

**ILLINOIS-AMERICAN WATER COMPANY**

**IAWC EXHIBIT 1.0**

**DIRECT TESTIMONY**

**OF**

**FREDERICK L. RUCKMAN**

**(Docket 05-0681/06-0094/06-0095 (consol.))**

## TABLE OF CONTENTS

	Page
I. WITNESS IDENTIFICATION AND BACKGROUND .....	1
II. PURPOSE OF TESTIMONY.....	1
III. BACKGROUND .....	6
IAWC'S CHICAGO METRO SYSTEM.....	6
LAKE WATER SERVICE IN HOMER GLEN.....	9
HOMER GLEN COMPLAINTS IN 2005.....	12
THE HOMER GLEN AND ATTORNEY GENERAL COMPLAINTS .....	18
IV. RESPONSE TO DIRECT TESTIMONY OF SCOTT RUBIN .....	23
DATA QUALITY AND AVAILABILITY.....	23
BACK BILLING .....	26
ESTIMATED BILLS.....	34
CONSECUTIVE ZERO BILLS .....	39
OTHER BILLING ISSUES .....	41
FIRE HYDRANTS .....	42
V. RESPONSE TO HOMER GLEN WITNESSES .....	46
WATER AND SEWER TASK FORCE.....	46
HOMER GLEN CUSTOMER COMPLAINTS & HIGH BILLS.....	49
CUSTOMER SERVICE .....	52
WATER RESTRICTIONS .....	55
MS. NIEMIEC'S RECOMMENDATIONS .....	55
VI. RESPONSE TO WITNESS FINNEGAN .....	57
VII. RESPONSE TO WITNESS JILET.....	61
VIII. RESPONSE TO WITNESS LITOBORSKI.....	63

1  
2 **DIRECT TESTIMONY**

3 **OF**

4 **FREDERICK L. RUCKMAN**

5 **I. WITNESS IDENTIFICATION AND BACKGROUND**

6 **Q1. Please state your name and business address.**

7 A. My name is Frederick L. Ruckman. My business address is Illinois-American Water  
8 Company, 100 N. Water Works Drive, P.O. Box 24040, Belleville, Illinois 62223-9040.

9 **Q2. By whom are you employed?**

10 A. Illinois-American Water Company ("IAWC" or the "Company").

11 **Q3. What is your position with IAWC?**

12 A. General Manager-Network.

13 **Q4. Please discuss your educational and business background.**

14 A. I earned a Bachelor of Science degree, with a major in accounting, from Eastern Illinois  
15 University in 1971. I was employed by Northern Illinois Water Corporation ("NIWC")  
16 beginning April 1972 as a staff accountant. In April 1980, I was promoted to  
17 Comptroller and elected Secretary. In 1994, I was elected to NIWC's Board of Directors  
18 and, in 1996, I was promoted to Vice President. On January 1, 2000, I became Vice  
19 President and Treasurer of IAWC. I assumed my current position on July 1, 2004.

20 **II. PURPOSE OF TESTIMONY**

21 **Q5. What is the purpose of your testimony?**

22 A. My direct testimony will discuss the issues raised by the complaints filed by the Office of  
23 the Attorney General of the State of Illinois ("Attorney General") and the Village of  
24 Homer Glen ("Homer Glen") with the Illinois Commerce Commission ("Commission")

25 in Docket Nos. 06-0094, 06-0095 and 05-0681 (consol.). In particular, my testimony will  
26 address certain of the issues raised in Direct Testimony of Scott J. Rubin, the Attorney  
27 General and Homer Glen's joint witness. Issues raised by Mr. Rubin regarding the  
28 American Water Works Company, Inc. ("American Water") Customer Service Center  
29 ("CSC") will be addressed by Karen Cooper (IAWC Exhibit 2.0). Jay Zerbe (IAWC  
30 Exhibit 3.0) will provide a review of American Water's billing system. I will also address  
31 the testimony of Homer Glen Witnesses Mary Niemiec, Deborah Finnegan, Jim Jilet, and  
32 Debbie Litoborski.

33 **Q6. What is your general response to the issues raised in the testimony offered by the**  
34 **Homer Glen and the Attorney General?**

35 A. Many of the issues raised in the testimony of Mr. Rubin and the Homer Glen witnesses  
36 stem from events that took place in IAWC's Chicago Metro District ("Chicago Metro  
37 District" or "Chicago Metro"), and in particular in Homer Glen, during the summer and  
38 fall of 2005. These events reflect an unusual set of problems that occurred in Chicago  
39 Metro and were exacerbated by the severe drought experienced in 2005. As such, these  
40 problems are limited in scope. Moreover, IAWC moved aggressively to address these  
41 problems. IAWC believes that its forthright response to these problems demonstrates its  
42 commitment to maintaining the highest levels of customer service.

43 **Q7. What allegations are raised by Mr. Rubin in his testimony?**

- 44 A. Mr. Rubin's allegations concern:
- 45 1. The quality and accuracy of billing and metering data.
  - 46 2. "Make up" bills.
  - 47 3. IAWC's procedures for estimating bills.

- 48 4. Bills that are issued with zero consumption.
- 49 5. Bills with "negative" consumption.
- 50 6. Disclosure on bills of the per-unit charge purchased water charge.
- 51 7. Operation, maintenance, and testing of IAWC's fire hydrants and related facilities.

52 **Q8. Please discuss the validity of Mr. Rubin's allegations.**

53 A. I strongly disagree with Mr. Rubin's position there are "system-wide" problems with  
54 regard to data quality, service, or billing accuracy. Mr. Rubin takes a small sample of  
55 accounts, identifies a small number of problems resulting from a unique situation, and  
56 then, without any basis, extrapolates from that small sample to reach the conclusion that  
57 there are system-wide data quality issues. As my testimony will show, his concerns  
58 regarding the quality and accuracy of billing and metering data, IAWC's procedures for  
59 estimating bills, bills with zero and negative consumption, and operation, maintenance,  
60 and testing of IAWC's fire hydrants and related facilities are unfounded. To the extent a  
61 problem arose with "back billing" in Chicago Metro in 2005, that problem was not the  
62 result of billing system errors, but rather, a combination of unique circumstances in  
63 Chicago Metro, including among other things a program to exchange water meters. The  
64 Company has moved to address the problems that arose in that situation.

65 **Q9. Please discuss the steps that the Company has taken in connection with the meter  
66 exchange program.**

67 A. In connection with the Chicago Metro District meter exchange program, the Company  
68 may have issued bills for previously unbilled service (commonly called "back bills" or  
69 "make up bills") for more than the twelve months permitted by Commission rules to  
70 certain residential customers. The bills in question were issued to customers who had

71 odometer style meters that are being replaced in Chicago Metro. As I will discuss later in  
72 my testimony, IAWC conducted an audit of these potential back bills to determine  
73 whether incorrect billing occurred. To ensure that no residential customer receives a  
74 back bill for a period in excess of twelve months, IAWC stopped issuing back bills in  
75 Chicago Metro in September, 2005 for unbilled service related to the exchange of  
76 odometer-style meters. IAWC will also issue a full credit (with interest) on or before  
77 October 1, 2006 to all customers in Chicago Metro who received a back bill related to an  
78 odometer meter exchange.

79 **Q10. Will the Company take any other action related to matters addressed by**  
80 **Mr. Rubin?**

81 A. Prior to receiving Mr. Rubin's testimony, the Company had decided to revise its bill  
82 format. This initiative is one of the actions resulting from a series of customer workshops  
83 the Company held in May for customers in our Chicago Metro District. The Company  
84 will be revising the organization of the line items and the explanation of the "Supply  
85 Charge" for bills issued in Chicago Metro. The Company plans to show the base  
86 volumetric rate for the "Supply Charge" (which reflects the Purchased Water Surcharge  
87 applied to Chicago Metro customers for their use of Lake Michigan water), either on the  
88 bill or through a bill insert or letter, and will investigate how the bills might better show  
89 the customer the time period the bill covers when there is a reading following more than  
90 one consecutive estimate or there is a back bill. IAWC will provide further information  
91 on this as it becomes available, and will submit any proposed bill format changes to the  
92 Commission for approval.

93 **Q11. Mr. Rubin also makes certain recommendations regarding an audit of IAWC's**  
94 **practices. What is your general response?**

95 A. The audit Mr. Rubin seeks is not necessary. Mr. Rubin claims erroneously that the  
96 Company's billing system is inadequate. That is simply wrong, and no audit is necessary.  
97 The problems Mr. Rubin bases his claims on primarily relate to IAWC's Chicago Metro  
98 District, and are not related to the billing system. Moreover, much of his analysis is  
99 unsupported extrapolation from a small set of data to IAWC as a whole. As I mentioned  
100 above, IAWC has moved aggressively to address any actual problems with its customer  
101 service. Therefore, a full audit of IAWC's billing and service procedures is not  
102 necessary.

103 **Q12. What is your general response to the testimony of Homer Glen Witness Mary**  
104 **Niemiec?**

105 A. To the extent that Ms. Niemiec raises valid concerns, IAWC has already taken  
106 appropriate steps. The Company has already audited all customers in the Chicago Metro  
107 District who received back bills following odometer-style meter exchanges, and will  
108 issue billing credits to those customers (with interest) for any back-billed amounts.  
109 IAWC is also completing an audit of water usage in Homer Glen to address concerns  
110 about unaccounted for water, and IAWC has addressed Ms. Niemiec's concerns about  
111 notification of water use restrictions in summer months. In addition, IAWC will prepare  
112 a customer information booklet to send to customers, making available information on  
113 payment plans and dispute procedures. Contrary to the assertion of Ms. Niemiec, the  
114 Company has not engaged in any pattern of harassing customers. Therefore, I do not  
115 agree with her recommendation for fines or penalties.

116 **Q13. Homer Glen also presents three customer witnesses. What is your general response**  
117 **to their concerns?**

118 A. The complaints and concerns of the three Homer Glen customer witnesses have been  
119 resolved, and these customers have no outstanding balances or disputes with IAWC.

120 **III. BACKGROUND**

121 **IAWC'S CHICAGO METRO SYSTEM**

122 **Q14. Please describe IAWC.**

123 A. IAWC, a corporation duly organized and existing under Illinois law, is a public utility  
124 within the meaning of the Illinois Public Utilities Act (the "Act"). IAWC is a wholly-  
125 owned subsidiary of American Water. IAWC is also the largest privately owned water  
126 utility in Illinois. We have 394 employees, and our principal office is located in  
127 Belleville. At present, IAWC provides service to approximately 281,000 water and  
128 31,000 wastewater customers in all areas of the state. In southern Illinois, for example,  
129 we serve Cairo, East St. Louis, Belleville, Granite City and Alton. In central Illinois we  
130 serve Lincoln, Pekin, Peoria, Champaign-Urbana, Pontiac and Streator. In northern  
131 Illinois, we serve parts of the southwest suburbs of Chicago, along with Sterling.

132 **Q15. Which service area is Homer Glen located in?**

133 A. Homer Glen is located in IAWC's Chicago Metro District.

134 **Q16. Please describe IAWC's service in Homer Glen.**

135 A. The Homer Glen service area, known operationally/historically as Derby Meadows and  
136 Chickasaw, serves about 7,000 metered water customers and a similar number of sewer  
137 customers in the Village of Homer Glen, Orland Township and portions of  
138 unincorporated Lemont and Lockport. The area is served with Lake Michigan Water by

139 the east leg of the American Lake Water Company ("ALWC") pipeline. ALWC  
140 purchases its water from Bedford Park, who in turn purchases water from the City of  
141 Chicago. Wastewater is collected and treated at three waste treatment plants referred to  
142 as Chickasaw, Derby Meadows and Oak Valley. This service district, in concert with all  
143 other Chicago Metro service areas, is operated, managed and locally serviced from  
144 Chicago Metro's Woodridge office.

145 **Q17. The Complaints in these cases raise a number of issues relating to IAWC's Chicago**  
146 **Metro service areas. Has IAWC always owned the water facilities in those areas?**

147 A. No. IAWC acquired the water and wastewater facilities that make up its Chicago Metro  
148 District—an area that consists of portions of Cook, DuPage, Will, Kendall, Grundy, Kane  
149 and McHenry Counties—when IAWC acquired the assets of Citizens Utilities Company  
150 of Illinois ("Citizens") on January 15, 2002, pursuant to the Order of the Illinois  
151 Commerce Commission in Docket No. 00-0476.

152 **Q18. Describe the condition of the water facilities in the Chicago Metro District when**  
153 **IAWC acquired those facilities.**

154 A. Although Citizen's facilities were in generally good condition, Citizens' meter  
155 infrastructure was outdated, and its meter change program was well behind schedule.  
156 Valve and hydrant testing practices were also not fully compliant with Commission  
157 Rules. Accordingly, IAWC initiated capital programs in 2003 designed to accelerate  
158 meter change-outs and improve valve and hydrant testing. For example, IAWC replaced  
159 all meters that are 2" and larger, and IAWC is in the process of replacing all of the  
160 odometer-style meters in this area with radio-read meters.

