

ILLINOIS COMMERCE COMMISSION

IAWC EXHIBIT NO. 3.00

**DIRECT TESTIMONY OF
JEFFREY T. KAISER**

ILLINOIS-AMERICAN WATER COMPANY

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**DIRECT TESTIMONY
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IAWC EX. 3.00

I. INTRODUCTION

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Q1. Please state your name and business address.

A. Jeffrey T. Kaiser, 100 North Water Works Drive, Belleville, IL 62223.

Q2. What is your present position with Illinois-American Water Company (the “Company” or “IAWC”)?

A. I am employed by American Water Works Service Company, Inc. (“Service Company”) and serve as the Director of Engineering for IAWC.

Q3. Please summarize your responsibilities in this position.

A. I am responsible for planning, design and construction of water, wastewater, and other general facilities for the Company. My responsibilities include: administering the capital investment program for the company; ensuring compliance with state and federal requirements related to the planning for and delivery of the capital investment program; coordinating the procurement of all project design and construction services; providing comprehensive system planning for use in developing system needs and projecting capital spending; and supporting IAWC operations staff in performing plant/system troubleshooting. Although my primary responsibility is Director of Engineering for IAWC, I also perform some engineering work for Iowa-American Water Co. and American Lake Water Co.

Q4. Please give a summary of your work experience.

A. I have over 22 years experience in the water and wastewater design and construction industry. From 1986 until April of 2008 I held various roles of increasing responsibility for large nationally-based engineering firms, including

24 positions as project engineer, senior engineer, project manager, and office
25 manager. In all these roles, the focus of my work was the water and wastewater
26 industry. In these roles I have been involved in, or have overseen the completion
27 of, numerous planning, design, and construction projects ranging in size and
28 scope from small sewer and water main extension projects to water and
29 wastewater system planning studies, and the design and construction
30 administration of treatment plant improvement projects of up to \$280 million. In
31 April of 2008, I was employed by the Service Company as the Director of
32 Engineering for IAWC, the position I currently hold.

33 **Q5. Please discuss your educational and professional background.**

34 **A.** I received a Bachelor of Science degree in civil engineering from Washington
35 University in St. Louis Mo. in 1986. I am a registered professional engineer in
36 the states of Illinois, Missouri, Arkansas, and Indiana.

37 **Q6. Are you a member of any professional organizations?**

38 **A.** I am a member of the American Water Works Association and the Water
39 Environment Federation.

40 **Q7. Are you familiar with the facilities and engineering operations of the
41 Company in each of its rate areas?**

42 **A.** Yes.

43 **II. PURPOSE OF TESTIMONY**

44 **Q8. What is the purpose of your testimony?**

45 **A.** My testimony describes the major capital projects completed by the Company in
46 2007 and 2008 and those major capital projects planned for 2009 and the test

47 year, 2010. I have defined “major projects” as those having a Company
48 investment of \$250,000 or greater.

49 **III. CAPITAL PROJECTS**

50 **Q9. Does the Company have a planning process for capital projects?**

51 **A.** Yes. With regard to capital planning, the Company engages in a comprehensive
52 planning process that assesses capital investment needs for all aspects of
53 operations and assigns funding to capital programs on a prioritized basis.

54 **Q10. Please describe the comprehensive planning process.**

55 **A.** This process begins with the development of the anticipated demand projections
56 of the system, the identification of improvements needed to meet those demands
57 and the adoption of strategies designed to bring about the correct prioritization
58 and distribution of capital spending for the various needs of the business.
59 Specific capital planning needs are addressed in both the short term (one year)
60 and longer term (five years). Projects are prioritized within service districts and
61 across the state using objective criteria that validate the need for a project and
62 assess the risk of not doing the project. A key component of this planning
63 technique is that it is flexible and can be adjusted as needed to address new
64 needs, such as unplanned equipment failures, large or sudden growth of service
65 area, or new regulatory requirements. This process is the basis for the capital
66 expenditures reflected in the Company’s forecasted test year.

