



1 APPEARANCES: (Continued)

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14 Commission)

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I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
KEVIN HILLEN				
By Mr. Reichart	288			
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RICH KERCKHOVE				
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MARY H. EVERSON				
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DENNIS STREICHER				
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EXHIBITS

	<u>PRESENTED</u>	<u>ADMITTED</u>
AG Atwood Cross 1.0	-	286
IAWC 1.0SUPP, 1.0SUPP(2nd), 1.0R, 1.0SUPPR	E-Docket	357
IAWC 1.0SR Revised	E-Docket	365
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AG 3.0 On Reopening	E-Docket	440
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1 My address is 727 Craig road, St. Louis, Missouri  
2 63304.

3 JUDGE TAPIA: Thank you. I will let the record  
4 reflect that there are no others wishing to enter an  
5 appearance.

6 One preliminary matter before we go  
7 into testimony, Ms. Satter, you wanted to enter an  
8 exhibit from the last time for Mr. Atwood, a cross  
9 exhibit. Did you want to do that at this point?

10 Let me ask, Mr. Reichart and  
11 Mr. Harvey, did you have an opportunity to look at  
12 that exhibit?

13 MR. REICHART: We did. We have no objection.

14 MR. HARVEY: Nor Staff.

15 MS. SATTER: And what we would like to call it  
16 is AG Atwood Supplemental Cross Exhibit 1 and that  
17 will differentiate it from the earlier hearing.

18 JUDGE TAPIA: Okay. Hearing no objection, AG  
19 Atwood Cross Exhibit 1 is entered into evidence.

20 (Whereupon AG Atwood  
21 Supplemental Cross Exhibit 1 was  
22 admitted into evidence.)

1           JUDGE TAPIA:  And that was the only cross  
2 exhibit you had, Ms. Satter?

3           MS. SATTER:  I believe so.  I will call it  
4 Supplemental Cross Exhibit.

5           JUDGE TAPIA:  Oh, supplemental, okay.

6                        Mr. Reichart, if you want to call your  
7 first witness?

8           MR. REICHART:  Thank you, Your Honor.  The  
9 Company would call Kevin Hillen.

10          JUDGE TAPIA:  Mr. Hillen, if you can raise your  
11 right hand?

12                               (Whereupon the witness was duly  
13                               sworn by Judge Tapia.)

14          JUDGE TAPIA:  Thank you.  Mr. Reichart,  
15 whenever you are ready.

16          MR. REICHART:  Thank you, Your Honor.

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KEVIN HILLEN

called as a witness on behalf of Illinois-American Water Company, having been first duly sworn, was examined and testified via teleconference as follows:

DIRECT EXAMINATION

BY MR. REICHART:

Q. Good morning, Mr. Hillen.

A. Good morning.

Q. Would you please state your full name for the record.

A. Kevin Hillen.

Q. And by whom are you employed?

A. Illinois-American Water.

Q. What is your business address, Mr. Hillen?

A. 1000 Internationale Parkway, Woodridge, Illinois.

Q. Mr. Hillen, did you prepare certain documents for submittal in this proceeding?

A. Yes.

Q. I would like to call your attention to one of those documents that has previously been marked for identification purposes as IAWC Exhibit Number

1 2.0R titled Rebuttal Testimony of Kevin F. Hillen  
2 consisting of 15 pages of narrative testimony and  
3 three attachments. Do you have this document before  
4 you?

5 A. Yes.

6 Q. And was this testimony prepared by you or  
7 under your supervision?

8 A. Yes.

9 Q. Is the information contained in this  
10 testimony true and correct to the best of your  
11 knowledge?

12 A. Yes.

13 Q. And are there any modifications or  
14 corrections that you are aware of that you would like  
15 to make to this testimony today?

16 A. None.

17 Q. Thank you. I would like to next call your  
18 attention to a second document that was prepared that  
19 was labeled for identification purposes as IAWC  
20 Exhibit Number 2.0SR titled Surrebuttal Testimony of  
21 Kevin F. Hillen. This document contains 13 pages of  
22 narrative testimony and attachments. Was this

1 document prepared by you or under your supervision?

