

ILLINOIS COMMERCE COMMISSION

Docket Nos. 09-0548 and 09-0549

(Consolidated)

Exhibit No. 5.0

Rebuttal Testimony of

Carl Daniel

on behalf of

APPLE CANYON UTILITY COMPANY

and

LAKE WILDWOOD UTILITIES CORP.

April 1, 2010

**PREPARED REBUTTAL TESTIMONY
OF CARL DANIEL
ON BEHALF OF
APPLE CANYON UTILITY COMPANY AND
LAKE WILDWOOD UTILITIES CORP.**

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

2 A.1 My name is Carl Daniel and I am Vice President of Apple Canyon Utility Company
3 (“ACUC” or the “Company”) and Lake Wildwood Utilities, Corp. (“LWUC” or the
4 “Company”). My business address is 5701 Westpark Drive, Suite 101, Charlotte, NC
5 28217.

6 **Q.2 What are your duties in your current position?**

7 A.2 My principal responsibility is for ensuring the Companies’ customers receive the best
8 service possible at a reasonable cost. Specifically, my duties make me responsible for all
9 operating personnel, facilities and maintenance, and capital projects. I am also
10 responsible for communications with state and federal regulators, including state utility
11 commissions, regarding environmental and drinking water standards, as well as other
12 operational issues.

13 **Q.3 What is your educational and professional background?**

14 A.3 I hold a Master's Degree in Business Administration from Pfeiffer University in North
15 Carolina, and I have thirty five (35) years in the water and wastewater industry. I joined
16 Utilities, Inc. (“UI”) – the parent company of ACUC and LWUC - in 1974. With
17 Utilities, Inc., I have held a wide range of positions, including operator, operating
18 manager, area manager, regional director, and my current position as Regional Vice
19 President. As these positions suggest, during my career I have both operated and
20 managed water supply systems and wastewater treatment facilities. I have also overseen
21 the completion of major capital improvements and have served as the UI’s spokesperson

22 with regard to matters related to health, environment, and utility regulations in several
23 states.

24 **Q.4 Have you testified before the Illinois Commerce Commission (The “ICC”)?**

25 A.4 No, I have not.

26 **Q.5 Have you testified (or prepared testimony) before any other Public Utility
27 Commission?**

28 A.5 Yes. I have testified before Public Utility Commissions in North Carolina, South
29 Carolina, Virginia, Kentucky, and New Jersey.

30 **Q.6 Why are you adopting Mr. Burris’ direct testimony?**

31 A.6 Effective December 7, 2009, Mr. Paul Burris resigned from his position with the
32 Company. As a result of this action, the Company realigned the organizational structure,
33 and I am now responsible for the operating companies referred to as the Midwest Region
34 which include ACUC and LWUC.

35 **Q.7 What is the purpose of your rebuttal testimony in these dockets?**

36 A.7 The purpose of my rebuttal testimony is to respond to certain issues presented in direct
37 testimony submitted by the Illinois Commerce Commission Staff witnesses Philip
38 Rukosuev, Christopher L. Boggs, and Thomas Q. Smith.

39 **Q.8 Do you have any comments on the issues regarding miscellaneous charges raised by
40 ICC witnesses Philip Rukosuev and Christopher Boggs?**

41 A.8 Yes, both Mr. Rukosuev and Mr. Boggs addressed the miscellaneous charges presented
42 in the direct testimony provided by Paul Burris on behalf of the Companies, and I agree
43 with their recommendation of a Non-Sufficient Funds check charge of \$25.00, the
44 Reconnection Charge of \$37.50, and the \$37.50 Temporary Disconnection Charge.

45 **Q.9 Did Mr. Rukosuev and Mr. Boggs address the Companies' request regarding**
46 **customer deposits?**

47 A.9 Yes, they did and as recommended by both Mr. Rukosuev and Mr. Boggs, the Companies
48 will adhere to 83 Illinois Administrative Code Sections 280.50, 280.60, and 280.70 with
49 respect to customer deposits.

