

Rebuttal Testimony

Of

Cheri Harden

Rates Department

Financial Analysis Division

Illinois Commerce Commission

Apple Canyon Utility Company
Proposed General Rate Increase in Water Services

Lake Wildwood Utilities Corporation
Proposed General Rate Increase in Water Services

Docket Nos. 12-0603/12-0604
Consolidated

March 26, 2013

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1 **Q. Would you please state your name and business address?**

2 A. My name is Cheri Harden. My business address is 527 East Capitol Avenue,
3 Springfield, Illinois 62701.

4

5 **Q. Are you the same Cheri Harden who filed direct testimony in this case?**

6 A. Yes, I am. I provided direct testimony in this case as ICC Staff Exhibit 4.0, filed
7 on e-Docket on January 26, 2013.

8

9 **Q. Please state the purpose of your rebuttal testimony.**

10 A. I respond to the rebuttal testimony presented by Dimitry Neyzelman (UI Ex. 2.0)
11 for Apple Canyon Utility Company ("Apple Canyon") and Lake Wildwood Utilities
12 Corporation ("Lake Wildwood"). When referring to Apple Canyon and Lake
13 Wildwood together, I will refer to them as the "Companies."

14

15 **Q. Are you sponsoring any schedules as part of your rebuttal testimony?**

16 A. Yes, I have attached the following schedules each having an AC and LW
17 designation for Apple Canyon and Lake Wildwood respectively:

- 18 • Schedule 10.1 - Cost of Service ("COS") Study
- 19 • Schedule 10.2 - Bill Comparison

20

21 **Q. Please summarize your recommendations.**

22 A. I recommend the Commission (1) maintain the current customer classes; (2)
23 approve the Companies' proposed billing units; (3) approve the use of my COS
24 Studies for designing rates; (4) approve my rate design for the Base Facility
25 Charges ("BFC"), Usage Charges, and Availability Charges; (5) approve the
26 Companies' proposed \$25 New Customer Charge; and (6) approve my proposal
27 to place Availability customers on a monthly billing cycle and provide consistent
28 tariff language in that regard.

29

30 Customer Classes and Billing Units

31 **Q. In your direct testimony, you recommended the Commission maintain the**
32 **current customer classes and approve the Companies' proposed billing**
33 **units. (ICC Staff Ex. 4.0, pp. 3-4) What is the status of that**
34 **recommendation?**

35 A. No party contested this recommendation, and the Commission should adopt it.

36

37 COS Studies and Rate Design

38 **Q. Does Companies' witness Neyzelman accept your proposal to use COS**
39 **Studies to set water rates in these dockets?**

40 A. No. Companies' witness Neyzelman provides two paragraphs of rebuttal
41 testimony on rate design. He states that the Companies have not been able to
42 fully understand Staff's cost allocation methodology and believe it may be
43 incorrect. (UI Ex. 2.0, p. 15)

44

45 **Q. Did the Companies' request any clarification or explanation of your COS**
46 **Studies before filing their rebuttal testimony?**

47 A. No.

48

49 **Q. Did you request any clarification on the parts of the COS Studies that**
50 **Companies' witness Neyzelman disagreed with?**

51 A. Yes, I sent several data requests to the Companies requesting clarification. The
52 Companies' responses to Staff DRs CLH 4.01 to 4.05, 4.07 and 4.09 were:

53 "The Companies are currently investigating the COS Study in detail and
54 will provide a response as soon as possible."
55

56 **Q. Did Mr. Neyzelman provide an alternative rate design in his rebuttal**
57 **testimony?**

58 A. Yes. Mr. Neyzelman states that he has modeled his proposed water rates after a
59 previous Commission-approved rate design in Consolidated Docket Nos. 11-
60 0561 through 11-0566. He further states that his rate design provides for a
61 simplified methodology consistent with AWWA (American Water Works
62 Association) meter flow factors. (UI Ex. 2.0, p. 15) Mr. Neyzelman does not
63 elaborate further on his rate design, how he determined the rates, or how the
64 proposed water rates follow a model previously approved by the Commission.

65

66 **Q. Mr. Neyzelman states that his proposed rate design methodology is**
67 **consistent with AWWA meter flow factors. (UI Ex. 2.0, p. 15) Do Staff's COS**
68 **Studies utilize these same AWWA meter flow factors in the determination**
69 **of rates?**

70 A. Yes, Staff's COS Studies and rate design recommendations use these same
71 AWWA meter flow factors. ICC Staff Exhibit 10.0, Schedules 10.1 AC and 10.1
72 LW, p. 5, which have the heading of "Equivalent Meters and Services," utilize
73 meter ratios by meter size to assist in determining the customer charges for the
74 various sized meters found on ICC Staff Exhibit 10.0, Schedules 10.1 AC and
75 10.1 LW, p. 1. These meter ratios are necessary to adjust the units of service for
76 each customer class as indexed against the smallest meter size. As a result,
77 customers are allocated a charge that reflects the costs associated with their
78 particular meter size. The meter ratios found on ICC Staff Exhibit 10.0,
79 Schedules 10.1 AC and 10.1 LW, p. 5, are based on AWWA meter flow factors
80 (rated maximum capacity in gallons per minute).

