

Illinois Commerce Commission

Docket No. 04-0374

Exhibit No. 1

Prepared Direct Testimony of

Steven W. Dihel

Harbor Ridge Utilities, Inc.

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 Harbor Ridge in which purchased**
34 **sewage treatment services are provided.**

35 **A.** The Harbor Ridge service area provides purchased sewage treatment
36 service to approximately 287 customers in the community of Antioch.

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
45 each of the Company's service areas where purchased sewage treatment
46 surcharges are in effect. In addition, the company has filed revised
47 schedules and documentation on 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 sewage costs
59 for the 12 months ended 12/31/03.

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

61 A. Schedule 2 provides purchased sewer 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 sewer surcharge reconciliation, which
65 compares the purchased sewage treatment costs and revenue recovered by
66 the company.

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

68 A. Schedule 5 calculates the Purchased Sewer 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 Harbor Ridge
77 service area.**

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

86 and the costs recovered (Col. 3) results in the reconciliation component for
87 the purchased sewer surcharge for the reconciliation year.

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

89 **A.** Yes.

90

Harbor Ridge Utilities, Inc.
Purchased Sewer 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 1000 Gal</u>	<u>Consumption (Gal)</u>	<u>Amount</u>
Jan-03		1/01/03-1/15/03	\$ 3.60	593,288	\$ 2,135.84
Feb-03					
Mar-03		1/16/03-3/15/03	\$ 3.60	2,162,546	\$ 7,785.17
Apr-03					
May-03		3/16/03-5/15/03	\$ 3.60	2,152,568	\$ 7,749.24
Jun-03					
Jul-03		5/16/03-7/15/03	\$ 3.60	2,237,120	\$ 8,053.63
Aug-03					
Sep-03		7/16/03-9/15/03	\$ 3.67	1,970,756	\$ 7,232.67
Oct-03					
Nov-03		9/16/03-11/15/03	\$ 3.67	2,480,414	\$ 9,103.12
Dec-03					
Jan-04		11/16/03-12/31/03	\$ 3.67	1,837,394	\$ 6,743.23
Total				<u>13,434,086</u>	<u>48,803</u>

Harbor Ridge Utilities, Inc.
Purchased Sewer Revenue Recorded
A: For the 12 months ended 12/31/03

Schedule 2

<u>Date</u>	<u>Revenue Recovered</u>
Jan-03	
Feb-03	8,182.12
Mar-03	
Apr-03	7,858.16
May-03	
Jun-03	8,053.64
Jul-03	
Aug-03	7,921.64
Sep-03	
Oct-03	9,083.83
Nov-03	
Dec-03	8,914.62
	<u>50,014.01</u>

Harbor Ridge Utilities, Inc.
Purchased Sewer 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	2,135.84		
Feb-03			
Mar-03	7,785.17	8,182.12	-1,738.88
Apr-03			
May-03	7,749.24	7,858.16	108.92
Jun-03			
Jul-03	8,053.63	8,053.64	0.01
Aug-03			
Sep-03	7,232.67	7,921.64	688.97
Oct-03			
Nov-03	9,103.12	9,083.83	-19.29
Dec-03			
Jan-04	6,743.23	8,914.62	2,171.39
	<u>48,802.91</u>	<u>50,014.01</u>	<u>1,211.10</u>

Harbor Ridge Utilities, Inc.
Revised Purchased Sewer Surcharge
(including reconciliation component)
A: For the 12 months ended 12/31/03

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

VSC = 48,802.91

Rv= -1,211.10

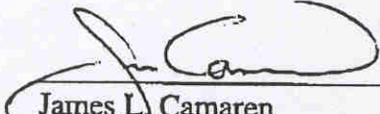
Ov= 0

VBU= 13,434

VC= 3.54

Officer Verification

I, James L. Camaren, hereby verify that: (1) I am the Chief Executive Officer of Harbor Ridge Utilities, Inc.; (2) the accompanying revised reconciliation of operation of the purchased sewer surcharge rider during 2003 for the Harbor Ridge Utilities, Inc. 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