161 **Q19. Can you describe in more detail the meter infrastructure in Chicago Metro at the**  
162 **time of IAWC's acquisition of Citizens?**

163 A. Many of the meters Citizens used employed "pulse" reading devices (known as odometer  
164 devices) that can under-register the amount of water being used by the customer.  
165 Odometer-style meters included a meter inside a customer's residence and an odometer  
166 reading device outside the customer's residence. The inside meter sends a pulse to the  
167 odometer device as water was used, allowing the outside odometer device to display the  
168 meter reading and therefore eliminating the need for a meter reader to enter a residence  
169 and read the inside meter. However, in some cases, the external odometer device did not  
170 function properly, and the outside odometer device would under-register the amount of  
171 water flowing through the meter. As a result, some customers' meters could reflect  
172 higher readings than the outside odometer device. This odometer device technology is  
173 still used by some water providers, but does not exist anywhere in IAWC's service  
174 territories other than in Chicago Metro.

175 **Q20. Did IAWC undertake a program to replace odometer-type meters in Chicago**  
176 **Metro?**

177 A. Yes. Commencing in 2003, IAWC began installing state-of-the-art Automatic Meter  
178 Reading systems (also known as radio-read systems) throughout the Chicago Metro  
179 District, including Homer Glen. This system sends actual meter readings from the inside  
180 meter via radio signals to the meter reader. As a result, this system is very accurate. As  
181 these meters are installed, the percentage of estimated reads has declined because meter  
182 readers now have both (i) fewer problems with indoor meter access and (ii) a more  
183 efficient way of gathering actual reads over a large geographic area.

184 In fact, IAWC is moving to adopt these radio read meters ahead of much of the  
185 water utility industry, which is further evidence of IAWC's commitment to providing  
186 high quality customer service. I would also note that this same radio-read system is being  
187 installed in many municipal water systems throughout Illinois, including Hoffman Estates,  
188 Matteson, Mokena, Oak Park, Woodstock, Bloomington, Moline, Elmhurst, Park Ridge,  
189 and Rock Falls.

190 **Q21. When will IAWC complete the replacement of meters in the Chicago Metro**  
191 **District?**

192 A. The program will be complete in 2010. The Chicago Metro district had a significant  
193 backlog of length-of-service meter change-outs due at the time IAWC purchased Citizens  
194 in early 2002. At the beginning of 2003—just one year after the acquisition—IAWC  
195 estimated that approximately 19,400 accounts (45-50% of the customer base) had meters  
196 that had not been tested consistent with Commission timelines. IAWC has replaced  
197 approximately 16,700 meters in Chicago Metro, leaving about 15,700 meters as of March  
198 2006 (additional meters having come due for testing since 2003). By employing an  
199 outside contractor and working evenings and weekends, IAWC has accelerated the meter  
200 replacement process.

201 **LAKE WATER SERVICE IN HOMER GLEN**

202 **Q22. Where does the water provided to customers in Homer Glen come from?**

203 A. The water source is Lake Michigan.

204 **Q23. Describe the circumstances surrounding Homer Glen's decision to use water from**  
205 **Lake Michigan.**

206 A. Water for Homer Township was initially obtained from wells. However, in the early  
207 1990's, Homer Township's public leaders and Citizens recognized that the groundwater  
208 supply to this fast-growing area might not be adequate to meet future needs. In addition,  
209 the shallow-well source of water was high in iron and hardness, and water quality was  
210 poor. Along those lines, customers frequently complained of rusty water ruining their  
211 clothes, and many customers had to buy or rent water softeners at a cost often in excess  
212 of \$20 a month.

213 In 1994, Citizens polled community leaders and their customers, asking if they  
214 preferred that Citizens continue with the current source of supply, or switch to Lake  
215 Michigan water for an additional cost. In response to the poll, 92.5% of the customers in  
216 Homer Township who responded indicated that they preferred to switch to Lake  
217 Michigan water. Current Homer Glen Mayor Russ Petrizzo, then a trustee of Homer  
218 Township, signed a resolution (attached as IAWC Exhibit 1.01 hereto) requesting that the  
219 Commission certify Citizens (through an affiliated entity, Citizens Lake Water Company  
220 ("CLWC")) to provide Lake Michigan water throughout any and all of Homer Township  
221 that was not served by another investor-owned or municipal utility.

222 Accordingly, CLWC built an 18-mile pipeline to bring Lake Michigan water to  
223 Homer Glen and other Chicago Metro service areas. The pipeline, which was placed in  
224 service in March 2001, cost CLWC more than \$45 million. Significant additional  
225 investment in the existing utility infrastructure was also required in order to receive water  
226 from the pipeline.

227 **Q24. Has the Commission approved the charges for lake water brought to Homer Glen?**

228 A. Yes. In consolidated Dockets 96-0200 and 96-0240, the Commission approved  
229 purchased water agreements under which Citizens would purchase water from CLWC  
230 and provide it to customers. In 2002, at the time that IAWC acquired the assets of  
231 Citizens, American Water acquired CLWC, which was renamed American Lake Water  
232 Company ("ALWC"). In the Order in Docket 00-0476, which approved IAWC's  
233 acquisition of Citizens, the Commission approved IAWC's assumption of Citizens'  
234 position under the purchased water agreements with ALWC. The Commission recently  
235 re-approved the purchased water agreements in Docket 04-0594. The cost of Lake  
236 Michigan Water purchased by IAWC from ALWC is passed through dollar-for-dollar to  
237 Homer Glen customers in a Purchased Water Rider ("Rider"). The terms of the Rider are  
238 set forth in the tariffs of the Chicago Metro District, and are consistent with the  
239 provisions of 83 Illinois Administrative Code, Section 655. Under the Rider, the cost of  
240 purchased water is strictly a pass-through cost, which IAWC does not mark up, and  
241 IAWC is required to file an annual reconciliation of the Rider with the Commission.  
242 Lake Michigan water, which must be transported through the pipeline owned and  
243 operated by ALWC, is a relatively expensive source as compared to the well supply used  
244 for the Homer Glen area prior to completion of the pipeline.

245 **Q25. Do customers receive a benefit from using Lake Michigan water?**

246 A. Yes, they receive a substantial benefit. Not only is lake water a more reliable long-term  
247 source of supply for communities, it is very high quality as well. As such, customers no  
248 longer need to incur the expense associated with water softeners.

249 **Q26. Aside from the Rider, are there other factors that affected the cost of water in**  
250 **Chicago Metro?**

251 A. Yes. From 1995 to January of 2002-when IAWC acquired the assets of Citizens-Citizens  
252 did not adjust its rates. In the meantime, however, Citizens' investment in its utility plant  
253 had more than doubled. IAWC filed for the rate increase after the acquisition, and in  
254 August 2003 the Commission approved a 40% increase in rates—an increase which  
255 impacted all customers in the Chicago Metro District.

256 **HOMER GLEN COMPLAINTS IN 2005**

257 **Q27. Can you describe the events that led to the filing of the Complaints in this case?**

258 A. The Complaints in this case were filed following an increase in complaints about high  
259 water bills and spikes in water usage in Homer Glen in the summer and fall of 2005.

260 **Q28. How does IAWC's experience with customer complaints compare to other utilities?**

261 A. Very well. According to records of utility complaints compiled by the Commission's  
262 Consumer Service Division, IAWC historically had fewer complaints per 10,000  
263 customers than most other Illinois public utilities, and has always had fewer complaints  
264 than other large Illinois water utilities. In 2004, the first full year following the 2003 rate  
265 increase, only 107 customers from throughout Illinois filed informal complaints with the  
266 Commission that were forwarded to the Company. These complaints came from more  
267 than two million bills issued during 2004. The low level of complaints in 2004 is  
268 noteworthy in that, although the 2003 rate increase was in effect, the level was unaffected  
269 by drought conditions or the meter exchange program in Homer Glen.

270 **Q29. Did the level of complaints in 2004 continue at a constant rate into 2005?**

271 A. No. In 2005, IAWC's level of customer complaints to the Commission nearly tripled,  
272 increasing from 107 to 310. That said, the vast majority of the 2005 complaints were  
273 isolated in the Chicago Metro District—and Homer Glen in particular. Specifically, of  
274 the 310 complaints just mentioned, 189 (61%) came from the 2.7% of customers who live  
275 in Homer Township. In other words, Homer Glen customers filed about 26 complaints  
276 per 1,000 customers. By contrast, other customers in the Chicago Metro District filed  
277 only 1.4 complaints per 1,000 customers, and customers throughout the remainder of  
278 Illinois filed only 0.3 complaints per 1,000 customers. The increase in complaints also  
279 came primarily in the late summer and fall of 2005, with the majority of complaints for  
280 IAWC for all 2005 concentrated in Chicago Metro in the late summer and fall. Thus, the  
281 increase of complaints in Homer Glen represented an unusual situation. Nevertheless,  
282 IAWC still had the fewest complaints of any large water company in Illinois.

283 **Q30. What were the principal issues being raised by the Homer Glen customers?**

284 A. Many of the Homer Glen customers complained of unexpected "spikes" in their water  
285 bills, sometimes following meter change-outs. Others complained of excessively high  
286 bills that they did not believe could have been correct. As the summer of 2005  
287 progressed, the number of complaints escalated and reports in the news grew more  
288 frequent and critical of IAWC. Indeed, the Village of Homer Glen itself actively  
289 encouraged customers to file complaints with the Commission.

290 **Q31. Is there an explanation for the increased water bills experienced in the summer of**  
291 **2005?**

292 A. Yes. Much of Illinois, and particularly southwest suburban Chicago, where Homer Glen  
293 is located, was experiencing a severe drought in 2005. According to the Illinois State  
294 Water Survey's website, the area experienced its second worst drought in the past 111  
295 years during the summer of 2005. As a result, customers in Homer Glen experienced the  
296 higher water rates discussed above and the cost of lake water in a drought situation for  
297 the first time since they switched to Lake Michigan water—which, as described above, is  
298 more expensive than groundwater. Predictably, the drought caused an increase in Lake  
299 Michigan water usage, which resulted in higher bills for many Homer Glen customers.  
300 Two factors, the cost of water and increased customer water usage, created higher bills  
301 for many Homer Glen customers.

302 **Q32. The complaints alleged that some "spikes" in water bills occurred after meter**  
303 **change-outs. Please comment.**

304 A. As I mentioned earlier, many of the meters Citizens used employed remote reading  
305 devices (known as odometer devices) that can under-register the amount of water being  
306 used by the customer. IAWC hired a contractor, Water Services Company, to implement  
307 a meter change-out program designed to convert these odometer-style meters to the radio  
308 read system described above. In conjunction with the meter change-out program, IAWC  
309 determined that some of the odometer-style remote readers—which were expected to  
310 produce a parallel reading of the inside meter and allow meter readers to obtain readings  
311 without entering the customer's facility—had been under-registering. This meant that the  
312 customer's actual usage—as reflected on the inside meter, was not correctly transferred to

313 the remote reader which meter readers read for billing. In all instances where there was a  
314 difference, the water usage reflected on the actual meter was greater than the usage  
315 reflected on the odometer device. Water Services Company reported the under-  
316 registration to IAWC, providing the Company with the actual level of water usage as  
317 recorded on the (inside) meter. IAWC, in turn, input that information into the billing  
318 system, which issued bills to the customers for the actual amount of their usage. The  
319 drought conditions in the Homer Glen area may have exacerbated the effect of under-  
320 registration, as the customer used more water due to the drought.

321 **Q33. Did the readings taken from the inside meter represent water the customer actually**  
322 **used?**

323 A. Yes. The inside meter readings taken at the time of the meter change out reflected the  
324 amount of water that the customer actually used. As described above, this amount was  
325 not being transmitted accurately to the odometer device, and as a result customers were  
326 not being billed for all the water they were using. IAWC issued bills for this previously  
327 unbilled water usage detected during meter change outs.

328 **Q34. Is the issuance of such bills permitted under rules of the Commission?**

329 A. Yes. Section 280.100 of the Commission's rules permit a utility to issue a bill for  
330 residential utility service rendered within the previous twelve months.

331 **Q35. How did IAWC ultimately resolve these "spikes" in water bills caused by meter**  
332 **change-outs?**

333 A. IAWC eventually determined that, in certain cases, the under-registration reported by  
334 Water Services Company may have related to customer usage during a period more than  
335 twelve months prior to the meter reading, which is inconsistent with the Company's

336 billing guidelines and the applicable Commission rule. Therefore, as of September 2005,  
337 the Company discontinued the practice of billing customers included in the meter change  
338 out program for past unbilled water use detected at the time of the meter change. In  
339 addition, the company initiated an audit, attached as IAWC Exhibit 1.02 hereto, to  
340 identify all customers in Chicago Metro who may have received a bill for previously  
341 unbilled service following a meter change. Customers identified in the audit will receive  
342 credits on or before October 1, 2006 for amounts billed for prior unbilled service in  
343 connection with the meter change-out program (with interest).

