculating the bill for wastewater service.

43 **Q 7. What was Mr. Luth's response to your proposal as described in your Rebuttal**
44 **Testimony?**

45 A. Mr. Luth suggests that customers in Hawthorn Woods have two alternatives for
46 residential wastewater billing. He suggests that customers have available the proposed
47 \$40.00 flat fee approach. As an alternative, at the customer's option, a second service
48 line and meter could be installed at the customer's expense when the customer has a built
49 in irrigation system. Mr. Luth indicates that the customer would install and maintain the
50 second service line and meter. To insure that the installation conforms to Company and
51 Commission requirements, however, Aqua believes that the Company should perform the
52 installation and maintenance of such a line and meter at the customer's expense. It is my

53 understanding that Mr. Luth has no objection to this approach. The monthly water
54 customer charge for the second meter account would be \$2.00 per month. The Company
55 accepts Mr. Luth's proposed alternative approaches, subject to clarification that the
56 installation and maintenance for the second meter is performed by the Company at the
57 expense of the customer.

58 **Q 8. Do you have any other comment on Mr. Luth's Rebuttal Testimony addressing the**
59 **wastewater rate?**

60 A. The \$2.00 charge referenced at line 70 of Mr. Luth's testimony is characterized as a
61 wastewater charge, when it should be described as the water customer charge for an
62 irrigation line and meter, which is the optional second service line and meter. The agreed
63 water and wastewater rates are shown in the respective water and sewer tariffs included
64 in Aqua Ex. 1.1 (SR), which is discussed below.

65 **Q 9. Please comment on the matters raised by Mr. Johnson.**

66 A. In my Rebuttal Testimony, I commented on Mr. Johnson's reference to Section
67 600.370(b)(5)(c), which addresses certain refunds of customer main extension deposits.
68 Mr. Johnson notes in his Rebuttal Testimony that this reference should be deleted. The
69 Company and Mr. Johnson are now in agreement with regard to this matter. After
70 reviewing the cost data set forth in my Rebuttal Testimony, Mr. Johnson also indicated
71 that he would prefer that the Company pay the cost needed to prepare a technical legal
72 description of the Village boundaries for use in defining the area to be served under the
73 Certificate authorized in this proceeding. The Company accepts Mr. Johnson's
74 recommendation in this regard. The necessary legal description is shown on Aqua
75 Exhibit 1.2 (SR). In his Rebuttal Testimony, Mr. Johnson notes his agreement with the
76 language set forth in my Rebuttal Testimony regarding fees and requirements established
77 by Village ordinances.

78 **Q 10. Please further describe Aqua Exhibit 1.1 (SR).**

79 A. Aqua Exhibit 1.1 (SR) is a modified set of water and sewer tariffs for the Hawthorn Area.
80 The tariffs are the same as those set forth in Aqua Exhibit C, except that the agreed water
81 and sewer rate provisions have been inserted into the language of the tariffs, and the
82 agreed language with regard to Village fees and connection requirements has been
83 inserted in place of the original language. The tariffs set forth in Aqua Exhibit 1.1 (SR)
84 incorporate the agreement reached between Company and Staff with regard to these
85 matters.

86 **Q 11. Please comment on the issue addressed by Staff witness Pearce.**

87 A. Ms. Pearce notes that her intent was, as suggested in my Rebuttal Testimony, to
88 recommend the journal entries shown on Staff Exhibit 1, Schedule 1 only during the
89 period over which the Village holds the Village Interest. At lines 52 through 58 of her
90 Rebuttal Testimony, Ms. Pearce discusses the accounting entries which would be made
91 when the Village Interest is returned to the Company in accordance with the Cost Sharing
92 Agreement. The Company agrees with Ms. Pearce's description of the necessary
93 accounting entries.

94 **Q 12. Does that conclude your Surrebuttal Testimony?**

95 A. Yes it does.