

REBUTTAL TESTIMONY

of

CHERI L. HARDEN

Rates Department

Financial Analysis Division

Illinois Commerce Commission

Aqua Illinois, Inc.

**Proposed General Increase for Water and Sewer
Rates for the Woodhaven Division
and
Proposed General Increase for Water
Rates for the Oak Run Division**

Docket Nos. 05-0071/05-0072 (Consolidated)

July 7, 2005

1 **Q. Would you please state your name and business address?**

2 A. Cheri L. Harden, 527 East Capitol Avenue, Springfield, Illinois 62701.

3

4 **Q. Are you the same Cheri Harden who filed direct testimony in this case?**

5 A. Yes.

6

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. The purpose of my rebuttal testimony is to respond to the rate increase for
9 Availability Charge customers as discussed by Aqua Illinois, Inc. (“Aqua” or
10 “Company”) witness Jack Schreyer in Aqua Ex. 6.0 – First Amended.
11 Additionally, I will present revised rates and associated schedules in response to
12 Staff witness Bonnita A. Pearce’s revised revenue requirement proposals (ICC
13 Staff Exhibit 6.0, Schedules 6.01 (OR), 6.01 (WW) and 6.01 (WS)).

14

15 **Q. Are you proposing changes to the rates offered in your direct testimony?**

16 A. Yes. I have attached revised rates in Schedules 9.01 (OR) and 9.01 (W).

17

18 **Oak Run Division – Water Rates**

19 The Customer Charge that I recommend has increased from \$14.00 to \$14.50.

20 The Consumption Charge I recommend is \$7.90 compared to the \$7.31

21 Consumption Charge I recommended in direct testimony. The Availability

22 Charge I recommend is \$9.50 compared to \$9.30 in direct testimony.

23

24 **Woodhaven Division – Water and Sewer Rates**

25 My Customer Charge rate for the Woodhaven Water Division has increased from
26 a 39.6% increase to 43.31%. I continue to recommend an across-the-board
27 increase to meet the revenue requirement in the Woodhaven Water Division. My
28 proposed Domestic Flat Rate, Customer Charge and Usage Charge can be
29 found on Schedule 9.01 (W).

30

31 The flat charge that I recommend for all sewer customers in the Woodhaven
32 Division has changed from \$14.74 to \$14.22 which can be found on Schedule
33 9.01 (W).

34

35 **Q. What was Aqua’s response to your rate design proposals?**

36 A. Aqua is willing to accept my rate design proposals as set forth in my direct
37 testimony with one exception. The Company disagrees with my proposal to
38 increase the Availability Charge at a lower percentage than the Customer Charge
39 percentage increase for the Oak Run Division. Aqua proposes an equal
40 percentage increase for both of these charges. (Aqua Ex. 6.0 - First Amended,
41 p. 5)

42

43 **Q. Do you agree with the Company’s proposal at this time?**

44 A. No, I continue to recommend a lower percentage increase for availability

45 customers. The Oak Run Division maintains a high number of availability
46 customers, however, to the extent possible I believe the usage customers should
47 bear the bulk of the cost of providing service in this service territory. As this
48 water system develops, the rate structure should shift the burden of cost to the
49 metered customers. I believe that increasing all rates by the same percentage in
50 this case would continue to allow the utility to rely more heavily on the availability
51 customers to maintain the viability of the Company. As such, I have
52 recommended an increase to availability customers due to the rate shock that
53 would be apparent if the metered customers were to absorb the entire cost of
54 providing service. Accordingly, my recommended Availability Charge can be
55 found on ICC Staff Exhibit 6.0, Schedule 6.01 (OR).