2 A. Yes.

3 Q. And is the information contained in this  
4 document true and correct to the best of your  
5 knowledge?

6 A. Yes.

7 Q. Mr. Hillen, is it your understanding that  
8 certain information contained in this document when  
9 originally filed on the e-Docket system was the  
10 subject of a Motion to Strike?

11 A. Yes.

12 Q. And is it also your understanding that the  
13 Administrative Law Judge in this proceeding ruled on  
14 that Motion to Strike?

15 A. Yes.

16 Q. Finally, is it your understanding that by  
17 agreement this morning the Company is committing to  
18 refile or or late-file a revised version of your  
19 testimony on e-Docket that would reflect the ruling  
20 on that Motion to Strike?

21 A. Yes.

22 MR. REICHART: Thank you. Your Honor, subject

1 to cross examination and subject to the revisions  
2 that I indicated the Company would undertake, I would  
3 move for the admission of IAWC Exhibits 2.0R and  
4 2.0SR as well as the attachments.

5 JUDGE TAPIA: Thank you. That will be subject  
6 to cross.

7 Mr. Harvey?

8 MR. HARVEY: Nothing from Staff, Your Honor.

9 JUDGE TAPIA: Ms. Satter, cross?

10 MS. SATTER: Thank you.

11 CROSS EXAMINATION

12 BY MS. SATTER:

13 Q. Good morning, Mr. Hillen.

14 A. Good morning.

15 Q. Sue Satter here from the Office of the  
16 Attorney General.

17 A. Yes.

18 Q. I do have a few questions for you. I will  
19 try to keep you focused on the portion of your  
20 testimony we are talking about, but some of the  
21 questions might be more general just probing some of  
22 your knowledge.

1                   So, first of all, you are the  
2   Operations Superintendent for the Chicago metro area,  
3   is that right?

4           A.    That's correct.

5           Q.    So you are responsible for the overall  
6   day-to-day operations of that district?

7           A.    No, I have a senior manager who is  
8   responsible for the Chicago metro district.

9           Q.    Who is your senior manager?

10          A.    Mike Smye (sp).

11          Q.    And you report to him?

12          A.    Yes.

13          Q.    Now, in your testimony on page 3 you refer  
14   to main flushing, valve and hydrant inspections?

15          MR. HARVEY:   This would be which testimony?

16          Q.    We are on rebuttal.

17          A.    Rebuttal, yes.

18          Q.    That would be 2.0R, okay.   Does the Company  
19   use water in connection with these operations?

20          A.    For flushing hydrants, yes.

21          Q.    How about valve and hydrant inspections?

22          A.    Not typically for valve inspection but for

1 hydrant inspection, yes.

2 Q. Are these recurrent operations?

3 A. Yes.

4 Q. Do they happen annually?

5 A. Yes, in the case of hydrants, yes. Valves  
6 are on either a key valve on an annual basis or  
7 non-key valve on a four-year cycle.

8 Q. And does the Company maintain records to  
9 keep track of when these functions are done?

10 A. Yes.

11 Q. Now, on page 3 at lines 57 through 76 you  
12 describe various water measurement techniques. Do  
13 you know whether the Chicago metro district uses  
14 these measurement techniques today?

15 A. With regard to, if you are starting at line  
16 57, using a hydrant to fill a vessel to do sewer  
17 cleaning, yes. Referring to estimating in some  
18 fashion or form the amount of water being used for  
19 flushing, yes, in a rudimentary way, either through  
20 historical record or a capacity test or capacity test  
21 being performed on hydrants in this current year.

22 Q. Can you repeat that last phrase? I wasn't

1 able to understand it.

2 A. Sorry, do I need to increase the volume  
3 here?

4 Q. No, no.

5 A. Okay. Yes, either through historical  
6 record of past capacity tests if they exist or  
7 through current capacity tests if a hydrant is on a  
8 cycle to be tested.