67 **Q11. Have recent organizational changes been made at IAWC that affect the**
68 **capital planning process?**

69 **A.** Yes. Beginning in April, 2008, as part of the process to enhance the state-level
70 focus of IAWC’s management structure (which is discussed by IAWC witness
71 Ms. Cheryl Norton, IAWC Ex. 2.00), the engineering functions for the Company,
72 including the planning and execution of the capital budget, were transferred from
73 the engineering department at the Service Company’s Central Region office in
74 St. Louis, Missouri to a “state-focused” IAWC engineering department in
75 Belleville, Illinois. (To provide effective geographic coverage of the state, IAWC
76 engineering staff members are also located in the Woodridge and Champaign,
77 Illinois offices of the Company.) This transfer to an Illinois-based engineering
78 department has enhanced the planning, tracking and execution of the capital
79 program for the Company. The engineering staff is now better placed to travel
80 to, inspect, and become familiar with the facilities in IAWC’s individual districts.
81 The creation of a state focused staff has also increased coordination with the
82 IAWC operations and production staff in the planning and design of major
83 projects. Annual planning meetings are conducted with the operations lead of
84 each District within the state, and quarterly reviews of all capital expenditures are
85 completed by the capital program team. The Illinois-based engineering
86 department has also focused on improving the efficiency of the planning, design
87 and construction of capital projects, for example through efforts to select the
88 most appropriate engineering service providers for a project. These
89 improvements in the capital planning and design process have lead to more
90 timely project initiation, more thorough capital planning, and more effective
91 delivery of capital projects.

92 **Q12. Please summarize total plant additions for IAWC since 2007.**

93 **A.** For water facilities, the Company invested approximately \$56.8 million in utility
94 plant placed in service in 2007 and \$105 million for plant placed in service in
95 2008. The Company is planning to place in service additional plant whose cost
96 will total \$95.6 million for 2009 and \$64.9 million for the 2010 test year. This
97 represents a planned investment in plant in service of approximately \$121.5
98 million for the period from the end of the last rate case test year, June 30, 2009,
99 through the end of 2010. For wastewater facilities, the Company invested
100 approximately \$4.0 million in utility plant in service 2007 and \$16.8 million in
101 utility plant in service in 2008. The Company is planning to place in service
102 additional plant whose cost will total \$4.1 million for 2009 and \$19.6 million for
103 the 2010 test year. This represents a planned investment in plant in service of
104 approximately \$21.9 million for the period from the end of the last rate case test
105 year, June 30, 2009, through the end of 2010. The major projects are described
106 in greater detail below.

107 **Q13. Do these total plant additions include additional investments in water and**
108 **wastewater facilities that are not specifically identified in this testimony?**

109 **A.** Yes. In addition to the major capital projects described below, the Company will
110 also enhance or maintain current levels of service, quality, reliability, and
111 efficiency through smaller projects that do not meet the definition of a “major
112 capital project.” These projects relate in part to extension or replacement of
113 mains, minor plant and pump station improvements, and installation or
114 replacement of services, hydrants, and meters. The totals above for 2007 and

115 2008 reflect these smaller projects. The totals above for 2009 and 2010 reflect
116 IAWC's projected expenditures for these smaller projects.

117 **IV. MAJOR 2007 CAPITAL PROJECTS**

118 **Q14. What major capital projects were completed in 2007?**

119 **A.** The major capital projects completed and placed in service in 2007 were as
120 follows:

- 121 • **Alton Pierce Lane/Winter Lane Transmission Main (\$1,745,806)** - This
122 project included the installation of approximately 11,000 feet of 16 inch
123 transmission main in the northern portion of the Alton system. This main
124 improved service to customers who were experiencing low pressure during
125 high demand periods and also will provide improved reliability by adding a
126 reinforcement loop to an area of the distribution system serving several
127 commercial customers and large sale-for-resale customers.
- 128 • **Chicago Metro WW - Santa Fe WRF Sludge Press & Pad (\$1,147,557)** -
129 This project included the installation of a belt filter press, sludge conveyor and
130 sludge storage building at the Santa WRF in the Santa Fe district. This project
131 allows the wastewater sludge from Illinois American's various treatment
132 plants in the area to be dewatered and stored in a central location prior to
133 land application.
- 134 • **Chicago Metro - SW Suburban Watermain Improvements (\$2,218,297)** -
135 This project included the installation of 20 inch, 16 inch, and 12 inch water
136 mains within the Southwest Suburban Systems including along 151st Street
137 from Bell to Parker Road, along Bell Road from 151st to the Ice Arena and

138 along Will Cook Road from 159th to Deboer Woods. The project was required
139 to meet growth and increase the reliability of water supply in the Southwest
140 Suburban system.

