

**ILLINOIS COMMERCE COMMISSION**

**Docket No. 11-\_\_\_\_\_**

**Exhibit No. 1.0**

**Direct Testimony of**

**Lena Georgiev**

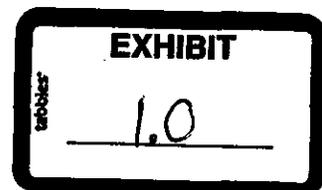
**on behalf of**

**CLARENDON WATER COMPANY**

**RECEIVED**

JUN 29 2011

CHIEF CLERK'S OFFICE  
Illinois Commerce Commission



**PREPARED DIRECT TESTIMONY  
OF LENA GEORGIEV  
ON BEHALF OF CLARENDON WATER COMPANY**

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

2 A. My name is Lena Georgiev. I am the Regulatory Manager for the Atlantic and Midwest regions for  
3 Utilities, Inc. ("UI") and its subsidiaries. My business address is 2335 Sanders Road, Northbrook,  
4 Illinois 60062.

5 **Q. Please summarize your professional background?**

6 A. I have been employed by Utilities, Inc. since January of 2006. Since that time I have been involved in  
7 several phases of rate-making proceedings in several regulatory jurisdictions, including this  
8 Commission. I graduated from University of Illinois at Chicago in 2000, and I am a Certified Public  
9 Accountant. I had four years of public accounting/auditing experience prior to joining Utilities, Inc.  
10 I am a member of the American Institute of Certified Public Accountants and have successfully  
11 completed the utility rate regulation seminar sponsored by NARUC.

12 **Q. What are your job responsibilities at Utilities, Inc?**

13 A. My responsibilities include: financial analysis of individual subsidiaries of Utilities, Inc., preparation  
14 of rate applications, facilitation of regulatory audits, and the submission of testimony and exhibits to  
15 support rate applications. I am responsible for a team involved in regulatory matters in the Utilities,  
16 Inc. Atlantic and Midwest Regions.

17 **Background**

18 **Q. Please describe Clarendon Water Company.**

19 A. Clarendon Water Company ("Clarendon" or the "Company") is a wholly owned subsidiary of  
20 Utilities, Inc. ("UI"). Water Service Corporation ("WSC") manages the operation for all of UI's  
21 water and wastewater systems, including Clarendon. WSC provides management, administration,  
22 engineering, accounting, billing, data processing, and regulatory services for the utility systems.  
23 WSC's expenses are assigned directly to a utility or distributed to the various companies pursuant to a  
24 formula that has been approved by the Commission.

1 Clarendon provides water service to approximately 363 water customers in DuPage County, Illinois.  
2 Clarendon's current rate structure was approved pursuant to an order entered in Docket No. 97-0664  
3 dated August 26, 1998.

4 **Q. Please describe UI.**

5 A UI is unique within the water and sewer industry in many respects. From its inception in mid-1960,  
6 UI has concentrated on the purchase, formation and expansion of smaller water and/or sewer utility  
7 systems. At the present time, UI has over 70 systems that provide service to approximately 270,000  
8 customers in 15 states.

9 **Q. Ms. Georgiev, what is the purpose of your testimony?**

10 A. The purpose of my testimony is to explain to the Commission why Clarendon has requested an  
11 increase in water rates. I will also discuss some of the factors that have contributed to the need for the  
12 increase and the impact of the increase on our customers. I will present and describe schedules  
13 showing the overall cost of capital and proper rate of return on rate base, and I will also sponsor the  
14 Company's financial exhibits.

