

1 STATE OF ILLINOIS

2 ILLINOIS COMMERCE COMMISSION

3 00000

4 Application of Apple Canyon Utility  
5 Company for an increase in water rates.

Docket No. \_\_\_\_\_

6  
7 PREPARED DIRECT TESTIMONY OF

8 PAUL D. BURRIS

9 ON BEHALF OF APPLE CANYON UTILITY COMPANY

10  
11 October 2009

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2 **Q.1 PLEASE STATE YOUR NAME, PRESENT POSITION AND BUSINESS**  
3 **ADDRESS.**

4  
5 A.1 My name is Paul Burris and I am the Regional Vice President for the Midwestern and  
6 Western Regions of Utilities, Inc. ("UI"), which includes Arizona, Illinois, Indiana,  
7 Maryland, Nevada, New Jersey, Pennsylvania and part of Virginia.

8  
9 My business address is 1240 E. State Street, Suite 115, Pahrump, Nevada 89048.

10  
11 **Q.2 WHAT ARE YOUR DUTIES IN YOUR CURRENT POSITION?**

12 A.2 In my current position, I am responsible for directing the safe, efficient, and economical  
13 operation of the Western and Midwestern Region assets. My duties and responsibilities  
14 include the following:

- 15 • Economic performance of operating subsidiaries within the Western and
- 16 Midwestern Region
- 17 • Lead operations team to be in compliance with all applicable local, state and
- 18 federal regulations
- 19 • Maintain assets in good operating condition
- 20 • Developing capital plan to meet customer growth and adherence to that plan
- 21 • Margin review analysis to ensure efficient operations
- 22 • Stewardship of legal issues and cases
- 23 • Foster and ensure safe work environment
- 24 • New business development
- 25 • Manage relationships with the community
- 26 • Manage and provide leadership for staff of approximately 100 people

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- Provide information to national headquarters and manage management's expectations, and
- Stay abreast of local environment and upcoming regulations

**Q.3 WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

A.3 I have been employed by Water Service Corporation and providing services to UI since January 9, 2006. I graduated from Governors State University in December 2005 with a Master's Degree in Public Administration. I have been involved in the operation and management of water and sewer systems for 25 years. I have operated and managed water systems ranging from a single-well system up to a 120 MGD surface water plant. I have managed and operated wastewater plants from 0.034 MGD to 1.5 MGD. My duties included day-to-day operating decisions on changes related to chemicals, detention times, waste flows, digester management, and air requirements. I was also the Operations Manager for the Lake Pleasant Plant in Phoenix, Arizona when I was with American Water. I assisted in the development of the O&M (operations and maintenance) manual and personnel requirements for that plant. Over the years I have worked in the sewer and water industry in many states, including the UI states listed above, as well as California, Texas, and Washington. In addition, I hold the highest sewer and water operating licenses in Arizona, Indiana, Illinois, and Nevada.

**Q.4 HAVE YOU TESTIFIED BEFORE THE ILLINOIS COMMERCE COMMISSION (THE "ICC")?**

A.4 No

**Q.5 HAVE YOU TESTIFIED (OR PREPARED TESTIMONY) BEFORE ANY OTHER PUBLIC UTILITY COMMISSION?**

A.5 Yes

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1 Arizona - I have testified in the follow docket

- 2 • On Behalf of Perkins Mountain Water Company and Perkins Mountain Utility  
3 Company before the Arizona Corporation Commission in Docket No. SW-  
4 20379A-05-0489 and W-20380A-05-0490.

5  
6 Indiana – I have testified in the following docket:

- 7 • On Behalf of Twin Lakes Utility before the Indiana Utilities Regulatory  
8 Commission in sub-docket of the rate case (IURC Cause NO. 43128-S1, filed  
9 2007).