141 • **Lincoln - North WTF Filter Improvements (\$756,409)** - This project
142 improved operational reliability by replacing equipment that is beyond
143 economical repair. The project scope included the replacement of the
144 pressure filters, and associated piping, valves, electrical and control
145 equipment.

146 • **Peoria – WTP Filter Rehab (\$2,477,987)** - This project improved operational
147 reliability by replacing equipment that is beyond economical repair. The
148 project scope included the replacement of the existing valves, controls, and
149 instrumentation for four existing filters.

150 • **Sterling - Distribution System Improvements (\$442,105)** - The project
151 improved system pressures and peak flow capacity by replacing
152 approximately 1000 linear feet (“LF”) of 4 inch main with new 8 inch main
153 along 2nd Avenue from E. 2nd Street to E. 5th Street

154 • **Statewide - State Main Relocations (\$958,634)** - This program included
155 several required relocation projects throughout the state to avoid conflicts with
156 roadway, sanitary and storm sewer improvements.

157 **V. MAJOR 2008 CAPITAL PROJECTS**

158 **Q15. Please describe major capital projects that were completed in 2008.**

159 A. The major capital projects completed and placed in service were as follows:

- 160 • **Champaign County Source of Supply and Water Treatment Facility**
161 **(“WTF”) (\$36,886,897)** - This project included the construction of the
162 Champaign County WTF (“Champaign Plant”), wells and associated raw and
163 finished water transmission main in Champaign, Illinois. The Champaign
164 Plant was placed in service in December, 2008, and is designed to meet the
165 projected demands for this area through the year 2023. Additional
166 improvements related to this project are planned for 2009, as discussed
167 below.
- 168 • **Champaign – West Plant Transient Flow Arrestor (\$893,968)** - This project
169 included the installation of two 20,000 gallon hydro-pneumatic tanks and
170 associated piping, instrumentation, and structural improvements at the
171 existing Champaign West Plant high service pump station. The project will
172 reduce transient water pressure surges in the distribution system and
173 associated low pressure conditions resulting from power service interruptions
174 to the West Plant.
- 175 • **Champaign Bradley Avenue 20 inch Connection (\$355,974)** - This project
176 included the installation of approximately 1,400 LF of 20 inch transmission
177 main along Bradley Avenue and approximately 200 LF of 8 inch main across
178 Bradley along Alpine Drive. This transmission main filled a gap in the existing
179 transmission main along Bradley, improving pressure and flows to the
180 western portion of the distribution system. The 8 inch main provides another
181 connection point to a subdivision, improving pressure and fire flows for the
182 subdivision.

- 183
- 184 • **Chicago Metro - River Grange Source of Supply Improvements**
185 **(\$352,994)** - This project improved customer service and system reliability by
186 increasing available storage in the system. The project included relocation of
187 an existing 7000 gallon hydro-pneumatic tank from the Alpine Heights system
188 to replace an existing 3000 gallon tank. The increased storage capacity
189 allows the existing well supply system to meet greater peak demands.
 - 190 • **Chicago Metro WW – 59th St. Lift Station Replacement (\$266,060)** - This
191 project included replacing a sanitary sewer lift station with a modern
192 submersible station. The project will improve the reliability of operations,
193 reduce the risk of sewage back-ups and create a safer work environment for
194 the operators. The project is located in the DuPage/Lisle service area.
 - 195 • **Chicago Metro WW - Oak Valley Water Reclamation Facility (“WRF”)**
196 **Expansion (\$9,999,091)** - This project expanded the capacity of the Oak
197 Valley WRF from 0.75 mgd to 1.5 mgd. This increased capacity will allow the
198 sewage treatment to meet the needs of a rapidly growing population in the
199 Southwest Suburban service area and ensure compliance with new NPDES
200 permit discharge requirements.
 - 201 • **Interurban - French Village Transmission Mains (\$4,844,845)** - This
202 project included the installation of approximately 7,600 LF of 36 inch
203 transmission main on the suction side and 5,450 LF of 24 inch transmission
204 main on the discharge side of the French Village Pump Station. The pumping
205 capacity of the pump station was also increased in a separate project. This
project improved the transmission capacity to allow more efficient utilization of

206 the WTP capacity and meet increased customer demands from this pump
207 station.

