

ILLINOIS COMMERCE COMMISSION

IAWC EXHIBIT 10.10

DIRECT TESTIMONY OF

MARY C. KANE

ILLINOIS-AMERICAN WATER COMPANY

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**DIRECT TESTIMONY
OF
MARY C. KANE**

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1 **I. WITNESS BACKGROUND AND IDENTIFICATION**

2 **Q1. Please state your name.**

3 **A.** My name is Mary Kane.

4 **Q2. Ms. Kane, by whom are you employed?**

5 **A.** I am employed by Stifel, Nicolaus & Company, Incorporated (“Stifel”), 501 N.
6 Broadway, St. Louis, MO. 63102.

7 **Q3. What is your position with Stifel?**

8 **A.** I am Senior Vice President, Public Finance. In this capacity, I direct Stifel's
9 Public Finance Team in Illinois.

10 **Q4. Please describe your educational and business background.**

11 **A.** Prior to joining Stifel, I was Executive Director of the Leadership Council
12 Southwestern Illinois and the Southwestern Illinois Development Authority
13 (“SWIDA”). The latter is an economic development agency providing revenue
14 bonds and other financing for economic development purposes in Madison and
15 St. Clair Counties. I am a former Director of Administration for Madison County,
16 one of the eight largest counties in Illinois. I am familiar with Illinois government
17 operations and have detailed knowledge of municipal finance. I have a B.A. from
18 Tulane University, and an M.S. from the University of Arizona. I am licensed as a
19 Registered Representative (Series 7) and Securities Agent (Series 63) of the
20 National Association of Securities Dealer. A copy of my resume is attached to
21 this testimony as Appendix A.

22 **Q5. Have you testified previously as an expert witness?**

23 **A.** Yes. I testified regarding financial matters before this Commission in the City of
24 Pekin, Docket 02-0352.

25 **II. PURPOSE OF TESTIMONY**

26 **Q6. What is the purpose of your testimony in this proceeding?**

27 **A.** In the Order issued by the Illinois Commerce Commission in Dockets 05-0681,
28 06-0094 and 06-0095 (consolidated) (“Docket 05-0681”), the Commission
29 indicated that, based on a comparison of the rates of Illinois-American Water
30 Company (“IAWC”) and the rates of certain municipally owned utilities in the
31 vicinity of IAWC’s Chicago Metro District, IAWC’s rates may not be reasonable.
32 Regarding this matter, Stifel was requested by IAWC to provide consulting and
33 advisory services on matters relating to municipal finance and the issue
34 addressed in Docket 05-0681. Stifel has used its knowledge, experience and
35 expertise in municipal finance practices, as related to enterprise systems, such
36 as municipally-owned utilities (“MOUs”), to evaluate and report on relevant
37 information that affects MOUs operated by certain municipalities in the vicinity of
38 IAWC’s Chicago Metro District. The municipalities studied include: Downers
39 Grove, Lemont and Woodridge. Stifel prepared Section II of the “Analysis of
40 Water Rates, Fees and Charges For Selected Cities In the Vicinity of the
41 Chicago Metro District of Illinois-American Water Company” (“Report”), which is
42 marked as IAWC Exhibit 10.20. I am responsible for Section II of the Report,
43 which was prepared by me or under my direction. I also am responsible jointly
44 with Mr. Uffelman of Deloitte & Touche LLP (“Deloitte & Touche”) for the Report’s
45 Executive Summary (Section I) and Conclusion (Section IV). Stifel has worked in

46 cooperation with Deloitte & Touche, which is responsible for Section III of the
47 Report.

48 **Q7. What is the conclusion of the Report?**

49 **A.** The Report details several differences between the cost structures and cost
50 recovery approaches used by investor-owned utilities as compared to MOUs.
51 Based on the differences explained in the Report, a comparison of IAWC's rates
52 to those of MOUs does not provide a basis to conclude that Illinois American's
53 rates are unreasonable.