81
82 **Q. Do you support the implementation of Mr. Neyzelman's rate design**
83 **proposal set forth in his rebuttal testimony?**

84 A. No. There is no cost foundation for the Companies' rate design proposal, and it
85 is inconsistent with the Commission's direction in Consolidated Docket Nos. 11-
86 0561 through 11-0566.

87

88 As I stated in my direct testimony, there is no cost foundation for the Companies'
89 water rate proposals. (ICC Staff Ex. 4.0, p. 19) This continues to be true of the
90 Companies' rate design set forth in their rebuttal testimony. The Companies
91 have not explained or provided any evidence that identifies cost causation in
92 determining their proposed water rates.

93
94 Furthermore, the Companies' arguments are inconsistent with the very
95 Commission Order they rely upon. The Companies argue that their approach is
96 appropriate because the Commission approved it in Consolidated Docket Nos.
97 11-0561 through 11-0566. (UI Ex. 2.0, p. 15) However, the Companies failed to
98 note that it was in that very same case, Consolidated Docket Nos. 11-0561
99 through 11-0566, that the Commission ordered the Companies to work with Staff
100 and other interested parties to develop a COS Study for use in future UI rate
101 cases. More specifically, the Commission stated the following in that case:

102 The Commission orders UI to work with Staff and other interested
103 parties to review and analyze UI's current method of cost of service
104 and rate design methodology. UI should develop a COSS with
105 Staff and other interested parties for use in future UI rate cases.
106

107 (Order, Docket Nos. 11-0561 through 11-0566 Consolidated, May 22,
108 2012, p. 27)

109 Staff's recommendations in this docket follow the Commission's Order to
110 develop rates based on a COS Study. For these reasons, I continue to

111 recommend using my COS Studies as the basis for designing rates in
112 these Dockets.

113

114 **Q. Why should the Commission approve rates that are based upon a COS**
115 **Study?**

116 A. Section 5-102 of the Public Utilities Act indicates that one of the goals of public
117 utility regulation is to ensure that tariff rates accurately reflect the costs of
118 providing utility service. A COS Study determines the cost to serve customers,
119 and thus provides the basis for developing and designing cost-based rates for a
120 utility. A COS Study allocates costs among all customer classes to determine
121 each customer class' respective responsibility for the costs imposed on the utility.
122 The various costs of the utility system are allocated among the customer classes
123 according to cost causation principles.

124

125 **Q. Please provide your rate design recommendation.**

126 A. I continue to recommend that water rates be set based on my COS Studies. I
127 have attached revised COS Studies as ICC Staff Exhibit 10.0, Schedules 10.1
128 AC and 10.1 LW. My revised COS Studies are based upon Staff's proposed
129 revenue requirement presented in Staff's direct testimony (ICC Staff Ex. 1.0,
130 Schedules 1.1 AC and 1.1 LW). The COS Studies begin with the Companies'
131 filing of present and proposed rates, and incorporate Staff's adjustments from
132 Staff's direct testimony to reflect Staff's proposed revenue requirement. I

133 continue to recommend this rate design (based on my COS Studies) be used to
134 set the compliance rates to recover the revenue requirements approved by the
135 Commission in its Final Order in these Dockets.

136

137 **Q. How are Staff's adjustments shown in your COS Studies?**

138 A. Staff's adjustment to the Miscellaneous Revenues for the New Customer Charge
139 (to which the Companies agreed) are shown on page 2 for Non-Metered
140 Revenues as Staff's "Other Operating." Staff's adjustments that are identified in
141 ICC Staff Exhibit 1.0, Schedules 1.1 AC and 1.1 LW are shown on page 4 under
142 the column "Staff Adjustments."

143

144 **Q. How do Staff's recommended adjustments affect your COS Studies?**

145 A. After Staff's adjustments have been input into the model, the cost of service for
146 each meter size is lower than the cost of service for each meter size shown in my
147 direct testimony. The adjusted cost of service numbers for each meter size are
148 shown on the far right column on the top half of page 1 of Schedules 10.1 AC
149 and 10.1 LW.

150

151 **Q. Have you developed a set of water rates for Apple Canyon and Lake
152 Wildwood?**

153 A. Yes. I am presenting BFCs, Usage Charges, and Availability Charges for Apple
154 Canyon and Lake Wildwood that are based on my COS Studies. My water rates

155 are shown in ICC Staff Exhibit 10.0, Schedules 10.1 AC and 10.1 LW, p. 1, under
156 the column "Staff Rates." These rates are based on my rate design, and recover
157 Staff's direct testimony revenue requirement as discussed earlier. I recommend
158 this rate design be used to set the compliance rates to recover the revenue
159 requirement approved by the Commission in its Final Order in these Dockets.