10  
11 Nevada –I have filed testimony and /or testified in the following dockets:

- 12 • Application of Spring Creek Utilities Co. for approval of its 2009 Resource Plan  
13 for water and sewer services, ICCN Docket No. 09-03003 (filed March 3, 2009).  
14 • Application of Spring Creek Utilities Co. to increase rates for water and sewer  
15 service, ICCN Docket No. 08-06036 (filed June 30, 2008).  
16 • Application of Spring Creek Utilities Co. for authority under the provisions of the  
17 Utility Environmental Protection Act for a permit to construct the Project Karval  
18 Pipeline consisting of approximately 3,050 feet of water pipeline to be located in  
19 Spring Creek in Elko County, Nevada, ICCN Docket No. 08-06001 (filed June 3,  
20 2008).  
21 • Application of Spring Creek Utilities Co. to increase rates for water and sewer  
22 service, ICCN Docket No. 06-01002 (filed Jan. 3, 2006).  
23 • Application of Utilities, Inc. of Central Nevada to increase rates for water and  
24 sewer service, ICCN Docket No. 06-12023 (filed Dec. 28, 2006).  
25 • Petition of UICN declaratory order regarding interpretation and application of  
26 UICN's Rule 12 of water tariff 1-A, ICCN Docket no. 09-07017 (Filed Aug,  
27 2009).

28 Pennsylvania - I have filed testimony in the following dockets still pending:

- 29 • Application of Penn Estates Utilities Inc to increase rates for water service Docket  
30 No. R-2009-2117532, (filed Sept, 2009).

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- Application of Utilities Inc of Pennsylvania to increase rates for sewer service, Docket No. 2009-2117402, (filed Sept, 2009).
- Application of Penn Estates Utilities Inc to increase rates for Sewer service, Docket No. R-2009-2117740, (filed Sept, 2009).
- Application of Westgate Utilities to increase rates for water service, Docket No. R-2009-2117389, (filed Sept, 2009).

**Q.6 WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?**

A.6 My testimony provides support for the Application to Increase Water Rates (the "Application") filed by Apple Canyon Utility Company (or the "Company"). My testimony:

- Describes Apple Canyon Utility Company's service territory and its water system operation
- Describes the capital improvements Apple Canyon Utility Company made to its water system between 3-3-99 and 12-31-09
- Describes needed tariff changes
- Describes Unaccounted for Water results as of 2008
- Describes Aged Water Meters and the Apple Canyon Utility Company plan to be in compliance

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*System Description and System Operation*

**Q.7 PLEASE GENERALLY DESCRIBE APPLE CANYON UTILITY COMPANY'S SERVICE TERRITORY AND WATER SYSTEM FOR THE COMMISSION.**

A.7 Apple Canyon is located in JoDaviess County, Illinois and serves a portion of Thompson Township. Apple Canyon Utility Company is a .600 MGD WTP with the largest well

1 out of service. As of September 30, 2009, there were approximately 890 active water  
2 services and approximately 1800 available lots remaining The water source for Apple  
3 Canyon Utility Company is well water supplied by Well # 1 and Well # 3 on the east  
4 side of the distribution system. Both wells have a combined capacity of 630 gpm. Well  
5 water discharges directly into the distribution system. There is a 435,000 gallon  
6 standpipe on the northeast side of the Apple Canyon service area. The distribution  
7 system for Apple Canyon Utility Company consists of approximately 50 miles of 6, 8,  
8 and 12 inch AC (Transite) water main. The wells operate based on the water level in the  
9 Standpipe. Well #1 serves as the lead and Well #3 serves as the lag if Well #1 cannot  
10 supply the demand. Typically only one well runs at a time for both average day demand  
11 and maximum day demand conditions.  
12

13 **Q.8 WHAT ARE THE DUTIES OF THE STAFF AT APPLE CANYON UTILITY**  
14 **COMPANY?**

15 A.8

- 16 • Collect samples and perform daily testing. Package samples for lab pick up as  
17 required by the IEPA sampling schedule.
- 18 • Complete daily operations, equipment repairs, and maintenance
- 19 • Submit complete and accurate monthly reports to the IEPA
- 20 • Maintain the distribution system
- 21 • Order chemicals and safely store and identify
- 22 • Complete field activities and respond to customer inquiries
- 23 • Comply with all IEPA regulations. Complete and oversee capital projects
- 24 • Read all water meters on a quarterly basis
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26 **Q.9 IS THE COMPANY IN COMPLIANCE WITH ALL DEPARTMENT OF**  
27 **ENVIRONMENTAL PROTECTION REQUIREMENTS AND PERMITS?**  
28

1 A.9 Yes

2  
3 *Capital Improvements*

4  
5 Q.10 HAS APPLE CANYON UTILITY COMPANY UNDERTAKEN AND  
6 COMPLETED CAPITAL IMPROVEMENT PROJECTS TO ITS WATER  
7 SYSTEM AFTER 3/3/99 AND BEFORE 12/31/09?

