

REBUTTAL TESTIMONY

of

MIKE LUTH

Rates Analyst
Rates Department
Financial Analysis Division
Illinois Commerce Commission

RME ILLINOIS, INC.
REQUEST FOR ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY PURSUANT TO SECTION 8-406 OF THE PUBLIC UTILITIES ACT

DOCKET NOS. 07-0331/0332 (Consol.)

JANUARY 24, 2008

INTRODUCTION

1 Q. Please state your name and business address.

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

4 Q. Are you the same Mike Luth who previously submitted Direct Testimony
5 in this proceeding?

6 A. Yes, I am.

7 Q. What is the purpose of your Rebuttal Testimony in this proceeding?

8 A. The purpose of my Rebuttal Testimony is to respond to the Rebuttal
9 Testimony of RME Illinois, Inc. ("RME" or "Company") witness Arthur
10 Olson. (RME Exhibit RB-1)

11 Q. Did Mr. Olson agree with the rates that you presented in direct
12 testimony?

13 A. Yes, Mr. Olson agreed with the rates that I presented in direct testimony,
14 which were \$166.56 per month at the Falcon Crest development and
15 \$263.19 per month at the Eastgate development. (ICC Staff Exhibit 4.0,
16 p. 3, lines 27-31; pp. 5-6, lines 78-98) As I discussed in direct testimony,
17 in comparison with other wastewater/sewer services subject to
18 Commission regulation, the Falcon Crest and Eastgate rates are high,
19 even though both rates are based upon costs to serve the developments

20 and the planned number of customers at each development. In view of
21 the sizeable rates under consideration in this docket, I recommended
22 that the developers and potential homebuyers should be advised of
23 those rates.

24 Q. Has Mr. Olson informed the developers of the rates that he accepted to
25 be in place at Eastgate and Falcon Crest?

26 A. In response to Staff data request TEE 4.03, Mr. Olson indicated that he
27 had informed the developers of the rates that I presented in direct
28 testimony, stating that the respective rates have been set for the
29 developments. I have attached a copy of the letters that Mr. Olson
30 included with his response to Staff data request TEE 4.03.

31 Q. Have you confirmed that the developers are aware of the rates to be put
32 into effect upon Commission authorization in this docket?

33 A. Yes, I have. Mr. Greg Summers, on behalf of the Eastgate developer,
34 Fidelity Wes, indicated by telephone that he had met with Mr. Olson
35 concerning the recommended rates and had received the letter
36 referenced in the response to Staff data request TEE 4.03. Mr. Karl
37 Zimmerman, on behalf of the Falcon Crest developer, Saxonian Builders,
38 indicated that he did not remember Mr. Olson's letter referenced in the
39 response to Staff data request TEE 4.03. Mr. Zimmerman requested
40 that I fax the letter to him, which I then did a short while after our

41 telephone conversation. It is reasonable to conclude that through my
42 telephone conversation with Mr. Zimmerman and my transmittal of a fax
43 of Mr. Olson's letter to Mr. Zimmerman, Mr. Zimmerman is aware of the
44 rate that Mr. Olson accepted for the Falcon Crest development.

45 Q. Why did you recommend that RME inform the Eastgate and Falcon Crest
46 developers and potential homebuyers of rates under consideration in this
47 docket?

48 A. The sizeable rates under consideration in this docket are potentially
49 more than just an afterthought to continue development of Eastgate and
50 Falcon Crest, or to purchase a house in either development.
51 Wastewater rates of \$166.56 per month at Falcon Crest and \$263.19 per
52 month at Eastgate appear to push the boundary of affordability and are
53 potentially a drawback to residing in those developments, so it should be
54 clear what the wastewater rates are before deciding to continue with
55 development or purchase of a property.

56 Q. Does this question end your prepared rebuttal testimony?

57 A. Yes.

- TEE 4.03 Referring to Company Exhibit RB-1, Company witness Olson states that he “concur[s] that given Staff’s revenue requirement and investment recommendations Falcon Crest customers should pay \$166.56 per month and Eastgate customers should pay \$263.19 per month”.
- a) Has RME communicated these new wastewater rates to its prospective customers?
 - b) If so, how was that communication made? Provide a copy of the form of communication made to the prospective customers.
 - c) If not, when and how does RME intend to communicate these wastewater rates to its prospective customers?

I have communicated the new wastewater rates both orally and in writing. A copy of the letters are provided below.

RME ILLINOIS, LLC

965 WESTSHORE DRIVE FOX LAKE, IL. 60020 (847) 651-
1150

FAX: (847) 973-2113 EMAIL: manager@rmeillinois.com

December 20, 2007

Mr. Greg Summers
Fidelity Wes
1540 Dundee Road
Palatine, Il. 60074

Re: Eastgate Estates

Dear Greg:

Per our conversation of December 19, 2007 the wastewater tariff rate for your Eastgate subdivision has been set at \$263.19 per month per customer.

If you have any questions feel free to contact me at any time.

Sincerely yours,

Arthur R. Olson SD, PE, PLS
Managing Member

RME ILLINOIS, LLC

965 WESTSHORE DRIVE FOX LAKE, IL. 60020 (847) 651-
1150
FAX: (847) 973-2113 EMAIL: manager@rmeillinois.com

December 20, 2007

Mr. Karl Zimmermann
Saxonian Builders
P.O. Box 247
Lake Villa, IL 60046

Re: Falcon Crest

Dear Karl:

Per our conversation of December 19, 2007 the wastewater tariff rate for your Falcon Crest subdivision has been set at \$166.56 per month per customer.

If you have any questions feel free to contact me at any time.

Sincerely yours,

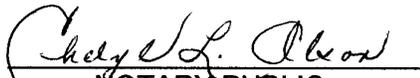
Arthur R. Olson SD, PE, PLS
Managing Member

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

Arthur R. Olson, being first duly sworn on oath, deposes and states that he has read the responses to Staff Data Requests TEE 4.01, TEE 4.02 and TEE 4.03, and the answers made therein are true, correct and complete to the best of his knowledge and belief.


Signature

SUBSCRIBED AND SWORN to before me this 4th day of
JANUARY 2008


NOTARY PUBLIC

my commission expired on 8/20/11