160

161 **Q. How did you develop your water rates in these proceedings?**

162 A. My water rates are based upon the results of my COS Studies.

163

164 For Apple Canyon, I continue to recommend that the 5/8" meter and 3/4" meter
165 BFCs remain at their present rates because the COS Study results show a cost
166 of service that is below the present BFC. (The cost of service for each meter
167 size is shown on the far right column on the top half of page 1 of Schedule 10.1
168 AC.) I recommend the 1" meter BFC be set exactly at full cost of service. I
169 recommend the BFC for the 1 1/2" meter, 2" meter and 3" meter all move a
170 quarter-of-the-way to the full cost of service. These three meter sizes would all
171 reflect increases from 135% to over 500% if moved to full cost of service, thus, I
172 recommend only moving part-way to full cost of service in this proceeding. I
173 have reduced my recommendation for these three meter sizes, from moving half-
174 way to the cost of service in my direct testimony to a quarter-of-the-way to cost of
175 service. This change is necessary in order to balance against the effect of the
176 5/8" meter and 3/4" meter BFCs, which remain unchanged at their current levels

177 even though the overall revenue requirement is lower. I recommend the
178 Availability Charge move 37.5% of the way to cost. Full cost of service for the
179 Availability customers would result in a 77% increase. I recommend lowering the
180 increase to Availability customers yet still moving the Availability customers
181 closer to full cost of service. I recommend the 4" meter and 6" meter BFC be set
182 at full cost of service. The 4" meter and 6" meter also show a high percentage
183 increase is necessary to move to full cost of service; however, there are no
184 customers currently being served with 4" or 6" meters. My BFCs can be found
185 on ICC Staff Exhibit 10.0, Schedule 10.1 AC, p. 1.

186
187 For Lake Wildwood, I continue to recommend the BFC for all meter sizes and the
188 Availability Charge be set at full cost of service. For the most part, my COS
189 Study for Lake Wildwood does not result in increases as high as Apple Canyon.
190 The one exception is a large increase for one residential customer that has a 1"
191 meter. Currently, all residential customers have a flat BFC despite different size
192 meters. My recommendation is to base the Residential BFC on meter size (as
193 previously discussed), which would almost triple the current rate of \$25.82 for the
194 one Residential customer with a 1" meter. My BFCs can be found on ICC Staff
195 Exhibit 10.0, Schedule 10.1 LW, p. 1.

196

197 The remaining revenue requirement increase will be recovered through the
198 Usage Charges for both Companies through a single rate block for all meter
199 sizes and all metered usage.

200

201 **Q. Why should the Commission approve your method of designing rates?**

202 A. My method is based upon COS Studies that assign costs based upon cost
203 causation. My COS-based proposal provides a better price signal to customers
204 than the Companies' proposals in their direct or rebuttal testimony. In their direct
205 testimony, the Companies arbitrarily increased each rate by an equal
206 percentage. In their rebuttal testimony, the Companies modeled rates after a
207 previous Commission-approved rate design in Consolidated Docket Nos. 11-
208 0561 through 11-0566 rather than providing a COS Study as the Commission, in
209 that same order, contemplated they would. Additionally, because my proposal
210 uses a COS Study, it provides a consistent foundation for setting rates going
211 forward for other UI Companies as well. UI should be encouraged, by the
212 Commission, to use a COS Study for future rate cases, either in this format or the
213 format agreed to in the ongoing workshops on this subject, as I previously
214 discussed in my direct testimony.

215

216 Bill Impacts

217 **Q. Did you develop a typical bill comparison to illustrate the impact of present**
218 **rates compared to the Companies' proposed rates and your rate design**
219 **recommendations?**

220 A. Yes. The results are illustrated in ICC Staff Exhibit 10.0, Schedules 10.2 AC and
221 10.2 LW. These Schedules show the Companies' present rates compared to
222 both the Companies' proposed rates in their rebuttal testimony and my rate
223 design recommendations based upon the revenue requirement Staff proposed in
224 direct testimony. Line 5 on each Schedule highlights the typical monthly
225 Residential usage of 1,773 gallons for Apple Canyon and 1,956 gallons for Lake
226 Wildwood. (Apple Canyon Ex. 1.0, p. 6; Lake Wildwood Ex. 1.0, p. 6)

227

228 Tariff Changes

229 **Q. In your direct testimony, you recommended the Commission approve the**
230 **Companies' proposal to increase the New Customer Charge from \$15 to**
231 **\$25 dollars. You also proposed adjustments to increase Miscellaneous**
232 **Revenues to reflect the impact of this New Customer Charge increase. (ICC**
233 **Staff Ex. 4.0, pp. 22-26) What is the status of this recommendation?**

234 A. The Office of the Attorney General of the State of Illinois ("AG"), Apple Canyon
235 Lake Property Owners' Association ("ACLPOA") and the Lake Wildwood
236 Association, Inc. ("LWA") proposed the same adjustments to Miscellaneous
237 Revenues in their joint direct testimony filed January 28, 2013.

238 (AG/ACLPOA/LWA Joint Ex. 1.0, pp. 24-25) The Companies agree with the
239 proposed adjustments to Miscellaneous Revenues (UI Ex. 2.0, p. 10), and the
240 Commission should adopt it.

241

242 Billing Cycles

243 **Q. In your direct testimony, you recommended the Companies move to**
244 **monthly billing for their Availability customers and modify their tariffs**
245 **accordingly. (ICC Staff Ex. 4.0, pp. 26-28) What is the status of this**
246 **recommendation?**

247 A. The Companies' do not object to my proposal to move Availability customers to a
248 monthly billing cycle and to modify the tariffs accordingly (UI Ex. 2.0, p. 16), and
249 the Commission should adopt it.

