

DIRECT TESTIMONY

OF

THERESA EBREY

ACCOUNTING DEPARTMENT

FINANCIAL ANALYSIS DIVISION

ILLINOIS COMMERCE COMMISSION

CITIZENS UTILITIES COMPANY OF ILLINOIS
d/b/a CITIZENS WATER RESOURCES

DOCKET NO. 00-0194

May 24, 2000

1 **Witness Identification**

2 **Q. Please state your name and business address.**

3

4 A. My name is Theresa Ebrey. My business address is 527 East Capitol
5 Avenue, Springfield, Illinois 62701.

6

7 **Q. By whom are you employed and in what capacity?**

8

9 A. I am an Accountant in the Accounting Department of the Financial Analysis
10 Division of the Illinois Commerce Commission (Commission).

11

12 **Q. What is the function of the Commission's Accounting Department?**

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14 A. The Department's function is to monitor the financial condition of Illinois
15 public utilities as part of the Commission's responsibilities under Article IV of
16 the Public Utilities Act (220 ILCS 5/1-101 *et seq.*) and to provide accounting
17 expertise on matters before the Commission.

18

19 **Q. Please describe your educational and professional backgrounds.**

20

21 A. I have a Bachelor of Science degree in Accounting from Quincy College. I
22 am a Certified Public Accountant. My prior accounting experience includes

23 fifteen years as the corporate controller of a large long-term care facility in
24 Illinois, as well as a period of time employed as an outside auditor of
25 governmental agencies. I joined the Commission's Staff (Staff) in April
26 1999.

27

28 **Q. Have you previously testified before a regulatory body?**

29

30 A. Yes, I have testified before the Commission on several occasions.

31

32 **Q. What are your responsibilities in this case?**

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34 A. I have been assigned to this case by the Director of the Commission's
35 Accounting Department to review the Petition for a Certificate of Public
36 Convenience and Necessity to provide water and sanitary sewer service to
37 parcels in McHenry County, Illinois pursuant to Section 8-406 of the Public
38 Utilities Act and for approval of a contract as filed by Citizens Utilities
39 Company of Illinois (Citizens), analyze the underlying data, and propose
40 recommendations where appropriate.

41

42 **Purpose of Testimony**

43

44 **Q. What is the purpose of your testimony?**

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46 A. The purpose of my testimony is to present my comments and
47 recommendations regarding the Asset Purchase Agreement included in the
48 Company's Petition.

49

50 **Q. What accounting issue or issues are involved in this proceeding?**

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52 A. Citizens is seeking approval of an Asset Purchase Agreement which outlines
53 the purchase of water and sewer facilities from Terra Cotta Realty Co. (TC).
54 The Accounting issue involved in the approval of this contract is verifying that
55 Citizens has complied with the Uniform System of Accounts for Water
56 Utilities Operating in Illinois (USOA) in its treatment of this transaction.

57

58 **Q. What steps were included in your review of the Citizens - TC contract.**

59

60 A. I analyzed the Petition and Asset Purchase Agreement filed by Citizens, the
61 Company's responses to numerous data requests, the journal entries
62 proposed by Citizens to record the purchase of the assets from TC, and the
63 supporting documentation of the original cost of the assets purchased.

64

65 **Journal Entries**

66 **Q. Do you have any comments regarding the journal entries recording**
67 **the purchase of the assets?**

68 A. Yes. Account 104 -- "Utility Plant Purchased or Sold" -- of the Commission's
69 Uniform System of Accounts (83 Ill. Adm. Code 605) states:

70 "A. This account shall be charged with the cost of utility plant acquired
71 as an operating unit ...and shall be credited with the selling price of
72 like property transferred to others pending the distribution to
73 appropriate accounts in accordance with Accounting Instruction 21.
74 B. Within six months from the date of acquisition or transfer of
75 property recorded herein, the utility shall file with the Commission the
76 proposed journal entries to clear from this account the amounts
77 recorded herein."

78 The Company has indicated their intention to comply with part A in their
79 responses to Staff data requests TEE 2.01 and TEE 2.02. Staff requests
80 that when the Company complies with part B, the journal entries also be
81 provided to the Commission's Director of Accounting at the time they are
82 filed with its Chief Clerk's office.

83 **Conclusion**

84 **Q. Please summarize your conclusions and recommendations.**

85 A. I recommend that when the Petitioner files the journal entries recording the
86 transaction with the Chief Clerk's Office, it also provide a copy to the
87 Commission's Director of Accounting.

88

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

90

91 A. Yes.