8 A.10 Yes.

9  
10 Q.11 WOULD YOU PLEASE DESCRIBE THE IMPROVEMENTS APPLE CANYON  
11 UTILITY COMPANY MADE TO ITS WATER SYSTEM BETWEEN 3/3/99 AND  
12 12/31/09?

13 A.11 Table 1 below lists each of the projects, the relevant work order numbers, and business  
14 unit numbers.

15 Table 1

16

No	Project Name	Work Order Numbers	Business Unit Numbers
1.	Add Storage Building for Chemicals	2003884	110100
2.	Leak Detection	2008038	110100
3.	Abandon Well #2, Drill New Well #3	005-0010-115-02-01	110100
4.	Water Service to Five Lots, Fair Oak Lane	005-0010-115-02-02	110100
5.	Water Tower Inspection and Repair	005-0010-115-04-01	110100
6.	Replace Pump / Motor, Well #1	2002187	110100
7.	Mapping and Hydraulic Studies for Illinois Cost Center	031-0099-117-07-01	850100

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1  
2 **Q.12 PLEASE DESCRIBE EACH OF THE CAPITAL PROJECTS LISTED IN**  
3 **TABLE1 FOR THE COMMISSION AND THE PARTIES OF RECORD?**

4 **A.12 1. Add Storage Building for Chemicals.**

5 Larger Chemical Storage Building was constructed.

6  
7 **2. Leak Detection**

8 M.E. Simpson was hired to locate leaks in the distribution system to help lower water  
9 loss.

10  
11 **3. Abandon Well #2, Drill Well #3**

12 Well #2 became contaminated and was abandoned. Well #3 was drilled to replace it.

13  
14 **4. Water Service to Five Lots, Fair Oak Lane**

15 Added a water main to supply lots on this street

16  
17 **5. Water Tower Inspection and Repair**

18 Took Tower out of service; drained Tower, inspected, and made repairs based on  
19 inspection.

20  
21 **6. Replace Pump/Motor Well #1**

22 Remove pump and motor from well. Disassemble motor from pump housing and  
23 install new motor. Re-install pump and motor into well.

24  
25 **7. Mapping and Hydraulic Studies for the Illinois Cost Center.**

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1 Create GIS mapping of twenty water systems in Illinois and develop a Hydraulic  
2 Model for five of these systems for the evaluation, condition and the future demand of  
3 the systems. Apple Canyon Utility Company was one of these five Hydraulic Models.  
4  
5

6 **Q.13 WHEN DID WORK BEGIN ON EACH OF THE ABOVE PROJECTS?**

7 A.13 Table 2, below, lists the date work began on each project.  
8  
9

Table 2

No.	Project Name	Date Work Began
1.	Add Storage Building for Chemicals	09/30/2007
2.	Leak Detection	06/20/2007
3.	Abandon Well #2, Drill New Well #3	05/02/2002
4.	Water Service to Five Lots, Fair Oak Lane	09/15/2002
5.	Water Tower Inspection and Repair	09/08/2004
6.	Replace Pump / Motor, Well #1	01/07/2004
7.	Mapping and Hydraulic Studies for Illinois Cost Center	05/01/2007

17 **Q.14 WHEN WAS WORK COMPLETED ON EACH OF THE ABOVE PROJECTS?**

18 A.14 Table 3, below, lists the date Apple Canyon Utility Company completed work on each of  
19 the projects.  
20

Table 3

No.	Project Name	Date Work Completed
1.	Add Storage Building for Chemicals	12/31/2007
2.	Leak Detection	12/31/2007
3.	Abandon Well #2, Drill New Well #3	03/19/2003
4.	Water Service to Five Lots, Fair Oak Lane	01/08/2003
5.	Water Tower Inspection and Repair	01/06/2005
6.	Replace Pump / Motor, Well #1	01/13/2004
7.	Mapping and Hydraulic Studies for Illinois Cost Center	10/31/2007

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1 Q.15 WHY DID APPLE CANYON UTILITY COMPANY UNDERTAKE EACH OF  
2 THE PROJECTS IDENTIFIED IN TABLE 1?