250

251 **Q. Please summarize your recommendations.**

252 A. I recommend the Commission (1) maintain the current customer classes; (2)
253 approve the Companies' proposed billing units; (3) approve the use of my COS
254 Studies for designing rates; (4) approve my rate design for the BFC, Usage
255 Charges, and Availability Charges; (5) approve the Companies' proposed \$25
256 New Customer Charge; and (6) approve my proposal to place Availability
257 customers on a monthly billing cycle and provide consistent tariff language in that
258 regard.

259

260 **Q. Does this conclude your rebuttal testimony?**

261 A. Yes, it does.

ITEM	PRESENT RATES	PROPOSED RATES	STAFF RATES	RESIDENTIAL		COMMERCIAL		INDUSTRIAL		PUBLIC AUTHORITY		SALE FOR RESALE		TOTAL	COST OF SERVICE
				BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT		
BASE CHARGE, MONTHLY															
5/8" disk	18.73	20.99	18.73	10,440	0	36	0	0	0	0	0	0	0	10,476	11.98
3/4" disk	20.61	31.49	20.61	12	0	0	0	0	0	0	0	0	0	12	17.97
1" disk	22.48	52.48	29.96	84	0	24	0	0	0	0	0	0	0	108	29.96
1 1/2" disk	24.35	104.97	33.24	0	0	48	0	0	0	0	0	0	0	48	59.91
2" disk	26.22	167.95	43.63	0	0	12	0	0	0	0	0	0	0	12	95.86
3" disk	28.12	314.90	66.02	0	0	12	0	0	0	0	0	0	0	12	179.73
4" disk	29.99	524.84	299.56	0	0	0	0	0	0	0	0	0	0	0	299.56
6" disk	31.87	1049.67	599.12	0	0	0	0	0	0	0	0	0	0	0	599.12
8" disk	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	958.59
10" disk	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	1377.97
AVAILABILITY CHARGE	6.56	8.21	8.44	20,952	0	0	0	0	0	0	0	0	0	20,952	11.75
Availability Bills				20,952	0	0	0	0	0	0	0	0	0	20,952	
Customer Charge Bills				10,536	0	132	0	0	0	0	0	0	0	10,668	
Total Bills				31,488	0	132	0	0	0	0	0	0	0	31,620	
TOTAL AVAILABILITY CHARGE REVENUES		Present		137,445	0	0	0	0	0	0	0	0	0	137,445	
		Proposed		172,016	0	0	0	0	0	0	0	0	0	172,016	
		Staff		176,835	0	0	0	0	0	0	0	0	0	176,835	
TOTAL CUSTOMER CHARGE REVENUES		Present		197,677	0	3,035	0	0	0	0	0	0	0	200,712	
		Proposed		223,922	0	12,848	0	0	0	0	0	0	0	236,770	
		Staff		198,305	0	4,305	0	0	0	0	0	0	0	202,609	201516
USAGE CHARGES (1000 GALLONS)															
First Block	5.7041	7.140	6.2944	18,713	0	1,245	0	0	0	0	0	0	0	19,958	10.0970
Second Block	0.000	0.000	0.000	0	0	0	0	0	0	0	0	0	0	0	
BLOCK CHANGES				0											
First Block	0.000	0.000	0.000	0	0	0	0	0	0	0	0	0	0	0	
Second Block	0.000	0.000	0.000	0	0	0	0	0	0	0	0	0	0	0	
USAGE CHARGE REVENUES		Present		106,739	0	7,104	0	0	0	0	0	0	0	113,843	
		Proposed		133,608	0	8,892	0	0	0	0	0	0	0	142,500	
		Staff		117,785	0	7,839	0	0	0	0	0	0	0	125,624	

TOTAL METERED REVENUES
AND AVAILABILITY CHARGE REVENUES

Present
Proposed
Staff

RESIDENTIAL		COMMERCIAL		INDUSTRIAL		PUBLIC AUTHORITY		SALE FOR RESALE		TOTAL
BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	
441,861	0	10,139	0	0	0	0	0	0	0	451,999
529,546	0	21,740	0	0	0	0	0	0	0	551,286
492,925	0	12,144	0	0	0	0	0	0	0	505,068

NON-METERED REVENUES

Present
Proposed
Staff

OTHER OPERATING	VARIABLE REVENUES	TOTAL NON-METERED	TOTAL REVENUES
13,636	0	13,636	465,635
13,636	0	13,636	564,922
14,512	0	14,512	519,580
			TARGET REVENUES 519,580

0

ALLOCATION FACTORS

<u>SOURCE OF SUPPLY (2)</u>		(Cust.)	(Factor)	<u>PUMPING (3)</u>		(Cust.)	(Factor)
Usage Customers	889	33.74%	Usage Customers	889	33.74%		
Availability Customers	1,746	66.26%	Availability Customers	1,746	66.26%		
Total	2,635	100.00%	Total	2,635	100.00%		

<u>MAINS (1)</u>		(Cust.)	(Factor)	<u>TREATMENT (4)</u>		(Cust.)	(Factor)
Usage Customers	889	33.74%	Usage Customers	889	33.74%		
Availability Customers	1,746	66.26%	Availability Customers	1,746	66.26%		
Total Customers	2,635	100%	Total Customers	2,635	100%		

