

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Woodlawn Utilities Corporation :
 :
Proposed general increase in water : 05-0404
Rates (Tariffs filed on June 3, 2005). :

MOTION TO COMPEL

NOW COMES the Staff of the Illinois Commerce Commission (“Staff”), through its counsel, and moves, pursuant to 83 Ill. Admin. Code 200.190, 200.345, 200.370, and 200.410(b), for an order compelling Woodlawn Utilities Corporation (“Woodlawn” or “Company”) to produce data requested by Staff. In support thereof the Staff states as follows:

1. On June 3, 2005, Woodlawn filed a Rate Schedule Sheet with supporting testimony and schedules with the Clerk of the Illinois Commerce Commission.

2. On June 29, 2005, the Illinois Commerce Commission (“Commission”) entered an order suspending the effective date of the Filed Rate Schedule Sheet for a period of 103 days and making Woodlawn a respondent in this proceeding.

3. Staff has promulgated several Staff data requests and served them upon the Company, in a manner fully in compliance with the Rules of Practice before the Commission. The data requests, date of service, and dates by which responses were requested are as follows:

- Data requests TEE 1.01 through 1.14 were sent to the Company on July 8, 2005. Responses were requested on or before August 5, 2005. (See attached Exhibit A)
- Data requests JF 1.01 through 1.08 were sent to the Company on July 12 and responses were requested by August 9, 2005. (See attached Exhibit B)

- WRJ 1.03(2) was sent to the Company on July 13 and the requested response date was August 10, 2005. (See attached Exhibit C)
4. Respondent Woodlawn has not provided responses to the requests.
 5. The information requested by Staff clearly is calculated to lead to the discovery of relevant evidence.

6. Staff talked to Company representatives on July 19 and August 2 regarding the TEE series of data requests sent to the Company on July 8 to inquire if they had any questions regarding the information is being requested and to request responses as they became available. The Company assured Staff at that time that they were working on the responses and had no questions.

7. Staff counsel has contacted Mitchell Berg and Michael Megurdichian of Woodlawn in an attempt to resolve discovery issues, but this consultation has failed to yield an adequate resolution of the dispute. On August 18, 2005, Staff counsel sent a letter to the Company indicating that if responses to these data requests were not received by August 24, 2005, Staff would proceed with a Motion to Compel. Msrs. Berg and Megurdichian have indicated their willingness to cooperate with Staff. However, responses to the above enumerated data requests have not been provided, nor has the Company contacted Staff for clarification of any of the information requested. Therefore, Staff avers pursuant to Section 200.350 of the *Rules of Practice before the Illinois Commerce Commission*, 83 Ill. Admin. Code 200.350 that consultation and reasonable efforts to resolve discovery disputes have failed.

8. It should be noted that the Company is a small water utility, thus the standard information requirements set forth in 83 Ill. Adm. Code Section 285 do not apply to it. If the standard information requirements applied to Woodlawn many of the

data requests contained in TEE 1.01 through TEE 1.14 and JF-1.01 through JF-1.08 would have been addressed in a deficiency notice (83 Ill. Adm. Code 285.145).

9. It should also be noted that Woodlawn could have requested rate relief through a short form (83 Ill. Adm. Code 255.20(g)), rather than filing a standard rate case. (See Woodlawn Tty, p. 6) With the decision to file a standard rate case comes the obligation to provide the information necessary to Staff to complete the analysis necessary for a standard rate case.

10. The policy on discovery as set forth in the Rules of Practice before the Illinois Commerce Commission is to provide information in a prompt, timely and efficient manner that allows all parties to develop all issues fully. To this end, the Commission's rules of practice support a broad scope of discovery:

It is the policy of the Commission to obtain full disclosure of all relevant and material facts to a proceeding.

83 Ill. Admin. Code 200.340.

11. Woodlawn is the only party that can provide the information requested by the Staff. For this reason, the Staff has no alternative but to request this information from Woodlawn. If this motion to compel is denied, Staff will be unable to commence an analysis of the rates proposed by Woodlawn. Thus, the Commission and the ALJ will be without relevant information to determine whether the proposed rates are just and reasonable.

12. To date, Staff has been unable to commence its analysis. The current schedule contemplates Staff and Interveners filing testimony on October 14, 2005. Accordingly, time is of the essence, and the Staff therefore requests that the ALJ set a status hearing for the Company to respond to the instant motion.

13. This Motion is not brought to cause delay or prejudice to any party or for purposes of delay, nor will it result in such prejudice or delay.

WHEREFORE, Staff requests that the ALJ;

- A. set a status during the week of either August 29 or September 6 to discuss Staff's discovery concerns;
- B. enter an order compelling Woodlawn to provide responses to Staff Data Requests TEE 1.01 through 1.14, JF 1.01 through 1.08, and WRJ 1.03(2);
- C. grant such other and further relief as is equitable.