344 **Q36. Can you explain the audit mentioned above in more detail?**

345 A. IAWC used the following criteria in selecting customers for the audit: (1) the account had  
346 an odometer-style remote reading device at the time of a meter exchange that took place  
347 from 2003 to the present; (2) there was an identified difference between the remote  
348 odometer reading and the actual reading taken from the meter at the time the meter was  
349 exchanged; and (3) the customer was billed from the reading taken from the meter.  
350 Using these criteria, IAWC reviewed data on over 10,000 Chicago Metro meter  
351 exchanges and identified 474 accounts that required review. These accounts were further  
352 audited to confirm: (i) whether the meter had been visually read in the 12 months  
353 previous to the exchange; (ii) if any usage could reasonably have occurred prior to the  
354 twelve-month allowed timeframe for unbilled service; (iii) whether the account had  
355 already been adjusted and credited for any back billed usage; and (iv) if the customer had  
356 in fact been billed from inside meter when there was a discrepancy. At the conclusion of  
357 the audit, IAWC found that 335 accounts needed to receive a credit. To ensure that no  
358 residential customers pay for service rendered more than 12 months earlier, IAWC will

359 credit these customers' accounts for the amount of any back billing (not just back billing  
360 beyond 12 months), with interest through the date of the credit, on or before October 1,  
361 2006, and the customers should see the credit on the next bill they receive thereafter. To  
362 avoid any possibility that any additional residential customers would be billed for service  
363 rendered more than 12 months earlier, in September, 2005 the Chicago Metro District  
364 also discontinued the practice of billing for unbilled residential service detected as a  
365 result of a meter change.

366 IAWC found that the amount of the discrepancy between inside and outside  
367 meters was generally small: over 80% of the accounts identified as needing a credit had  
368 discrepancies of 5 units (5,000 gallons) or less. In fact, ten customers represented the  
369 vast majority of the discrepancies by volume.

370 For the remaining accounts in addition to the 335 who will receive a credit, these  
371 accounts either: (a) had a credit already made in response to a customer complaint; (b)  
372 had a final billing made from the odometer reading and not the meter reading, even  
373 though the inside meter reading was greater; (c) had final inside and outside readings that  
374 matched; or (d) were duplicate entries in the original audit list.

375 **Q37. Has the level of complaints from Homer Glen declined since the fall of 2005?**

376 A. Yes. Since the fall of 2005, complaints from Homer Glen have returned to a more typical  
377 level. In fact, for 2006, the number of complaints to the Commission's Consumer  
378 Services Division in both Chicago Metro as a whole and Homer Glen is trending lower  
379 than in 2005 and 2004, based on the number of complaints received through July of each  
380 year. In Homer Glen, the number of 2006 complaints for May, June and July is a small  
381 fraction of the 2005 level.

382 **THE HOMER GLEN AND ATTORNEY GENERAL COMPLAINTS**

383 **Q38. The Attorney General and Homer Glen filed their Complaints in early February,**  
384 **2006. How do the Complaints relate to the events in Homer Glen in 2005?**

385 A. Many of the issues raised in the Complaints – high bills, "spiking," backbilling – relate to  
386 the concerns raised by Homer Glen residents in 2005.

387 **Q39. How would you characterize the Company's response to the issues raised by Homer**  
388 **Glen and the Attorney General in their complaints?**

389 A. Where the Company has identified problems, it has taken an aggressive approach to  
390 resolve those problems. In May, 2006, the Company prepared a Performance Report,  
391 included as IAWC Exhibit 1.03 hereto, which describes in detail the steps the Company  
392 is taking to address concerns raised in Homer Glen and elsewhere in Illinois about  
393 IAWC's service. In many cases, as the Performance Report shows, the Company was  
394 addressing these concerns before the Complaints in this case were filed. The  
395 Performance Report provides an excellent guide to the Company's efforts to proactively  
396 address customer concerns as soon as they arise.

397 **Q40. Do the Complaints raise other issues besides spikes in bills?**

398 A. Yes. I will address some of those issues here, and others in my response to Mr. Rubin  
399 and the Homer Glen Witnesses.

400 **Q41. Please comment on the allegations in the Complaints about poor customer service.**

401 A. Higher call volumes in 2005 led to a lengthened waiting period before calls were  
402 answered by the CSC. The CSC has taken a number of steps to address these issues, as  
403 described in more detail in the testimony of Karen Cooper (IAWC Ex. 2.0). To the  
404 extent customer service concerns were the result of actions by IAWC customer service

405 personnel, IAWC took steps to immediately address such concerns. Also, as Ms. Cooper  
406 discusses, the CSC established a specialty desk to handle inquiries from Chicago Metro  
407 customers. In addition, a new Customer Advocacy Supervisor position will soon be  
408 added to the Chicago Metro district staff to assume high level customer service  
409 responsibilities for all the Chicago Metro service areas.

410 **Q42. The Complaints in this case have alleged that IAWC is improperly charging**  
411 **customers for unaccounted-for water in Homer Glen. Please discuss this allegation.**

412 A. "Unaccounted-for water," or more appropriately "non-revenue water" ("NRW") includes  
413 any water usage that is unmetered, including use for such things as fire protection, fire  
414 hydrant testing, main flushing, and street cleaning—all of which benefit the community  
415 as a whole—as well as water lost through construction activities, theft, and leakage  
416 within the system. According to the American Water Works Association ("AWWA"),  
417 ten to twenty percent NRW is the range within the industry, depending on the age and  
418 condition of the system (see IAWC Exhibit 1.04).

419 **Q43. Mr. Rubin has used a figure for the amount of NRW in Homer Township of 18%**  
420 **per year, and has criticized that figure as being too high. Can you explain how**  
421 **NRW for Homer Glen is calculated?**

422 A. First, it is important to explain what the 18% NRW represents. It is the percentage of  
423 water purchased that was not sold. Every system has NRW, and in varying quantities.  
424 IAWC's level of NRW has been approximately 18% for the system serving Homer Glen  
425 (the Homer Township system).

426 **Q44. Do the customers in Homer Glen pay Supply Charge rates based on this level of**  
427 **NRW?**

428 A. For purposes of determining the Supply Charges paid by customers in Homer Glen, the  
429 Commission looks at IAWC's Homer Township and West Suburban systems on a  
430 combined basis because both systems are supplied by water purchased from American  
431 Lake Water Company. IAWC calls these systems combined its Southwest Suburban  
432 system. The level of NRW for the Southwest Suburban system was 16.65% in 2004 and  
433 13.13% in 2005. Commencing in 2006 (based on a tariff change), IAWC cannot recover  
434 more than 12% NRW in its Southwest Suburban system through the annual reconciliation  
435 process.

436 **Q45. Have you compared IAWC's performance in this area to other municipalities?**

437 A. A. Yes, I have compared IAWC to other public water supplies having an allocation of  
438 Lake Michigan water, based on information from the Illinois Department of Natural  
439 Resources ("IDNR"). IDNR controls the allocation of Lake Michigan water, and  
440 monitors the use of this resource through an annual reporting process. IDNR requires  
441 each public water supply having an allocation to complete a report called the Annual  
442 Water Use Audit Form (LMO-2 Form). The LMO-2 Form reports a public water  
443 supply's purchases of Lake Michigan water, sales to end users, and estimates of  
444 unmetered uses and unavoidable leakages for a given year. The end result is a calculated  
445 "Percentage of Total Unaccounted for Flow to Net Annual Pumpage" ("UFF") for that  
446 reporting year. I requested a summary of all such Forms filed with IDNR, and was able  
447 to get a summary of reports filed for year 2004.

448 **Q46. How is UFF different than NRW?**

449 A. UFF accounts for both sales to end users, and estimates of unmetered uses and  
450 unavoidable leaks. NRW simply accounts for sales to end-users. Given that there are  
451 legitimate reasons for unmetered uses and unavoidable leakage, IDNR's calculated UFF  
452 is a better proxy for comparisons among utilities.

453 **Q47. Does IDNR have an expectation of an appropriate level of UFF for each public**  
454 **water supply?**

455 A. IDNR expects a public water supply to maintain a UFF of 8% or less. If a supplier's UFF  
456 exceeds 8%, IDNR requires the supplier to identify its plan to improve UFF.

457 **Q48. What does the IDNR's summary report show?**

458 A. The report shows that, as a whole, IAWC's water systems' level of UFF compares very  
459 favorably with the other public water supplies. The average UFF of IAWC's 13 systems  
460 using lake water in 2004 was 6.45%, whereas this same average for the 185 other water  
461 supplies in Illinois was 9.02%. Southwest Suburban had a UFF of 9.5%. There were 22  
462 other public water supplies that reported UFF exceeding the level reported for Southwest  
463 Suburban, including the City of Chicago which reported 12.0%.

464 **Q49. Did IAWC develop a plan to reduce UFF in the system serving Homer Glen?**

465 A. A. The plan as reported to IDNR with the 2004 filing was to replace aging meters in  
466 Homer Glen by year-end 2006. In addition to the meter replacement program, IAWC is  
467 also taking the steps described below to address NRW in Homer Glen. IAWC fully  
468 understands the impact on customers of UFF, and is taking aggressive action to lower this  
469 component of the cost of water service to customers.

470 **Q50. Did you see any improvement in UFF in year 2005?**

471 A. UFF in the Homer Township system was 11.04%, but the blended percentage of the  
472 Southwest Suburban system on which Supply Charges are based was 6.54%. This  
473 indicates that the UFF level in Homer Glen is improving.

474 **Q51. What has IAWC done to reduce NRW in Homer Glen?**

475 A. First, the Company retained an outside leak detection contractor to survey the entire  
476 distribution system and to repair all identified leaks. Second, as explained above, the  
477 Company is in the process of replacing all meters with new meters having a greater level  
478 of accuracy. Third, the Company is working with the Homer Glen to discourage water  
479 theft through fire hydrants. Next, the Company is completing an audit of all Homer Glen  
480 residences and businesses to confirm that all customers utilizing the public water supply  
481 are being billed for service. Finally, IAWC has agreed to meter construction water at the  
482 municipality's request. These steps illustrate IAWC's proactive approach with regard to  
483 addressing Homer Glen's concerns.

484 **Q52. Do you believe the issue of NRW is a system-wide concern?**

485 A. No. Based on the low levels of UFF reported for all of IAWC's systems as I described  
486 above, I do not think NRW presents a state-wide problem. Rather, it appears to be  
487 focused in the Homer Glen area, where IAWC is moving to aggressively address the  
488 issue.

489 **IV. RESPONSE TO DIRECT TESTIMONY OF SCOTT RUBIN**

490 **DATA QUALITY AND AVAILABILITY**

491 **Q53. Mr. Rubin states that he found problems with the quality and accuracy of the data**  
492 **that the Company provided. Please respond.**

493 A. I disagree with Mr. Rubin's assertions on data quality. As is discussed in more detail in  
494 the testimony of Mr. Zerbe (IAWC Ex. 3.0), there is no evidence of data quality problems  
495 in the American Water billing system. Many of the concerns Mr. Rubin discusses are  
496 specific to certain districts in Illinois, and particularly Homer Glen. Many of his  
497 allegations are also based on information from small numbers of customers or bills, from  
498 which he makes unsupported extrapolations about IAWC's system as a whole. For  
499 example, in AG/HG Exhibit 1.5, entitled "Homer Glen Area Customers Receiving Bills  
500 More Than Three Times Previous Bill, 2003-2005," there are 39 accounts identified that  
501 had bills three times higher than previous bills. However, the Homer Glen area has  
502 approximately 7,000 customers. As a result, during the period 2003 to 2005,  
503 approximately 250,000 bills would have been issued for the Homer Glen area. The 39  
504 bills would therefore represent only 0.015% of all bills issued in Homer Glen in that  
505 period, hardly a significant number. As I have discussed, the instances of high bills in  
506 Chicago Metro in 2005 arise from a unique combination of circumstances related to  
507 drought and odometer reading technology, which IAWC is addressing. Bills more than  
508 three times higher than a prior bill are also experienced by customers returning from  
509 vacation, seasonal occupants of property and in many other situations. Under the  
510 circumstances, it is not surprising to find that 39 out of 250,000 bills were more than  
511 three times the level of the prior bill.

512 **Q54. Did Mr. Rubin seek a significant amount of information from IAWC?**

513 A. Yes. During the discovery process, Mr. Rubin issued numerous data requests, many of  
514 which involved complex, multi-variable requests for customer account data. As  
515 Mr. Zerbe explains in his testimony, where standard reports are not available, information  
516 must be retrieved from the E-CIS system through the development of specific queries of  
517 the system. Developing such queries can require significant time and effort. I would  
518 note that IAWC produced over 16,000 pages of information and tens of thousands of  
519 customer account records to Staff, the Attorney General and Homer Glen in the course of  
520 discovery. The data errors he alleges relate to a very small subset of that information,  
521 and particularly to information that had to be compiled on a manual basis.

522 **Q55. Did Mr. Rubin cite examples of data quality problems?**

523 A. Yes. On pp. 8-9 of Mr. Rubin's direct testimony, he states that the Company first  
524 provided a list of 474 customers in the Homer Glen area who were back billed, then later  
525 modified its response. Mr. Rubin contends that Company's modified response  
526 demonstrates a data quality problem.

527 **Q56. Do you agree?**

528 A. No. First, IAWC's response to Homer Glen data request IAWC 1.14, served  
529 simultaneously with IAWC 1.16 (and attached as IAWC Exhibit 1.05 hereto), stated that:  
530 "In further investigating the discrepancy between the odometer devices and the actual  
531 inside meter, IAWC determined that the possibility existed that a customer could receive  
532 a back bill for residential service extending beyond 12 months." Thus, IAWC was  
533 investigating discrepancies to identify the possibility of back bills. Second, the amended  
534 response to IAWC 1.16 simply clarified that some of the accounts might not have

535 received back bills. In fact, most of the 474 accounts did receive back bills, because a  
536 discrepancy between inside and outside meter was part of the criteria for selection for the  
537 audit.

