

Illinois Commerce Commission

Docket No. 04-0373

Exhibit No. 1.0

Prepared Direct Testimony Of

Steven W. Dihel

Del-Mar Water Company

**Prepared Direct Testimony
Of
Steven W. Dihel**

1 **Q. Please state your name.**

2 **A. Steven W. Dihel**

3 **Q. Please state your business address.**

4 **A. 2335 Sanders Road, Northbrook, Illinois 60062**

5 **Q. By whom are you employed and in what capacity?**

6 **A. I am employed by Utilities, Inc. as a regulatory accountant.**

7 **Q. Please summarize your higher education experience.**

8 **A. I graduated from Iowa State University in 2001 with a Bachelor of**
9 **Science Degree in Business Administration, with an Accounting major. In**
10 **the fall of 2003 I attended the Eastern Utility Rate School sponsored by**
11 **the National Association of Regulatory Utility Commissioner Committee**
12 **on Water, Florida Public Service Commission and the Institute of Public**
13 **Utilities, Michigan State University.**

14 **Q. Please summarize your employment experience with Utilities, Inc.**

15 **A. In June of 2003 I began my employment with Utilities, Inc. as a**
16 **Regulatory Accountant. My present duties consist of preparing**
17 **documentation required to obtain rate increases and/or rate relief. Analyze**
18 **operating subsidiaries' financial position to determine the need for rate**
19 **relief and other financial analysis as required. Respond to data requests**
20 **including interrogatories and requests for production of documents.**

21 Prepare written testimony and provide expert testimony before regulatory
22 agencies.

23

24 **Q. Have you testified before this commission in prior rate cases of the**
25 **Company?**

26 **A.** No

27 **Q. Have you testified before other regulatory commissions in prior rate**
28 **cases of other subsidiaries of Utilities, Inc?**

29 **A.** No

30 **Q. Are you generally familiar with the operations, books and records of**
31 **Utilities, Inc.?**

32 **A.** Yes

33 **Q. Please describe the service area for Del-Mar in which purchased**
34 **water services are provided.**

35 **A.** The Del-Mar service area provides purchased water service to
36 approximately 83 customers in the community of Lake Forest.

37 **Q. Has the company submitted the list of all municipalities within which**
38 **the company provides service which are affected by the tariff change?**

39 **A.** Yes. A list of affected municipalities was provided to the Chief Clerk via
40 Fax on July 12, 2004.

41 **Q. Has the Company submitted the schedules and related documentation**
42 **required by 83 Ill. Adm. Code 655.50 applicable to this case?**

43 A. Yes. The schedules and related documentation were filed in the Office of
44 Chief Clerk on April 28, 2004 and included Schedules 1 through 5 for the
45 Company's service area where purchased water surcharges are in effect. In
46 addition, the company has filed revised schedules and documentation on
47 September 15, 2004.

48 **Q. Were Schedules 1 through 5 prepared by you or under your direction**
49 **and supervision?**

50 A. Yes.

51 **Q. Was the information contained in Schedules 1 through 5 obtained or**
52 **derived from the books and records of the Company?**

53 A. Yes.

54 **Q. To the best of your knowledge, information and belief, is the**
55 **accounting information contained in these schedules true and correct?**

56 A. Yes.

57 **Q. Please describe Schedule 1.**

58 A. Schedule 1 provides the consumption analysis and purchased water costs
59 for the 12 months ended 12/31/03.

60 **Q. Please describe Schedule 2.**

61 A. Schedule 2 provides purchased water revenue recorded by the company
62 for the 12 months ended 12/31/03.

63 **Q. Please describe Schedule 3.**

64 A. Schedule 3 is the purchased water surcharge reconciliation, which
65 compares the purchased water costs and revenue recovered by the
66 company.

67 **Q. Please describe Schedule 4.**

68 A. Schedule 5 calculates the Purchased Water Surcharge by using
69 components calculated using Schedules 1 through 3.

70 **Q. Please describe Schedule 5.**

71 A. Schedule 5 is the officer verification of the annual reconciliation.

72 **Q. What period is included in the reconciliation year?**

73 A. The reconciliation year includes the period beginning January 1, 2003
74 through December 31, 2003 in accordance with 83 Ill. Adm. Code
75 655.50(d).

