

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

- CLH 4.01 On page 15 of Utilities Exhibit 2.0, at line 12, Companies' witness Neyzelman states, "I disagree with certain allocations of costs assigned by Staff in its COS Study." Please answer the following regarding this statement:
- a) Identify each of the cost allocations in Staff's COS Study with which Mr. Neyzelman disagrees;
 - b) For each cost allocation identified in response to Part a), explain the basis of Mr. Neyzelman's disagreement with that cost allocation;
 - c) For each cost allocation identified in response to Part a), identify the cost allocation Mr. Neyzelman believes would be more appropriate than the one used by Staff in Staff's COS Study, and
 - d) For each cost allocation identified in response to Part c), explain fully the reasons Mr. Neyzelman believes that cost allocation would be more appropriate than the one used by Staff in Staff's COS Study.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The Companies are currently investigating the COS Study in detail and will provide a response as soon as possible.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.02 On page 15 of Utilities Exhibit 2.0, at lines 12-14, Companies' witness Neyzelman states, "At this time, the Companies have not been able to fully understand Staff's cost allocation methodology and believe it may be incorrect." Please fully explain the Companies' basis for believing that Staff's cost allocation methodology may be incorrect based upon the understanding that the Companies have at this time.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The Companies are currently investigating the COS Study in detail and will provide a response as soon as possible.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.03 On page 15 of Utilities Exhibit 2.0, at lines 12-14, Companies' witness Neyzelman states, "At this time, the Companies have not been able to fully understand Staff's cost allocation methodology and believe it may be incorrect." In her direct testimony, Staff witness Harden explained that Staff's COS Study format was used in some of the prior rate cases for Lake Wildwood (Docket Nos. 98-0048 and 01-0663) and Apple Canyon (Docket No. 03-0399). (ICC Staff Exhibit 4.0, pp. 11-12) Do the Companies believe there are significant differences between the COS Studies that Staff presented in the current cases and the COS Studies used in the Companies' prior cases identified by Staff witness Harden? If so, please identify each such difference. Please further explain the Companies need to more fully understand the COS Studies presented in these dockets in order for the Companies to determine whether they believe Staff's cost allocation methodology is correct.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The Companies are currently investigating the COS Study in detail and will provide a response as soon as possible.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.04 Regarding lines 12-14 of page 15 of Utilities Exhibit 2.0, please clarify whether the Companies conclusively disagree with certain cost allocations in Staff's COS Study based on the Companies' understanding at this time or whether the Companies are unable to reach a conclusive opinion about the cost allocations in Staff's COS Study until they have a more complete understanding of Staff's cost allocation methodology.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The Companies are currently investigating the COS Study in detail and will provide a response as soon as possible.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.05 On page 15 of Utilities Exhibit 2.0, at lines 16-20, the Companies propose a rate design modeled after the one the Commission approved in Consolidated Docket Nos. 11-0561 through 11-0566. Do the Companies agree that no COS Study was presented by any party in Consolidated Docket Nos. 11-0561 through 11-0566? If the Companies do not agree that no COS Study was presented by any party in Consolidated Docket Nos. 11-0561 through 11-0566, provide specific citations to the record of evidence in Consolidated Docket Nos. 11-0561 through 11-0566 where a party provided a COS Study.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The Companies are currently investigating the COS Study in detail and will provide a response as soon as possible.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.06 On page 15 of Utilities Exhibit 2.0, at lines 16-20, the Companies propose a rate design modeled after the one the Commission approved in Consolidated Docket Nos. 11-0561 through 11-0566. Do the Companies agree that in Consolidated Docket Nos. 11-0561 through 11-0566, the Commission concluded the following:

The Commission Orders UI to work with Staff and other interested parties to review and analyze UI's current method of cost of service and rate design methodology. UI should develop a COSS with Staff and other interest parties for use in future UI rate cases. (Order, Docket Nos. 11-0561 through 11-0566 (Cons.), May 22, 2012, p. 27)

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: Yes.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.07 Regarding the Companies' proposed rate design, Companies witness Neyzelman states:

This rate design provides for a simplified methodology consistent with AWWA meter flow factors. This simplified rate design is appropriate for these Companies as its customer base (not including Availability Customers) is homogeneous. (Utilities Ex. 2.0, p. 15, lines 17-20)

Do the Companies agree that Staff's COS Study proposals also use AWWA meter flow factors in determining Staff's proposed rates? If not, please explain fully the basis for the Companies' position.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The Companies are currently investigating the COS Study in detail and will provide a response as soon as possible.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.08 Regarding the Companies' proposed rate design, Companies witness Neyzelman states:

This rate design provides for a simplified methodology consistent with AWWA meter flow factors. This simplified rate design is appropriate for these Companies as its customer base (not including Availability Customers) is homogeneous. (Utilities Ex. 2.0, p. 15, lines 17-20)

Is it the Companies' position that the Companies' simplified rate design methodology would more accurately reflect cost-causation than would a rate design based on a properly performed COS Study? If so, please explain fully the basis for the Companies' position.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: No, that is not the Companies' position.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.09 Regarding the Companies' proposed rate design, Companies witness Neyzelman states:

This rate design provides for a simplified methodology consistent with AWWA meter flow factors. This simplified rate design is appropriate for these Companies as its customer base (not including Availability Customers) is homogeneous. (Utilities Ex. 2.0, p. 15, lines 17-20)

Is it the Companies' position that, with respect to these instant consolidated rate cases, the Commission should prefer the Companies' simplified rate design methodology over one that is based on a COS Study? If so, please explain fully the basis for the Companies' position.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The Companies are currently investigating the COS Study in detail and will provide a response as soon as possible.

ILLINOIS COMMERCE COMMISSION
DOCKET NO. 12-0603 Apple Canyon Utility Company
DOCKET NO. 12-0604 Lake Wildwood Utilities Corporation
Responses to Staff Data Requests CLH 4.01 – 4.10

CLH 4.10 Please explain how the Companies determined the Allocation Basis for the BFC, Availability and Gallonage on line no. 1 in columns (C), (D) and (E) on UI Exhibit 2.0, Schedules 2.1 AC and 2.1 LW, page 15 of 16.

The response to this question is provided by Dimitry Neyzelman.

RESPONSE: The allocation of BFC, availability and Gallonage is based on pro forma present revenues as it pertains to each revenue item as a percentage of total pro forma present revenues.