

REBUTTAL TESTIMONY

of

LARRY H. WILCOX

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Illinois-American Water Company

Proposed general increase in water and sewer rates

Docket No. 09-0319

November 13, 2009

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SCHEDULE

Schedule 9.1 - Adjustment to Rate Case Expense

ATTACHMENTS

- Attachment A - IAWC Response to Staff Data Request LHW 11.01.
- Attachment B - IAWC Response to Staff Data Request LHW 11.02.
- Attachment C - Extract from IAWC Response to Staff Data Request LHW 10.01.
- Attachment D - Extract from IAWC Response to Staff Data Request LHW 10.02.

1 **Witness Identification**

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

3 A. My name is Larry H. Wilcox. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. Have you previously filed testimony in this proceeding?**

6 A. Yes, my direct testimony was filed on September 28, 2009 as ICC Staff
7 Exhibit 2.0.

8 **Schedule and Attachments**

9 **Q. Are you sponsoring any schedules as part of your rebuttal**
10 **testimony, ICC Staff Exhibit 9.0?**

11 A. Yes. I am sponsoring Schedule 9.1 - Adjustment to Rate Case
12 Expense, which shows data as of, or for the test year ending,
13 December 31, 2010.

14 **Q. Are you including any attachments as part of your rebuttal**
15 **testimony?**

16 A. I have also included the following attachments that present information
17 provided by Illinois-American Water Company ("Illinois-American,"
18 "IAWC," or the "Company"):

- 19 Attachment A - IAWC Response to Staff Data Request LHW 11.01.
- 20 Attachment B - IAWC Response to Staff Data Request LHW 11.02.
- 21 Attachment C - Extract from IAWC Response to Staff Data Request
- 22 LHW 10.01.
- 23 Attachment D - Extract from IAWC Response to Staff Data Request
- 24 LHW 10.02.

25 **Purpose of Testimony**

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

27 A. The purpose of my testimony is to respond to the rebuttal testimony of
28 IAWC witness -Tyler T. Bernsen (IAWC Exhibit 7.00R1) regarding my
29 proposed adjustments to prior rate case expense and insurance expense
30 as reflected in the 2010 test year.

31 **Adjustment to Rate Case Expense**

32 **Q. Can you summarize the position taken by Mr. Bernsen vis-à-vis your**
33 **adjustment to rate case expense?**

34 A: IAWC was ordered by the Commission in Docket No. 05-0681 to conduct
35 a Municipal Rate Study. They did so in conjunction with the next rate case
36 (Docket 07-0507). Mr. Bernsen argues that because the Municipal Rate
37 Study was of a “unique nature” the Company should be allowed to recover
38 all of the costs associated with the study including those in excess of the
39 amount approved by the Commission.

40 **Q: And do you find merit in his argument?**

41 A: I find no merit whatsoever. The basis for my disallowance was that the
42 Company should not be allowed to amortize any component of rate case
43 expense in excess of that approved by the Commission. Mr. Bernsen
44 acknowledges in his response to Staff Data Request LHW 11.01 that:

45 “The Docket 05-0681 Order did not state or imply a
46 determination as to whether the Company would be
47 permitted to recover as Rate Case Expense costs related to
48 preparation of evidence on municipal rate comparisons that
49 were greater than those ultimately approved by the
50 Commission.” See Att. A.

51 Staff Data Request LHW 11.02 invited Mr. Bernsen to “cite precedent from
52 any Commission rate proceeding wherein a utility was permitted to
53 recover as a Rate Case Expense costs greater than those approved by
54 the Commission.” He responded (in part) as follows:

55 “In Docket 95-0076, the Commission approved recovery of
56 the unamortized balance of the (higher than approved)
57 actual cost of a depreciation study prepared for the prior rate
58 case (Docket 92-0116). In Docket 92-0116, the Commission
59 approved recovery of the amount of unamortized prior rate
60 case expense incurred in Docket 90-0100. In Docket 02-
61 0690, the Commission approved recovery of the
62 unamortized balance of (lower than approved) actual prior
63 rate case expense from Docket 00-0340.” See Att. B.