208 • **Interurban - East St. Louis Clarification Improvements (\$733,638)** - This
209 project improved operational reliability by replacing equipment that was
210 beyond economical repair. Project scope included the replacement of the
211 existing chain and flight clarifier equipment in Basin #2 with a new chain and
212 flight clarifier equipment.

213 • **Interurban - IL Route 158 Relocation (\$1,560,406)** - This project included
214 the installation of approximately 8,600 LF of 24 inch transmission main to
215 increase peak flow and pressure demand to customers in the southern
216 section of the Interurban District and accommodated the pending construction
217 of an IDOT road improvement project.

218 • **Peoria – Grand Blvd. Pump Station No. 2 Emergency Power (\$401,273)** -
219 The project included the installation of a stand-by generator and an automatic
220 transfer switch at the Grand Blvd. Booster Station in the Peoria District. The
221 project improved system reliability and customer service by providing back-up
222 pumping capacity to the system during power outages.

223 • **Peoria – Griswold Well No. 4 (\$392,382)** - This project improves operational
224 reliability by replacing an existing water supply well that was beyond
225 economical rehabilitation. This project included the construction of a new
226 1400 gpm water supply well to replace the existing Well No. 1. The existing
227 pump and motor from well No. 1 were refurbished and used in the new well.

- 228 • **Pontiac – N. Aurora St. Main (\$323,000)** - The project included the
229 installation of a stand-by generator and an automatic transfer switch at the
230 Grand Blvd. Booster Station in the Peoria District. The project improved
231 system reliability and customer service by providing back-up pumping
232 capacity to the system during power outages.
- 233 • **Streator - West Side Storage Tank and Booster PS (\$1,771,623)** - This
234 project improves system reliability, system pressure, and peak flow capacity
235 in the of the Streator distribution system. The project includes the installation
236 of a 400,000 gallon ground storage tank and booster pump station.
- 237 • **Sterling - Storage Tank & Booster (\$2,019,528)** - This project improves
238 system reliability, system pressure, and peak flows capacity in the northeast
239 portion of the Sterling distribution system. The project includes the installation
240 of a 0.5 million gallon ground storage tank and booster pump station.

241 **VI. MAJOR 2009 CAPITAL PROJECTS**

242 **Q16. Please describe the major capital projects completed or planned to be**
243 **completed in 2009.**

244 A. The major capital projects planned for completion during 2009 are as follows:

- 245 • **Chicago Metro Fire Flow and Related Improvements Projects**
246 **(\$11,360,000)** - In 2008, in conjunction with IAWC's annual hydrant inspection
247 program, IAWC reviewed fire flow levels in the Chicago Metro District. Based
248 on this review, IAWC identified certain areas where fire flow capability could
249 be improved. For each of the identified areas, the Company developed

250 improvement plans designed to produce improved fire flow capability. The
251 Company plans to complete these improvements in 2009.

252 • **Champaign Distribution System Improvements Phase 2 (\$3,305,000)** -

253 This project will improve system pressures, reliability, and customer service to
254 the Champaign District customers. The project scope includes the
255 construction of approximately 35,000 LF of 20 inch, 24 inch, 30 inch and 36
256 inch transmission mains to complete the connection of the new Champaign
257 Plant to additional connection points within the existing Champaign District
258 distribution system.

259 • **Champaign County Source of Supply and WTF Improvements**

260 **(\$15,036,000)** - As discussed above, the Champaign Plant was placed into
261 service and began producing water for the customers of the Champaign
262 District in December of 2008. Approximately \$36 million of capital additions
263 were placed into service at that time. Work remaining to be completed on this
264 project, including site restoration, site paving, access road improvements,
265 permanent well site power supply, and other ancillary facilities, is being
266 completed in the spring of 2009.

267 • **Lincoln - Replace SWTP Pressure Filters (\$905,000)** - This project

268 improves operational reliability by replacing equipment that is beyond
269 economical repair. Project scope includes the replacement of the horizontal
270 pressure filters and associated equipment.

271 • **Interurban - Belleville Distribution Office Improvements (\$900,000)** - This

272 project included the renovation of the Belleville Distribution Center building.