3 A.15 1. Add Storage Building for Chemicals

4 The original chemical building was over-crowded not allowing room to work. Daily  
5 operations/operator safety hazards existed due to the size of the chemical storage/feed  
6 room with various chemicals stored in the same room. This building addition created  
7 a safe and more spacious working environment by allowing for each chemical to be  
8 confined to its own area with spill containment. Chemicals are now direct delivered  
9 by the vendor to day tanks and do not have to be transferred by operators.

10  
11 2. Leak Detection

12 Apple Canyon Utility Company experienced an unaccounted rate of water loss of 65%  
13 in 2006. Apple Canyon Utility Company was instructed by the regulators to reduce  
14 the amount of unaccounted for water to 25% or less. This project encompassed a  
15 thorough examination of the distribution system to help reduce the total by listening to  
16 all fire hydrants, main valves, and a select number of b-boxes with approved  
17 monitoring devices, locating the water mains and individual water services in order to  
18 pin point the areas in need of repair. M.E. Simpson was the contractor hired for this  
19 project. After all detection and repairs Apple Canyon Utility Company showed a  
20 decrease in water pumpage by greater than 100,000 gpd.

21  
22 3. Abandon Well #2, Drill Well #3

23 Well #2 became contaminated with bacteria that Apple Canyon Utility Company was  
24 unable to disinfect. After reviewing the video documentation of this well it was  
25 determined by Apple Canyon Utility Company that the Well # 2 casing seal had failed  
26 causing contaminated water in the lower aquifer, resulting in the well needing to be  
27 replaced.

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1  
2 4. Water Service to Five Lots, Fair Oak Lane

3 The five lots on Fair Oak Lane remained vacant until September, 2002. At that time  
4 the land owner of 5A142 submitted a request for water service. It was decided by  
5 Apple Canyon Utility Company to extend this main the length of the remaining four  
6 empty lots which completes the service line for this road. Lot 5A142 is the fourth lot  
7 from the intersection where the existing main resides.  
8

9 5. Water Tower Inspection and Repair

10 The Tower was constructed in 1970 and had last been inspected, repaired, and painted  
11 in 1987. It was believed at the time that the tower may have been a major contributor  
12 to the high unaccounted for water loss. The inspection revealed that the tower needed  
13 more repairs than expected and the amount of the project estimate was amended to  
14 cover the costs of the repairs.  
15

16 6. Replace Pump/Motor Well #1

17 The motor to the well pump failed and could not be repaired. This is the main well for  
18 Apple Canyon Utility Company and it was imperative to get this well back in service  
19 as soon as possible, or run the risk of not being able to serve the community  
20 adequately.  
21

22 7. Mapping and Hydraulic Studies for the Illinois Cost Center

23 The purpose of the GIS Mapping in these areas are to: transfer information from old  
24 prints to an electronic media, enable the sharing of location information, utilization of  
25 data reports for contributed assets, delineation of the certificated areas, and  
26 maintenance record keeping. The hydraulic studies involved locating valves, fire  
27 hydrants, B-boxes, and any other distribution related structures. This enabled Apple  
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1 Canyon Utility Company to evaluate the current condition of the water distribution  
2 system and improve and upgrade this system where deficiencies need to be addressed.  
3

4 **Q.16 WHAT WAS THE TOTAL COST OF EACH OF THE ABOVE IDENTIFIED**  
5 **PROJECTS?**  
6

7	A.16	1. Add Storage Building for Chemicals	\$ 24,617.93
8		2. Leak Detection	\$ 35,737.20
9		3. Abandon Well #2, Drill Well #3	\$110,267.35
10		4. Water Service to Five Lots, Fair Oak Lane	\$ 14,149.50
11		5. Water Tower Inspection and Repair	\$ 74,081.75
12		6. Replace Pump/Motor Well #1	\$ 8,713.12
13		7. Mapping and Hydraulic Studies for the Illinois Cost Center	\$ 49,303.65