64 The circumstances of Docket Nos. 92-0116 and 02-0690 do not appear to
65 be relevant. In the former, the Commission purportedly approved
66 unamortized prior rate case expense; that is not the present point of
67 contention. And in the latter, the Commission approved recovery of the
68 unamortized balance of (lower than approved) actual prior rate case
69 expense; I am contending that IAWC may not amortize expenses higher
70 than those approved by the Commission.

71 The circumstances of Docket No. 95-0076 *would* appear to be relevant;
72 however, when I reviewed the order, there was no reference to a
73 depreciation study contained therein.

74 **Q. Please summarize your position on this issue.**

75 A. The Commission, in Docket No. 07-0507, approved IAWC’s recovery of
76 \$1,482,020 for rate case expense for that case. Included in this
77 \$1,482,020 total was \$37,000 for a municipal rate study. The Company

78 now proposes to retroactively adjust the amount the Commission
79 approved for the municipal rate study and increase it to \$224,047. My
80 adjustment limits the recovery of the unamortized rate case expense from
81 Docket No. 07-0507 to the amount the Commission approved in that case.
82 My computations are included on Schedule 9.1.

83 **Adjustment to Insurance Expense**

84 **Q. Have you reviewed the Mr. Bernsen’s rebuttal testimony regarding**
85 **your adjustment to Insurance Expense?**

86 A. Yes.

87 **Q. Can you summarize his position on this issue?**

88 A. Mr. Bernsen indicated that “Retrospective Adjustment” as used on
89 Schedule C-17 First Revised was a misnomer. The correct term for the
90 line item is “Retrospective Accrual.” See Att. C and D. The Retrospective
91 Accrual is a prospective review of expected future insurance claims cost
92 based upon current Insurance Other Than Group Insurance (“IOTG”)
93 premiums for General Liability, Auto Liability, and Workers Compensation,
94 utilizing the most recent available loss information and claims experience.
95 This review results in an adjustment to annual IOTG expense that
96 represents insurance costs for current claims in excess of premium costs.
97 For the test year, IAWC has projected that a Retrospective Accrual
98 adjustment, representing an additional expense above projected IOTG
99 premiums, will be required.

100 **Q. And do you agree with Mr. Bernsen’s position?**

101 A. Yes and I withdraw my adjustment as relates to Insurance Expense.
102 When I first proposed the adjustment I was working under the erroneous
103 assumption that “Retrospective Adjustment” referred to expenses incurred
104 during previous accounting periods. Retrospective Accrual, in that it
105 represents additional expense for insurance premiums, would be a valid
106 test year expense.
107 The Company’s proposed test year balance for the Retrospective Accrual
108 is \$212,660 which is less than the ending balance of the account in 2008
109 and at the end of September 2009. Also, the total estimate for Insurance
110 Expense on Schedule C-17 First Revised is \$4,144,798 which is \$427,478
111 less the than IAWC’s estimate from the original filing. **See Sched. 9.1.**

112 **Conclusion**

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

114 A. Yes.

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER LHW 10.01

Witness Responsible:	<u>Tyler Bernsen</u>
Title:	<u>Financial Analyst II</u>
Phone No.:	<u>(314) 996-2274</u>
Date Received:	<u>October 2, 2009</u>
Docket No.:	<u>09-0319</u>

LHW 10.01

Referring to the Company's response to Staff Data Request LHW 9.01:

- a) The aforementioned data request referenced Schedule C-17 First Revised, Insurance Expense, Page 1 of 4, Line No. 19, "Retrospective Adjustment (Commercial General Liab, Auto Liab, and Workers Comp)" and requested (among other things) "its individual components with respective dollar amounts." Staff Data Request LHW 9.01 also asked for "any documentation upon which the adjustment was based." The response did not provide all of the information requested. Please provide this information.
- b) Was "Retrospective Adjustment (Commercial General Liab, Auto Liab, and Workers Comp)" included as an expense in the original filing for the current rate case? If so, please indicate on what schedule(s) and line(s) it can be found. If not, please explain why not.
- c) Was "Retrospective Adjustment (Commercial General Liab, Auto Liab, and Workers Comp)" included in as an expense in the previous rate case (Docket No. 07-0507)? If so, please indicate on what schedule(s) and line(s) it can be found. If not, please explain why not.
- d) Please provide the ending balance in the "Retrospective Adjustment (Commercial General Liab, Auto Liab, and Workers Comp)" account for fiscal years 2006, 2007, and 2008, and the estimated ending balance for fiscal year 2009.
- e) The IAWC response states, in part, "Current forecast estimates for the Company for its 2010 retrospective adjustment will be an approximate \$2,000,000 additional premium charge." Please provide any documentation upon which that estimate was based. Also, for the holding company, please provide actual retrospective adjustment amounts for fiscal years 2006, 2007, and 2008 and the estimated retrospective adjustment amount for fiscal year 2009.
- f) Please explain the methodology utilized by the holding company to allocate "Retrospective Adjustment (Commercial General Liab, Auto Liab, and Workers Comp)" to IAWC and other component units. Provide the calculations for 2006, 2007, 2008, 2009, and the 2010 test year.