76 **Q. Please describe the reconciliation process for the Del-Mar service
77 area.**

78 A. The actual cost of purchased water was obtained from monthly invoices
79 paid to the City of Lake Forest during the reconciliation period. The
80 monthly costs were then matched up with monthly purchased water
81 billings, in order to correctly match the actual costs to customer billings.
82 The costs recovered through the purchased water surcharge were
83 developed from the Company's billing ledgers in the reconciliation year.
84 The monthly costs recovered are shown on Schedule 3, Column 3. The
85 difference between the costs incurred (Col. 2) and the costs recovered

86 (Col. 3) results in the reconciliation component for the purchased water
87 surcharge for the reconciliation year.

88 **Q. Does this conclude your testimony?**

89 **A. Yes.**

Del-Mar Water Company
Purchased Water Costs
A: For the 12 months ended 12/31/03

Schedule 1

<u>Date</u>	<u>Invoice Number</u>	<u>Invoice Period</u>	<u>Charge per 100 Cf</u>	<u>Consumption (CF)</u>	<u>Consumption (Gal)</u>	<u>Amount</u>
Jan-03						
Feb-03						
Mar-03	20542	12/31/02 - 3/29/03	\$ 3.45	178,000	1,331,440	\$ 6,141.00
			\$ 0.09	178,000	1,331,440	\$ 160.20
						\$ 6,301.20
Apr-03						
May-03						
Jun-03	26126	3/30/03 - 6/29/03	\$ 3.60	217,000	1,623,160	\$ 7,812.00
			\$ 0.09	217,000	1,623,160	\$ 195.30
						\$ 8,007.30
Jul-03						
Aug-03						
Sep-03	33808	6/30/03 - 9/29/03	\$ 3.60	262,000	1,959,760	\$ 9,432.00
			\$ 0.09	262,000	1,959,760	\$ 235.80
						\$ 9,667.80
Oct-03						
Nov-03						
Dec-03	41122	9/30/03 - 12/30/03	\$ 3.60	220,000	1,645,600	\$ 7,920.00
			\$ 0.09	220,000	1,645,600	\$ 198.00
						\$ 8,118.00
Total					6,559,960	\$ 32,094.30

Del-Mar Water Company
Purchased Water Revenue Recovered
A: For the 12 months ended 12/31/03

Schedule 2

<u>Date</u>	<u>Revenue Recovered</u>
Jan-03	2,878.20
Feb-03	2,505.59
Mar-03	2,409.79
Apr-03	2,349.01
May-03	3,567.03
Jun-03	2,664.62
Jul-03	5,578.55
Aug-03	3,264.10
Sep-03	2,968.14
Oct-03	-144.87
Nov-03	5,390.19
Dec-03	3,311.78
	<u>36,742.13</u>

Del-Mar Water Company
Purchased Water Surcharge Reconciliation
A: For the 12 months ended 12/31/03

Schedule 3

<u>Date</u>	<u>Purchased Water Costs</u>	<u>Revenue Recovered</u>	<u>Difference</u>
Jan-03		2,878.20	
Feb-03		2,505.59	
Mar-03	6,301.20	2,409.79	1,492.38
Apr-03		2,349.01	
May-03		3,567.03	
Jun-03	8,007.30	2,664.62	573.36
Jul-03		5,578.55	
Aug-03		3,264.10	
Sep-03	9,667.80	2,968.14	2,142.99
Oct-03		-144.87	
Nov-03		5,390.19	
Dec-03	8,118.00	3,311.78	439.10
	<u>32,094.30</u>	<u>36,742.13</u>	<u>4,647.83</u>

Del-Mar Water Company
Revised Purchased Water Surcharge
(including reconciliation component)
A: For the 12 months ended 12/31/03

$$VC = VSC + Rv + Ov / VBU$$

VSC = 32,094.30

Rv= -4,647.83

Ov= 0

VBU= 6,560

VC= 4.18

Officer Verification

I, James L. Camaren, hereby verify that: (1) I am the Chief Executive Officer of Del-Mar Water Company; (2) the accompanying revised reconciliation of operation of the purchased water surcharge rider during 2003 for the Del-Mar Water Company area ("Schedules 1 - 4") was prepared by me or under my supervision; (3) I am familiar with the facts set forth in the revised 2003 reconciliation ("Schedules 1 - 4"); and (4) the revised 2003 reconciliation ("Schedules 1 - 4") is true and correct to the best of my knowledge.



James L. Camaren
Chief Executive Officer
Utilities, Inc.

State of: Illinois County of: Cook

Subscribed and sworn to before me this 15 day of September 2004.

Notary Public: Joyce Guidice

My Commission expires: 1/24/05