54 **Q8. Does this conclude your testimony?**

55 **A.** Yes, it does.

Mary C. Kane

5210 Old Carpenter Road
Edwardsville, Illinois 62025

Career Highlights

Senior Investment Banker for One of 15 Largest Security Firms in the United States
Executive Director of Regional State Authorized Bonding and Development Authority
Senior Administrative Officer for one of 10 Largest Illinois Counties
Economic and Community Development Experience for Local and Regional Jurisdictions

Employment Experience

Stifel, Nicolaus & Company, Incorporated

110 Rottingham Court, Suite A 501 North Broadway
Edwardsville, Illinois 62025 St. Louis, Missouri, 63102
(618) 692-4306 (314)342-2233

• **Senior Vice President, Public Finance**

May 1994 – Present

Responsibilities: Senior Investment Banker responsible for establishing and leading Stifel Public Finance office serving central and southern Illinois. Since January 2000 have served as senior manager, co-manager, placement agent or financial advisor for transactions totaling more than \$4.0 billion.

Southwestern Illinois Development Authority

Collinsville, Illinois

• **Executive Director**

April 1989 —May 1994

Responsibilities: Executive Director of State authorized bonding and development Authority serving Madison and St. Clair Counties. Served as the first Executive Director of the Authority and guided the issuance of over \$150 million in economic development bonds, the establishment of a multi-bank Community Development Corporation providing loans to small businesses and the acquisition of land for the MetroLink Light Rail in St. Clair County, Illinois.

Leadership Council of Southwestern Illinois

Edwardsville, Illinois

• **Executive Director**

April 1985 – April 1989

Responsibilities: First Executive Director of a not-for-profit economic development and regional promotion group comprised of major business, industry, labor, government and education leaders of the southwestern Illinois counties of Madison and St. Clair.

Madison County

Edwardsville, Illinois

• **Director of Administration**

April 1981 – April 1985

Responsibilities: Primary administrative officer of the Madison County Government responsible for the general administration and management of all County departments under the jurisdiction of the Madison County Board.

- **Community Development Director**

1975 – 1981

Responsibilities: Director of the financial, managerial and administrative activities of the Community Development Block Grant and related Housing and Urban Development programs in Madison County.

Southwestern Illinois Metropolitan and Regional Planning Commission

Collinsville, Illinois

1971 – 1975

City of University City, Missouri- Assistant to the City Manager
County of St. Louis, Missouri Planning Department, Urban Planner
R. W. Booker and Associates, St. Louis, Missouri, Urban Planner

Education

Center for Creative Leadership

Greensboro, North Carolina

Scholarship to Leadership Development Program, 1979

Yale University

New Haven, Connecticut

Summer Seminar in Urban Administration and Management (completed as part of the National Urban Fellow's Program in 1973)

University of Arizona

Tucson, Arizona

MS in Urban and Regional Planning, 1969

Tulane University

New Orleans, Louisiana

BA in Political Science, Graduated with Distinction 1967

Community Affairs

- Current Board Member, Chestnut Health System
- Current Chairperson, Madison County Planning Commission
- Current Member, Leadership Council of Southwestern Illinois
- Current Member, Venice CUSD 3 Financial Oversight Panel
- Current Member, Illinois Housing Development Authority Board
- Current President, Southern Illinois University Edwardsville Foundation Board
- Former Elected Trustee, Lewis and Clark Community College, Godfrey, Illinois
- Former Vice President and Current Board Member, Women of Achievement

Recognitions

- Albert Cassens Community Leadership Award (Edwardsville-Glen Carbon Chamber of Commerce)
- St. Louis Women of Achievement (KMOX Radio and Suburban Journals),
- Leadership St. Louis 15s' Anniversary Community Leadership Award

Licenses and Certifications

- National Association of Securities Dealers Registered Representative
- Series 7— General Securities Sales and Regulations
- Series 63 — State Securities Law and Regulations