56

57 **Q. Does this conclude your rebuttal testimony in this proceeding?**

58 A. Yes.

59

Woodhaven
RATE DESIGN ANALYSIS

WATER	Company Present			Company Proposed			% increase	Staff Proposed			% increase
	Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	over Present	Billing Units	Rate	Revenue	over Present
CUSTOMER CHARGES											
Domestic campsites	73,680	\$9.35	\$688,908	74,136	\$16.075	\$1,191,736	71.9%	73,800	\$13.40	\$988,882	43.31%
Residential 5/8" - minimum charge	24	\$8.14	\$195	24	\$14.00	\$336	72.0%	24	\$11.67	\$280	43.31%
Residential 1"	120	\$13.84	\$1,661	120	\$23.80	\$2,856	72.0%	120	\$19.83	\$2,380	43.31%
Commercial 5/8"	204	\$8.14	\$1,661	204	\$14.00	\$2,856	72.0%	204	\$11.67	\$2,380	43.31%
Commercial 3/4"	84	\$9.77	\$821	84	\$16.80	\$1,411	72.0%	84	\$14.00	\$1,176	43.31%
Commercial 1"	60	\$13.84	\$830	60	\$23.80	\$1,428	72.0%	60	\$19.83	\$1,190	43.31%
Commercial 1 1/2"	24	\$25.65	\$616	24	\$44.12	\$1,059	72.0%	24	\$36.76	\$882	43.31%
Commercial 2"	300	\$30.93	\$9,279	300	\$53.20	\$15,960	72.0%	300	\$44.33	\$13,298	43.31%
Commercial 3"	24	\$87.91	\$2,110	24	\$151.20	\$3,629	72.0%	24	\$125.98	\$3,024	43.31%
SUBTOTAL			\$706,080			\$1,221,271	73.0%			\$1,013,492	
METERED CHARGES											
Residential 5/8"	0	\$4.11	\$0	0	\$7.069	\$0	72.0%	0	\$5.89	\$0	43.31%
Residential 1"	339	\$4.11	\$1,393	339	\$7.069	\$2,396	72.0%	339	\$5.89	\$1,997	43.31%
Commercial 5/8"	448	\$4.11	\$1,841	448	\$7.069	\$3,167	72.0%	448	\$5.89	\$2,639	43.31%
Commercial 3/4"	108	\$4.11	\$444	108	\$7.069	\$763	72.0%	108	\$5.89	\$636	43.31%
Commercial 1"	120	\$4.11	\$493	120	\$7.069	\$848	72.0%	120	\$5.89	\$707	43.31%
Commercial 1 1/2"	236	\$4.11	\$970	236	\$7.069	\$1,668	72.0%	236	\$5.89	\$1,390	43.31%
Commercial 2"	1,922	\$4.11	\$7,899	1,922	\$7.069	\$13,587	72.0%	1,922	\$5.89	\$11,321	43.31%
Commercial 3"	626	\$4.11	\$2,573	626	\$7.069	\$4,425	72.0%	626	\$5.89	\$3,687	43.31%
SUBTOTAL	3,799		\$15,614	3,799		\$26,855	72.0%	3,799		\$22,376	
AL WATER OPERATING REVENUE			\$721,694			\$1,248,126	72.9%			\$1,035,868	

SEWER	Company Present			Company Proposed			% increase	Staff Proposed			% increase
	Billing Units	Sewer	Revenue	Billing Units	Sewer	Revenue	over Present	Billing Units	Sewer	Revenue	over Present
FACILITIES CHARGES											
Campsite	64,452	\$10.68	\$688,347	64,932	\$17.44	\$1,132,414	63.3%	64,932	\$14.22	\$923,333	33.15%
Commercial - 130% of water bill	\$ 29,537	130%	\$38,398	\$ 50,802	130%	\$66,042		696	\$14.22	\$9,897	
AL SEWER OPERATING REVENUE			\$726,745			\$1,198,456	64.9%			\$933,230	

OAK RUN

RATE DESIGN ANALYSIS

<i>WATER</i>	Company Present			Company Proposed			% increase	Staff Proposed			% increase
	Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	over Present	Billing Units	Rate	Revenue	over Present
CUSTOMER CHARGES											
Residential	7,068	\$8.67	\$61,280	7,548	\$15.77	\$119,032	81.9%	7,548	\$14.50	\$109,446	67.2%
Commercial	168	\$8.67	\$1,457	168	\$15.77	\$2,649	81.9%	168	\$14.50	\$2,436	67.2%
SUBTOTAL			\$62,736			\$121,681				\$111,882	
CONSUMPTION CHARGES											
Residential 5/8"		\$5.19	\$0		\$6.434	\$0	24.0%		\$7.90	\$0	52.2%
Residential 5/8" x 3/4	16,116	\$5.19	\$83,642	17,185	\$6.434	\$110,568	24.0%	17,185	\$7.90	\$135,762	52.2%
Residential 3/4"	438	\$5.19	\$2,273	438	\$6.434	\$2,818	24.0%	438	\$7.90	\$3,460	52.2%
Residential 1 1/2" multi	188	\$5.19	\$976	188	\$6.434	\$1,210	24.0%	188	\$7.90	\$1,485	52.2%
Commercial 5/8" x 3/4	628	\$5.19	\$3,259	628	\$6.434	\$4,041	24.0%	628	\$7.90	\$4,961	52.2%
Commercial 3/4"	13	\$5.19	\$67	13	\$6.434	\$84	24.0%	13	\$7.90	\$103	52.2%
Commercial 1"	37	\$5.19	\$192	37	\$6.434	\$238	24.0%	37	\$7.90	\$292	52.2%
Commercial 2"	55	\$5.19	\$285	55	\$6.434	\$354	24.0%	55	\$7.90	\$435	52.2%
SUBTOTAL	17,475		\$90,695	18,544		\$119,312		18,544		\$146,498	
SUBTOTAL FACILITIES & GALLONAGE			\$153,431				\$240,993				\$258,380
Availability Charges	23,952	\$6.90	\$165,269	23,472	\$12.55	\$294,574	81.9%	23,472	\$9.50	\$222,984	34.9%
AVAILABILITY SUBTOTAL			\$165,269			\$294,574				\$222,984	
TOTAL OPERATING REVENUE			\$318,700				\$535,567	68.0%			\$481,364