<u>SERVICES (6)</u>		(Cust.)	(Factor)	<u>STORAGE (7)</u>		(Cust.)	(Factor)
Usage Customers	889	100.00%	Usage Customers	889	33.74%		
Availability Customers	1,746	0.00%	Availability Customers	1,746	66.26%		
Total Services	2,635		Total Customers	2,635	100%		

- (10) Availability 100.00%
- (11) Uncollectibles 100.00%

Cost of Service

Availability	
Commercial Cost/Bil	1.86
Revenue Requestec	207,198
Number of Bills	20,952
Availability Rate	8.44

PLANT IN SERVICE	ALLOCATED TO				CODE
	USAGE	AVAILABILITY	METERS	SERVICES	
INTANGIBLE PLANT (3nn.1)	28,122	9,488	18,634		(1)
SOURCE OF SUPPLY (3nn.2)	230,997	77,934	153,063		(1)
PUMPING PLANT (3nn.3)	109,231	36,853	72,378		(1)
WATER TREATMENT PLANT (3nn.4)	62,027	20,927	41,100		(1)
TRANSMISSION AND DISTRIBUTION (3nn.5)					
Mains (331.5)	1,240,526	418,530	821,996		(1)
Meters (334.5)	90,588			90,588	(5)
Services (333.5)	504,706		0	504,706	(6)
Hydrants (335.5)	68,976	23,271	45,705		(1)
Storage (330.5)	136,845	46,169	90,676		(1)
Other Plant & Misc. Equip. (339)	507,749	121,357	238,345	22,529	125,519
GENERAL PLANT (3nn.6)	0	0	0	0	0
RECONCILIATION	0	0	0	0	0
TOTAL PLANT IN SERVICE	2,979,767	754,528	1,481,897	113,117	630,225
	100.00%	25.32%	49.73%	3.80%	21.15%
Distribution Plant Allocator					
Total Distribution Plant	2,041,641	487,971	958,376	90,588	504,706
Percentage	100.00%	23.90%	46.94%	4.44%	24.72%

	PER COMP	STAFF ADJUSTMENTS	OPERATION & MAINTENANCE	ALLOCATED TO					CODE
				USAGE	AVAILABILITY	BILLING	METERS	SERVICES	
SOURCE OF SUPPLY (6nn.1)	0	0	0	0					(10)
PUMPING EXPENSES									
Electrical (615.2)	25,257	0	25,257	25,257					(10)
Other (6nn.2 & 6nn.3)	0	0	0	0					(10)
WATER TREATMENT EXPENSE									
Chemicals (618.4)	5,276	0	5,276	5,276					(10)
Other (6nn.4 & 6nn.5)	2,028	0	2,028	2,028					(10)
TRANSMISSION AND DISTRIBUTION									
Supervision	85,973	(19,351)	66,622	15,923	31,273	0	2,956	16,469	(8)
Mains	10,800	-5187	5,613	1,894	3,719				(1)
Storage/Structures/Hydrants	0	0	0	0	0				(7)
Meters	1	0	1				1		(5)
Services	0	0	0		0			0	(6)
Misc, Rents, Other Plant	162,113	(19,860)	142,253	34,000	66,776	0	6,312	35,166	(8)
CUSTOMER ACCOUNTS EXPENSE									
Remainder excl. uncol. & Meter Reading & Billing (6nn.8)	0	0	0	0	0	0	0	0	(15)
Meter Reading and Billing Sales Expense	58,082	-1728	56,354			56,354			(13)
ADMINISTRATIVE AND GENERAL (6nn.9)	0	0	0	0	0	0	0	0	(11)
Uncollectible (670.8)	14,798	(1,953)	12,845	3,572	4,308	2,386	392	2,186	(14)
SUBTOTAL OPER. & MAIN.	364,328	(48,079)	316,249	87,950	106,077	58,740	9,661	53,821	
RECONCILIATION	(2)	0	(2)	(1)	(1)	(0)	(0)	(0)	
TOTAL OPERATION & MAINTENANCE	364,326	(48,079)	316,247	87,949	106,076	58,739	9,661	53,821	
Depreciation (403)	100,074	(10,000)	90,074	22,808	44,796	0	3,419	19,051	(9)
Other Taxes (408)	20,182	(26)	20,156	5,104	10,024	0	765	4,263	(9)
Income Taxes (409)	31,862	(5,864)	25,998	6,583	12,929	0	987	5,499	(9)
Utility Operating Income	78,225	(11,120)	67,105	16,992	33,373	0	2,547	14,193	(9)
REVENUES REQUIRED	594,669	(75,089)	519,580	139,437	207,198	58,739	17,380	96,826	

ITEM	METER	SERVICE	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PUB AUTH	RESALE	TOTAL
METER SIZE								
5/8" disk	1.0	1.0	10,440	36	0	0	0	10,476
3/4" disk	1.5	1.5	12	0	0	0	0	12
1" disk	2.5	2.5	84	24	0	0	0	108
1 1/2" disk	5.0	5.0	0	48	0	0	0	48
2" disk	8.0	8.0	0	12	0	0	0	12
3" disk	15.0	15.0	0	12	0	0	0	12
4" disk	25.0	25.0	0	0	0	0	0	0
6" disk	50.0	50.0	0	0	0	0	0	0
8" disk	80.0	80.0	0	0	0	0	0	0
10" disk	115.0	115.0	0	0	0	0	0	0
Equivalent Meters			10,668	612	0	0	0	11,280
Equivalent Services			10,668	612	0	0	0	11,280