15 **Rate Relief**

16 **Q. Why is Clarendon requesting rate relief at this time?**

17 A. A rate increase is necessary to allow the Company to recover the reasonable and prudent costs of  
18 providing service and an opportunity to earn a fair and reasonable rate of return on its invested  
19 capital. Rates granted in 1997 (1996 test year) do not reflect the 14 years of rising costs, many of  
20 which result from increased investment and inflation. For these reasons, the Company is not able to  
21 achieve a reasonable rate of return on its investment. Rate relief is essential to ensure the continued  
22 availability of capital at a reasonable cost and to maintain a high and professional level of service.  
23 Under the present rate schedule, Clarendon is not earning a fair and reasonable return on its  
24 investment. After making pro forma adjustments to the September 30, 2010 test year for known,  
25 fixed and measurable changes, Clarendon has an overall return of -6.01%. The proposed rates will  
26 allow the company to earn an 8.6% overall rate of return. This information is supported in the  
27 financial statements attached hereto as CWC Exhibit 1.1.

1 **Q. Please describe these schedules.**

2 A. The General Rate Case Application includes the financial statements for Clarendon. The subsections  
3 are as follows:

4 Schedule A – Balance Sheet

5 Schedule B – Income Statement

6 Schedule C – Rate Base and Rate of Return

7 Schedule D – Test Year / Present Revenues

8 Schedule E – Proposed Revenues

9 **Q. Please explain how test year expenses were adjusted.**

10 A. Pro forma adjustments were made to the test year expenses based on known and measurable changes  
11 to actual expenses.

12 **Q. What are the known and measurable pro forma adjustments made to the income statement  
13 (Schedule B)?**

14 A. The following adjustments have been made to the income statement:

- 15 • Revenues are annualized at proposed rates using test year customers;
- 16 • Uncollectible Accounts are adjusted based on the percentage of uncollectible accounts to revenues  
17 in the test year applied to pro forma proposed revenues;
- 18 • Salaries, Wages and Benefits are adjusted to annualize based on the most current information  
19 available;
- 20 • Regulatory Commission Expense has been adjusted to reflect the cost of the current rate case over 3  
21 years;
- 22 • Depreciation and Amortization Expenses are annualized. Depreciation expense represents gross  
23 depreciable plant at the end of the year plus pro forma projects multiplied by their respective  
24 depreciation rates;
- 25 • Taxes other than Income is adjusted for annualized payroll taxes, Utility Commission Taxes, and  
26 Gross Receipts Taxes;
- 27 • Income Taxes are computed on taxable income at current rates;

- 1 • AFUDC is eliminated for rate making purposes;
- 2 • Interest on debt is computed using a 50.11%/49.89% debt/equity ratio and a 6.6% cost of debt;
- 3 • A consumer price index increase of 4.54% has been included in this filing;
- 4 • Transportation expense is adjusted based on operators' allocation;
- 5 • Adjustments to allocations were based on 9/30/2010 allocation factors.

6 **Q. What are the pro forma adjustments made to the rate base statement (Schedule C)?**

7 A. The following adjustments were made to the rate base statement:

- 8 • Working capital has been calculated based on pro forma expenses;
- 9 • Pro Forma Plant is adjusted for planned additional capital investments and retirements;
- 10 • Accumulated depreciation has been adjusted for planned additional capital investments and
- 11 retirements;
- 12 • Deferred Charges have been removed for rate making purposes;
- 13 • Adjustments to allocations were based on 9/30/2010 allocation factors.

14 **Q. Ms. Georgiev, what factors, or changes in the cost of service, can you point to that have**  
15 **contributed to the need for the requested increase?**

16 A. The age of the system is a factor in the cost of maintenance to be done. As the system ages, the cost  
17 of maintenance increases. In addition, Clarendon's parent company Utilities, Inc. recently spent  
18 significant capital to replace their aged accounting and customer, care and billing systems, which the  
19 Company refers to as Project Phoenix. This change included both software and hardware changes.  
20 Clarendon is committed to maintaining clean, safe, professional facilities. Our facilities are visible  
21 throughout the communities we serve.