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DATA REQUEST NUMBER ICC LHW 10.01
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- g) The IAWC response states, in part, “The insurance company reviews the Company’s open claims annually and issues adjustment for each annual policy period...” For the holding company, please provide a list of open claims (to include estimated total liability) for fiscal years 2006, 2007, 2008, and 2009. Please indicate which of these claims are specific to IAWC.

Please provide all supporting calculations and workpapers. To the extent applicable, all documents and workpapers should be provided in Excel format with working formulas.

RESPONSE

- a) As noted in our response to AG 8.3., the correct terminology is Retrospective Accrual which is a prospective review of expected future insurance claims cost based upon current Insurance Other Than Group Insurance premium for General Liability (GL), Auto Liability (AL), and Workers Compensation (WC), utilizing most recent available Loss Development Factors, and current claims experience. This review results in an adjustment to annual IOTG expense.

Current IOTG premium for all AW includes:

<u>Policy Period</u>	<u>GL</u>	<u>AL</u>	<u>WC</u>	<u>Total</u>
1/1/09 – 1/1/10	17,425,842,	2,087,173	10,454,472	29,967,487

The most recent loss development factors (LDF) used to develop the Retrospective Accrual available indicates an approximate 4% to 5% increase for most recent policy periods and current policy periods premiums to fund losses that may be inadequate. A 5% increase is applied to 2009 IOTG premium.

LDF exhibit attached.

The Company also experienced more claims with potential severity or larger losses than other years.

- b) The Retrospective Accrual in the original filing was in the amount of \$172,791 and is listed on line 3, page 1 under the “Annual Premium” column of Schedule C-17. The Commercial General Liability amount was \$1,680,016, giving a total of \$1,852,807. The Retrospective Accrual for 2009 was also in the amount of \$172,791 and is listed on line 3, page 2 under the “Annual Premium” column of Schedule C-17.
- c) There was no Retrospective Accrual contained in Docket No. 07-0507. Sufficient additional monies were collected from 2001 to 2005 to support the claims loss fund and no adjustment was needed.
- d) The ending balance in the Retrospective Accrual account (account 146105) for IAWC for fiscal years 2006-2009 are as follows; 2006 \$0, 2007 \$0, 2008 \$370,428, \$401,558 August 2009, \$696,494 September 2009. The Company does not have an estimate for the ending balance at the end of 2009.
- e) See response to a and d.

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- f) IOTG annual insurance premium including Workers compensation (WC), general liability (GL) and auto liability (AL), is based upon 50/50 split between underwriting exposure (estimated annual payroll for WC and GL) and loss history (Average 5 year loss history to incent Business Units to control its losses and adhere to safety and loss prevention practices. Average of 5 years is used to smooth out and mitigate penalizing a BU for having one year with exceptional poor performance). For 2009, the amount of IOTG expense is allocated as follows:

WC and GL: Illinois AWC estimated annual payroll of \$28,029,798 is 6.4% of total AW payroll

WC: 5 year average losses of \$852,429 is 14.28% of AW total losses.

IL AWC \$1,424,191 WC premium is 3.62% of AW total WC premium of \$10,454,472.

GL: 5 year average losses of \$456,402 is 3.54% of AW total losses.

IL AWC \$1,092,206 GL premium is 6.26% of AW total GL premium of \$17,425,842.

AL is based upon IL AWC 361 vehicles which is 8.7% of 4,166 AW fleet.