273 The project updated the existing office, distribution worker locker room, and
274 meeting and training facilities, created 12 additional office spaces, a
275 conference room, meter room, and legal and engineering file storage space
276 within the existing structure.

277 • **Abengoa Ethanol Main Extension (\$1,425,000)** - This project includes the
278 construction of a 6,300 LF of 20 inch main to the Granite City Port District for
279 a planned increase in use. The new main serves a new industrial customer
280 and improves service to existing residential, commercial and sale for resale
281 customers.

282 • **Interurban – E. St. Louis WTF Emergency Building Repairs (\$600,000)** -
283 This project will reconstruct a wall in the 100 year old high service pump
284 building, which was found to be failing during a recent inspection. The project
285 includes providing temporary support of the roof, removal of the existing brick
286 wall, and reconstruction of a block wall with brick veneer. The project will
287 allow the continued use of the high service pump station at the WTF

288 • **Streator WTF Improvements (\$4,627,000)** - This project will improve
289 operational reliability and water quality by replacing equipment that is beyond
290 economical repair and enhancing the treatment system. The project scope
291 includes the replacement of the clarification equipment, addition of a
292 powdered activated carbon (“PAC”) storage and feed system to improve
293 water quality, associated electrical improvements, and improvements to
294 existing sludge handling facilities.

- 295 • **Cairo WTF Electrical Improvements (\$343,000)** - This project will improve
296 operational reliability and worker safety by replacing electrical equipment that
297 is beyond economical repair. The project scope includes the replacement
298 and relocation of the plant incoming power switchgear to provide reliable
299 service and ensure compliance with current electrical code safety
300 requirements.
- 301 • **Peoria Groundwater Improvements (\$410,000)** - This project will enhance
302 the treatment system and aid in meeting upcoming regulatory requirements
303 for disinfection by-products (“DBPs”). The project scope includes the
304 installation of an approx. 4.0 million gallon per day well pump in an existing
305 well and connection to existing raw water piping. These improvements will
306 reduce suspended solids and DBP pre-cursors in the raw water improving the
307 treatability and DPB compliance of the water supply.
- 308 • **Peoria – Route 40 Main Relocation (\$348,000)** - This project will include the
309 relocation of approximately 1300 LF of 24 inch main from Hickory Grove
310 Road to the Route 40 Pump Station to accommodate a road improvement
311 project.
- 312 • **Statewide - Business Systems Planning Study (\$602,000)** - This study will
313 evaluate the utility and effectiveness of existing business processes as well
314 as the capabilities of existing business systems. The scope of the study will
315 include a range of functional areas including: human resources; finance and
316 accounting; capital planning; cash management; procurement; and customer
317 and field services. The study will be designed to identify the investments

318 necessary to replace, upgrade, enhance and redesign specific business
319 processes and specific business system components. This study is
320 necessary because certain business systems are approaching the end of
321 their useful lives.

322 **VII. 2010 TEST YEAR CAPITAL PROJECTS**

323 **Q17. Please describe the major capital projects planned for completion during**
324 **the test year.**

325 **A.** The major capital projects planned for completion by the end of the test year
326 ending December 31, 2010 are as follows:

- 327 • **Alton - System Improvements to Serve Grafton (\$850,000)** - This project
328 improves customer service, reliability, and public safety (fire flows) for existing
329 customers and allows service to a new sale for resale customer to the north
330 of the existing service area. The project scope includes the replacement of
331 the Principia Pump Station, installation of new mains, and other distribution
332 system improvements to increase flow capacity to the northern sections of the
333 existing Alton District and extend service (sale for resale) to the Village of
334 Grafton, Illinois which has had its wells deemed unsafe by the Illinois EPA.
- 335 • **Alton District Office Renovation (\$627,000)** - This project includes the
336 renovation and remodeling the Alton Distribution Center. The project will
337 include demolition and reconstruction of walls and electrical improvements to
338 add office spaces in the existing building and the replacement of building
339 components which are beyond repair such as windows and HVAC equipment.