9 Q. So the capacity would be the capacity of  
10 the hydrant?

11 A. The capacity is the capacity of the  
12 hydrant, yes.

13 Q. And were these same operations done in  
14 2008?

15 A. Sometime in 2008 we started capacity tests.

16 Q. And does the Company have the records  
17 starting in 2008 for these tests?

18 A. We have some records. I think they were  
19 provided. What we did have was provided in a DR  
20 response.

21 Q. Okay. But it is your position that the  
22 Company has not consistently tracked the usage for

1 these functions for the 2008 year, is that right?

2 A. It would be inconsistent or incomplete,  
3 yes.

4 Q. Do you know when in 2008 these capacity  
5 tests started?

6 A. No, I don't. Offhand, I believe it to be  
7 about mid-year, but I am not certain.

8 Q. Okay. Now I wanted to turn to page 5 of  
9 your rebuttal testimony. At lines 111 to 112 you  
10 talk about the LMO-2 report?

11 A. Yes.

12 Q. Do you understand -- let's put it this way,  
13 what's the purpose of the LMO-2 report and to whom is  
14 it reported?

15 A. The LMO-2 report is reported to the  
16 Illinois Department of Natural Resources. It is an  
17 annual audit report required by them, designed by  
18 them, to report use of Lake Michigan water against  
19 the Lake Michigan water allocation.

20 Q. So do you understand it that the report is  
21 to enable the DNR to monitor how Lake Michigan water  
22 is being used?

1           A.    Yes.

2           Q.    And all water systems that use Lake  
3 Michigan water report the levels of what they call  
4 "unaccounted-for flows" on the LMO, is that correct?

5           A.    Yes.

6           Q.    And I think in your testimony you said when  
7 the unaccounted-for flow or UFF exceeds the eight  
8 percent standard, the utility must initiate action to  
9 reduce the UFF, is that right?

10          A.    Yes, I believe that's line 115 through 117,  
11 yes.

12          Q.    Now, on the LMO-2 the UFF value for that  
13 particular system for the reporting period is shown  
14 on line 36 of page 3, is that right?

15          A.    That's correct, yes.

16          Q.    Are you responsible for preparing the  
17 LMO-2s for the DNR?

18          A.    I was not at the time that these reports --  
19 the original reports in 2008, no.

20          Q.    Are you responsible --

21          A.    I am now, but I wasn't at that time.

22          Q.    Okay, thank you. Now, hydrant use is

1 considered accounted-for flow on the LMO-2, is that  
2 right?

3 A. Hydrant use is a proponent of the LMO-2,  
4 yes.

5 Q. And it is accounted-for flow as opposed to  
6 unaccounted-for flow, is that right?

7 A. I believe that is as I interpret the form,  
8 yes.

9 Q. So when hydrant use is high, it reduces the  
10 reported unaccounted-for flow because more of the  
11 total flow is accounted for, is that right?

12 A. That's correct, yes.

13 Q. And so if the UFF is high, let's say it is  
14 over eight percent, a larger level or a higher level  
15 of hydrant use would account for more of the flow and  
16 could offset some of the UFF amount, is that right?

17 A. Could you rephrase that question? I think  
18 I understood what you were asking but --

19 Q. If the unaccounted-for flow -- let me  
20 switch this.

21 A higher reported level of hydrant use  
22 could have the effect of reducing the unaccounted-for

1 flow figure?

2 A. Yes, on line 36, yes.

3 Q. Now, is it your understanding that there is  
4 a cap on the level of hydrant use that can be  
5 reported on the LMO-2?

6 A. There is a -- line 29, yes, there is a one  
7 percent figure used for hydrant use.

8 Q. And do you know what the consequence is of  
9 reporting more than one percent for hydrant use?

10 A. I think you have to explain the reason.

11 Q. Is it true that the Company does not want  
12 to reach that one percent threshold in its reports?

13 A. I don't think that's an accurate statement,  
14 no.

15 Q. So the Company would be comfortable with  
16 reporting more than one percent if that more than one  
17 percent were accurate, is that right?

18 A. Be comfortable reporting what was being  
19 used, yes.

20 Q. So the Company is not motivated to keep the  
21 hydrant use below one percent to avoid filing a  
22 report on hydrant use, is that a correct statement?