538 **Q57. On pg. 9, lns 212-16, Mr. Rubin also comments that the additional information**  
539 **relating to the 474 customers provided by IAWC contained various errors.**

540 A. The back bill audit was a manual process that reviewed information on the final inside  
541 meter read from the meter exchange contractor for thousands of accounts. As such, the  
542 data resulting from the audit had to be manually rechecked. The errors Mr. Rubin cites  
543 were minor and not indicative of a general data quality problem.

544 **Q58. Mr. Rubin (p. 10) also states that the Company failed to provide him with data on**  
545 **consecutive zero bills. What is your response?**

546 A. The Company provided the requested information on consecutive zero bills to Mr. Rubin  
547 in the form of a print out from the billing system in response to AG 3.19 (copy attached  
548 as IAWC Exhibit 1.06). However, Mr. Rubin then requested further information in AG  
549 3.20 in a database format, adding several additional variables to the request in AG 3.19.  
550 The request would have involved a complex series of queries of the billing system for  
551 thousands of customers, including customer-by-customer determination of the beginning  
552 and end point of the consecutive zero bills, and was therefore unreasonable, particularly  
553 since the Company had already provided the information Mr. Rubin sought in a different  
554 format. The fact that the Company could not reasonably provide information in the  
555 format most convenient to Mr. Rubin is not indicative of a data quality problem. It was  
556 Mr. Rubin's request that was unreasonable.

557 **Q59. Mr. Rubin (p. 10) also cites problems with complaint records, saying that the**  
558 **Company's records omits thousands of complaints received. Is this correct?**

559 A. No. As addressed in Ms. Cooper's testimony, the Company's complaint records include  
560 all complaints that the Company must maintain under Commission rules. I would note  
561 that not every call to the Customer Service Center is a "complaint" as defined by the  
562 Commission's rules, and therefore IAWC's "complaint" records do not include every  
563 customer inquiry.

564 **Q60. Does Mr. Rubin cite other data quality problems?**

565 A. No. In general, the problems he cites are either related to the unique circumstances  
566 surrounding the above-described issuance of back bills in Chicago Metro in connection  
567 with the exchange of meters, or to the fact that certain of his data requests were  
568 sufficiently complex that the billing system could not be easily queried for the data, and  
569 manual responses had to be generated. As discussed in the testimony of Mr. Zerbe, the  
570 problems cited by Mr. Rubin do not suggest any "data quality" issues related to the  
571 Company's billing system or software.

572 **BACK BILLING**

573 **Q61. Can you describe what is meant by the term back bill?**

574 A. A "back bill" or "make up bill" is a bill issued for previously unbilled or misbilled water  
575 service from a prior billing period, other than a bill correcting an estimate from the  
576 immediately preceding billing period. This definition is consistent with Mr. Rubin's, as  
577 stated in his response to data request IAWC-AG 2.35. The types of back bills most  
578 relevant to this proceeding are those bills for previously unbilled service following an  
579 odometer meter change, as describe above, and bills correcting a series of estimated bills.

580 In general, back bills are permitted under the Commission's rules for service rendered up  
581 to twelve months earlier to residential customers.

582 **Q62. Mr. Rubin comments that the Company improperly issued back bills to hundreds of**  
583 **customers in the Chicago metro area. Please respond.**

584 A. In this instance, as in other parts of Mr. Rubin's testimony, he takes great liberty with the  
585 facts. While the Company determined that 335 accounts (Mr. Rubin's "hundreds") should  
586 be credited, only 10 customers represented the majority of credit amount to be issued.  
587 The problem that Mr. Rubin discusses is limited to specific customers and the unique  
588 circumstances related to the odometer-style meter changes specific to the Chicago Metro  
589 District. Moreover, as described above, IAWC moved aggressively in the fall of 2005 to  
590 address the back bill problem and make sure that it was resolved.

591 **Q63. Mr. Rubin states (p. 15) that we do not know the scope of the back billing problem.**  
592 **Is this correct?**

593 A. No. The audit of back bills covered the whole of the Chicago Metro District, not just  
594 Homer Glen, and IAWC has already addressed Mr. Rubin's concern that other  
595 communities might be impacted by odometer meter-related back bills. As described  
596 above, the back billing concerns were related to the unique circumstances involving  
597 odometer meter devices in Chicago Metro. Because such devices are not used elsewhere  
598 in the IAWC system, such concerns would not be replicated elsewhere. The need for  
599 correction of bills related to the meter exchange program is not indicative of an Illinois-  
600 wide concern.

601 **Q64. Mr. Rubin also claims that many of the 474 customers in the audit did not actually**  
602 **receive back bills. Is this correct?**

603 A. No. In his response to data request IAWC-AG 2.38, it appears that he assumes that many  
604 of the 474 accounts were not back bills because their consumption was low. However,  
605 low consumption does not mean a back bill is not possible. The nature of the under-  
606 registration of the odometer-style meters is such that the amount of under-registration  
607 might be small. However, if there was a discrepancy between the inside and outside  
608 meters, and the customer was billed based on the higher inside read, this is a back bill as I  
609 (and Mr. Rubin) have defined it, even if the amount the discrepancy was small.

610 **Q65. What is your response to Mr. Rubin's suggestion, on page 16, lns 367-378, that**  
611 **make-up bills were "possibly" issued to more than 7,900 customers statewide during**  
612 **the first five months of 2006.**

613 A. Most of the accounts Mr. Rubin refers to did not receive back bills. Based upon a review  
614 of a randomly selected sample of 5% (400 randomly selected accounts) of the 7,900  
615 accounts listed, I have found none of the identified bills to be back bills.

616 **Q66. How did Mr. Rubin arrive at the 7,900 figure?**

617 A. Mr. Rubin based his analysis on accounts where he identified a meter change in 2005 and  
618 one bill in 2006 was 50% higher than the same month in 2005. This leads me to believe  
619 that Mr. Rubin assumed that, if a customer received a bill in 2006 that was 50% or more  
620 than 2005 for the same period, there was a make-up bill. However, the majority of these  
621 accounts involved normal usage for the customer. A 50% variation in bill amounts is not  
622 necessarily uncommon and does not, by itself, suggest a back bill was issued.

623 **Q67. Please explain why a 50% variation in bill amounts could occur.**

624 A. There may be a 50% (and even higher) variation in bill amounts for many legitimate  
625 reasons, including cases where a customer maintains a vacation home or otherwise uses a  
626 premise on a seasonal basis, or cases where weather fluctuations affect water use.  
627 Likewise, a customer could have a plumbing leak. I would point out that, if the average  
628 monthly water use in Homer Glen is 10,000 gallons, use in one month of 8,000 gallons  
629 and in the same month of the next year of 12,000 gallons would be a variation of 50% but  
630 would be precisely in line with the customer's average use. Similarly, the Company also  
631 bills Chicago Metro customers in 1000 gallon increments. If a customer actually uses  
632 6,700 gallons in the first month and uses 8,300 gallons in the second month, the first  
633 month's bill would reflect a usage of 6,000 gallons and the second month's bill would  
634 reflect a usage of 9,000 gallons (6700+8300-6000). This is a 50% increase on the bill  
635 from one month to the next, but it does not indicate a back billing. Finally, the Company  
636 schedules monthly bills to be read every 25-35 days. Therefore, one month's bill may be  
637 for 25 days and the next month's bill may be for 35 days. This could affect the usage by  
638 over 30% if the customer is using the same amount of water each day. Mr. Rubin does  
639 not appear to have considered the various explanations for a 50% variation in use.

640 **Q68. Are there other ways to evaluate 50% variations in water usage?**

641 A. Yes. By utilizing the same base query and changing the parameters of the billings to  
642 identify accounts where a bill was 50% *less* than the same month of the prior year, we  
643 pulled over 90,000 bill records that indicated usage on a meter in 2006 that was less than  
644 50% of the same month in 2005. For the reasons discussed above, there is nothing  
645 surprising about such variations in usage from one period to another.

646 **Q69. Is Mr. Rubin correct on pg 18, lns 410-11, when, in reference to AH/HG Exhibit 1.5,**  
647 **he states that "at least 10 accounts were back billed for consumption in excess of the**  
648 **legal requirement"?**

649 A. No. Six of the 10 bills identified by Mr. Rubin were billed for periods within the legal  
650 requirement (12 months for residential and 24 months for non-residential). These six  
651 accounts were numbers 474177, 22612, 36511, 544593, 48830, and 489956. The  
652 remaining 4 accounts were residential accounts that were billed for usage that may have  
653 extended beyond the 12 month legal requirement in connection with the Homer Glen  
654 meter exchange program. Upon exchange of the meter, the customer was back-billed for  
655 previously unbilled usage on the meter. Each of these 10 accounts have been identified  
656 on our list of 474 accounts as having a discrepancy between the inside and outside  
657 readings at the time of the meter exchange and will be given a credit (with interest).

658 **Q70. Mr. Rubin further states on pg 22 that the Company did not stop back billing for**  
659 **meter change-outs in September 2005. In support of this statement, he attaches**  
660 **Exhibit 1.10, which summarizes those accounts where the meter change occurred**  
661 **after September 2005, and concludes on pg 22 lns 510-11 that "there are at least 50**  
662 **customers who received what appear to be make up bills after meter change outs."**

663 **Did you investigate the data contained in Exhibit 1.10?**

664 A. Yes. Mr. Rubin's allegation that his Exhibit "summarizes those accounts where the meter  
665 change occurred after September 2005" is incorrect. The Company's September 5, 2005  
666 decision was to discontinue back-billing in the Chicago Metro District at the time of a  
667 meter exchange, i.e., to not back-bill the customer for increased usage registered on the  
668 inside meter versus what had been registered on the outside reading device. Secondly, all

669 of the bills referenced by Mr. Rubin were issued following a series of one or more  
670 estimated bills. Thus, the bill would have corrected for any previous under or over  
671 estimation of usage. In Mr. Rubin's example, only 12 of the 52 accounts had meter  
672 exchanges after September 5, 2005. And of these 12 accounts that did have a meter  
673 exchange after that date, none of the removed meters had a discrepancy in meter readings  
674 on the meter versus the outside reading device. Of the remaining 38 bills, 33 had meters  
675 exchanged prior to September 2005 and 5 had not had meters exchanged. One of these  
676 33 bills will be receiving a credit due to our audit of prior meter exchanges. The issuance  
677 of these bills, therefore, does not indicate that back bills for the difference between inside  
678 and outside meter readings continued after September, 2005.

679 **Q71. Was there a reason for estimates after these meter exchanges?**

680 A. The reason for estimated readings following installation of a radio-read meter had to do  
681 with the activation of the meter. The radio-read units for these accounts had not yet been  
682 activated and thus it was not possible to obtain an actual read. When the unit was  
683 activated, an actual reading was obtained and a bill was issued for the difference in what  
684 had been used per the meter as compared to what had been previously estimated to be  
685 used.

686 **Q72. Mr. Rubin next provides testimony on payment plans in connection with make-up**  
687 **bills. Is there a requirement that the Company provide a payment plan when**  
688 **issuing a back bill?**

689 A. Only in certain circumstances. 83 Illinois Admin. Code 280.100(d) states that the utility  
690 must offer a customer the opportunity to pay back billed amounts over the same period of  
691 time included in the back bill only "when past due bills occur following the issuance of a

692 'make-up' bill for previously unbilled utility service" and "where the 'make-up' bill  
693 exceeds the otherwise normal bill for such billing period by 50%." However, it is  
694 IAWC's policy to offer payment plans to any customer who indicates that they are having  
695 difficulty paying their bills.

696 **Q73. Have customers in Chicago Metro taken advantage of the payment plans offered?**

697 A. During the period January 1, 2003, through September 30, 2005, IAWC established  
698 13,733 payment plans with customers in Chicago-Metro, of which 956 payment plans  
699 were established for customers in Homer Glen.

700 **Q74. Are there other steps the Company takes to alert customers to higher than usual**  
701 **usage?**

702 A. Billing representatives will issue notification to the customer when consumption is found  
703 to be 50% higher than the last three-month average and no specific reason can be  
704 identified by IAWC for the higher usage. During 2005, 4,093 letters were issued alerting  
705 customers to higher than normal usage. Of the 4,093 letters issued, 2,062 letters went to  
706 customers in the Chicago Metro area. In addition, when a back billing is identified  
707 during the billing process, the billing representative will issue a letter to the customer  
708 which indicates the affected period, the reason for the backbill, and offers payments  
709 terms should the customer wish to enter into an agreement.

710 **Q75. Mr. Rubin (p. 21) claims that the Company has not gone far enough in responding**  
711 **to concerns about make-up bills in Homer Glen and in other areas of Illinois. What**  
712 **is your response?**

713 A. As described above, the Company has taken a number of steps to address the back billing  
714 concerns. First, the Company is replacing the odometer-style meters that were the source

715 of back billing concerns in Homer Glen with radio read meters. Second, in addition to  
716 undertaking the audit in IAWC Exhibit 1.02 and committing to credit any Chicago Metro  
717 customers who received a back bill following a meter change, the Company stopped back  
718 billing in the Chicago Metro District when defective odometer remotes resulted in a  
719 discrepancy between the inside meter reading and the outside remote reading at the time  
720 of a meter exchange. Third, IAWC will investigate improvements in the manner in  
721 which it informs customers that they are receiving bills covering unbilled service from a  
722 prior period. Finally, in cases of back-billing following the discovery of an improperly  
723 functioning outside reading device, the Company supplements the bill with a letter to the  
724 customer describing what has been found, how much is being back-billed, and for what  
725 period (see attached IAWC Exhibit 1.07). I believe these steps are a more than adequate  
726 response to the back bill issue.

