

DIRECT TESTIMONY

OF

**CHRISTOPHER L. BOGGS
RATES ANALYST**

**RATES DEPARTMENT
FINANCIAL ANALYSIS DIVISION
ILLINOIS COMMERCE COMMISSION**

ILLINOIS-AMERICAN WATER COMPANY

**APPLICATION FOR THE PURCHASE OF THE ASSETS AND OPERATING RIGHTS
WITHIN THE STEVER DISTRICT IMPROVEMENT ASSOCIATION WATER
TREATMENT AND DISTRIBUTION SYSTEM AND FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE TO AN AREA IN
PEORIA COUNTY, ILLINOIS, IN ACCORDANCE WITH 8-406 OF THE PUBLIC
UTILITIES ACT.**

DOCKET NO. 09-0451

MARCH 2, 2010

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

2 A. My name is Christopher L. Boggs and my business address is 527 E. Capitol
3 Avenue, Springfield, IL 62701.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Illinois Commerce Commission ("Commission") as a Rates
7 Analyst in the Rates Department of the Financial Analysis Division. My
8 responsibilities include rate design and cost of service analyses for electric, gas,
9 water and sewer utilities and the preparation of testimony on rates and rate
10 related matters.

11

12 **Q. How long have you been employed by the Commission?**

13 A. I have been employed by the Commission since April of 2008.

14

15 **Q. Please discuss your educational and professional background.**

16 A. I received a B.S. in Economics/Business Administration from Knox College in
17 1987. In my work as a Rates Analyst I have testified in several rate cases on
18 issues including tariff language, miscellaneous fees and rates. Prior to my
19 employment at the Commission, I worked more than 16 years in mortgage

20 finance and mortgage operations management. I was employed by Illini Bank,
21 Norwest Mortgage, and Illinois National Bank.

22

23 **Q. What is the purpose of your direct testimony?**

24 A. The purpose of my testimony is to investigate whether Illinois-American Water
25 Company (“Company” or “IAWC”) would impose a surcharge to customers in the
26 Stever District Improvement Association (“Stever District”) for excess costs of
27 construction of the improvements and connection to IAWC’s distribution system.
28 I will also comment on the appropriateness of the Company’s proposal to apply
29 the tariff rates, rules and regulations of IAWC’s Peoria District to the Stever
30 District customers.

31

32 **Q. Why are you investigating the excess cost of construction surcharge**
33 **issue?**

34 A. Company witness Moler stated that the Company would invest up to \$144,000
35 so that the Stever District’s customers could connect to IAWC’s distribution
36 system (IAWC Ex. No. MM-2.0 pg. 4).

37 However, in reading the direct testimony of the Company witnesses, it was
38 unclear how costs of construction in excess \$144,000 would be collected from
39 customers.

40 Thus, I am investigating this issue to determine how costs of construction in
41 excess \$144,000 would be collected from customers and what effect, if any, the
42 collection of the excess costs would have on a customer's monthly water bill.

43

44 **Q. Were Data Requests used to conduct your investigation?**

45 A. Yes, they were. Staff Data Requests CB 1.01-CB 1.06 were sent to the
46 Company. Specifically, Staff Data Request CB 1.03 inquired about whether a
47 Special Service Area (SSA) had been established that was authorized to charge
48 the customers of the Stever District a surcharge to pay for the excess costs of
49 construction of the improvements and connection to IAWC's distribution system.

50

51 **Q. What did the Company's response reveal?**

52 A. In response to Staff Data Request CB 1.03, Mr. Moler indicated that the Stever
53 District would not be establishing an SSA surcharge to pay for the excess costs
54 of construction of the improvements and connection to the IAWC's distribution
55 system.

56

57 **Q. How will potential excess construction costs be collected from customers?**

58 A. According to the Company's response to Staff Data Request CB 1.03, Mr. Moler
59 indicated that the City of West Peoria would be establishing an SSA surcharge

60 so any costs of construction exceeding \$144,000 will be billed to customers on
61 their property tax bills issued by West Peoria. The Stever District has agreed to
62 this plan.

63

64 **Q. Is the company proposing, or planning, to impose a surcharge to recover**
65 **any costs of improvement in excess of the \$144,000?**

66 A. According to the Company's response to Staff Data Request No. CB 1.04., Mr.
67 Moler indicates that the Company will not impose a surcharge to recover any
68 costs of improvements in excess of the \$144,000.

69

70 **Q. Would the results of your investigation require any modifications to the**
71 **Company's rates or tariffs?**

72 A. No, it would not. Because any excess construction costs will be billed to
73 customers on the property tax bill issued by the City of West Peoria, the
74 Company will not impose a surcharge related to the recovery of costs in excess
75 of \$144,000. This resolves my concerns about how construction costs in excess
76 of \$144,000 will be recovered.

77

78 **Q. If the Commission approves IAWC's acquisition of the Stever District, do**
79 **you recommend the tariff rates, rules and regulations of IAWC's Peoria**
80 **District apply to Stever District customers?**

81 A. Yes, I do. If the Commission approves the acquisition, the Stever District
82 customers would be connected to and served by IAWC's distribution system.
83 IAWC's rate district with the closest proximity would be the Peoria District. Thus,
84 Stever District customers should be subject to Peoria District water rates. In
85 addition, Company witness Grubb states in his direct testimony that 52 of the 58
86 residential customers have signed an acknowledgement document, requesting
87 service from IAWC upon the sale of the system (Company Ex. EJK-1.0 pg. 3).

88

89 **Q. Does this conclude your testimony?**

90 A. Yes, it does.

91