22 **Q. Please describe Project Phoenix.**

23 A. Project Phoenix is the name of UF's initiative to evaluate the state of the Company's processes and  
24 systems.

25 **Q. Why did Utilities, Inc. initiate Project Phoenix?**

26 A. The Company had not made a significant investment in technology in quite some time. Antiquated  
27 systems, lack of integration, and the lack of standardization were beginning to have an adverse effect

1 on the Company and its customers. Accordingly, UI set out to improve the Company's capabilities  
2 and processes in the accounting, customer service, customer billing and financial and regulatory  
3 reporting areas.

4 **Q. When did Project Phoenix begin?**

5 A. Project Phoenix began in early 2006 with a series of internal and external evaluations, which  
6 culminated in a business case presentation by Deloitte to the Company in September 2006. The  
7 business case identified: Drivers for Change, Current State Overview, Recommended Solutions,  
8 Future State, and Benefits to Stakeholders. The business case presentation confirmed UI's initial  
9 evaluations that: Fragmented and non-standardized processes were complex and inefficient, with an  
10 attendant risk of error and control breakdown. The infrastructure unnecessarily placed stress on the  
11 Company's human capital. The Company's legacy financial and customer care systems were either  
12 fully customized or unsupported, or both, which resulted in a risk of breakdown and impeded  
13 management's ability to obtain information to make decisions, and use of spreadsheets made ensuring  
14 accuracy and control difficult, resulting in the potential for errors in operation and regulatory reports.  
15 After the business case presentation and an evaluation of potential solutions, UI management selected  
16 JD Edwards Enterprise One ("JDE") as the financial system, including asset management, and  
17 Oracle's Customer Care and Billing System ("CC&B") as the customer information system. These  
18 systems are integrated in a manner that allows for the sharing of crucial information between the  
19 Company's different operational organizations.

20 **Q. Please describe the JDE system for the Commission and the parties of record.**

21 A. JDE is a web-based software system that allows easy access from multiple locations. It is composed  
22 of the following modules: Accounts Payable, Human Resources / Time Capture, Requisitioning,  
23 Capital Projects, Fixed Assets, Equipment Management, and General Ledger.

24 **Q. What are the benefits of JDE?**

25 A. UI is excited about JDE. Each of the modules I described includes enhanced tracking and integration  
26 components, which should improve the Company's ability to record and retrieve data. Because of  
27 this functionality, UI, its customers and regulators should see marked improvement. The system has

1 enhanced record keeping and retrieval functions, making production of financial and regulatory  
2 reports easier. In addition, the reports should be more accurate, which benefits customers by  
3 improving the management decision making process and allowing the Company to more efficiently  
4 deliver reliable information to regulators. The system also reduces manual effort and reliance on  
5 spreadsheets, which again improves the reliability of reports. The Capital Projects module allows  
6 employees to view and track projects in real-time. Employees should be able to manage projects and  
7 costs in a more effective manner, which benefits the Company and customers.

8 **Q. When was JDE placed into service?**

9 A. JDE was officially placed in service on December 3, 2007.

10 **Q. What is the total cost of the JDE project incurred by Utilities, Inc.?**

11 A. The total cost of the JDE system as of 12/31/09 was \$ 13,995,789.

12 **Q. Please describe the CC&B system for the omission and the parties of record.**

13 A. CC&B is a web-based software system. The web-based feature allows for quicker return of  
14 information to the user and allows for “quicker fixes” should the system go down involuntarily, or  
15 need to go down for routine maintenance. CC&B is composed of the following modules: Customer  
16 Management and Service, Billing, Accounts Receivables & Collections, Device Management, and  
17 Meter Reading.

18 **Q. What are the benefits of CC&B compared to Utilities, Inc.’s legacy system?**

19 A. UI’s legacy customer care and billing system was fully customized and unsupported. The system had  
20 several weaknesses. Customer and premise information were linked in one account. As residents  
21 moved, the service order history at the premise was purged and prior service activities eventually  
22 became unavailable for viewing. This resulted in the loss of valuable information. In addition, field  
23 personnel were sent daily service orders either through email or fax. They did not have access to the  
24 legacy billing system. Upon completion of the service orders, the information was emailed or faxed  
25 back to the billing office for closure of the orders. The process was manually intensive and led to  
26 untimely responses due to incomplete fax transmissions. Additionally, as residents moved from one  
27 premise to another within the Company, they were issued a new account number. There was no

1 efficient means of tracking a customer and transferring payment information, service history and  
2 billed services (debt) from one account to another.