727 **Q76. On pg 21, lns 487-493, Mr. Rubin also contends that the Company's decision to**  
728 **reverse back bill charges does not fully comply with Illinois regulations for those**  
729 **customers who have paid because they were entitled to interest on any overpayment.**  
730 **What is your response to this contention?**

731 A. Mr. Rubin has incorrectly interpreted the regulation. The regulation Mr. Rubin refers to,  
732 83 Illinois Admin. Code 280.75, only requires that interest be paid on a refund where the  
733 refund is for a billing that "is later found to be incorrect due to an error either in charging  
734 more than the published rate, in measuring the quantity or volume of service provided, or  
735 in charging for the incorrect class of service." Thus a refund is not required for every  
736 overpayment, but only those due to an error in, for example, the volume of water billed.  
737 Nevertheless, to ensure that all customers identified in the audit in IAWC Exhibit 1.02 as

738 receiving a credit and who might be entitled to interest receive it (i.e., because they may  
739 have been improperly backbilled – an error in the measurement of the volume of service),  
740 the Company is including interest on the credit to each customer who will receive a credit  
741 based on the audit results.

742 **Q77. What is your conclusion regarding back bills?**

743 A. The problems with back bills for meter change outs has been addressed by IAWC.  
744 Because this problem relates to the program for exchange of odometer-style meters in the  
745 Chicago Metro District, and those meters are being replaced, similar problems should not  
746 occur in the future.

747 **ESTIMATED BILLS**

748 **Q78. Mr. Rubin next addresses the use of estimated bills. Is the Company entitled to**  
749 **issue estimated bills?**

750 A. Yes. The Commission's rules generally allow an estimated read every other billing  
751 period. However, the Company may permissibly issue consecutive estimates for a  
752 variety of reasons. 83 Ill. Admin. Code Section 280.80 says a utility "may render an  
753 estimated bill for *any* billing period in which: 1) the utility has taken appropriate and  
754 reasonable measures to read the meter, including but not limited to, making an  
755 appointment with the customer, scheduling readings for times other than normal business  
756 hours, and/or providing postal cards on which the customer may record the reading and  
757 mail it to the utility; or 2) the customer has knowingly and willfully denied reasonable  
758 access to the utility's representative for the purpose of taking an actual reading of the  
759 meter; or 3) the customer has otherwise made an actual reading of the meter

760 unnecessarily difficult; or 4) circumstances beyond the control of the utility make an  
761 actual reading of the meter extremely difficult."

762 Section 6.02 of the Company's approved tariff for the Chicago Metro District  
763 (ILL. C.C. No. 4 Sheet No. 14) and the Champaign/Urbana/Sterling/Streator/Pontiac  
764 Districts (Ill.C.C. No. 8 Sheet No. 12) also allow the Company to require a payment on  
765 estimated consumption based on a similar prior period if the meter cannot be read "for  
766 any reason." Thus, under the Company's tariff for many of its Districts, an estimated bill  
767 (even consecutive) may be issued where the meter cannot be read regardless of the reason.

768 **Q79. How does the Company calculate estimated bills?**

769 A. IAWC determines estimated usage based on usage in a similar prior period. IAWC's  
770 billing system generates an estimate, when an actual read is not available, based on actual  
771 use for either the same period in the previous year, or, if that information is not available,  
772 the previous billing period. If information is not available for either period, the billing  
773 system uses a default value, which is assigned on the rate schedule for the applicable  
774 customer class. I would note that because of high usage in 2005, where necessary, IAWC  
775 is manually estimating bills for the summer 2006 in order to avoid high estimates.

776 **Q80. Do you agree with Mr. Rubin's statement, made in the "Errata" to his testimony,**  
777 **that a typical water utility estimates fewer than 2% of its bills on an annual basis?**

778 A. No. While Mr. Rubin cites a study by the Ascent Group for his 2% figure, the  
779 AWWARF issued a report in 2006 that shows that the water industry average for  
780 percentage of meters read in a given month is 95%. (See IAWC Exhibit 1.08.) This  
781 suggests a 5% estimation percentage is a more reasonable norm for water utilities.

782 **Q81. What percentage of its bills does IAWC currently estimate?**

783 A. For the first half of 2006, the average rate is now 5.33%. That rate is improving as new  
784 radio read meters are being installed.

785 **Q82. On pg 25, lns 562-66 of his testimony, Mr. Rubin downplays the impact of weather  
786 on meter reading, is he right?**

787 A. No. Typically winter months make it difficult for the meter readers to perform their job  
788 duties. Conditions such as ice and snow can hinder the meter reader's ability to reach  
789 each meter. Not only does the ice and snow slow down the meter reader's progress from  
790 meter site to meter site, but also in locating the meter or meter device when it is covered  
791 with snow or ice. These weather issues, as well as temperatures and wind chills, can  
792 affect the meter reader's performance. When temperatures fall below 10 degrees, manual  
793 read meters in outside pits are not normally read due to the possibility of the meter or  
794 pipes freezing. Nevertheless, the percentage of estimated bills in 2006 declined in the  
795 winter months from 16% in 2005 to 13% in 2006. These percentages will continue to  
796 decline as more radio read meters are installed.

797 **Q83. Mr. Rubin's other concern about estimated bills is in connection with the  
798 Company's tracking of such bills on a customer-specific basis. Can you address this  
799 concern?**

800 A. IAWC has procedures in place to address consecutive estimates on a customer-specific  
801 basis. The ORCOM E-CIS system has a standard report which identifies customers that  
802 are receiving consecutive estimates. IAWC is then able to investigate these consecutive  
803 bills based on the E-CIS system reports.

804 **Q84. Mr. Rubin points to almost 300 customers in the Homer Glen area who received 3**  
805 **or more consecutive estimated bills since 2003, and says that over 5 years, these**  
806 **customers had almost 20% of their bills estimated. What is your response?**

807 A. This is another example of Mr. Rubin inappropriately extrapolating from a small data set.  
808 In AG/HG Exhibit 1.12, Mr. Rubin identifies approximately 280 customers in Homer  
809 Glen who between them had about 3,400 estimated bills over a 5 year period. When you  
810 compare those numbers to the 7,000 total customers in Homer Glen and the 420,000 bills  
811 issued in that 5 year period, the significance of his numbers is much diminished.

812 **Q85. Is it reasonable to expect that certain customers receive a higher proportion of**  
813 **estimated bills?**

814 A. Yes. Certain customers may have meters that are more difficult to access and read than  
815 others, and they might receive a higher proportion of estimates. Again, introduction of  
816 radio read meters will reduce the number of estimates for these customers.

817 **Q86. On pg 27, lns 601-09, Mr. Rubin also attributes the cause of estimated bills to**  
818 **inadequate staffing. Does IAWC have inadequate meter reading staff?**

819 A. No. IAWC maintains adequate meter reading staff. Mr. Rubin again improperly  
820 extrapolates from a limited number of instances where a meter was not read to come to  
821 the erroneous conclusion that there is a staffing problem.

822 **Q87. Mr. Rubin cites IAWC's response to AG 2.21, which indicated a meter route was**  
823 **not read in July 2005. Is there an explanation for this?**

824 A. Yes. This route was estimated because the department had two unexpected absences (one  
825 in meter reading, one in maintenance), in addition to several planned vacation absences  
826 and an injury absence in the field services/network maintenance departments. Staff was

827 not available on this particular day to cover the meter reading shortage and a route was  
828 estimated. This represents an unusual, one-time occurrence, and is not the result of  
829 inadequate staffing.

830 **Q88. What is your response to Mr. Rubin's allegations that the Company has improperly**  
831 **issued estimated bills to hundreds, if not thousands, of customers in Illinois?**

832 A. Mr. Rubin's testimony that the Company "improperly issued estimated bills" is  
833 misleading. As stated above, the Company may issue consecutive estimates in a variety  
834 of circumstances. The Company makes every effort to read each and every water meter.  
835 However, situations do occur that impede IAWC's efforts to read the meters. In some  
836 instances an odometer-style reading device is not operating correctly and the meter reader  
837 is unable to access the meter inside the home for a reading and we must estimate the bill.  
838 Inclement weather can also play a large part in the meter reader's ability to access the  
839 meter or reading device. The data indicating that a small group of customers in Chicago  
840 Metro received estimated bills is not indicative of any system-wide problem of IAWC.

841 **Q89. In general, how would you describe IAWC's performance with respect to estimating**  
842 **bills?**

843 A. The number of total estimates IAWC issues is reasonable, and is declining as older  
844 meters are replaced with radio reads.

845 **CONSECUTIVE ZERO BILLS**

846 **Q90. On pp. 30-34, Mr. Rubin addresses the issue of consecutive zero consumption bills.**

847 **Is there any requirement in the Commission's rules regarding consecutive zero**  
848 **bills?**

849 A. No. There is no requirement with respect to consecutive zero consumptions bills (bills  
850 which indicate no water usage during the billing period) in the Commission's rules.

851 **Q91. Are consecutive zero bills uncommon?**

852 A. No. It is not uncommon for a residence to have zero usage bill as Mr. Rubin  
853 acknowledges (p. 31). Customers who are absent from their homes on a seasonal basis  
854 will have zero usage bills for part of the year. People will also routinely leave the water  
855 service active in a home that is for sale, or leave an irrigation system active in the off-  
856 season, though no actual usage will occur. Landlords may request that service remain on  
857 between renters. Data from the US Census Bureau (see IAWC Exhibit 1.09) shows  
858 homeowner vacancy rates of just under 2% in 2005 in Illinois. Given IAWC's 280,000  
859 customers, this would mean over 5,000 premises in IAWC's service areas could be vacant  
860 at any given time. As discussed below, this figure is on par with the number of accounts  
861 receiving consecutive zero usage bills.

862 **Q92. Mr. Rubin states that the Company is not taking reasonable and prudent actions to**  
863 **track and investigate customers accounts that receive bills that show zero**  
864 **consumption. Does the Company track such accounts?**

865 A. Yes. The Company generates a report from the E-CIS software that identifies  
866 consecutive zero usages. This report will list an account until the meter registers usage.  
867 Verification of the accuracy of the zero usage is done by IAWC district personnel

868 between reading dates and procedures are in place to investigate consecutive zero bills  
869 when deemed appropriate. As described above, there are many legitimate reasons for  
870 zero-consumption bills. Thus it would not be prudent that every zero-consumption bill be  
871 fully investigated.

872 **Q93. On pg 30, ln 682, Mr. Rubin testifies that there "were on the order of 20,000**  
873 **accounts that had three or more consecutive months of zero consumption, " has he**  
874 **interpreted the Company's data correctly?**

875 A. No. Mr. Rubin is again incorrect. In any given month, I would expect to see from 4,000  
876 to 5,000 accounts with consecutive zero bills. There are only 4,293 accounts on the April  
877 2006 report that have three or more consecutive zero usages. In the June 2006 report,  
878 there are 4,598 accounts with three or more consecutive zero usages. The 20,000 figure  
879 Mr. Rubin cites is a cumulative total of accounts that had consecutive zero reads for the  
880 year to date, and as such the total would reflect the double counting of accounts on the  
881 consecutive zero report for more than one month.

882 **Q94. What is your conclusion on the issue of zero usage bills?**

883 A. There is no restriction in the Commission rules on zero use bills. There are many reasons  
884 that could lead to zero use bills. The Company can track zero use bills and has  
885 procedures in place to investigate them. In summary, zero use bills are not the problem  
886 that Mr. Rubin claims.

887 **OTHER BILLING ISSUES**

888 **Q95. Mr. Rubin next testifies about the Company's bills and billing procedures, generally**  
889 **expressing concern about the confusing nature of the Company's bills. Do you**  
890 **agree that the bills are confusing?**

891 A. The Company believes its bill format is in accord with the Commission's requirements.  
892 However, as described below, the Company always seeks to improve its performance,  
893 and has identified areas where its bill could be improved with respect to a customer's  
894 ability to understand the billing information, particularly in those areas of Chicago Metro  
895 where there is an additional Supply Charge for purchased lake water and line item  
896 charges for sewer services.

897 **Q96. On page 13, lns 308-11, Mr. Rubin indicates that the Company's make up bills did**  
898 **not contain anything that identified the consumption of water as relating to a**  
899 **previous period. What is your response?**

900 A. Customers generally receive letters when they receive a high consumption bill or a  
901 significant back bill. Also, where an actual meter reading follows an estimated reading,  
902 the following message displays as a bill message: "The reading used for this bill corrects  
903 previous estimate reading."

904 **Q97. Is Mr. Rubin correct when he states on pg 17 lns 394-95 that the "correction should**  
905 **be identified on the customer's bill as being an 'unusual charge'?"**

906 A. No. There is nothing unusual about it – the correction represents a charge entirely  
907 permissible under the Commission's rules. However, IAWC believes that, because  
908 customers have expressed concern about the bill format, it should attempt to improve the

909 bill's understandability. This would have the added benefit of reducing calls to the  
910 customer service center for explanations of bills for prior periods.

