

DIRECT TESTIMONY
OF
SHEENA KIGHT-GARLISCH

Finance Department
Financial Analysis Division
Illinois Commerce Commission

Aqua Illinois, Inc.
Petition for Issuance of Certificate of Public Convenience
and Necessity to Operate a Water Distribution System, approval of an Asset Purchase
Agreement with the Village of Norridge, and for the issuance of an Order Approving
Rates, Accounting Entries and Depreciation

Docket No. 14-0744

April 30, 2015

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

2 A. My name is Sheena Kight-Garlich. My business address is 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

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

5 A. I am employed by the Illinois Commerce Commission (“Commission”) as a Senior
6 Financial Analyst in the Finance Department of the Financial Analysis Division.

7 **Q. Please describe your qualifications and background.**

8 A. In May of 1998, I received a Bachelor of Business degree in Finance and Marketing
9 from Western Illinois University in Macomb, Illinois. I earned a Master of Business
10 Administration degree, with a concentration in Finance, also at Western Illinois
11 University in May of 2001. I have been employed by the Commission since
12 January of 2001. I was promoted to Senior Financial Analyst on October 1, 2004.

13 **Q. Please state the purpose of your testimony in this proceeding.**

14 A. On December 17, 2014, Aqua Illinois, Inc. (“Aqua” or the “Company”) filed a
15 petition for the issuance of a Certificate of Public Convenience and Necessity
16 (“Certificate”) authorizing Aqua to “construct, operate, and maintain a water
17 distribution system” for the Summerdale Area pursuant to Section 8-406 of the
18 Illinois Public Utilities Act (“Act”). (Petition, 1.) I will present my evaluation of
19 Aqua’s financial ability to acquire the Summerdale Water System (“Summerdale
20 System”).

21 **Q. What does Section 8-406(b)(3) of the Act require?**

22 A. Section 8-406(b)(3) of the Act requires that, prior to issuing the requested
23 Certificate, the Commission find “that the utility is capable of financing the
24 proposed construction without significant adverse financial consequences for the
25 utility or its customers.” 220 ILCS 5/8-406(b)(3).

26 **Q. Please describe the proposed acquisition and estimated cost.**

27 A. Aqua and the Village of Norridge have entered into an Asset Purchase Agreement
28 (“APA”), which provides for Aqua to acquire the assets of the Summerdale System
29 for a purchase price of \$5,000. (Petition, 2-3.)

30 **Q. How will Aqua finance the cost of the proposed acquisition?**

31 A. Aqua proposes to initially finance the acquisition with short-term debt. To the
32 extent short-term debt is required, permanent financing ultimately will be provided
33 through a combination of long-term debt and equity capital. (Aqua Resp. to Staff
34 DR SK 1.01.)

35 **Q. Is Aqua capable of financing the proposed purchase of the Summerdale
36 System without significant adverse consequences for the Company or its
37 customers?**

38 A. Yes. The total cost to Aqua to purchase the Summerdale System will be \$57,250
39 which includes the \$5,000 purchase price, \$25,000 of other transaction related
40 costs, and \$27,500 of capital investment through 2019. (Aqua Ex. 2.0, 4, 6.) The

41 total cost of the proposed purchase would be minimal relative to Aqua's total utility
42 plant and operating revenue. Aqua Illinois' total utility plant had a net value of
43 \$305,909,092 as of December 31, 2014; its total utility operating revenues for the
44 twelve months ended December 31, 2014, was \$49,473,030. (Aqua Illinois, Inc.,
45 Form 22 ILCC, at 4F and 7F, December 31, 2014.) The total cost represents
46 0.02% of the Aqua Illinois' net utility plant and 0.12% of its total utility operating
47 revenue. Therefore, I conclude that Aqua Illinois is capable of financing the
48 proposed acquisition of the Summerdale System without significant adverse
49 financial consequences for the Company or its customers.

50 **Q. Does this conclude your direct testimony?**

51 A. Yes, it does.