3 CC&B offers the ability to focus on either a customer or a premise. Field activity information at a  
4 premise is stored in the records indefinitely, allowing field personnel to retain prior history of past  
5 service issues at a residence. This allows them to act in a cost effective manner when considering  
6 repair or replacement of equipment or lines at a premise. In addition, CC&B automates field  
7 activities to the field. A background process makes key decisions about assignments and timing.  
8 CC&B automates field activity dispatching and allows for uploading and downloading to hand-held  
9 devices. The system allows the field operators to complete field activities in a live environment so  
10 that CSR's (customer service representatives) have the information available to them as soon as the  
11 order is completed. In this regard, UI deployed "tough books" in each field vehicle.

12 **Q. When did work on CC&B begin?**

13 A. Functional workshops to identify the needs of the organization began in June 2006. The workshops  
14 were designed to gather information and aid in the vendor selection process. In January 2007, UI  
15 selected the Oracle customer information system and design work began on CC&B in February 2007.

16 **Q. When was CC&B placed into service?**

17 A. CC&B was placed into service on June 2, 2008.

18 **Q. Have UI employees used CC&B in fulfilling their daily responsibilities?**

19 A. Yes. The Office Managers indicate that CC&B is used on a daily basis to look up customer accounts  
20 to answer billing questions. Billing issues are identified and resolved immediately before the  
21 customer receives their bill. All corrections or adjustments to a customer's account are entered into  
22 CC&B and, again, posted in real time.

23 Customer Service personnel use CC&B to look up customer's accounts and review meter reads,  
24 payment history, consumption history and mailing addresses. All pertinent information is displayed  
25 on one screen which helps Customer Service answer questions quickly. New customers are signed up  
26 through CC&B. Customers discontinuing their service are also taken care of through CC&B.  
27 Payments are posted in real time to a customer's account through CC&B.

1 **Q. What is the total cost of the CC&B project incurred by Utilities, Inc.?**

2 A. The total cost of the CC&B system as of 12/31/09 was \$ 7,126,679.

3 **Rate Analysis**

4 **Q. What are the present water rates for Clarendon and when did they become effective?**

5 A. The present water rates (stated on a monthly basis) became effective in September of 1998, and are as  
6 follows:

5/8" Meter	\$7.70
3/4" Meter	\$9.50
1" Meter	\$10.00
1.5" Meter	\$15.00
2" Meter	\$17.00
3" Meter	\$30.00
4" Meter	\$44.00
6" Meter	\$60.00
Usage Charge	\$3.48 per 1,000 Gallons

7

8 The current monthly average consumption for 5/8" residential customers in Clarendon is 4,966  
9 gallons. This equates to a monthly bill of \$24.98. I have attached to the filing an example of a  
10 customer's bill.

11 **Q. What are the proposed water rates for Clarendon and their impact on the average customer?**

12 A. The proposed water rates are as follows:

5/8" Meter	\$19.69
3/4" Meter	\$24.30
1" Meter	\$25.58
1.5" Meter	\$38.36
2" Meter	\$43.48
3" Meter	\$76.73

4" Meter	\$112.53
6" Meter	\$153.45
Usage Charge	\$8.90 per 1,000 Gallons

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**Cost of Capital**

5

**Q. What Cost of Common Equity does the Company propose in this proceeding?**

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A. Rather than incur the costs associated with hiring a return on equity expert, the Company proposes to

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use a cost of common equity ("ROE") of 10.57%. Clarendon's sister companies most recently

8

requested and received the following ROEs. Clarendon used this information and determined the best

9

course of action was to not hire a cost of capital expert and instead to use the average granted ROE

10

from the eight companies listed below.