14  
15 **Q.17 WHAT CAPITAL IMPROVEMENT PROJECTS, IF ANY, IS APPLE CANYON**  
16 **UTILITY COMPANY CURRENTLY PURSUING THAT IT WILL COMPLETE**  
17 **AFTER 1/1/08 AND BEFORE THE END OF 12/31/09?**

18 A.17 There have been no capital improvement projects since 1/1/08 to present and there are  
19 none planned before 12/31/09.  
20

21 *Tariff Changes*  
22  
23

24 **Q.18 IS THERE ANY CHANGES TO THE SCHEDULE OF RATES FOR WATER**  
25 **SERVICE APPLICABLE TO THE CURRENT TARIFF YOU WOULD LIKE TO**  
26 **ADDRESS?**

27 A.18 Yes, the changes that I would like to address are:  
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1 The current tariff language:

2 1. NSF Check Charge

3 A charge of \$10.00 will be applied to customers whose check is returned by the bank  
4 due to non-sufficient funds (one charge per check each time it is returned)

5 2. Reconnection Charge

6 If water service is cut off by the utility for any reasons as outlined in Section 17 of the  
7 Rules, Regulations, and Conditions of Service, the customer will be assessed a charge  
8 of twenty (\$20.00) dollars. If water service is disconnected at the customer's request,  
9 the customer will be assessed a twenty (\$20.00) dollar charge. Customers who  
10 request to be reconnected within nine (9) months of disconnection will be assessed  
11 appropriate base facilities charge for the service period they were disconnected. This  
12 charge will be paid by customers before water will again be furnished or the lot or  
13 lots involved

14 3. Temporary Disconnection Charge

15 Owners requesting temporary disconnection of water for repairs within their property  
16 will be charged a service charge of \$5.00 for disconnecting and \$5.00 for restoring  
17 service.

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18 The requested changes are respectively:

19 1. NSF Check Charge

20 A charge of \$25.00 will be applied to customers whose check is returned by the bank  
21 due to non-sufficient funds (one charge per check each time it is returned)

22 **Reason for request 1:** Apple Canyon Utility Company would like to become up to  
23 date with industry standards. The increase in this charge will enable Apple Canyon  
24 Utility Company to cover costs associated with NSF checks.

25 2. Reconnection Charge

26 If water service is **disconnected** by the utility for any reasons as outlined in Section  
27 17 of the Rules, Regulations, and Conditions of Service, the customer will be  
28

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1 assessed a charge of **thirty-seven (\$37.50) dollars and fifty cents, which will be paid**  
2 **by the customer before water service will be restored.** If water service is  
3 disconnected at the customer's request **due to seasonal residence and during**  
4 **normal business operating hours,** the customer will be assessed a **charge of thirty-**  
5 **seven (\$37.50) dollars and fifty cents, which will be added to the customer's next**  
6 **water bill.** Customers who request to be reconnected within nine (9) months of  
7 disconnection will be assessed an appropriate base facilities charge for the service  
8 period **the customer was disconnected.** This charge will be paid by customers before  
9 water service will again be restored.

10 **Reason for request 2:** Apple Canyon Utility Company would like to recover the  
11 current average cost of labor for one hour of employee time to provide these services.

12 3. **Temporary Disconnection Charge**

13 **Customers requesting temporary disconnection of water service for repairs within**  
14 **the customer's property will be assessed a charge of thirty-seven (\$37.50) dollars**  
15 **and fifty cents for disconnection and a separate thirty-seven (\$37.50) dollars and**  
16 **fifty cents charge for restoring water service.**

17 **Reason for request 3:** Apple Canyon Utility Company would like to recover the  
18 current average cost of labor for one hour of employee time to provide these services.

19  
20 Requested addition to current Schedule of Rates for Water Service

21 1. **After Hour Call-out Charges**

22 **If for any reason the customer requests, or is facilitated by the customer's**  
23 **negligence, services rendered by Apple Canyon Utility Company, that occurs**  
24 **after normal business operating hours, the Company has the right to bill for this**  
25 **call-out service and the minimum charge will be for two hours of current labor**  
26 **rate or one hundred six (\$106.00) dollars and fifty-three dollars (\$53.00) per**  
27 **hour for all time accumulated above and beyond the two hour minimum.**

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1 Reason for addition request 1: Apple Canyon Utility Company would like to  
2 recover the current average cost of labor for one hour of employee time to provide  
3 these services. This also defines Rule and Regulation 4(C) of current tariff.

