

Rebuttal Testimony

of

Joan Howard

Consumer Services Division

Illinois Commerce Commission

Complaint Case

Kevin Grens; The People of the State of Illinois; and The Village of Homer Glen;
vs
Illinois-American Water Company

Docket No. 05-0681/06-0094/06-0095 (cons.)

October 6, 2006

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

2 A. My name is Joan Howard. I am employed by the Illinois Commerce
3 Commission (“ICC” or “Commission”). My business address is 527 East
4 Capitol Avenue, Springfield, Illinois 62701.

5
6 **Q. Are you the same Joan Howard who submitted testimony earlier in
7 this proceeding?**

8 A. Yes, I am.

9
10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of my rebuttal testimony is to comment on the request of the
12 Plaintiffs for an audit of various aspects of IAWC’s records and operations
13 as I stated on pages 7 and 8, lines 130 through 134 of my direct
14 testimony. The Staff Witnesses had asked for a description of details of
15 the proposed full-scale audit by issuing a data request.

16
17 **Q. What details did the Staff Witnesses request concerning the
18 proposed audit?**

19 A. The Staff Witnesses asked for a description of details including a)
20 period(s) to be reviewed, b) service areas to be reviewed, c) records to be
21 reviewed, d) types of tests to be performed, e) type of entity that might
22 perform the audit, f) the administrator of the audit, *i.e.*, entity that would
23 select the auditor, approve the audit plan, and supervise the conduct of

24 the audit, g) completion date for the audit, h) submission date of the audit
25 reports, i) the recipients of the audit reports, and j) expected actions to
26 take as a result of the audit.

27

28 **Q. What response did the Staff Witnesses receive?**

29 A. Mr. Rubin replied that he has not developed a detailed proposal for such
30 an audit. However, the period to be reviewed would be current billing
31 periods and the records to be reviewed would be records of billing,
32 metering, meter-reading, and customer service for the IAWC service
33 territory and would be conducted by an independent auditor.

34

35 **Q. What other information did Mr. Rubin provide in response to the**
36 **Staff Witnesses' data requests?**

37 A. Mr. Rubin replied that, while he is not familiar with the full scope of the
38 Commission's powers under Illinois law, the audit he recommends would
39 have elements of a management audit under Section 8-102 of the Public
40 Utilities Act, 220 ILCS 5/8-102, and an audit of the utility's books and
41 records under Section 5-105 of the Public Utilities Act, 220 ILCS 5/5-105.
42 Mr. Rubin has not developed a projected cost of the audit but does
43 recommend that the audit be paid for by IAWC's shareholders.

44

45

46

47 **Q. What are your observations concerning the proposed audits?**

48 A. The recommendation proposed by Mr. Rubin for an independent audit
49 lacks the specificity that would be needed by the Commission in
50 determining whether an audit is appropriate and the scope of any such
51 audit.

52

53 **Q. Do you support Mr. Rubin's recommendation for an audit of Illinois-**
54 **American Water Co.?**

55 A. Based upon the information currently known to me, I do not take a position
56 regarding Mr. Rubin's recommendation for an audit of Illinois-American
57 Water Co. Neither I nor other members of the Commission's Consumer
58 Services Division staff have generally been involved with performing
59 management audits previously conducted by the Commission and do not
60 audit utility records, although we do review utility records involving an
61 individual's informal complaint.

62

63 **Q. Do the Staff Witnesses have a position if the Commission were to**
64 **order an audit of Illinois-American Water Co.?**

65 A. Certainly the Staff of the Commission is willing to oversee any audit which
66 the Commission will determine is justified on basis of the record in this
67 case. If any kind of an audit is to be done, the guidelines for the auditors
68 will need to be established by the Staff.

69

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

71 **A.** Yes, it does.