ILLINOIS COMMERCE COMMISSION
Cost of Service Study
“Explanation of Allocation Codes”

1. This Code refers to allocations made between Usage Customers and Availability Customers based on the ratio to Total Customers.
2. This Code refers to allocations made between Usage Customers and Availability Customers based on the ratio of Well Capacity currently utilized by usage customers.
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8. This Code refers to allocations made among the subgroups of Usage Customers, Availability Customers, Meters and Services, and based on each subgroup's Total Plant in Service, less General Plant as a percentage of Total Plant in Service, less General Plant.
9. This Code refers to allocations made among the subgroups of Usage Customers, Availability Customers, Meters and Services, and based on each subgroup's Total Plant in Service as a percentage of Total Plant in Service.
10. This Code refers to allocations made 100% to Usage Customers.
11. This Code refers to allocations made to each subgroup based upon each subgroup's Total O&M, less A&G, as a percentage of Total O&M, less A&G.
12. This Code refers to allocations made 100% to Availability Customers.
13. This Code refers to allocations made 100% to Billing.
14. This Code refers to allocations made to each subgroup based upon each subgroups Total O&M, less A&G and uncollectible, as a percentage of Total O&M, less A&G and uncollectible.
15. This Code refers to allocations made to each subgroup based upon each subgroups Total O&M, less A&G, uncollectible, and Remainder excl. uncol. & Meter Reading & Billing, as a percentage of Total O&M, less A&G, uncollectible, and Remainder excl. uncol. & Meter Reading & Billing.

APPLE CANYON UTILITY COMPANY
TYPICAL RESIDENTIAL BILL COMPARISON

Docket Nos. 12-0603/12-0604
Consolidated
ICC Staff Exhibit 10.0
Schedule 10.2 AC

LINE NO.			CURRENT	COMPANY PROPOSED	STAFF PROPOSED
1	5/8" meter	BASE FACILITIES CHARGE	\$18.73	\$20.99	\$18.73
2	single block	GALLONAGE CHARGE (PER 1,000 GALLONS)	\$5.7041	\$7.14	\$6.2944

	USAGE 1,000 GALLONS (A)	CURRENT MONTHLY BILL (B)	COMPANY PROPOSED MONTHLY BILL (C)	DOLLAR INCREASE (D)	PERCENT INCREASE (E)	STAFF PROPOSED MONTHLY BILL (F)	DOLLAR INCREASE (G)	PERCENT INCREASE (F)
3	0	\$18.73	\$20.99	\$2.26	12.07%	\$18.73	\$0.00	0.00%
4	1	\$24.43	\$28.13	\$3.70	15.13%	\$25.02	\$0.59	2.42%
5*	1.773	\$28.84	\$33.65	\$4.81	16.66%	\$29.89	\$1.05	3.63%
6	3	\$35.84	\$42.41	\$6.57	18.32%	\$37.61	\$1.77	4.94%
7	4	\$41.55	\$49.55	\$8.00	19.26%	\$43.91	\$2.36	5.68%
8	5	\$47.25	\$56.69	\$9.44	19.98%	\$50.20	\$2.95	6.25%
9	AVAILABILITY CUSTOMER	\$6.56	\$8.21	\$1.65	25.15%	\$8.44	\$1.88	28.66%

Notes:

* Typical monthly residential usage

ITEM	PRESENT RATES	PROPOSED RATES	STAFF RATES	RESIDENTIAL		COMMERCIAL		INDUSTRIAL		PUBLIC AUTHORITY		SALE FOR RESALE		TOTAL	COST OF SERVICE
				BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT		
BASE CHARGE, MONTHLY															
5/8" disk	25.82	34.67	27.44	5,676	0	72	0	0	0	0	0	0	0	5,748	26.71
3/4" disk	35.71	52.00	41.16	0	0	0	0	0	0	0	0	0	0	0	40.07
1" disk	49.17	88.67	68.59	12	0	36	0	0	0	0	0	0	0	48	66.78
1 1/2" disk	90.51	173.34	137.19	0	0	12	0	0	0	0	0	0	0	12	133.56
2" disk	188.27	277.34	219.50	0	0	0	0	0	0	0	0	0	0	0	213.70
3" disk	353.07	520.02	411.57	0	0	0	0	0	0	0	0	0	0	0	400.68
4" disk	588.28	866.69	685.94	0	0	0	0	0	0	0	0	0	0	0	667.80
6" disk	1176.80	1733.39	1371.89	0	0	0	0	0	0	0	0	0	0	0	1335.61
8" disk	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	2136.97
10" disk	0.00	0.00	0.00	0	0	0	0	0	0	0	0	0	0	0	3071.90
AVAILABILITY CHARGE	7.47	11.15	13.87	11,076	0	0	0	0	0	0	0	0	0	11,076	13.87
Availability Bills				11,076	0	0	0	0	0	0	0	0	0	11,076	
Customer Charge Bills				5,688	0	120	0	0	0	0	0	0	0	5,808	
Total Bills				16,764	0	120	0	0	0	0	0	0	0	16,884	
TOTAL AVAILABILITY CHARGE REVENUES		Present		82,738	0	0	0	0	0	0	0	0	0	82,738	
		Proposed		123,497	0	0	0	0	0	0	0	0	0	123,497	
		Staff		153,624	0	0	0	0	0	0	0	0	0	153,624	
TOTAL CUSTOMER CHARGE REVENUES		Present		147,144	0	4,715	0	0	0	0	0	0	0	151,860	
		Proposed		197,851	0	7,768	0	0	0	0	0	0	0	205,619	
		Staff		156,573	0	6,091	0	0	0	0	0	0	0	162,664	
USAGE CHARGES (1000 GALLONS)															
First Block	5.2089	7.780	5.2138	11,155	0	514	0	0	0	0	0	0	0	11,669	
Second Block	0.000	0.000	0.000	0	0	0	0	0	0	0	0	0	0	0	
BLOCK CHANGES															
First Block	0.000	0.000	0.000	0	0	0	0	0	0	0	0	0	0	0	
Second Block	0.000	0.000	0.000	0	0	0	0	0	0	0	0	0	0	0	
USAGE CHARGE REVENUES		Present		58,105	0	2,678	0	0	0	0	0	0	0	60,782	
		Proposed		86,785	0	3,999	0	0	0	0	0	0	0	90,784	
		Staff		58,159	0	2,680	0	0	0	0	0	0	0	60,840	