AL: 5 year average losses of \$29,107 is 3.3% of AW total losses.

IL AWC \$124,862 AL premium is 5.98% of AW total AL premium of \$2,087,173.

The Retrospective Accrual allocated to ILAWC will be the same percentage for the respective policy period.

- g) Please see attached

See also AG 8.3 for further discussion.

Attachment:

ICC LHW 10.01 a - LDF Comparison 2009 2010.xls

ICC LHW 10.01 g - 2006 to 2009 AWK AL GL-PR WC.pdf

ICC LHW 10.01 g - 2006 to 2009 ILAWC AL GL-PR WC.pdf

Date Response Provided: October 14, 2009

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER LHW 10.02

Witness Responsible: Tyler Bernsen
Title: Financial Analyst II
Phone No.: (314) 996-2274
Date Received: October 2, 2009
Docket No.: 09-0319

LHW 10.02

Reference Schedule C-17 First Revised, Insurance Expense, Page 1 of 4, Line No. 16, "Workers Compensation." The original estimate for this line item was \$1,119,935. On the "First Revised" version of Schedule C-17, Workers Compensation was increased to \$1,530,955. Please explain with specificity the rationale for this increase, and provide any documentation upon which the test year estimate and subsequent increase were based.

Please provide all supporting calculations and workpapers. To the extent applicable, all documents and workpapers should be provided in Excel format with working formulas.

RESPONSE

The original projection for Workers Compensation in the amount of \$1,119,935 for 2010, as shown on the original Schedule C-17, was incorrect. In addition, the C-17 First Revised was updated based upon more current 2009 information and the original C-17 was based on projected 2009 premiums. The correct and updated amount is \$1,530,955. Schedule C-17 First Revised reflects this corrected, updated amount. In developing the projections for 2010, incorrect growth factors were used and applied to not only Workers Compensation but also to other insurance categories. The chart below shows both the "original" incorrect amounts and the "revised" corrected and updated amounts. The corrected amounts were reflected on "First Revised" C-17 and the original were shown on the company's "original" C-17:

	Original C-17	1st Revised C-17
Auto Liability	\$192,813	\$159,735
Commercial Liability	\$1,852,807	\$1,201,426
Directors & Officers	\$200,513	\$50,271
Excess Liability	\$585,850	\$376,139
All Risk Property	\$576,016	\$544,464
Workers Compensation	\$1,119,335	\$1,530,955

Attached are the original and first revised C-17 schedules. As shown on these schedules, the total amount of insurance costs as a result of the corrections has been reduced by \$427,478. Also attached is the budget calculation for the original C-17. The budget calculation for the C-17 first revised can be found in AG 4.15 part b. Both of these files are supported by the Marsh reports provided to Staff during their on site visit.

Attachment:

[ICC LHW 10.02 R1.pdf](#)

[ICC LHW 10.02-R2 - 2009-2013 Insurance BP.xls](#)

Date Response Provided: October 14, 2009

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER LHW 11.01

Witness Responsible:	<u>Tyler Bernsen</u>
Title:	<u>Financial Analyst II</u>
Phone No.:	<u>(314) 996-2274</u>
Date Received:	<u>October 29, 2009</u>
Docket No.:	<u>09-0319</u>

LHW 11.01

Referring to IAWC Ex. 7.00R1, Rebuttal Testimony of Tyler T. Bernsen:

- a) Page 2, Line 28 of Mr. Bernsen's Rebuttal Testimony states, "The Municipal Rate Study was a Commission-ordered study." Please provide the docket number wherein the Commission ordered the study and provide the language from that Commission Order whereby the Company believes the Commission ordered the study. Also indicate if within this docket it was stated or implied that the Company would be permitted to recover as a Rate Case Expense costs greater than those approved by the Commission.
- b) Page 2, Lines 37-39 of Mr. Bernsen's Rebuttal Testimony states, "Because of the Study's unique nature, the Company should be allowed recovery of the unamortized portion of the actual cost of the Municipal Rate Study." Please elaborate as to the "unique nature" of the Municipal Rate Study.