911 **Q98. Could there be improvements to the Company's bill?**

912 A. Based on input from customers and concerns raised in this case, IAWC is seeking to  
913 improve the clarity and understandability of its bills. The Company is changing the  
914 description of the Supply Charges (Purchased Water Rider) in response to feedback from  
915 customers. The Company also plans to revise its billing practices to show the base  
916 volumetric rate for the "Supply Charge" (which reflects the Purchased Water Surcharge  
917 applied to Chicago Metro customers for their use of Lake Michigan water), or  
918 alternatively, provide copies of the volumetric rate to customers on an annual basis in  
919 accordance with 83 Ill. Admin. Code 600.160. IAWC will also investigate ways to better  
920 inform the customer about the time period the bill covers when there is more than one  
921 consecutive estimate or there is a back bill.

922 **FIRE HYDRANTS**

923 **Q99. The Complaints also alleged that IAWC is not properly maintaining the fire  
924 hydrants in its system. What is your response?**

925 A. The Company understands the importance of fire protection, and works closely with fire  
926 protection authorities to identify any problems with fire hydrants and rectify such  
927 problems quickly. As described below, there is no basis for Mr. Rubin's assertion that  
928 there are "serious concerns" with fire hydrant maintenance.

929 **Q100. On page 38, lns 846-848, Mr. Rubin recommends that the Commission investigate**  
930 **the Company's hydrant testing and maintenance programs throughout Illinois. Is**  
931 **such an investigation necessary?**

932 A. No. To begin with, Mr. Rubin's anecdotal evidence with regard to fire hydrant  
933 maintenance does not justify an investigation of the Company's hydrant testing and  
934 maintenance programs. In addition, the Company has already undertaken a similar  
935 internal investigation. In 2004, the Commission Staff conducted a field investigation of  
936 the valve and hydrant records in IAWC's Pontiac and Interurban Districts and found that  
937 they were not in full compliance with the applicable rules concerning valve inspections.  
938 Immediately following the Staff's investigation, IAWC began its own investigation to  
939 assess each other district's compliance with the applicable rules. The investigation found  
940 that, while most districts were at or near full compliance, some were not. Accordingly,  
941 IAWC developed an action plan to bring all districts into compliance with the rules.  
942 Because hydrant and valve maintenance is a labor-intensive program that can only be  
943 strengthened with additional staff, IAWC is in the process of hiring 38 additional  
944 employees for hydrant and valve maintenance in 2006.

945 **Q101. Can you describe how IAWC inspects and maintains the fire hydrants in its system?**

946 A. IAWC maintains approximately 53,000 valves and 26,500 hydrants in its 3,800 miles of  
947 distribution network in Illinois. IAWC inspects and maintains fire hydrants annually in  
948 accordance with Commission rules. For example, the Company routinely inspects and  
949 maintains all of its approximately 3,700 fire hydrants in the Champaign County District.  
950 Responses to reports of damaged or inoperable fire hydrants are a priority and promptly  
951 repaired. Evidence of this practice is substantiated by the fact that in the most recent

952 Insurance Services Office, Inc. Public Protection Classification surveys (Champaign in  
953 September 1998, in Urbana in April 2002 and in Savoy in August 1997), the Company's  
954 Water Supply was rated the best rating possible, Class 1.

955 **Q102. Mr. Rubin discusses certain correspondence from various municipalities and fire**  
956 **districts concerning the Company's fire hydrants. Have you reviewed this**  
957 **correspondence and investigated the concerns raised about fire flow levels and**  
958 **operational conditions of the fire hydrants?**

959 A. Yes. In general, our investigation found that the Company responded rapidly to any  
960 concerns about hydrant maintenance and that there is no basis for Mr. Rubin's assertion  
961 that there are "serious concerns."

962 A. With regard to Prospect Heights, Prospect Heights typically inspects IAWC's hydrants  
963 annually in their community and provides the Company with a list of hydrants needing  
964 repair. IAWC then promptly repairs the hydrants. The correspondence to which Mr.  
965 Rubin referred (attached as part of Exhibit 1.17), and specifically the Company's letter to  
966 the Prospect Heights Fire Protection District dated February 17, 2006, indicates that the  
967 Company made all necessary repairs in response to Prospect Heights list from its fall  
968 2005 inspection. I note that we received the list from Prospect Heights on January 13,  
969 2006 and repairs were completed as needed by February 17, 2006 (the relevant pages  
970 from HG/AG Exhibit 1.17 are attached as IAWC Exhibit 1.10 hereto).

971 **Q103. What were the results of your investigation of the Champaign and Urbana letters?**

972 A. I determined that some of the correspondence to which Mr. Rubin referred (attached as  
973 part of Exhibit 1.17), specifically the Urbana Fire Chief memorandum dated January 10,  
974 2006, referenced problems with a fire hydrant on October 25, 2005. No record of Urbana

975 Fire Department reporting this problem to the Company was found. In fact, the Network  
976 Operations Manager in IAWC's Champaign District sent an e-mail inquiry to the Urbana  
977 Fire Chief on January 17, 2006 regarding concerns with fire hydrants in Urbana. To date,  
978 no response has been received and the Company is not aware of any problems with fire  
979 hydrants in Urbana.

980 The City of Champaign Fire Chief letter dated November 18, 2005, to which Mr.  
981 Rubin referred (attached as part of Exhibit 1.17), was not received at the Company. The  
982 first opportunity the Company was provided to review this letter was in an e-mail  
983 correspondence from the Champaign Assistant City Manager, dated January 20, 2006.  
984 The first actual contact from the City administrative staff occurred in response to an  
985 e-mail inquiry, dated January 17, 2006, from the Company's Network Operation Manager,  
986 Barry Suits. Mr. Suits was following up on comments of problems with fire hydrants  
987 made by the Champaign City Staff at a January 12, 2006 legislative committee hearing.

988 The letter states that the first hydrant south of Petry Court and Market Street in  
989 Champaign "suffered stem failure." The Company field service representatives on site  
990 during the fire found both hydrants referenced in the City's letter had the threaded nozzles  
991 removed, and broken in at least one case, by improper hydrant operation. Both hydrants  
992 were repaired immediately and were in operation before the fire department completed its  
993 fire extinguishing operation.

994 In an e-mail from the Champaign Assistant City Manager dated March 1, 2006  
995 regarding the fire hydrants referenced in the Fire Chief's letter, the Assistant City  
996 Manager states that their Public Works operations people "were there on 9/2/05 and used  
997 water." He further states that "they did not note any problems with the hydrant that day."

998 The Assistant Manager also states, "It is possible that a contractor could have used this or  
999 both hydrants between 9/2 and the date of the fire" (the date of the fire was October 28,  
1000 2005). Use of hydrants by anyone, other than fire department personnel, approved public  
1001 works employees, certain approved contractors and Company employees, is prohibited,  
1002 precisely because it may result in hydrants being damaged. The Company has no record  
1003 of any approved use of the fire hydrants in question during the period between 9/2/05 and  
1004 10/28/05, other than by the City's approved employees.

1005 In a conversation on November 17, 2005, between a representative of the  
1006 Champaign Fire Department, and Mr. Suits, Mr. Suits suggested training for fire  
1007 department and public works personnel on operation and use of fire hydrants. The  
1008 purpose of the training was to provide information on proper operation of hydrants and  
1009 provide opportunity for exchange of information. On May 8, 9, and 10, 2006, the  
1010 Company presented fire hydrant training to over 100 Champaign and Urbana firemen and  
1011 public works employees, with positive comments from all involved.

1012 **V. RESPONSE TO HOMER GLEN WITNESSES**

1013 **WATER AND SEWER TASK FORCE**

1014 **Q104. Ms. Niemiec's testimony and the Homer Glen complaint refer to The Homer Glen**

1015 **Sewer & Water Task Force. Are you familiar with the Task Force?**

1016 A. Yes. I understand that the Task Force was formed in early 2004 because of concerns by  
1017 Homer Glen about the cost of water and sewer service from IAWC.

1018 **Q105. Did the Task Force have other concerns?**

1019 A. According to the Task Force's Interim Report dated September 20, 2005 there were three  
1020 "Initial Task Force Concerns." They were 1) the high cost of water, 2) the high fee for

1021 sewer and 3) the quality of water. The report cites "Additional Task Force Concerns" of  
1022 1) unauthorized use of hydrants by developers and private parties, 2) lack of routine  
1023 maintenance of hydrants, especially in commercial centers, 3) fire flows in certain areas  
1024 of community is low, 4) no update of the company's master water and sewer plan has  
1025 been received by the Village, 5) coordination of the requirements of new developments is  
1026 sometimes difficult, 6) IAWC's customer service system is remote, difficult to negotiate,  
1027 and sometimes provides inaccurate answers and, 7) bill is confusing and contains  
1028 irrelevant information.

1029 **Q106. Was IAWC involved in the Task Force's proceedings?**

1030 A. Yes. The Task Force made a number of requests for information from IAWC, and we  
1031 endeavored to provide the Task Force with all the information it requested. I attended  
1032 Task Force meetings on three occasions in order to provide answers to the Task Force's  
1033 questions. Those meetings were held on November 16, 2004, February 1, 2005 and May  
1034 10, 2005.

1035 **Q107. Did other IAWC representatives attend Task Force meetings?**

1036 A. Yes. Others attending meetings on occasion were former Network Operations Manager  
1037 Mike Rigby, Chicago Metro Production Operations Superintendent Steve Phillips, and  
1038 the Manager of Project Delivery and Developer Services Bob Khan.

1039 **Q108. Did the IAWC representatives attempt to address the Task Force's concerns?**

1040 A. Yes. IAWC made every effort to provide the Task Force with the information it  
1041 requested and to help the Task Force understand the water service systems in Homer  
1042 Glen.

1043 **Q109. Have you reviewed the Task Force Interim Report and the minutes of the Task**  
1044 **Force's meeting from June 2004 to November 2005?**

1045 A. Yes.

1046 **Q110. What was the overall conclusion of the Task Force?**

1047 A. The Task Force report stated that the Task Force was "Generally Satisfied" with IAWC's  
1048 service. In particular, it noted that the quantity of water available was not an issue during  
1049 the summer of 2005 despite a drought; the quality of the Lake Michigan water is very  
1050 good; the IAWC sewer treatment facilities do not have a record of a large quantity or  
1051 severe violations of environmental laws and permits; and the water distribution system  
1052 and the sewer collection system seem to be generally reliable. It recognized the fact that  
1053 studies during the 1990's showed that ultimately the underground aquifer could not  
1054 support the future anticipated population of Homer Glen and Homer Township. It noted  
1055 that the lake water pipeline built was estimated to be the lowest cost alternative,  
1056 providing the most stable water supply. And finally, it noted that rate comparisons of  
1057 communities served by municipal utilities are non-standardized and of limited relevance  
1058 in determining the appropriateness of water rates in Homer Glen as municipal utilities  
1059 have use of multiple means of funding water service to residents.

1060 **Q111. Do you believe the Task Force's concerns have been addressed or resolved?**

1061 A. In general, yes. I believe that because the Task Force's main concerns were related to  
1062 rates and overall system service, and because the Task Force expressed general  
1063 satisfaction with IAWC's service, most of the Task Force's concerns have been addressed.  
1064 The complaints arising in late summer 2005 in Homer Glen that are at issue in this  
1065 proceeding were not part of the Task Force's original focus.

1066 **HOMER GLEN CUSTOMER COMPLAINTS & HIGH BILLS**

1067 **Q112. On p. 8, lines 164-166 of Ms. Niemiec's testimony, she states that "Starting in early**  
1068 **2005, the Village began receiving complaints from residents concerning IAW, its**  
1069 **billing practices and the spiking of usage resulting in unusually high bills compared**  
1070 **with historic usage." What is your response?**

1071 A. As described above, the high bills or "spiking" are related to the drought conditions in  
1072 southwest suburban Chicago in the summer of 2005 (and which continued to persist into  
1073 2006).

1074 **Q113. On p. 8, lines 169-172, Ms. Niemiec states that Homer Glen kept a log of persons**  
1075 **who notified the Village that they were filing complaints concerning IAWC, and**  
1076 **that as of the date this testimony was prepared, there were 466 names on the list.**  
1077 **Does this log accurately reflect the number of complaints about IAWC's service in**  
1078 **Homer Glen?**

1079 A. No. First, I would point out that Homer Glen did not undertake any independent review  
1080 of these complaints to determine their validity or to see if the complainants made  
1081 complaints to IAWC or the Commission. In fact, over 30% of the complainants listed on  
1082 the log never actually registered their complaint with either the Commission or the  
1083 Company. Of those who did complain to the Company and/or the Commission, the  
1084 majority of the complaints were generally about alleged high rates, and not specific  
1085 service concerns. Moreover, the log is at least partly the result of Homer Glen's attempts  
1086 to encourage residents to complain about IAWC through information posted on Homer  
1087 Glen's website, a community forum on October 12, 2005, and various local news articles.  
1088 Ms. Niemiec acknowledges this effort - on p. 9, lines 195-198 of her testimony, she states

1089 that the Village asked that residents forward their complaints to the Commission for  
1090 investigation and resolution. These efforts drove up the volume of complaints.

1091 **Q114. Did IAWC respond to complaints it received from Homer Glen residents through**  
1092 **the Commission?**

1093 A. Yes. Each complaint forwarded to the Company by the Commission was responded to.

1094 **Q115. Did customers who logged their complaints with the Village also complain to**  
1095 **IAWC?**

1096 A. In some cases, yes. Of the 466, approximately 280 complaints were also made to the  
1097 Company.

1098 **Q116. Did IAWC resolve complaints it received directly from Homer Glen residents?**

1099 A. Yes. Such complaints would generally have been made by calling IAW's toll-free  
1100 number, and they would have been resolved through the CSC complaint procedures.