TOTAL METERED REVENUES
AND AVAILABILITY CHARGE REVENUES

RESIDENTIAL		COMMERCIAL		INDUSTRIAL		PUBLIC AUTHORITY		SALE FOR RESALE		TOTAL
BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	BILL ANALYSIS	ADJUSTMENT	
287,987	0	7,393	0	0	0	0	0	0	0	295,380
406,431	0	11,746	0	0	0	0	0	0	0	418,177
368,356	0	8,771	0	0	0	0	0	0	0	377,127

NON-METERED REVENUES	Present	OTHER OPERATING	VARIABLE REVENUES	TOTAL NON-METERED	Present	TOTAL REVENUES
	Proposed	20,277	0	20,277	315,657	
	Staff	20,277	0	20,277	438,454	
		20,820	0	20,820	397,947	TARGET REVENUES
					397,948	

ALLOCATION FACTORS

SOURCE OF SUPPLY (2)		(Cust.)	(Factor)	PUMPING (3)		(Cust.)	(Factor)
Usage Customers	484	34.40%	Usage Customers	484	34.40%		
Availability Customers	923	65.60%	Availability Customers	923	65.60%		
Total	1,407	100.00%	Total	1,407	100.00%		

MAINS (1)		(Cust.)	(Factor)	TREATMENT (4)		(Cust.)	(Factor)
Usage Customers	484	34.40%	Usage Customers	484	34.40%		
Availability Customers	923	65.60%	Availability Customers	923	65.60%		
Total Customers	1,407	100%	Total Customers	1,407	100%		

SERVICES (6)		(Cust.)	(Factor)	STORAGE (7)		(Cust.)	(Factor)
Usage Customers	484	100.00%	Usage Customers	484	34.40%		
Availability Customers	923	0.00%	Availability Customers	923	65.60%		
Total Services	1,407		Total Customers	1,407	100%		

- (10) Availability 100.00%
- (11) Uncollectibles 100.00%

Cost of Service
Availability
Commercial Cost/Bil 1.91
Revenue Requestec #####
Number of Bills 11,076
Availability Rate 13.87

ILLINOIS COMMERCE COMMISSION
Cost of Service Study
"Plant in Service Allocation"

PLANT IN SERVICE	ALLOCATED TO				CODE	
	USAGE	AVAILABILITY	METERS	SERVICES		
INTANGIBLE PLANT (3nn.1)	27,730	9,539	18,191		(1)	
SOURCE OF SUPPLY (3nn.2)	274,367	94,381	179,986		(1)	
PUMPING PLANT (3nn.3)	174,694	60,094	114,600		(1)	
WATER TREATMENT PLANT (3nn.4)	58,904	20,263	38,641		(1)	
TRANSMISSION AND DISTRIBUTION (3nn.5)						
Mains (331.5)	310,206	106,709	203,497		(1)	
Meters (334.5)	46,831			46,831	(5)	
Services (333.5)	350,141		0	350,141	(6)	
Hydrants (335.5)	28,677	9,865	18,812		(1)	
Storage (330.5)	40,139	13,808	26,331		(1)	
Other Plant & Misc. Equip. (339)	238,539	40,079	76,432	14,396	107,633 (8)	
GENERAL PLANT (3nn.6)	0	0	0	0	0 (8)	
RECONCILIATION	0	0	0	0	0	
TOTAL PLANT IN SERVICE	1,550,228	354,736	676,491	61,227	457,774	
	100.00%	22.88%	43.64%	3.95%	29.53%	(9)
Distribution Plant Allocator						
Total Distribution Plant	775,994	130,381	248,641	46,831	350,141	
Percentage	100.00%	16.80%	32.04%	6.03%	45.12%	(8)