- 340 • **Cairo - High/Low Service Piping Improvements (\$273,000)** - This project
- 341 will improve operational reliability by replacing piping and valves that are
- 342 prone to failure and beyond repair. Project scope includes the replacement of
- 343 high and low service pump station piping and valves.
- 344 • **Cairo - Filter Improvements and Backwash Automation (\$351,000)** - This
- 345 project will improve operation of the filters at the Cairo WTF by replacing the
- 346 existing manual filter valve control equipment and providing additional
- 347 monitoring of filter operation instruments. Project scope includes the
- 348 replacement of the filter control panels and associated valve controllers.
- 349 • **Champaign - Embarrass Area Pump Station (\$404,000)** - This project will
- 350 improve service to customers by maintaining appropriate system pressures.
- 351 The project scope includes the installation of a pump station to provide
- 352 increased flows while maintaining adequate system pressures.
- 353 • **Champaign - NW Pressure Zone Creation (\$650,000)** - This project will
- 354 improve operation of the system and service to customers by preventing low
- 355 pressures and excessively high pressures in the existing service areas.
- 356 Project scope includes the installation of a booster station, minor piping
- 357 improvements, isolation valves, and pressure regulating valves to create a
- 358 new pressure gradient in this portion of the system.
- 359 • **Champaign - Mattis Ave. WTF Plant Improvements (\$2,943,000)** - This
- 360 project is required to meet regulatory requirements related to the rating of the
- 361 existing WTF. It will also improve reliability, provide additional emergency
- 362 storage, and improve operational control of the WTF and high service pump

363 station. The project scope includes the construction of a new clearwell, and
364 modifications to the existing high service pump station to allow efficient
365 utilization of the additional clearwell capacity.

366 • **Chicago Metro - Woodridge Booster Station – Phase 2 (\$565,000)** - This
367 project will improve operational flexibility and increase reliable pumping
368 capacity of the pump station. Project scope includes the replacement of an
369 existing pump with a larger capacity pump to increase the firm capacity of the
370 station to 19.5 mgd.

371 • **Chicago Metro WW – Valley Marina WRF Replacement (\$3,000,000)** -
372 This project will improve operational reliability and treatment effectiveness,
373 allow for increased flow rates, and provide compliance with anticipated
374 changes in regulatory requirements by replacing equipment that is beyond
375 economical repair and providing additional treatment capacity. Project scope
376 includes the replacement of the existing 0.25 mgd WRF with a 0.5 mgd
377 capacity WRF.

378 • **Chicago Metro WW - Chickasaw Plant Expansion (\$9,086,000)** - This
379 project will improve operational reliability and treatment effectiveness, allow
380 for growth of the service, and provide compliance with anticipated changes in
381 water quality requirements by replacing equipment that is beyond economical
382 repair and providing additional treatment capacity. Project scope includes the
383 replacement of the existing wastewater treatment plant (“WWTP”) with a 1
384 mgd capacity WWTP including provisions for nitrogen and phosphorus
385 removal.

- 386
- **Chicago Metro WW – Elmhurst Sewer Rehab (\$440,000)** - This project will
387 improve operational reliability, reduce infiltration and inflow, and aid in
388 meeting environmental regulations by rehabilitating existing sewer lines within
389 the Elmhurst collection system.
 - **Chicago Metro WW – Waycinden Sewer Rehab (\$2,900,000)** - This project
390 will improve operational reliability, reduce infiltration and inflow, and aid in
391 meeting environmental regulations by rehabilitating existing sewer lines within
392 the Waycinden wastewater collection system.
 - **Chicago Metro WW - Foxcroft Lift Station Replacement (\$320,000)** - This
394 project consists of replacing an aging sanitary sewer lift station with a modern
395 submersible station. The project will result in more reliable operation, reduce
396 risk of sewage back-ups and provide a safer work environment for the
397 operators.
 - **Chicago Metro WW - Derby Meadows WRF Clarifier Cover - (\$314,000)** -
399 This project will reduce maintenance and improve the operational capability of
400 the clarifier. The project scope includes the installation of a cover on the
401 existing clarifier to eliminate the forming of ice and control the growth of
402 algae.
 - **Interurban - East St. Louis Clarification Improvements (\$814,000)** - This
404 project will improve operational reliability by replacing equipment that is
405 beyond economical repair. Project scope includes the replacement of the
406 existing chain and flight clarifier in Basin #1 with a new chain and flight
407 clarifier.
- 408