1101 **Q117. Did IAWC take steps to address the concerns of residents in Homer Glen?**

1102 A. As described above, I attended Task Force meetings and helped gather and provide  
1103 information to Homer Glen. Ms. Niemiec's testimony (p. 10) describes some of the  
1104 efforts IAWC made to resolve Homer Glen's concerns: "the Village met with IAW on  
1105 October 4, 2005. As a result of the meeting, IAWC sent the Village a letter on October 6,  
1106 2005 outlining steps IAWC was taking concerning the numerous complaints it had  
1107 received from Homer Glen residents," and "On October 23, 2005, IAWC sent a letter to  
1108 residents that set out IAWC's position regarding the high and spiking water bills received  
1109 by Homer Glen residents."

1110 **Q118. Did IAWC take other steps to address concerns of Homer Glen residents?**

1111 A. Yes. As described above, IAWC stopped backbilling Homer Glen (and Chicago Metro)  
1112 residents for discrepancies between inside and outside meter devices at the time of meter  
1113 change outs. IAWC also undertook an audit of water usage in Homer Glen to address  
1114 concerns about unaccounted for water. In addition, other concerns expressed in the  
1115 Water and Sewer Task Force report have been addressed through the establishment of a  
1116 specialty group in the CSC dedicated to handling calls from the Chicago Metro service  
1117 districts, the flushing and inspection of fire hydrants in April and May 2006, assignment  
1118 of a local contact in 2005 in Chicago Metro's Woodridge office to assist in resolving  
1119 water and sewer questions referred to the Company by Homer Glen, and holding of a  
1120 Town Hall Meeting on May 22, 2006 at Goodings Grove School to provide information  
1121 to and answer questions from customers.

1122 **Q119. On p. 10, lines 216-218 of Ms. Niemiec's testimony, she refers to certain bills that**  
1123 **residents submitted to the Village purporting to show high, spiked billing from**  
1124 **IAWC. What is your response?**

1125 A. As described above, bills were higher in the summer of 2005 in large part due to the  
1126 drought and the irrigating of lawns. In addition, the drought exacerbated the increase in  
1127 billed amounts following estimated bills or a meter change.

1128 **Q120. On p. 11, lines 226-228 of Ms. Niemiec's testimony, she states that some of the high**  
1129 **and spiking bills occurred in months other than the summer and that the high bills**  
1130 **occurred either after the customer's meter was changed or after a period of time**  
1131 **when bills were estimated. Do you agree with this assessment?**

1132 A. Some high bills did occur after meter changes and estimated reads. As described above,  
1133 odometer-style meter devices would sometimes under-register, leading to higher bills for  
1134 past unbilled usage when the meter changed. The under-registration was likely  
1135 exacerbated by the high usage related to the drought. Similarly, where estimates were  
1136 based on similar prior periods, the estimates may not have reflected the increased usage  
1137 due to the drought. I note also that the drought conditions persisted into early 2006, and  
1138 so would have continued to have an impact on water use through the fall of 2005.

1139 **CUSTOMER SERVICE**

1140 **Q121. On p. 13, lines 290-293 of Ms. Niemiec's testimony, she states that the Village**  
1141 **received complaints concerning attempts to harass and intimidate customers. Did**  
1142 **IAWC personnel harass or intimidate Homer Glen residents?**

1143 A. No. With the exception of the incident described below, IAWC personnel made every  
1144 effort to respond to customers concerns in a civil and prompt manner.

1145 **Q122. On p. 13, lines 301-304 of Ms. Niemiec's testimony, refers to one incident of**  
1146 **harassment as described in Paragraph 42 of Homer Glen's Complaint. Can you**  
1147 **explain what happened in that case.**

1148 A. In the incident described in Paragraph 42 of the Homer Glen Complaint, an IAWC  
1149 customer service representative failed to follow the established customer service  
1150 procedure, although the customer was reported to have made threats against the

1151 representative. The employee's supervisor discussed the incident with the employee and  
1152 counseled him on his poor response to the customer. The supervisor emphasized the  
1153 importance of good customer service to Illinois American Water and stated Illinois  
1154 American Water's position that poor responses to customers would not be tolerated.

1155 **Q123. Ms. Niemiec's testimony also asserts that IAWC has admitted to problems at the**  
1156 **CSC. What is your response?**

1157 A. As described in the testimony of Ms. Cooper, the CSC did experience a decline in service  
1158 in 2005, based on data that the CSC monitors. Ms. Cooper describes the steps the CSC  
1159 has taken to improve performance since then.

1160 **Q124. Ms. Niemiec also expresses concern with photos taken of the exterior of houses in**  
1161 **Homer Glen and that she believes this would intimidate some of the Village**  
1162 **residents from voicing concerns about IAWC. What is your response?**

1163 A. In an effort to understand customer concerns about high bills in Homer Glen, the  
1164 Company sent employees to take pictures of certain properties to determine the condition  
1165 and size of lawns. The photos were taken from the public right of way and no contact  
1166 was made with the customer. The photos are consistent with the Company's view that  
1167 spikes in usage during drought conditions related primarily to lawn irrigation. This effort  
1168 did not involve any intimidation or contact of any kind with customers.

1169 **Q125. Please discuss the training of IAWC employees who have contact with customers?**

1170 A. All IAWC employees who interact with customers are trained to be courteous and to treat  
1171 customers with dignity and respect. They are trained to determine customer needs and to  
1172 meet those needs expeditiously. Harassment and intimidation have no part in IAWC's  
1173 continuing efforts to provide the highest level of customer service.

1174 **Q126. On p. 15, lines 354-358 of Ms. Niemiec's testimony, she also states that "I**  
1175 **understand that it also is the company's position that it does not have to provide any**  
1176 **documents telling customers of their rights regarding payment plans or the process**  
1177 **to file a complaint with the ICC." Is this in fact the Company's position?**

1178 A. No, this is not the Company's position. IAWC provides information to customers  
1179 regarding IAWC's credit and collections practices in its Rules, Regulations and  
1180 Conditions of Service (Water), ILL. C. C. No. 4, Sheet Nos. 10-15 & 23-24, which are  
1181 available for public inspection at IAWC's business offices and at the offices of the  
1182 Commission. Information is also provided in the applicable sections of the Commission's  
1183 rules, 83 Illinois Administrative Code Parts 280 and 600, including Sections 280.50  
1184 through 280.130, 280.140 through 280.160, 280.200, and 600.410. In addition,  
1185 information regarding payment assistance and deferred payment plans is provided  
1186 through IAWC's website at:  
1187 [http://www.illinoisamerican.com/awpr1/ilaw/customer\\_service/your\\_bill/payment\\_assist](http://www.illinoisamerican.com/awpr1/ilaw/customer_service/your_bill/payment_assistance/page5005.html)  
1188 [ance/page5005.html](http://www.illinoisamerican.com/awpr1/ilaw/customer_service/your_bill/payment_assistance/page5005.html). The website also provides "Regulatory Information" that includes a  
1189 link to the Commission's website, which contains the above referenced Commission  
1190 rules.

1191 IAWC provides all customers, including applicants for service, with information  
1192 on collections practices and late payments in the "Messages from IAWC" section of each  
1193 bill. In addition, the "Messages" section refers to IAWC's website, which contains the  
1194 payment and regulatory information described above. IAWC is currently developing a  
1195 customer information booklet containing the information described by 83 Ill. Admin.  
1196 Code 280.200, which will be provided to all IAWC customers.

1197 **WATER RESTRICTIONS**

1198 **Q127. Is IAWC subject to water use restrictions where it supplies Lake Michigan water?**

1199 A. Yes. All entities having a Lake Michigan water allocation are subject to certain water use  
1200 restrictions.

1201 **Q128. Does IAWC apply the water use restrictions?**

1202 A. Yes. Commencing in 2006, IAWC has communicated the restrictions to customers in  
1203 various ways throughout the summer.

1204 **Q129. According to Ms. Niemiec, in May, Homer Glen enacted an ordinance that tracked  
1205 the restrictions for Lake Michigan water use to be followed in Homer Glen. What is  
1206 your opinion of this development?**

1207 A. It was the right thing to do. It is appropriate for Homer Glen to adopt an ordinance to  
1208 enforce the restrictions.

1209 **MS. NIEMIEC'S RECOMMENDATIONS**

1210 **Q130. Ms. Niemiec recommends that the Commission order IAWC to have a third party  
1211 conduct a full audit of the bills sent to Homer Glen residents since 2004 to determine  
1212 which customers were back billed or charged a make up bill. What is your response  
1213 to this recommendation?**

1214 A. IAWC believes that the audit attached as IAWC Exhibit 1.02 is sufficient to address the  
1215 concerns about back bills in Homer Glen. I also note that issuance of bills for previously  
1216 unbilled service rendered to residential customers up to twelve months earlier is entirely  
1217 appropriate under the Commission's rules.

1218 **Q131. On p. 16, lines 379-385 of Ms. Niemiec's testimony, she states that she supports an**  
1219 **independent third party audit IAWC. What is your response to this**  
1220 **recommendation?**

1221 A. The audit Ms. Niemiec seeks is not necessary. The problems Mr. Rubin and Ms.  
1222 Niemiec allege are limited in scope – many of them relate only to IAWC's Chicago Metro  
1223 District. As I mentioned above, IAWC has moved aggressively to address any actual  
1224 problems with its customer service. Therefore, a full audit of IAWC's billing and service  
1225 procedures is not warranted.

1226 **Q132. On p. 17, lines 389-393 of Ms. Niemiec's testimony, she recommends that the**  
1227 **Commission should assess an administrative penalty and fine on IAWC for each**  
1228 **incident identified where the company has inappropriately back billed or sent make**  
1229 **up bills to Homer Glen residents, and at a minimum, the Commission should assess**  
1230 **the penalties and fines on each of the 474 accounts for which IAW already has**  
1231 **admitted that may have been inappropriately billed." What is your response?**

1232 A. Civil penalties and fines would be inappropriate. As described above, IAWC has already  
1233 investigated these accounts and will issue credits regardless of whether the back billing  
1234 was improper. I would also reiterate that there is nothing improper about issuing back  
1235 bills for service within the last twelve months.

1236 **Q133. In general, do you believe administrative penalties are warranted in this case?**

1237 A. No. The problems with customer accounts which have been raised in this case have  
1238 impacted a small number of accounts in comparison to the total number of IAWC  
1239 customers (281,000) in Illinois and the millions of bills issued each year. Moreover,

1240 where IAWC has identified problems, it has moved aggressively to address them.

1241 Therefore, penalties are not warranted.

1242 **Q134. On p. 17, lines 394-397 of Ms. Niemiec's testimony, she recommends the**  
1243 **Commission order IAWC to annually send to Homer Glen residents a statement of**  
1244 **the customer's rights to dispute bills, receive a payment plan and file complaints**  
1245 **with the Commission. At a minimum, this should include the information required**  
1246 **by 83 Ill. Adm. Code Sec. 280.200. What is your response to this recommendation?**

1247 A. IAWC is now preparing to send a Customer Information Booklet detailing the  
1248 information described in Section 280.200 to all customers in Illinois, and IAWC will  
1249 continue to send a Customer Information Booklet to new customers in accordance with  
1250 the Commission's rules.

1251 **VI. RESPONSE TO WITNESS FINNEGAN**

1252 **Q135. On p. 1, lines 14-21 of Ms. Finnegan's testimony, she states that she received a bill**  
1253 **on August 6, 2005 for 64,000 gallons of water at a cost of \$532, and she compared**  
1254 **the bill with her July 2005 bill, which showed an estimate for 15,000 gallons, her**  
1255 **normal summer usage. Have you investigated the bill at issue?**

1256 A. Yes.

1257 **Q136. What is your explanation for this bill?**

1258 A. The July, 2005, bill was under-estimated. The actual amount of water used on the  
1259 account in July was 46,000 gallons, yet they were only billed for 15,000 gallons. In  
1260 August, another 33,000 gallons was used for a total of 79,000 gallons in two months.  
1261 Since the July bill covered only 15,000 gallons, the August bill addressed the remaining  
1262 64,000 gallons. On August 12, 2005, a Field Services Representative ("FSR") was sent

1263 to the home to inspect the meter. The FSR noted that the lawn and garden appeared to  
1264 have been watered and that there was a swimming pool present at the home.

1265 **Q137. On p. 2, lines 32-37 of Ms. Finnegan's testimony, she states that she felt that IAWC**  
1266 **may have overcharged her because the supply charge on the August 6, 2005 bill was**  
1267 **\$247. Would a supply charge of \$247 be unreasonable in the context of the August**  
1268 **6, 2005 bill?**

1269 A. No. The approved rate of the Supply Charge in August, 2005, was \$3.87 per 1,000  
1270 gallons, which calculates to \$247.68.