Company	State	Docket	Requested	Granted	Effective Date
Transylvania Utilities Inc.	NC	W-1012, SUB 12	10.45%	10.45%	1/15/2010
Utilities Inc. of Central Nevada	NV	09-12017	11.65%	11.50%	7/16/2010
Utilities Inc. of Longwood	FL	090381-SU	11.13%	11.13%	7/26/2010
Sanlando Utilities Corp.	FL	090402-WS	11.24%	11.17%	8/9/2010
Utilities Inc. of Pennbrooke	FL	090392-WS	11.13%	11.13%	8/10/2010
Tega Cay Water Service Inc.	SC	2009-473-WS	11.70%	9.57%	8/16/2010
Apple Canyon Utility Company	IL	09-0548	11.70%	9.82%	9/9/2010
Lake Wildwood Utilities Corp.	IL	09-0549	11.70%	9.82%	9/9/2010
			Average	10.57%	

11

12

**Q. Please provide the calculation used to derive the resulting 8.6% rate of return.**

13

A. The following table sets forth the derivation of the 8.6% rate of return, based upon the Company's

14

recommended cost of equity of 10.57%:

1

	Ratio	Cost	Weighted Cost
Long-Term Debt	50.11%	6.60%	3.3%
Common Equity	49.89%	10.57%	5.3%
	100.00%		8.6%

2

3 **Depreciation**

4 **Q. What is the current method of calculating depreciation expense?**

5 A. Currently, the Company multiplies all plant-in-service accounts by a composite rate of 1.50% to  
6 calculate annual depreciation expense.

7 **Q. What method of calculating depreciation expense is the Company proposing?**

8 A. The Company is proposing a change from using a composite rate of 1.50% to utilizing separate  
9 depreciation rates for each primary account. This method of calculating depreciation expense is  
10 consistent with prior rate proceedings approved by the Commission, including Docket Nos. 09-0548  
11 and 09-0549, Apple Canyon and Lake Wildwood.

12 **Q. Why is the Company proposing this change in depreciation rates in order to calculate depreciation  
13 expense in this rate proceeding?**

14 A. The Company has proposed these modified depreciation rates based on testimony filed by Staff  
15 witness in Docket Nos. 09-0548 and 09-0549. According to this testimony, separate depreciation rates  
16 for primary accounts are more sensitive to the service life and retirement in a specific account than a  
17 composite rate. As such, rates by primary accounts result in a more accurate allocation and recovery  
18 of depreciation expense.

19 **Q. How do the depreciation rates proposed by the Company compare to the rates approved by the  
20 Commission in prior rate proceedings?**

21 A. The depreciation rates proposed by the Company are consistent with the average service lives,  
22 salvage values, and calculations that were approved for Consumers Illinois Water Company, Northern

1 Illinois Water Corporation, Illinois-American Water Company, Apple Canyon and Lake Wildwood  
2 Water Corporation.

3 **Q. What is the effect on Clarendon's depreciation expense using the proposed depreciation rates?**

4 A. The overall composite depreciation rates will increase from 1.50% to 3.15%. This increase is  
5 consistent with prior rate proceedings approved by the Commission.

6 **Rules, Regulations, and Conditions of Service Tariffs**

7 **Q. Does the Company plan to update the Rules, Regulations, and Conditions of Service tariffs for**  
8 **Clarendon?**

9 A. Yes, it does CWC Ex. 1.4 consists of a draft of updated Rules, Regulation and Conditions for Water  
10 Operations that have been patterned after Staff's ICC model rules and modified to apply to Clarendon  
11 Water Company. The Company is submitting these draft rules for review by Staff and the parties in  
12 anticipation of a Staff recommendation that the Company's current rules be updated.