RESPONSE

- a) The Company prepared the Municipal Rate Study in response to certain findings of the Order entered by the Illinois Commerce Commission ("Commission") in Dockets 05-0681, 06-0094 and 06-0095 (consolidated) (the "Docket 05-0681 Order"). In the Docket 05-0681 Order, the Commission indicated that the rates of IAWC may not be just and reasonable based on a comparison of those rates to the rates of certain surrounding municipalities, and directed parties to "adduce evidence" concerning appropriate rate levels in IAWC's next rate case (Docket 07-0507). Specifically, the Commission found (Docket 05-0681 Order, pp. 45-46):

Under Section 5/9 -250 of the Act, the Commission has the power and authority to investigate any rate to determine whether it is unjust, unreasonable or discriminatory. The evidence in this case suggests that the rates charged by IAWC in the Chicago Metro service may not be just and reasonable because they are disproportionately high relative to the rates charged in other nearby communities. We find that Mr. Grens and Homer Glen have introduced sufficient evidence to suggest that a reconsideration of the reasonableness of rates charged by IAWC for water and sewer service in the Chicago Metro Service Area is warranted.

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DATA REQUEST NUMBER ICC LHW 11.01
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IAWC's comments in its Brief on Exceptions suggests that it intends to file a new rate case very soon. If that occurs, interested parties may adduce evidence in that proceeding concerning appropriate rate levels. If a new rate case is not filed within six months from the date of this Order, we direct Staff to reopen Docket 02-0690. That Docket shall be reopened, using the test year from that docket, to determine if the current rates in the Chicago Metro Service Area are just and reasonable.

IAWC considered the above-referenced findings of the Commission in the Docket 05-0681 Order, the statement that interested parties may adduce evidence regarding comparisons of IAWC's rates to those of municipalities in IAWC's next rate case, and the Commission's direction that Staff reopen Docket 02-0690 if IAWC did not file a rate case within 6 months of the Docket 05-0681 Order, to require that IAWC submit evidence in Docket 07-0507 addressing the Docket 05-0681 Order's concerns about the level of IAWC's rates as compared to those of municipalities. The Municipal Rate Study represented, in part, the evidence necessary to respond to the Commission's stated concerns.

The Docket 05-0681 Order did not state or imply a determination as to whether the Company would be permitted to recover as Rate Case Expense costs related to preparation of evidence on municipal rate comparisons that were greater than those ultimately approved by the Commission. The Commission did, however, approve recovery of the Company's projected level of expense related to the Municipal Rate Study in Docket 07-0507.

- b) The Municipal Rate Study is unique in nature because the Commission had not previously required presentation of evidence comparing IAWC's rates to those of neighboring municipalities (see (a) above) and IAWC has not previously performed a study like the Municipal Rate Study. Thus, the Municipal Rate Study was different from studies like cost of service studies, depreciation studies, return on equity analyses and leag-lag studies that are commonly performed in rate cases. Having not previously performed a study like the Municipal Rate Study, IAWC did not have prior experience of studies of that type on which to base its projection of the Municipal Rate Study costs and the ultimate cost of the study was difficult to predict. As set forth in the Docket 07-0507 evidence, briefs and Order, the Municipal Rate Study was subject to a thorough review, complex analysis in testimony and briefs, and was extensively litigated in that proceeding. Under these circumstances, it is appropriate for IAWC to be allowed to recover the actual amount of the Municipal Rate Study.

ILLINOIS-AMERICAN WATER COMPANY
RESPONSE TO ILLINOIS COMMERCE COMMISSION
DATA REQUEST NUMBER LHW 11.02

Witness Responsible:	<u>Tyler Bernsen</u>
Title:	<u>Financial Analyst II</u>
Phone No.:	<u>(314) 996-2274</u>
Date Received:	<u>October 29, 2009</u>
Docket No.:	<u>09-0319</u>

LHW 11.02

Please cite precedent from any Commission rate proceeding wherein a utility was permitted to recover as a Rate Case Expense costs greater than those approved by the Commission.

RESPONSE

IAWC objects to this request as calling for a legal conclusion. Subject to and without waiving this objection, IAWC responds as follows. In Docket 95-0076, the Commission approved recovery of the unamortized balance of the (higher than approved) actual cost of a depreciation study prepared for the prior rate case (Docket 92-0116). In Docket 92-0116, the Commission approved recovery of the amount of unamortized prior rate case expense incurred in Docket 90-0100. In Docket 02-0690, the Commission approved recovery of the unamortized balance of (lower than approved) actual prior rate case expense from Docket 00-0340.

