

REBUTTAL TESTIMONY
OF
SHEENA KIGHT

FINANCE DEPARTMENT
FINANCIAL ANALYSIS DIVISION
ILLINOIS COMMERCE COMMISSION

WOODLAWN UTILITES CORPORATION

DOCKET NO. 05-0345

JUNE 15, 2006

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

2 A. My name is Sheena Kight. My business address is 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

4 **Q. Are you the same Sheena Kight who previously testified in this**
5 **proceeding?**

6 A. Yes, I am.

7 **Q. Please describe the purpose of your testimony.**

8 A. The purpose of my rebuttal testimony is to comment on the rebuttal
9 testimony of Applicants' witness Mr. Mitchell Berg, who testified on behalf of
10 Woodlawn Utilities Corporation ("Woodlawn"). (Applicants' Exhibit. No. 2.0)

11 **Q. Please evaluate Mr. Berg's rebuttal testimony.**

12 A. Mr. Berg's rebuttal testimony contained information or analysis that changes
13 my opinion regarding the financial capability of Woodlawn to operate and
14 maintain a water supply and distribution system ("Water System") for
15 Sheridan Grove Subdivision ("Subdivision").

16 **Q. How did Woodlawn address the concerns you presented in your Direct**
17 **Testimony?**

18 A. Mr. Berg filed an amendment to the terms of the Agreement with Nordic
19 Investment Corporation (“Nordic”). The amendment alters the formula for
20 determining Woodlawn’s annual installment payment to Nordic from 50% of
21 gross revenue to 90% of net income. That change in the Agreement would
22 ensure that Woodlawn’s payment to Nordic is not greater than its earnings.

23 **Q. Woodlawn forecasted negative net income in the first year of**
24 **operations.¹ Will the loss on net income in the first year impede**
25 **Woodlawn’s financial ability to operate and maintain the Water system**
26 **for the Subdivision?**

27 A. No. The Applicants forecasted a net loss of \$11,214. Depreciation
28 constitutes \$8,091 of that loss. Since depreciation is a non-cash expense,
29 Woodlawn’s cash shortfall is forecasted to be \$3,123. Woodlawn has
30 opened a money market account with \$5,000 at Alpine Bank to be used
31 exclusively for the purpose of covering any cash shortfalls arising from the
32 operation of the Water System for the Subdivision, which is attached as
33 Exhibit A.²

34 **Q. What is your recommendation?**

35 A. I recommended the Commission find that Woodlawn is capable of financing
36 the proposed Water System without significant adverse financial

¹ Company Revised Rebuttal Testimony, Exhibit 2.0R, Schedule 2.2.

² Company Response to data request SK 2-01.

37 consequences for the utility or its customers, as required by Section
38 8-406(b)(3) of the Public Utilities Act.

39 **Q. Does this conclude your rebuttal testimony?**

40 **A.** Yes, it does.

DATA REQUEST

SK 2-01 Please provide support showing the financial ability of Woodlawn utilities
And its investors to open an account with \$5,000 to cover expected cash
Shortfalls associated with Sheridan Grove's first years of operations.

RESPONSE

Woodlawn Utilities and its investors have opened an account on 5/16/06
with Alpine Bank. As of 5/24/06 the account balance was \$5,000.
Enclosed is a copy of the account as of 5/24/06. The money in this account
Will be used exclusively to cover cash shortfalls expected in Sheridan
Grove's first years of operations.

DEPOSIT SYSTEM TRANSACTION INQUIRY TRACE TRANSACTION

ACCOUNT: 0050037530 INQUIRY: 210 SEARCH:

NAME: WOODLAWN UTILITIES CORPO MONEY MARKET ACCOUNT

LEDGER BALANCE: 2,600.00

LAST STMT BALANCE: .00

CURRENT BALANCE: 5,000.00

AVAILABLE BALANCE: 5,000.00

REL AVAIL BALANCE: .00

DATE	TRAN	AMOUNT	SERIAL DESCRIPTION	SRC	CONTROL
		*** 00-00-00 BALANCE:		0.00	***
5-17-06	750	2,600.00	DEPOSIT	770	000003161657280
		*** 05-17-06 BALANCE:		2,600.00	***

12:04:31 05/24/06

PAGE 001 - LAST PAGE