13 **Q. Please explain why the Company is proposing to update Clarendon's Rules, Regulations, and**  
14 **Conditions of Service tariffs.**

15 A. The Company is proposing to make a few changes to its Rules, Regulations, and Conditions of  
16 Service tariffs so they are more in line with the Company's business practices.

17 **Q. What changes is the Company proposing?**

18 A. The Company is proposing changes to the Tariff language regarding NSF Check Charge, New  
19 Customer Charge, and Reconnection Charge.

20 **Q. What change is the Company proposing to the NSF Check Charge?**

21 A. The current Tariff language is as follows:

22 NSF Check Charge - A charge of \$7.00 will be applied to customers whose check is returned by the  
23 bank due to non-sufficient funds (one charge per check each time it is returned).

24 The proposed Tariff language is as follows:

25 NSF CHECK CHARGE - A charge of \$25.00 will be applied to customers whose check is returned  
26 by the bank due to non- sufficient funds (one charge per check each time it is returned).

1 Generally, banks charge \$25-\$35 for NSF fees. Since the Company uses a centralized cash  
2 management system, it is proposing that miscellaneous charges, i.e. NSF fees, are more consistent  
3 throughout the organization.

4 Also, Section 3-806 of the Illinois Commercial Code (810 ILCS 3-806) provides:

5 Any person who issues a check or other draft that is not honored upon  
6 presentment because the drawer does not have an account with the drawee, or  
7 because the drawer does not have sufficient funds in his account, or because the  
8 drawer does not have sufficient credit with the drawee, shall be liable in the  
9 amount of \$25, or for all costs and expenses, including reasonable attorney's fees,  
10 incurred by any person in connection with the collection of the amount for which  
11 the check or other draft was written, whichever is greater, and shall be liable for  
12 interest upon the amount of the check or other draft at the rate provided in  
13 subsection (1) of Section 4 of the Interest Act. Costs and expenses shall include  
14 reasonable costs and expenses incurred in the non litigated collection of the check  
15 or other draft.

16 **Q. What change is the Company proposing to the New Customer Charge?**

17 A. The current Tariff language is as follows:

18 New Customer Charge - A charge of \$15.00 will be applied to customers initiating service in new or  
19 existing homes.

20 The proposed Tariff language is as follows:

21 NEW CUSTOMER CHARGE - A charge of \$25.00 will be applied to customers initiating service in  
22 new or existing homes or commercial establishments.

23 Since the Company uses a centralized cash management system, it is proposing that miscellaneous  
24 charges, i.e. New Customer charges, are more consistent throughout the organization.

25 **Q. What change is the Company proposing to the Reconnection Charge?**

26 A. The current Tariff language is as follows:

1 Reconnection Charge - If water service is cut off by utility for good cause \$20.00. If water service is  
2 disconnected at customer's request \$20.00. Customers who ask to be reconnected within 9 months of  
3 disconnections will be charged the base charge for the service period they were disconnected.

4 The proposed Tariff language is as follows:

5 RECONNECTION CHARGE - If water service is disconnected by the utility for any reason as  
6 outlined in Section 17 of the Rules, Regulations and Conditions of Service, the customer will be  
7 assessed a charge of thirty-seven dollars and fifty cents (\$37.50), which will be paid by the customer  
8 before water service will be restored. This charge will be waived automatically one time per calendar  
9 year. Customers who request to be reconnected within nine (9) months of disconnection will be  
10 assessed an appropriate base facilities charge for the service period the customer was disconnected.  
11 This charge will be paid by the customer before water service will again be restored.

12 AFTER HOURS CALL-OUT CHARGES - If for any reason the customer requests services, or  
13 services are the result of the customer's negligence or willful act, and the services rendered by the  
14 Company occur after normal business operating hours, the Company has the right to bill for this call-  
15 out service at the minimum charge of one hundred six dollars (\$106.00), which is equivalent to two  
16 hours at the current labor rate of fifty-three dollars (\$53.00) per hour. For all time accumulated above  
17 the two hour minimum, a charge of fifty-three dollars (\$53.00) per hour will be assessed.