4 **2. Customer Deposits**

5 Apple Canyon Utility Company reserves the right to assess a security deposit to  
6 ensure prompt payment of water bills either at application for water service or  
7 after disconnection due to non-payment of current water bills or to ensure  
8 payment of final billing. The minimum charge for this for a non-paying  
9 customer will be fifty (\$50.00) dollars and may increase due to the payment  
10 history of said customer. The charge for a new service application if deemed  
11 necessary will be fifty (\$50.00) dollars.

12 **3. Tampering Fees**

13 Apple Canyon Utility Company reserves the right to assess a charge of fifty (\$50.00)  
14 dollars administrative fee in addition to cost of the water consumed or used and the  
15 actual costs to repair or safeguard the system

16  
17 **Q.19 ARE THERE ANY CHANGES TO THE RULES, REGULATIONS AND**  
18 **CONDITIONS OF SERVICE WATER APPLICABLE TO THE CURRENT**  
19 **TARIFF YOU WOULD LIKE TO ADDRESS?**

20 **A.19** Yes, I do want to make changes to the Rules, Regulations and Conditions of Service  
21 Water Applicable to the current tariff current tariff language.

22 **In Rule 6 Section (I) on Original Sheet No. 12**

23 I would like to propose the deletion of the following verbiage:

24 "At the option of the Company, the customer may contract with the Company for  
25 necessary repairs or maintenance on the customer's service pipe or on pipes or fixtures in  
26 or upon the customer's premises."

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1 The reason for this change request is to remove any possible liability to Apple Canyon  
2 Utility Company and make any repairs to property currently owned by the premise  
3 owner, [Property not owned by Apple Canyon Utility Company], the sole responsibility  
4 of the premise owner.

5  
6 **Q.20 ARE THERE ANY ADDITIONS TO THE RULES, REGULATIONS AND**  
7 **CONDITIONS OF SERVICE WATER APPLICABLE TO THE CURRENT**  
8 **TARIFF THAT YOU WOULD LIKE TO PROPOSE?**

9 A.20 Yes, the additions I would like to propose are as follows:

10 **Within Rule 17 on Original Sheet No. 25**

11 Apple Canyon Utility Company would like to propose the addition of Section (H):

12 H. At the customer's request, water service may be disconnected for the purpose of  
13 making repairs on said customer's premise, during normal business operating hours. A  
14 fee for this service may be charged to the customer's account and added to the next water  
15 bill. The fee for disconnection shall be the amount stated in the applicable tariff on file  
16 with the Commission.

17 The reason for this addition request is to define a discontinuance of water service at a  
18 customer's request. In the current tariff on file with the Commission there is no verbiage  
19 regarding this practice and the applicable charge for the service. This will keep the  
20 language in the tariff in order with the Schedule of Rates for Water Service.

21  
22 **Within Rule 21 on Original Sheet No. 27**

23 Apple Canyon Utility Company would like to propose the addition of Section (G):

24 G. Disputes regarding water bills must be sent in writing to the business office of the  
25 Utility. In the event a dispute occurs, the customer is still required to pay the current  
26 amount due and any and all past due balances and applicable late fee.

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1 The reason for this addition request is to define billing disputes in the tariff language that  
2 does not currently exist.

3  
4 **Addition of Rule 21A on Original Sheet 27**

5 Apple Canyon Utility Company would like to propose the addition a Rule 21A regarding  
6 "Billing and Payment Options":

7 The customer has the following payment options available in order to make water bill  
8 payments:

- 9 1. Check or money order to the business office of the Utility:

10 Apple Canyon Utility Company

11 C/O Utilities, Inc.

12 2335 Sanders Road

13 Northbrook, IL 60062

- 14  
15 2. Pay by Phone

16 Pay with check, credit card, or debit card via Bill Matrix payment system 877-527-  
17 7852. A three (\$3.00) dollar processing fee is charged for this service.