50 **Q.10 Mr. Rukosuev and Mr. Boggs stated in their testimonies that they did not**
51 **recommend the Companies' proposals to assess a \$50.00 Tampering Fee. What are**
52 **the Companies current positions regarding this issue?**

53 A.10 The Companies withdraw their requests for approval to assess the Tampering Fee of
54 \$50.00 and will rely on 83 Illinois Administrative Code Sections 280.60 and 280.100
55 when applicable.

56 **Q.11 The Companies' witness Paul Burriss filed testimony proposing approval of a**
57 **minimum After Hour Call-Out Charge of \$106.00. Is this correct?**

58 A.11 Yes.

59 **Q.12 Please explain the reasoning for the request.**

60 A.12 Per paragraph 4C of the Companies' existing tariffs, "The Company shall have the right
61 to bill for call-out service requested by the customer or service necessitated by the
62 customer's negligence where work after regular business hours or overtime is involved at
63 the applicable labor, vehicle, and overhead rate. Labor costs shall be calculated on the
64 following basis."

65 "Minimum Call-Outs: The charge for an after-hours service call shall reflect a minimum
66 of two hours for the individual called out at the designated rate of pay. In no instance will
67 the Company bill a customer for more than its actual cost to the Company of performing

68 the call-out service in an efficient manner nor will this Rule supersede any fixed charges
69 embodied in other Rules within these Rules, Regulations, and Condition of Service.”

70 The direct testimony presented by Mr. Burris was intended to provide the necessary
71 information to establish a reasonable charge for the After Hour Call-Out and to obtain
72 Commission approval of that charge.

73 **Q.13 Did the ICC Staff agree with the proposed fee?**

74 A.13 Yes, Mr. Rukosuev and Mr. Boggs both stated the Companies had sufficiently
75 demonstrated that the \$106.00 minimum fee was reasonable. However, prior to granting
76 their full support of the charge, they wanted to insure the tariff language did not provide
77 an opportunity for discriminatory treatment.

78 **Q.14 Would you explain how this charge would be applied to insure it is not assessed
79 discriminatorily?**

80 A.14 As per Paragraph 4C of our existing tariffs, the After Hour Call-Out charge would only
81 be applicable for “call-out service requested by the customer or service necessitated by
82 the customer’s negligence.” For example, if a customer is digging in the front yard, cuts
83 their water service line, and calls the Company to send out an Operator to locate the valve
84 box to cut the water off to repair their line, this call-out was requested and necessitated by
85 the customer, and the After Hour Call-Out charge would apply. Therefore, when the
86 Operator comes out after hours to cut off water service as requested by the customer, the
87 Company would access the call-out charge for that particular service call. The After Hour
88 Call-Out charge would not be applied to after hour service calls for situations such as
89 system low pressure, water quality issues, water main breaks or other system
90 malfunctions. The charge would only apply to “call-out service requested by the
91 customer or service necessitated by the customer’s negligence,” as stated in section 4C of

92 the Company's existing tariff. Therefore, the Companies request approval of the
93 minimum After Hour Call-Out charge of \$106.00, and the rate of \$53.00 per hour for all
94 time accumulated above the two-hour minimum as supported by Mr. Rukosuev and Mr.
95 Boggs in their direct testimony.

96 **Q.15 Have the Companies changed their position on the proposed changes to their Rules**
97 **as requested in the direct testimony of Paul D. Burris and on behalf of ACUC and**
98 **LWUC?**

99 A.15 Yes, they have. In fact, Mr. Thomas Smith, in his direct testimony, has addressed each of
100 the proposed Rule changes presented by Mr. Burris, and I agree with Mr. Smith's
101 assessment. Therefore, the Companies hereby withdraw their Rule change requests.

102 **Q.16 Mr. Smith stated ACUC has high quantities of unaccounted for water (UFW). What**
103 **actions has the Company taken to address this issue?**

104 A.16 Mr. Smith is correct, and the Company is aware of the UFW issues and has taken action
105 to reduce UFW. Following leak detection surveys conducted by our consultant, M.E.
106 Simpson Company, Inc., our staff has repaired several leaks which has substantially
107 reduced the UFW. In addition, the ACUC staff continuously performs physical surveys
108 of the system on a daily basis. These daily operations include monitoring vacant homes
109 for irregularities, searching for water in roadways and easements, and conducting
110 chlorine residual testing on standing water to identify and repair water leaks. In addition,
111 the ACUC staff will begin using ZCORR leak detector equipment and an Aqua scope to
112 expand their efforts to identify and repair water leaks.