18 Since the Company uses a centralized cash management system, it is proposing that miscellaneous  
19 charges, i.e. Reconnection charges, are more consistent throughout the organization. The Company  
20 would like to recover the current average cost of labor for one hour of employee time to provide these  
21 services. This also defines Rule and Regulation 4(C) of current tariff.

22 **Q. Is the Company proposing any other changes to its current Tariff?**

23 **A.** Yes, the Company is requesting the "Annual Gross Revenue Tax" be included on its Tariff.

24 ANNUAL GROSS REVENUE TAX – Section 9-222 of "The Public Utilities Act" as amended  
25 authorizes a utility to recover from its Customers its liabilities to the State of Illinois for Public Utility  
26 Annual Gross Revenue Tax imposed by Section 2-202 of "The Public Utilities Act" as amended.  
27 Pursuant to Section 9-222, the Company shall charge an additional charge for the Public Utility

1 Annual Gross Revenue Tax equal to 0.1% of all billings under this rate schedule except for (a) this  
2 Additional Charge for Public Utility Gross Revenue Tax, (b) the Additional Charge for any Municipal  
3 Utility Tax, and (c) any other billings and billing items excluded from the base of the Public Utility  
4 Annual Gross Revenue Tax.

5 Based on prior rate cases, Clarendon will include the annual gross revenue tax on its tariff for  
6 consistency purposes.

7 **Q. Does this conclude your prepared direct testimony?**

8 **A. Yes it does.**

9



NOTICE TO CLARENDON CUSTOMERS

Clarendon Water Company ("CWC") hereby gives notice to the public that it has filed with the Illinois Commerce Commission ("ICC") a proposed change in the rates schedules for water services. The table below shows the present water rates, which have been in effect since 1998 compared with proposed water rates.

**BACKGROUND**

CWC customers last experienced a rate increase effective in 1998 and those rates were based on costs from 15 years ago. CWC has also experienced increased costs in order to comply with stringent environmental and regulatory requirements.

CWC understands that no one likes rate increases, certainly in difficult economic times. However, the rate increase is necessary to cover current operating expenses, which includes but is not limited to chemicals, fuel, power, property taxes, income taxes, and operators' salaries, and these costs have increased, on a per customer basis, since the last increase. Since 1996, CWC made capital investments necessary to provide safe and reliable service to our customers, including but not limited to the following:

- looping of the water mains to improve water quality,
- rehabilitation of the wells,
- replacement of aging hydrants,
- painting of the hydro tanks, and
- Well repairs.

**RATE REQUEST**

CWC is requesting an overall revenue increase of \$157,137 per year. The following is an example of the proposed change for a typical customer's monthly bill:

	<u>Present Rates</u>	<u>Proposed Rates</u>
Base Charge 5/8"	\$ 7.70 per month	\$ 19.69 per month
Usage Charge	\$ 3.48 per 1,000 gal	\$ 8.90 per 1,000 gal

Assuming an average water residential monthly consumption of 4,966 gallons, the monthly charge for residential water service will increase from \$24.98 to \$63.89. The Company is also proposing new or increased charges for NSF checks, reconnection, after hours call out and the new customer charge.

Customers should be advised that the ICC may alter or amend the rates or conditions of service after hearings held pursuant to 83 Illinois Administrative Code Part 200 and may increase or decrease individual rates in amounts other than those requested by the Company. An interested party may file a petition to intervene in the hearings pursuant to 83 Ill. Admin. Code Part 200.

A copy of the proposed change in rate schedules may be inspected by any interested party at the business office of the Company at 2335 Sanders Road, Northbrook, Illinois 60062. All parties interested in the matter may obtain information with respect to thereto either directly from Clarendon Water Company or by addressing the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois 62701. In addition, customers have a right to request a public forum. Pursuant to 8-306(n) of the Illinois Public Utilities Act, a customer or group of customers must make written request to the Commission for a public forum and must also provide written notification of the request to the customer's municipal or, for unincorporated areas, township government.