- 18  
19 3. Online Payment

20 Internet payments are accepted with e-check, credit card or debit card at:

21 [www.payments.utilitiesinc.billmatrix.com](http://www.payments.utilitiesinc.billmatrix.com) A three (\$3.00) dollar fee is charged for  
22 this service.

- 23  
24 4. Paperless Billing

25 Customers who wish to stop receiving paper bills may sign up for the e-bill system.

26 **Electronic Billing**

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1 A customer may voluntarily elect to be billed through a paperless electronic billing  
2 system using standard form and protocols established and maintained by the  
3 Company. In administering this electronic billing option, the Company does not send  
4 such customer paper bills. Required information that otherwise accompanies a paper  
5 bill is transmitted to such customer electronically, or the internet link access to such  
6 information is transmitted electronically to such customer. Any applicable  
7 disconnection notice continues to be sent to such customer via United States mail.  
8 The Company may utilize unaffiliated third parties to electronically transmit bills to  
9 such customer. The Company is not responsible for any loss resulting from such  
10 customer's election to receive bills electronically, including but not limited to, any  
11 loss associated with damage to the retail customer's computer equipment or facilities  
12 and any loss associated with a their party's unauthorized use of such customer's  
13 information. Either the Company or such customer may, upon, thirty (30) days notice  
14 to the other party, terminate electronic transmission of bills without any liability to  
15 the terminating party resulting from such termination, and without affecting such  
16 customer's obligation to pay all amounts due to the Company. In such event, the  
17 Company begins to issue paper bills via United States mail to such customer as soon  
18 as reasonably practical. The Company reserves the right to determine whether a  
19 customer is eligible to be billed through its paperless electronic system. The reason  
20 for this addition request is to define the methods of billing and payment options in the  
21 tariff language that currently does not exist.  
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*Unaccounted for Water*

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1 Q.21 HOW HAS APPLE CANYON UTILITY COMPANY MANAGED ITS UFW'S  
2 SINCE THE REVISED UNACCOUNTED FOR WATER TARIFF SHEET  
3 ISSUED JANUARY 30, 2007 EFFECTIVE MARCH 19, 2007?

4 A.21 Apple Canyon Utility Company performed a system wide, comprehensive leak detection  
5 program and located main line and service line leaks. These leaks were repaired as found  
6 and the resulting UFW's are as follows:

7 1<sup>st</sup> Quarter 2008: 11.7%

8 2<sup>nd</sup> Quarter 2008: 19.1%

9 3<sup>rd</sup> Quarter 2008: 14.9%

10 4<sup>th</sup> Quarter 2008: 5.5%

11 2008 Average UFW: 12.8%

12 1<sup>st</sup> Quarter 2009: 32.3%

13 2<sup>nd</sup> Quarter 2009: 60.6%

14 2009 Current Average UFW: 46.5%

15 Apple Canyon Utility Company continues to monitor the distribution system looking for  
16 leaks and improvements that can be made. Some leaks that are part of the cause of the  
17 higher rate experienced in the beginning quarters of 2009 have surfaced and repairs have  
18 been made. The Company will reevaluate the course of action regarding leak surveys in  
19 2010 based on third and fourth quarter 2009 results.

20  
21 *Aged Water Meters*

22  
23 Q.22 PLEASE DESCRIBE THE AMOUNT OF WATER METERS IN THE APPLE  
24 CANYON UTILITY COMPANY SERVICE AREA THAT ARE OVER 10 YEARS  
25 OLD AND THE COMPANY'S PLAN TO GET INTO COMPLIANCE.

26 A.22 Apple Canyon Utility Company currently has approximately 890 active water service  
27 metered accounts of which approximately 445 have meters that are ten (10) years old or  
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1 older. The Company is currently looking at all options to most economically and  
2 efficiently bring the aged meters into compliance with the Commission. Apple Canyon  
3 Utility Company will respond via certified mail to the Commission a progress report  
4 regarding this resolution by June 30, 2010.  
5

6 **Q.23 DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

7 **A.23** Yes, however I reserve the right to supplement or make corrections to this testimony at  
8 the time of the hearing in this proceeding.  
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