113 **Q.17 Mr. Smith recommends that the Commission require LWUC to file a "Petition for**
114 **an appropriate Certificate of Public Convenience and Necessity prior to the issuance**

115 **of an Order in Docket No. 09-0549.” What is the Company’s response to this**
116 **recommendation?**

117 A.17 On March 23, 2010, LWUC filed a Petition requesting approval to amend its current
118 Certificate of Public Convenience and Necessity to incorporate the legal descriptions of
119 properties that include certain customers that may not be located within the legal
120 description of its certificated area. The case has been assigned Illinois Commerce
121 Commission Docket No. 10-0224.

122 **Q.18 LWUC and ACUC indicated they have water meters in service that have not been**
123 **tested or replaced according to the requirements of 83 Illinois Administrative Code**
124 **600.34. What are your plans to correct this matter?**

125 A.18 In an effort to achieve full compliance with the 83 Illinois Administrative Code Part 600,
126 ACUC and LWUC have implemented a meter testing/replacement program beginning
127 this year (2010) to test and/or replace 10% of their water meters each year beginning with
128 the oldest meters in service.

129 **Q.19 Since the last ACUC and LWUC rate cases, why has the operations staff for the**
130 **Companies increased?**

131 A.19 The operations staff for the Companies has added the positions of Regional Manager
132 (RM), Regional Business Manager (RBM), and Regional Safety and Compliance
133 Manager (RSCM), all of which are extremely important to the customer service and
134 operation of ACUC, LWUC, as well as other companies within the region.

135 **Q.20 Would you give a brief description of the responsibilities for the added positions?**

136 A.20 Yes. The Regional Manager (RM) is responsible for the oversight and day to day
137 management of water and wastewater operations including but not limited to planning,
138 staffing, and organizing the safe and efficient operation of all Utilities, Inc. (UI)

139 subsidiaries in Illinois and Indiana. The RM oversees customer service, plant operations
140 and maintenance, and supervises the Area Managers (AM) and their staff to insure that
141 all facilities are in full compliance with local, state, and regional, and federal regulatory
142 requirements. The RM also maintains timely and accurate reports, records, and permits
143 associated with facility operations and customer service. Lastly, the RM oversees the
144 training of personnel in areas of laboratory analysis, operations, safety, and continues to
145 seek opportunities to increase efficiency and implementation of operational cost savings.
146 In the past, these responsibilities were carried out by the Regional Director (RD);
147 however, due to the number of facilities, the distance between various facilities, the
148 increase in regulatory requirement, and the number of operations staff, it became
149 necessary to create the RM position.

150 The Regional Business Manager (RBM) provides analytical and business support to the
151 Regional Vice President (RVP), and works with the regional staff to insure continuity of
152 processes which includes cash management and planning. The RBM also directs the
153 annual regional financial budgeting process which involves numerous Excel based
154 statistical and financial reports. In addition, the RMB manages monthly regional capital
155 spending and financial forecasting, as well as evaluate and report monthly and year to
156 date financial performance as it relates to the budget.

157 The Regional Compliance and Safety Manager (RCSM) is responsible for developing
158 and administering safety programs as outlined in the Company Safety Manual, as well as
159 insures compliance with all Company, local, state, and federal regulations for all
160 employees and facilities within the region. The RCSM insures that every location
161 conducts monthly safety meetings, involving all employees and works with all regional
162 facilities to insure safe working conditions, and continually reinforce and promote safe

163 working practices. The RCSM insures compliance with all applicable OSHA, EPA, State
164 Departments of Health, and Public Service Commission Standards. The RCSM monitors
165 all monthly DMRs and water results and compiles annual Consumer Confidence Reports
166 (CCRs), as well as all other customer notifications regarding water quality. This is a very
167 important position because it promotes safety and compliance for our customers, our
168 employees, and the environment.

169 **Q.21 Does this conclude your rebuttal testimony on behalf of ACUC and LWUC?**

170 A.21 Yes it does.

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