Respectfully submitted,



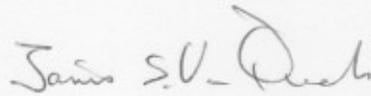
Janis Von Qualen
Staff Counsel

August 25, 2005

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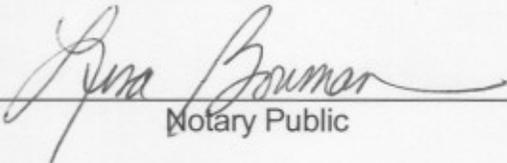
VERIFICATION

I, Janis E. Von Qualen, being first duly sworn, depose and state that I am an attorney for the Staff of the Illinois Commerce Commission; that I have read the foregoing Motion to Compel and know the contents thereof; and that the statements contained in the Motion are true, correct to the best of my knowledge, information and belief.



Janis E. Von Qualen
Illinois Commerce Commission

Subscribed and sworn to before me
this 25th day of August, 2005.



Notary Public

EXHIBIT A

TEE 1.01 through TEE 1.14

DATA REQUESTS

- TEE 1.01 The attached schedule labeled TEE 1.01 compares the Company's Operating Statement per books for the Test Year Ended December 2004 as presented on Schedule B attached to the Direct Testimony of Mitchell Berg with the operating revenues and expenses as reported on pages 17W, 18W(a), and 18W(b) of the Company's Form 22 ILCC, Annual Report for Water Utilities for the year ending December 31, 2004. Please reconcile all the differences between the two operating statements as listed in the third column on attached Schedule TEE 1.01.
- TEE 1.02 The attached schedule labeled TEE 1.02 compares the Company's Utility Plant balances as presented on Schedule D attached to the Direct Testimony of Mitchell Berg with the Utility Plant balances reported on page 18W of the Company's Form 22 ILCC, Annual Report for Water Utilities for the year ending December 31, 2004. Please reconcile all the differences between the utility plant balances as listed in the third column on attached Schedule TEE 1.02.
- TEE 1.03 Please provide copies of the Company's Income Tax returns for 2002, 2003, and 2004.
- TEE 1.04 Provide a copy of the Company's detailed General Ledger for the

years ending December 31, 2002, December 31, 2003 and
December 31, 2004.

- TEE 1.05 Provide support for the proposed capitol improvements detailed in the Direct Testimony of Mitchell Berg listed on page 3, lines 58 – 66. Such support should include but is not limited to invoices for all costs incurred to date, bids received for completion of the projects, signed contracts for the projects, estimated start and completion dates for the projects.
- TEE 1.06 Provide detail of the specific costs included as “Misc. fees” on page 3, line 64 of the Direct Testimony of Mitchell Berg.
- TEE 1.07 Provide support for the rate case expense referenced as adjustment (e) on Schedule B attached to the Direct Testimony of Mitchell Berg. Such support should include but is not limited to signed contracts and invoices received to date for the expense.
- TEE 1.08 Provide support for the 10% increase in expenses as referenced in adjustments (a), (c), and (g) on Schedule B attached to the Direct Testimony of Mitchell Berg.
- TEE 1.09 The Company provides an untitled schedule which shows Total Rate Base of \$51,552. Has the Company included the \$150,000 in capitol improvements referenced in Staff data request TEE 1.05 above in its proposed rate base in this filing? If not, please explain why not. If so, please provide a rate base Schedule including all components of rate base that the Company is proposing.

- TEE 1.10 The following comments refer to Schedule B attached to the Direct Testimony of Mitchell Berg. The Total Operating Expense line does not appear to include the Total General Expenses amounts in all columns. This error is carried forward in the Net Income totals in all columns. In addition, the amounts in the “Pro Forma Present” column for Purchased Power and Chemicals do not correctly include the amounts of “Pro Forma Adjustments”. These errors carry forward in the “Pro Forma Proposed” column. Please provide a corrected Schedule B.
- TEE 1.11 On page 5, lines 108 – 109, Mitchell Berg states that the Company currently uses a composite rate of 2% to calculate depreciation expense, however, the Company’s Schedule D.1 indicates a present rate of 7% for Meters. Please explain.
- TEE 1.12 The Company’s Form 21 ILCC’s indicate that the only plant additions since the last rate proceeding amount to \$2,130 added in 1999. Please provide supporting invoices for those plant additions. Also confirm that the Company’s only plant additions since the last rate proceeding are those referenced in this data request.
- TEE 1.13 In the Company’s last rate proceeding, the gross plant in service for the water utility was adjusted to \$93,550 and accumulated depreciation was adjusted to \$38,440. Did the Company make accounting adjustments to reflect those corrections? If not, please explain why not.