Date Response Provided: November 9, 2009

**Illinois-American Water Company
 Adjustment to Rate Case Expense
 For the Test Year Ending December 31, 2010
 (In Thousands)**

<u>Line</u> (A)	<u>Description</u> (B)	<u>Amount</u> (C)	<u>Source</u> (D)
1	Amortization of Prior Rate Case Expense per Staff	\$ 310	ICC Staff Ex. 9.0, Sch. 9.1, Page 2 of 2, Column J, Line 11
2	Amortization of Prior Rate Case Expense per Company	372	ICC Staff Ex. 9.0, Sch. 9.1, Page 2 of 2, Column J, Line 13
3	Difference -- Staff Adjustment	<u>\$ (62)</u>	Line 1 less Line 2
Allocation of Adjustment to Rate Areas (Based on IAWC's allocation of Rate Case Expense on Line 5 of Company Schedule C-2.1 Revised)			
4	Zone 1	\$ (48)	$(1,034,100 / 1,340,548) * (-62)$
5	Chicago Metro Water	(6)	$(124,787 / 1,340,548) * (-62)$
6	Chicago Metro Waste Water	(4)	$(87,189 / 1,340,548) * (-62)$
7	Pekin	(3)	$(67,093 / 1,340,548) * (-62)$
8	Lincoln	(1)	$(27,379 / 1,340,548) * (-62)$
9	Total Company - Staff Adjustment	<u>\$ (62)</u>	Sum of Line 4 through Line 8

**Illinois-American Water Company
 Adjustment to Rate Case Expense
 For the Period August 1, 2008 through December 31, 2010
 (In Dollars)**

Line (A)	Description (B)	Costs Approved Docket 07-0507 (C)	Monthly Amortization (D)	Amortization August 1, 2008 to December 31, 2008 (E)	Amortization January 1, 2009 to December 31, 2009 (F)	Amortization January 1, 2010 to April 30, 2010 (G)	Amortization Taken (H)	Amortization Remaining To Be Taken (I)	Test Year Amortization of Prior Rate Case Expense (J)
	<i>Amortize over 3 years</i>								
1	Legal Fees and Expenses	\$ 650,000	\$ 18,056	\$ 90,278	\$ 216,667	\$ 72,222	\$ 379,167	\$ 270,833	\$ 135,417
2	Revenue Requirement	347,140	9,643	48,214	115,713	38,571	202,498	144,642	72,321
3	CPA Review	25,000	694	3,472	8,333	2,778	14,583	10,417	5,208
4	Rate of Return Consultant	49,080	1,363	6,817	16,360	5,453	28,630	20,450	10,225
5	Demand Study	39,280	1,091	5,456	13,093	4,364	22,913	16,367	8,183
6	Other	200,000	5,556	27,778	66,667	22,222	116,667	83,333	41,667
7	Subtotal	1,310,500	36,403	182,014	436,833	145,611	764,458	546,042	273,021
	<i>Amortize over 5 years</i>								
8	Municipal Rate Study	37,000	617	3,083	7,400	2,467	12,950	24,050	8,017
9	Depreciation study	134,520	2,242	11,210	26,904	8,968	47,082	87,438	29,146
10	Subtotal	171,520	2,859	14,293	34,304	11,435	60,032	111,488	37,163
11	Amount per Staff	\$ 1,482,020	\$ 39,261	\$ 196,307	\$ 471,137	\$ 157,046	\$ 824,490	\$ 657,530	310,184
12	Additional Municipal Rate Study Costs per Company								<u>62,349</u> ⁽¹⁾
13	Amount per Company (Company Schedule C-10, First Revised, Line 22)								<u>\$ 372,533</u>

⁽¹⁾ Source (Company Workpaper "RateCaseExpense.xls" Row 29)

Additional costs per Company	
Actual Municipal Rate Study Costs (Company Sch C-10.1, Line f)	224,047
Approved Municipal Rate Study Costs	
Included Above (Line 8)	<u>(37,000)</u>
Additional Municipal Rate Study Costs	187,047
Annual Amortization (3 years)	62,349