

RESPONSIVE TESTIMONY

of

Carolyn L. Bowers

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Citation for failure to comply with
Commission Order

Northern Illinois Utilities, Inc., Docket No. 01-0491

December 20, 2002

1 Q. Please state your name and business address.

2 A. My name is Carolyn L. Bowers. My business address is 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

4 Q. Are you the same Carolyn L. Bowers who previously provided direct testimony in
5 this proceeding?

6 A. Yes.

7 Q. What is the purpose of your responsive testimony?

8 A. I am presenting testimony regarding the Illinois American Water Company
9 (IAWC) proposal that IAWC should be allowed the opportunity to recover through
10 rates the purchase price of the Northern Illinois Utilities, Inc., assets, as set by
11 the court, to be paid by Illinois American Water Company to T. P. Mathews.

12 Q. Do you have a recommendation for the treatment of the purchase price?

13 A. Yes. I recommend that the Commission accept as the original cost of plant in
14 service for utility accounting and ratemaking purposes, the court determined
15 purchase price established in a Section 4-502 condemnation proceeding.

16 Q. Why do you recommend this treatment?

17 A. The records for this Company, Northern Illinois Utilities, Inc., are incomplete.
18 The lack of documentation of purchases, retirements and continuing property
19 records makes it impossible for staff to determine the original cost of the assets
20 actually being purchased.

21 The order in Docket No. 83-0435, which applies to all the cited companies, states
22 in part:

23 **“By Order entered July 7, 1983, the tariff schedule filed**
24 **on October 27, 1982 was cancelled and annulled; the**
25 **resuspension order vacated and set aside, and Respondent**
26 **was ordered to continue to implement present rates.**
27 **Respondents were also ordered to collect and systematize**
28 **their books and records. (Illinois Commerce Commission on**
29 **its Own Motion -vs- Lakeland Park Water Company, Crystal**
30 **Clear Water Company, Wonder Lake Water Company, Northern**
31 **Illinois Utilities, Inc., McHenry Shores Water Company;**
32 **Highland Shores Water Company Docket 83-0435.)**

33
34 In a report to the Company, “Public Utilities Division Short Form Water and
35 Sewer Report, dated November 20, 1985, recommendations were made to “that
36 the Utility take steps to et up a double entry bookkeeping system and a property
37 ledger.”

38 The Order in Docket No. 97-0608, Investigation of rates and practices pursuant
39 to Section 9-250 of the Public Utilities Act and a Citation for failure to comply with
40 statutory and regulatory requirements, dated June 16, 1999, states in section XI.

41 FINDINGS AND CONCLUSIONS,

42 **(8) the Company has failed to comply with 83**
43 **Ill. Adm. Code 605, the Uniform System of**
44 **Accounts for Water Utilities, by not**
45 **maintaining property records and should be**
46 **required to establish and maintain a**
47 **continuing property ledger and**
48 **complementary documentation. (Illinois**
49 **Commerce Commission, On its Own Motion**
50 **vs. Northern Illinois Utilities, Inc., Docket**
51 **No. 97-0608, Order Date June 16, 1999, p.**
52 **15)**

53

54 The Order further states, in part, "IT IS FURTHER ORDERED that the Company
55 shall establish and maintain a continuing property ledger and complementary
56 documentation."

57 Staff posits that the Company is in violation of 83 Ill. Adm. Code 605, the
58 Uniform System of Accounts for Water Utilities, for not maintaining
59 adequate continuing property records, and does not have invoices on
60 hand for most of its plant additions. Additionally, the Company has not
61 properly recorded retirements or disposals of plant assets.

62 In the instant proceeding, Docket No. 01-0491, these same issues regarding the
63 lack of continuing property records and proper documentation, are again raised.
64 Therefore, Staff supports Illinois American Water Company using, as the original
65 cost of plant for utility accounting and ratemaking purposes, the court established
66 purchase price.

67 Q. Does this question conclude your responsive testimony?

68 A. Yes.