We welcome your comments and should you have any questions, please feel free to contact us at 800-831-2359.



Clarendon Water Company  
 Phone: (800) 831-2359  
 Collections: (800) 831-2359  
 Customer Service: (800) 831-2359  
 www.uhwater.com

<b>Bill Date</b>	<b>Account Number</b>	<b>Due Date</b>	<b>Please Pay:</b>
05/26/2011	[REDACTED]	6/16/2011	\$ 8.10

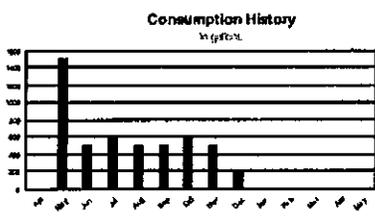
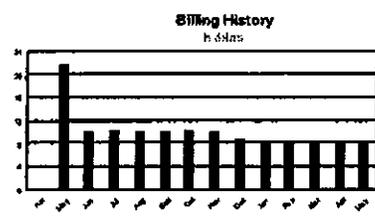
Name [REDACTED] Primary Telephone # [REDACTED]  
 Service Address [REDACTED]

Activity Since Last Bill

Previous Balance	\$8.10	
Payments received as of 05/26/2011	\$-8.10	
Balance as of 05/26/2011		\$0.00
<b>Residential Water Service</b>		
Water Base Charge	\$7.70	
Village of Willowbrook Tax at 5.15%	\$0.40	
Total Residential Water Service		\$8.10
<b>Total Amount Due</b>		<b>\$8.10</b>

**Summary of Service**

Meter Reading	Meter #	34018515
Current	94200	05/25/2011
Previous	94200	04/20/2011
Usage	0 Gallons	
Number of Days:	35	
Average Daily Use:	0 Gallons	
Average Daily Cost:	\$ 0.23	



A fee of 1.5% per month will be added if unpaid by the due date.  
 Make check payable to: Clarendon Water Company

**Messages**  
 Customers may request information concerning the service obligations of water and sewer utilities by calling the ICC at 1-800-524-0795 or at the following ICC web site address - <http://www.icc.livingis.gov/downloads/public/en/061114wsBillOfRights.doc>. Paperless billing is now available. Please visit our Web Self Service site where you can obtain account information and register for paperless billing. The site may be accessed by going to <http://www.uhwater.com/myaccount>.

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PO BOX 160609  
 Altamonte Springs, FL 32716



Account Number: [REDACTED] Amount Paid: [REDACTED]  
 Due Date: 6/16/2011  
 Please Pay: \$ 8.10



Clarendon Water Company  
 PO Box 11025  
 Lewiston ME 04243-9476

Address correction requested on back

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PUBLIC NOTICE

Notice of Proposed Changes  
in Rates  
To Patrons of Clarendon Water Company

CLARENDON WATER COMPANY hereby gives notice to the public that it has filed with the Illinois Commerce Commission a proposed change in rates and its rules and regulations for water service in its service territory in the Clarendon area and that said changes involve an increase to the current base facility charges and commodity charge. The Company is also proposing new or increased charges for NSF checks, reconnection, after hours call out and the new customer charge.

A copy of the proposed change in schedule may be inspected by any interested party at the offices of the Company located at 2335 Sanders Road, Northbrook, Illinois 60062.

Customers should be advised that the Commission may alter or amend the rates or conditions of service after hearings held pursuant to 83 Ill. Adm. Code 200 and may increase or decrease individual rate in amounts other than those requested by the company.

All parties interested in this matter may obtain information with respect thereto either directly from this Company or by addressing the Secretary of the Illinois Commerce Commission at 527 East Capitol Avenue, Springfield, Illinois 62706.

Clarendon Water Company

By: Steven M. Lubertozi  
Executive Director of Regulatory Accounting & Affairs