- 409 • **Interurban - PAC Improvements (\$4,522,000)** - This project includes the
410 installation of new PAC storage and feed systems for the Granite City WTF,
411 East St. Louis WTF Conventional Plant and the East St. Louis WTF Aldrich
412 Plant. The new systems improve chemical feed operation, increase quantity
413 and improve the safety of PAC storage, and eliminate equipment damaging
414 PAC dust from common areas of the plant.
- 415 • **Interurban – Greenmount Crossing Pump Station & Main (\$1,420,000)** -
416 This project will improve customer service pressure and provide increased fire
417 protection for existing customers in the Shiloh area. Project scope includes
418 the installation of a pump station with fire pump to supplement the Shiloh
419 Pressure zone.
- 420 • **Interurban IDSE Recommendations Phase I (\$450,000)** - Results of recent
421 and ongoing Initial Distribution System Evaluation (“IDSE”) investigations
422 have identified areas of the system with potential water quality concerns. This
423 project will include the installation of automatic flushing valves and installation
424 of new mains to eliminate dead end mains, reducing the potential for water
425 quality problems in these areas.
- 426 • **Pekin - Willow Street Stand-by Generator (\$400,000)** - This project will
427 improve operational reliability by installing permanent stand-by power at two
428 well sites in the Pekin District. The project scope includes permanently
429 installing an existing 50 kw trailer generator at the Well 9 site (providing
430 stand-by generation capacity to the Rainbow pressure zone) and installing a

- 431 new standby generator and associated electrical improvements at the Willow
432 Street Well site (providing stand-by power to the Court Street pressure zone).
- 433 • **Pekin - Well 9 Main (\$275,000)** - This project will improve operation of the
434 distribution system and service to customers by providing additional
435 distribution system capacity to transport water from the location of existing
436 wells to the other areas of the distribution system needing increased supply.
437 The project scope will include the installation of approximately 3,000' of 12
438 inch main from Well 9 south to the 12 inch main in IL Route 29.
 - 439 • **Peoria – Griswold Standby Power (\$910,000)** - This project will improve
440 operational reliability through the installation of permanent standby power for
441 the Griswold Well Station. The project scope will include moving an existing
442 undersized generator from the Dodge Street Well Station to the Griswold Well
443 Station and installation of a new generator at Dodge Street to provide standby
444 power. The existing generator will provide adequate standby power for two of
445 the three largest wells at the Griswold Well Station.
 - 446 • **Pontiac WTF Flood Protection (\$355,000)** - This project will improve
447 operational reliability by providing additional flood protection for the Pontiac
448 WTF. Project scope includes the construction of a flood wall or levee along
449 the eastern, western and southern exposures of the existing buildings to
450 greatly reduce the risk of future flood damage.

451 **VIII. HISTORICAL CAPITAL EXPENDITURES**

452 **Q18. Have you reviewed the comparison of prior forecasts to actual data for**
453 **capital investments contained in Schedule G-1 to determine whether the**
454 **Company is able to demonstrate the reliability and accuracy of its forecast**
455 **data?**

456 **A.** Yes. Schedule G-1, page 2, compares actual capital expenditures to forecasts
457 for the years 2007, 2008, and 2009 (the 2009 data contains four months of
458 actual data and eight months of forecast data). For the period of January 1, 2007
459 through December 31, 2009 the actual capital expenditures of \$289 million were
460 approximately 95.2% of the forecasted capital expenditure for that period. During
461 calendar year 2008 and during the first four months of 2009, actual capital
462 expenditures were 110% and 108%, respectively, of planned capital
463 expenditures.

464 **Q19. Do you have any additional information related to the comparison of prior**
465 **forecasts to actual expenditures?**

466 **A.** Yes. IAWC also tracked actual additions to plant in service against projected
467 additions for the period of July 1, 2007 through June 30, 2009, which includes the
468 July 1, 2008 through June 30, 2009 test year period of the prior rate case, Docket
469 07-0507. Projected plant additions in this period totaled \$199 million. While data
470 is not yet available for the full prior test year period (May and June of 2009 data
471 are not presently available), for the period of July 1, 2007 through April 30, 2009,
472 IAWC has completed additions to plant in service of \$203 million, or 102% of

473 forecast for the entire July 31, 2007 through June 30, 2009 period. This level of
474 plant additions demonstrates the reliability of IAWC's capital planning process.

475 **Q20. Does this conclude your testimony?**

476 **A.** Yes

477

478 CHI-1691245