

Response to Illinois Commerce Commission's
Post-Hearing Data Requests to All Parties ICC DR 1.01
Docket No. 11-0561cons.

ICC Person Responsible: Philip Rukosuev
Title: Rates Analyst, Rates Department, Financial Analysis
Division
Business Address: Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701

Post Record Data Request ICC DR 1.01:

Please provide in detail the specifics of Staff's rate mitigation phase-in plan in the instant proceeding, including, but not limited to: opt-in participation, annual rate caps, length of deferral periods, identification of which utilities should be subject to phase-in, appropriate interest rate, etc. The Staff proposed rate mitigation phase-in plan should, to the greatest extent possible, be consistent with the Commission's May 2, 2012 Order on Rehearing in Docket Nos. 11-0059, et al. (Cons.). If there are inconsistencies, please explain. Please provide all relevant calculations and analyses, including rate impact schedules.

Staff Response:

Attached are Schedules which detail the specifics of Staff's rate mitigation phase-in plan in the instant proceeding. Staff also includes Appendix A, which was attached to Staff's Initial Brief in Docket No. 11-0059/11-0141/11-0142 (Cons.) on Rehearing, and discussed in depth in Staff's Direct Testimony, ICC Staff Ex. 17.0, p. 22-23. In Staff's view, these are essential requirements in a phase-in plan, and what the Commission adopted in the Order in Docket No. 11-0059 (Cons.)

Staff has provided a summary of schedules (next page below), schedules and workpapers (under separate cover) to illustrate a rate mitigation plan in each of the 6 companies included in this consolidated docket, for both water and sewer, where appropriate. In Staff's opinion, a phase-in would be most appropriate in Charmar, and somewhat appropriate in Ferson Creek and Claredon, as described in Schedules 17.1-17.6, 19.1-19.6, and 20.1-20.9.

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Charmar Water Company				Is Phase-In Appropriate?
Current Rates	Un-capped	\$ Increase (Current vs. Un-Capped)	% Increase (Current vs. Un-Capped)	
\$ 39.48	\$142.79	\$103.31	262%	Yes
Ferson Creek Utilities Company (Water & Sewer)				
Current Rates	Un-capped	\$ Increase (Current vs. Un-Capped)	% Increase (Current vs. Un-Capped)	
\$ 50.94	\$90.35	\$39.41	77%	Maybe
Cherry Hill Water Company				
Current Rates	Un-capped	\$ Increase (Current vs. Un-Capped)	% Increase (Current vs. Un-Capped)	
\$ 26.42	\$52.24	\$25.81	97.67%	No
Harbor Ridge Utilities, Inc. (Water & Sewer)				
Current Rates	Un-capped	\$ Increase (Current vs. Un-Capped)	% Increase (Current vs. Un-Capped)	
\$ 26.88	\$51.69	\$24.81	92%	No
Clarendon Water Company				
Current Rates	Un-capped	\$ Increase (Current vs. Un-Capped)	% Increase (Current vs. Un-Capped)	
\$ 24.98	\$55.77	\$30.78	123%	Maybe
Killarney Water Company				
Current Rates	Un-capped	\$ Increase (Current vs. Un-Capped)	% Increase (Current vs. Un-Capped)	
\$ 15.48	\$32.18	\$16.70	108%	No

APPENDIX A

The main features of the phase-in plan (i.e., Rider BSA) approved by the Commission in Docket Nos. 11-0141/0142/0059 (Cons.) on Rehearing for Utilities, Inc. (UI) and which the Commission requested specific and detailed information:

1. Rate caps are used for the first three years of the plan but at different levels. The increase in average annual UI customer's bills will be capped at 40%, 25%, and 10% below the uncapped bill levels per year in each of the years 2012, 2013, and 2014.
2. Participation in Rider BSA will be voluntary (i.e., opt-in). To participate, customers will fill out an enrollment form, sign it, and send it to UI.
3. Only customers of record at the conclusion of the signup window will be eligible to participate in Rider BSA. Customers will be able to enroll within 90 days or another agreed upon time interval following the Final Order on rehearing in this proceeding.
4. In each stage of Rider BSA, the BFCs and Usage Charges can be no lower than the rates in effect prior to the Final Order.
5. Customers who choose to participate in Rider BSA will receive credits on their bills for amounts above the rate caps. However, there will be no credits for bills that fall below rate caps.
6. Credits will be applied to bills only on a going-forward basis subsequent to customer enrollment.
7. UI will track both the amounts of customers' bills that are deferred via credits (the "deferral amounts") and the repayments of such amounts on an individual customer basis.
8. UI will collect the deferral amounts during the last three years of the plan, 2015 through 2017, with a final adjustment in a participating customer's final bill, if required.
9. Participating customers who discontinue their accounts, but provide another service address to which they are immediately relocating within the UI service territory and establish a new account with UI, will have the option to transfer the balance of their deferral amounts from their old account to their new account and continue on Rider BSA.

10. Participating customers who discontinue their accounts, but do not provide such other service address, establish such a new account, and choose to make such a transfer, will see the entire balance of deferral amounts due with the final bill.
11. Customers will be able to terminate their participation in the plan voluntarily, with the balance of deferral amounts due immediately.
12. Assuming the Commission approves Rider BSA, UI will develop appropriate customer education and enrollment materials. A compliance filing outlining the consumer education plan, including the outreach efforts, billing issues and timelines should be provided by UI to the Commission for approval within 45 days of the Final Order on rehearing in this proceeding.
13. Deferral amounts will accrue carrying charges at a 3.41% annual rate, which equals to the application of the Company's average cost of short-term and long-term debt weighted by their respective maturities' proximity to the average period for the deferrals (i.e., three years), to the deferral balances. This charge is based on the 3.08% cost of short-term debt and 6.65% cost of long-term debt that the ALJPO adopted. If the Final Order adopts a different cost for short-term and long-term debt, then the annual rate should be revised to reflect those different costs.

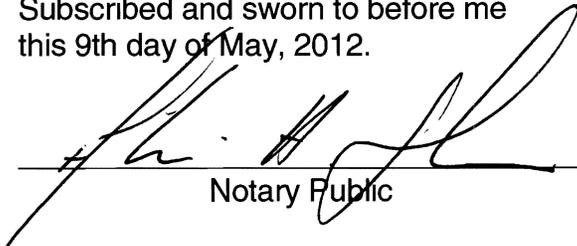
VERIFICATION

I, PHILIP RUKOSUEV, being first duly sworn, depose and state that I am a Rates Analyst in the Rates Department of the Financial Analysis Division of the Illinois Commerce Commission; that I sponsor the foregoing Response to Commission's Post-Record Data Request ("Response") and Attachments and/or Schedules; that I have personal knowledge of the information stated in the foregoing Response and Attachments and/or Schedules; and that such information is true and correct to the best of my knowledge, information and belief.



PHILIP RUKOSUEV
Illinois Commerce Commission

Subscribed and sworn to before me
this 9th day of May, 2012.



Notary Public