1271 **Q138. On p. 3, lines 52-58 of Ms. Finnegan's testimony, she states "On September 13, 2005**  
1272 **we received a call from IAW asking us when we were going to pay our bill. We**  
1273 **explained that the amount was under dispute and we were awaiting a response from**  
1274 **IAW. We were told we had to contact Customer Service. We did so on September**  
1275 **14, 2005 and again asked about how the supply charge was calculated." Then, "on**  
1276 **September 19, 2005 we received a shut off notice from IAW. We called IAW and**  
1277 **were told that if we paid the bill in full by October 12, 2005 we would not be shut**  
1278 **off." Have you investigated these events?**

1279 A. Yes. Ms. Finnegan called the CSC on August 10, 2005, questioning the high bill. The  
1280 account was immediately placed on a 30-day hold so that no collection action would be  
1281 taken while the investigation was on-going. On August 12, 2005, a FSR was sent to the  
1282 home to inspect the meter. The FSR found the meter was accurately read and there was  
1283 no sign of a leak. A letter was mailed to Mr. Finnegan on August 16, 2005, explaining  
1284 the results of the service order investigation and advising the customer that if they  
1285 recently had a leak repaired in their plumbing, they may be eligible for a courtesy leak

1286 adjustment if they provided receipts for the repairs and/or materials. The letter also  
1287 advised the customer to contact the CSC for payment arrangements if they could not pay  
1288 the amount in full. I also note that customer service representatives tried to contact Ms.  
1289 Finnegan by phone several times to explain the rate for the Supply Charge. The final  
1290 notice for discontinuance of service for non-payment was mailed to Mr. Finnegan on  
1291 September 16, 2005, stating that service would be shut off on October 17, 2005, if their  
1292 bill was not paid or payment arrangements made with the CSC.

1293 **Q139. On p. 4, lines 70-77 of Ms. Finnegan's testimony, she describes further interactions**  
1294 **with IAWC, as follows: "On January 19, 2006 we received a voice mail form IAW**  
1295 **representative 'Nick' regarding the need to change our water meter. Sometime**  
1296 **between 10 p.m. on January 19 and 7 a.m. on January 21, a red tag was put on our**  
1297 **door that said our water would be disconnected for failure to provide access to our**  
1298 **home. My husband was working at home on January 20 and no one rang our door**  
1299 **bell. After finding the red tag, we left messages with the IAW representative**  
1300 **assigned to Homer Glen (DanMcGlomb) and 'Nick' asking why IAW would call on**  
1301 **one day and put a red tag notice on the door without any other notice." Have you**  
1302 **investigated these events?**

1303 A. Yes. The notice mailed on January 19, 2006, was the third and final notice.  
1304 Mr. Finnegan had been notified on two separate occasions prior to January 19, requesting  
1305 him to call to schedule an appointment to have the inside meter changed. The customer  
1306 did not respond to our requests to schedule an appointment to have the meter changed.

1307 **Q140. On p. 4, lines 79-87 of Ms. Finnegan's testimony, she states "On January 23, I**  
1308 **received a telephone call from 'Nick' at my work number. I asked why the red tag**

1309 was put on our door. He said IAW needed to change the meter. I asked why IAW  
1310 threatened people with a red tag before they can respond by telephone. Nick  
1311 responded: 'I really don't care anymore. You Homer Glen people have threatened  
1312 me. Threatened to beat me up and sue me.' I said, 'Excuse me? If that is the way you  
1313 are going to treat people then what do you expect? How can you threaten people like  
1314 that?' Nick responded: 'Well, I could just turn off your water without telling, how  
1315 would you like that? We need to change the meter and you are denying us access.'  
1316 Did you investigate these incidents?

1317 A. Yes. The customer service representative was counseled by his supervisor about how to  
1318 appropriately respond to a customer, even in the face of personal threats.

1319 **Q141. On p. 5, lines 99-110 of Ms. Finnegan's testimony, she states "On January 28, 2006,**  
1320 **Bob from Water Services came out the change the water meter. He could not find**  
1321 **the shut off valve in order to make the change. He said he would have to call IAW to**  
1322 **mark the meter outside and he would be back." Ms. Finnegan continues, "on**  
1323 **February 9, 2006, we received a letter from IAW stating they needed access to our**  
1324 **property in the next five days. I called IAW. I was told there was no record of**  
1325 **anyone coming to our house on January 28th and attempting to change the meter.**  
1326 **They also said they had no record of anyone contacting them to locate the outside**  
1327 **shut off valve." She then states, "In early March, we received a call from Water**  
1328 **Services to reschedule the meter change. On March 11, 2006, the meter was**  
1329 **changed." She concludes, "On March 30, 2006, we received another "Final**  
1330 **Important Notice" stating we had five days before our water would be shut off**  
1331 **because they needed access to our meter. We called IAW. They had no record of our**

1332 **meter being changed on March 11, 2006. We told IAW that we had a receipt**  
1333 **showing the change." Did you investigate these events?**

1334 A. Yes. Water Services, the contractor changing the meters for IAWC was at the home, but  
1335 was unable to locate the outside shutoff valve. There is a notation on the account that  
1336 Water Services was at the home on January 28, 2006. The new radio read meter was  
1337 installed on March 11, 2006.

1338 **Q142. Was Ms. Finnegan's water ever shut off?**

1339 A. No.

1340 **Q143. What is your conclusion about Ms. Finnegan's concerns?**

1341 A. I believe they have been resolved, as IAWC has not heard from Ms. Finnegan since  
1342 March 31, 2006 and her bills have been based on radio reads for the past several months.

1343 **VII. RESPONSE TO WITNESS JILET**

1344 **Q144. Q1. On p. 1, lines 16-18 of Mr. Jilet's testimony, he states that he has been**  
1345 **backcharged for a faulty meter that was installed by IAWC on June 4, 2005, and**  
1346 **that even though the company says it will credit accounts for such backbilling, IAW**  
1347 **refuses to adjust his account. Have you investigated Mr. Jilet's allegations?**

1348 A. Yes. Mr. Jilet received a credit for \$295.57 on February 13, 2006 and again on  
1349 February 22, 2006, for the same amount. He acknowledges that he received the credit on  
1350 p. 3, lines 60-61 of his testimony, stating, "The next statement we received from IAWC  
1351 Water did contain a credit for the \$413.79 we were originally backbilled."

1352 **Q145. Mr. Jilet testified that initially, he was told that since his address is Orland Park,**  
1353 **IAWC will not credit my account. What is your response?**

1354 A. The decision to stop backbilling after a meter change-out applies to all Chicago Metro  
1355 customers, not just customers residing in Homer Glen. Mr. Jilet's account was credited  
1356 for the backbilling.

1357 **Q146. Mr. Jilet testifies, with regard to the "backcharge," that on June 4, 2005, two**  
1358 **representatives from IAWC installed a new remote read water meter in his**  
1359 **basement. However, he reported that around the end of November 2005, he started**  
1360 **receiving calls from IAWC stating that a new remote meter had to be installed.**  
1361 **When told that this had been done in June, IAWC said it needed to send someone to**  
1362 **inspect the meter. On January 13, 2006, someone came out and told him the new**  
1363 **meter was defective and to expect a bill for \$500 to cover what he had not been**  
1364 **billed for. Can you explain what the situation was with Mr. Jilet's meter?**

1365 A. The new meter was installed on June 4, 2005. However, there was a problem with the  
1366 sending device on the meter and IAWC was not receiving actual readings. Mr. Jilet was  
1367 receiving estimated bills until such time that access was gained to the meter and the  
1368 problem resolved. This occurred in December, 2005.

1369 **Q147. On p. 2, lines 41-46 of Mr. Jilet's testimony, he states that he did receive a separate**  
1370 **bill on January 15, 2006 for \$413.79, and he was told that the meter installed in June**  
1371 **2005 was not sending monthly amounts and that for the past six months, his bills**  
1372 **had been estimated based on our usage from last year. Mr. Jilet disagreed with this**  
1373 **estimation because his bills for the same period a year ago were between \$110 to**  
1374 **\$130, and by his calculation, adding the \$413.79 to the bills I already paid for July**

1375           **2005 to January 2006 means that the bills were between \$178 to \$198, an increase of**  
1376           **62 per cent. Did you investigate Mr. Jilet's current and past bills?**

1377    A.     Yes.

1378    **Q148. What is your explanation for the amount of the bill Mt. Jilet received?**

1379    A.     During the period July, 2004, through December, 2004, when there was no drought, Mr.  
1380           Jilet used 47,000 gallons of water. During the same timeframe in 2005, in which the  
1381           Chicago-Metro area experienced the worst drought in the past 111 years, Mr. Jilet was  
1382           only billed for 44,000 gallons, based on estimated readings (which were based on a  
1383           similar prior period). When the problem with the sending unit on the meter was  
1384           corrected, and an actual reading obtained, it was determined that Mr. Jilet in fact used  
1385           approximately 40,000 gallons more than what he was actually billed for. It is my belief  
1386           that these additional 40,000 gallons above his normal use were related to the drought  
1387           conditions.

1388    **Q149. What is your conclusion with regard to Mr. Jilet's concerns?**

1389    A.     I believe his concerns have been addressed through the credits that were previously  
1390           issued.

1391    **VIII. RESPONSE TO WITNESS LITOBORSKI**

1392    **Q150. On p. 1, lines 15-17 of Ms. Litoborski's testimony, she states that a new meter was**  
1393           **installed on January 26, 2006. On p. 1, lines 23-24, she states "The first bill after the**  
1394           **new meter was installed was for 13 days. It showed that we used 43,000. The amount**  
1395           **of the bill was \$371.60." A subsequent bill included the \$371.60 plus another usage**  
1396           **of 16,000 bringing the total usage to 59,000 gallons for two months. On p. 4, lines**  
1397           **82-85, she states "I then received another bill from IAW for \$791.68 for another**

1398 **24,000 gallons of water. The total usage since the new meter was installed was**  
1399 **83,000." Did you investigate these bills?**

1400 A. Yes. The water meters installed by IAWC are manufactured by Neptune. During the  
1401 manufacturing process, each meter is stamped with a sequential eight-digit serial number.  
1402 For some unexplained reason, Neptune sent IAWC two meters with identical meter serial  
1403 numbers. The first of these two meters was installed at a residence on Arboretum Drive  
1404 and the second was installed in Ms. Litoborski's residence on Cricketwood Drive. The  
1405 billing system utilized by IAWC would not accept the meter information for Ms.  
1406 Litoborski's account because it recognized that the meter data had already been entered  
1407 into the system and it would not accept the same meter number twice. For several  
1408 months following the meter change, and due to the billing system not accepting the meter  
1409 data, Ms. Litoborski was receiving estimated bills.

1410 **Q151. Did Ms. Litoborski receive corrected bills?**

1411 A. Yes. The bills issued in March, April and May, 2006, were canceled and rebilled based  
1412 on the correct actual meter readings. The account was rebilled separately for each month,  
1413 allowing the information to post to the account between billings. The corrected usage  
1414 billed was 4,000 gallons for the initial 13 days following the meter change-out, 16,000  
1415 and 9,000 gallons respectively on the subsequent corrected bills. After canceling the  
1416 estimated bills and reissuing corrected bills, the account had a credit balance, which was  
1417 applied to the next month's bill.

1418 **Q152. Does Ms. Litoborski now have any outstanding balances with IAWC?**

1419 A. No.

1420 **Q153. Ms. Litoborski reports that she went to the Woodridge office of IAWC in person on**  
1421 **one occasion but could not resolve her concerns. Did you investigate her concerns?**

1422 A. Yes.

1423 **Q154. What were the results of your investigation?**

1424 A. In fact, a thorough investigation of the accounts and the meters was conducted following  
1425 her visit to Woodridge to determine the problem. This is when the duplicate serial  
1426 numbers were discovered and the problem was corrected by changing the meter serial  
1427 number on the meter installed at Ms. Litoborski's residence. Ms. Litoborski is now  
1428 receiving regular monthly bills based on actual radio reads.

1429 **Q155. On p. 3, lines 54-61 of Ms. Litoborski's testimony, she describes how "on April 14,**  
1430 **2006, a serviceman named Paul came to read the meter. He wrote down all the**  
1431 **information and told me what the readings were. He said that the meter was reading**  
1432 **and that since January 26, my family had used 19,000 gallons of water. He went to**  
1433 **his van where he said he corrected the problem on the computer and that I would**  
1434 **receive a corrected bill within a week." However, she stated that four days later, a**  
1435 **person claiming to be an IAWC employee came to the house unannounced saying he**  
1436 **needed to read the meter but she did not let him in." On p. 3, lines 65-67 of Ms.**  
1437 **Litoborski's testimony, she states "I was told that they had no record of Paul being**  
1438 **at my house." Did you investigate these events?**

1439 A. Yes. Ms. Litoborski received a letter stating that IAWC needed access to the meter to  
1440 verify the meter information. A service order was created and the FSR went to the home  
1441 to verify the meter. The second FSR at Ms. Litoborski's home was a meter reader, who  
1442 would not have any information about someone being there earlier for a service order.

1443 **Q156. What is your conclusion with respect to Ms. Litoborski's concerns?**

1444 A. I believe they have been resolved.

1445 **Q157. Having reviewed the testimonies of the three Homer Glen customer witnesses, Ms.**

1446 **Finnegan, Mr. Jilet, and Ms. Litoborski, do you have any general concluding**

1447 **comments on the nature of their complaints or concerns?**

1448 A. The complaints and concerns of the three Homer Glen customer witnesses have been  
1449 resolved, and these customers have no outstanding balances or disputes the IAWC. From  
1450 my review of IAWC's records related to these accounts, I believe the company worked  
1451 diligently and in good faith to resolve these customers' concerns.

1452 **Q158. Does this conclude your testimony?**

1453 A. Yes, it does.