TEE 1.14 In the Company's last rate proceeding, Contributions in Aid of Construction were included in the amount of \$17,913 for the water utility. The Company does not reflect any Contributions in Aid of Construction on page 6F of its Form 22 ILCC for the year ending December 31, 2004. Please explain why.

EXHIBIT B

JF 1.01 through JF 1.08

DATA REQUESTS

- JF-1.01** Please reconcile the balances of “Common Stocks & Paid in Capital” and “Retained Earnings” shown on Schedule A, the Balance Sheet for Woodlawn Utilities, attached to the Direct Testimony of Mitchell Berg with the balances for the equity capital accounts on page 5F of the Company’s Form 22 ILCC Annual Report for Water Utilities for the year ending December 31, 2004.
- JF-1.02** Please reconcile the zero balance of Long-term Debt shown on Schedule A, the Balance Sheet for Woodlawn Utilities, attached to the Direct Testimony of Mitchell Berg with the \$50,064 balance for Total Long-term Debt on page 5F of the Company’s Form 22 ILCC Annual Report for Water Utilities for the year ending December 31, 2004.
- JF-1.03** The Company’s Balance Sheet on page 5F of the Company’s Form 22 ILCC Annual Report for Water Utilities for the year ending December 31, 2004 presents a \$49,689 balance for Advances from Associated Companies. Provide the following information relating to the indebtedness:
- a. Copies of all agreements entered into by the Company in connection with the indebtedness (e.g., loan agreement, security agreement);
 - b. Interest rate (or interest rate formula, if applicable);
 - c. Principal amount;
 - d. Face amount outstanding;
 - e. Unamortized discount or premium;
 - f. Unamortized debt expense;
 - g. Carrying value;
 - h. Annual amortization of discount or premium;
 - i. Annual interest expense;
 - j. Embedded cost of long-term debt; and
 - k. Docket number of the ICC Order that approved the repayment terms of the advance.

Include supporting documentation in your response.

- JF-1.04** The Company’s Balance Sheet on page 5F of the Company’s Form 22 ILCC Annual Report for Water Utilities for the year ending December 31,

2004 presents a \$375 balance for Long-term Debt. Provide the following information relating to the indebtedness:

- a. Copies of all agreements entered into by the Company in connection with the indebtedness (e.g., loan agreement, security agreement);
- b. Interest rate (or interest rate formula, if applicable);
- c. Principal amount;
- d. Face amount outstanding;
- e. Unamortized discount or premium;
- f. Unamortized debt expense;
- g. Carrying value;
- h. Annual amortization of discount or premium;
- i. Annual interest expense;
- j. Embedded cost of long-term debt; and
- k. Docket number of the ICC Order that approved the indebtedness.

Include supporting documentation in your response.

- JF-1.05** Please provide a summary of the Company's weighted average cost of capital on December 31, 2004, including the following items:
- a. Description of each capital component (e.g., debt, equity);
 - b. Cost of each capital component (i.e., embedded cost of debt and current rate of return on common equity);
 - c. Proportion of each capital component relative to total capitalization;
 - d. Weighted cost of each capital component (i.e., item (b) × item (c)); and
 - e. Weighted-average cost of capital (i.e., sum of item (d) for all capital components).

- JF-1.06** Does the Company intend to issue new common or preferred equity on or before December 31, 2005? If so, provide the expected issuance date, the amount and the purpose of the proceeds from the sale of new equity capital.

- JF-1.07** Does the Company currently have any outstanding short-term indebtedness as of July 1, 2005? (Note: Do not include long-term debt due within one year.) If so, please provide the following information relating to the short-term indebtedness:
- a. Lenders;
 - b. Amount outstanding on July 1, 2005; and
 - c. Interest rate (or interest rate formula, if applicable).

Include supporting documentation in your response.

JF-1.08 The cover letter attached to request for a rate increase states that the various financial exhibits show data for the test year ended 2005, but Schedule B attached to the Direct Testimony of Mitchell Berg presents the Company's Operating Statement for the Test Year Ended December 2004. Does the Company intend to use 2004 or 2005 as the test year in this proceeding?

EXHIBIT C

WRJ 1.03(2)

WRJ 1.03 Mr. Berg discusses capitol improvements, on page 3 of his direct testimony, and lists the items and their cost. Please answer the following with respect to the capitol improvements:

1. Explain why the capitol improvements are needed and how they will improve the current system.
2. List the Illinois Environmental Protection Agency rules which make the investments necessary.
3. Explain which Commission rules under Part 600 the Company is intending to comply with.
4. Please explain what additional security the Company is adding to the water system.
5. Indicate if the capitol improvements are a result of customer complaints. If so, provide details concerning all complaints which are related to a need for the capitol improvements.