	PER COMPANY	STAFF ADJUSTMENTS	OPERATION & MAINTENANCE	ALLOCATED TO					CODE
				USAGE	AVAILABILITY	BILLING	METERS	SERVICES	
SOURCE OF SUPPLY (6nn.1)	0	0	0	0					(10)
PUMPING EXPENSES									
Electrical (615.2)	10,100	0	10,100	10,100					(10)
Other (6nn.2 & 6nn.3)	0	0	0	0					(10)
WATER TREATMENT EXPENSE									
Chemicals (618.4)	0	0	0	0					(10)
Other (6nn.4 & 6nn.5))	1,267	0	1,267	1,267					(10)
TRANSMISSION AND DISTRIBUTION									
Supervision	95,962	-19452	76,510	12,855	24,515	0	4,617	34,523	(8)
Mains	5,604	-1869	3,735	1,285	2,450				(1)
Storage/Structures/Hydrants	0	0	0	0	0				(7)
Meters	302	0	302				302		(5)
Services	0	0	0		0			0	(6)
Misc, Rents, Other Plant	120,995	(20,172)	100,823	16,940	32,305	0	6,085	45,493	(8)
CUSTOMER ACCOUNTS EXPENSE									
Remainder excl. uncol. & Meter Reading & Billing (6nn.8)	0	0	0	0	0	0	0	0	(15)
Meter Reading and Billing Sales Expense	30,522	-908	29,614			29,614			(13)
ADMINISTRATIVE AND GENERAL (6nn.9)	0	0	0	0	0	0	0	0	(11)
Uncollectible (670.8)	24,744	(4,580)	20,164	3,849	5,375	2,686	998	7,256	(14)
SUBTOTAL OPER. & MAIN.	289,496	(46,981)	242,515	46,296	64,645	32,300	12,002	87,272	
RECONCILIATION	(2)	0	(2)	(0)	(1)	(0)	(0)	(1)	
TOTAL OPERATION & MAINTENANCE	289,494	(46,981)	242,513	46,296	64,645	32,299	12,002	87,271	
Depreciation (403)	59,146	(20,297)	38,849	8,890	16,953	0	1,534	11,472	(9)
Other Taxes (408)	18,367	(199)	18,168	4,157	7,928	0	718	5,365	(9)
Income Taxes (409)	31,339	(4,445)	26,894	6,154	11,736	0	1,062	7,942	(9)
Utility Operating Income	78,884	(7,360)	71,524	16,367	31,212	0	2,825	21,121	(9)
REVENUES REQUIRED	477,230	(79,282)	397,948	81,864	132,474	32,299	18,141	133,170	

ITEM	METER	SERVICE	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	PUB AUTH	RESALE	TOTAL
METER SIZE								
5/8" disk	1.0	1.0	5,676	72	0	0	0	5,748
3/4" disk	1.5	1.5	0	0	0	0	0	0
1" disk	2.5	2.5	12	36	0	0	0	48
1 1/2" disk	5.0	5.0	0	12	0	0	0	12
2" disk	8.0	8.0	0	0	0	0	0	0
3" disk	15.0	15.0	0	0	0	0	0	0
4" disk	25.0	25.0	0	0	0	0	0	0
6" disk	50.0	50.0	0	0	0	0	0	0
8" disk	80.0	80.0	0	0	0	0	0	0
10" disk	115.0	115.0	0	0	0	0	0	0
Equivalent Meters			5,706	222	0	0	0	5,928
Equivalent Services			5,706	222	0	0	0	5,928

ILLINOIS COMMERCE COMMISSION
Cost of Service Study
“Explanation of Allocation Codes”

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LAKE WILDWOOD UTILITIES CORPORATION
TYPICAL RESIDENTIAL BILL COMPARISON

Docket Nos. 12-0603/12-0604
Consolidated
ICC Staff Exhibit 10.0
Schedule 10.2 LW

LINE NO.			CURRENT	COMPANY PROPOSED	STAFF PROPOSED
1	5/8" meter	BASE FACILITIES CHARGE	\$25.82	\$34.67	\$27.44
2	single block	GALLONAGE CHARGE (PER 1,000 GALLONS)	\$5.2089	\$7.78	\$5.2138

	USAGE 1,000 GALLONS (A)	CURRENT MONTHLY BILL (B)	COMPANY PROPOSED MONTHLY BILL (C)	DOLLAR INCREASE (D)	PERCENT INCREASE (E)	STAFF PROPOSED MONTHLY BILL (F)	DOLLAR INCREASE (G)	PERCENT INCREASE (H)
3	0	\$25.82	\$34.67	\$8.85	34.28%	\$27.44	\$1.62	6.27%
4	1	\$31.03	\$42.45	\$11.42	36.81%	\$32.65	\$1.62	5.24%
5*	1.956	\$36.01	\$49.89	\$13.88	38.54%	\$37.64	\$1.63	4.53%
6	3	\$41.45	\$58.01	\$16.56	39.96%	\$43.08	\$1.63	3.94%
7	4	\$46.66	\$65.79	\$19.13	41.01%	\$48.30	\$1.64	3.51%
8	5	\$51.86	\$73.57	\$21.71	41.85%	\$53.51	\$1.64	3.17%
9	AVAILABILITY CUSTOMER	\$7.47	\$11.15	\$3.68	49.26%	\$13.87	\$6.40	85.68%

Notes:

* Typical monthly residential usage