1           A.    No.  You need to identify the use no matter  
2 what it is or the use required to fill the form out,  
3 so no.

4           Q.    So you need to identify the use no matter  
5 what it is.  If it is more than one percent, you  
6 would report it?

7           A.    I believe that would be an accurate  
8 statement, yes.

9           Q.    Thank you.  Now, were you responsible for  
10 revising the LMO-2s in January of this year?

11          A.    For 2008, yes, it was under my direction.

12          Q.    And so is it correct that you filed two  
13 revisions to the 2008 LMO-2s?

14          A.    Yes, it looks like Alpine Heights and West  
15 Suburban districts, yes.

16          Q.    And can you tell me what investigation was  
17 done to make those changes?

18          A.    Essentially, we just rechecked what records  
19 we had on estimated hydrant use during that period  
20 and insured that in all the reports that that was  
21 consistent with what had been filed.

22          Q.    So is it correct that there was a change to

1 the West Suburban hydrant use?

2 A. To my recollection, yes.

3 Q. But there was not a change to the Alpine  
4 Heights hydrant use?

5 A. I don't have the original report of Alpine  
6 in front of me, so I don't know with absolute  
7 certainty. I can't answer that question.

8 Q. Okay. And are there 15 districts for which  
9 Chicago metro files LMO-2s?

10 A. Give me a second. I will count.

11 (Pause.)

12 Yes.

13 Q. And we know for a fact that for West  
14 Suburban the hydrant use was changed in January of  
15 2011 for the 2008 period, right?

16 A. Yes.

17 Q. And you don't recall whether the Alpine  
18 Heights changed the hydrant use?

19 A. I don't recall, no.

20 Q. Would anything refresh your recollection,  
21 like looking at the two reports, the original and the  
22 revised?

1           A.    It would.  I just don't have that available  
2 to me in this location.

3           Q.    Does it sound -- let me ask you this.

4                        Do you recall that the Alpine Heights  
5 2008 report changed the total pumpage figures?

6           A.    Which line -- are you referring to line 30  
7 or, excuse me, line 27?

8           Q.    No.  I would be referring to Alpine  
9 Heights, lines -- under Section B, lines 15 through  
10 20, Uses.  There is residential --

11          A.    Yes.  No, I don't recall that, no.

12          Q.    You don't recall if that was changed?

13          A.    No, I don't.

14          Q.    So you don't recall what was changed on  
15 Alpine Heights?

16          A.    No, I do not, no.  I knew there was a  
17 slight change, but I don't recall exactly what line  
18 it was.

19          Q.    Would you agree that it was not for hydrant  
20 use?

21          A.    I can't say that.

22          Q.    You don't know, okay.  Now we have a little

1 bit of a problem because he is not here and we have a  
2 document here that I would like to show him.

3 You don't have the revisions that you  
4 filed?

5 A. I have the revisions in front of me, yes.  
6 I just don't have the original reports.

7 Q. Do you have Mr. Rubin's testimony?

8 A. Oh, are they contained within that?

9 Q. Yes.

10 A. Then I might have it then.

11 Q. That way you can just compare and we can  
12 wrap this up. Let me specifically refer you to the  
13 Alpine Heights 2008 report which is AG Exhibit 2.2 on  
14 Reopening. And if you can look at that compared to  
15 what was refiled in January, then you can tell us  
16 whether or not the hydrant use was changed.

17 A. Give me just a second.

18 Q. Sure.

19 (Pause.)

20 A. I see that it was not.

21 Q. Okay, thank you. I now would like to move  
22 on to page 8 of your rebuttal testimony where you

1 discuss the 1999 Citizens SSES Study. And what does  
2 SSES stand for?

3 A. Sewer System Evaluation Study.

4 Q. Just for the record. Now, were you  
5 employed by Citizens in 1999?

6 A. No.

7 Q. So is your testimony based on your review  
8 of documents from that period?

9 A. Yes.

10 Q. Now, you attached to your testimony letters  
11 entitled Attachments A and B. And other than what is  
12 described in the letter do you have any other  
13 information about the actions Citizens took to  
14 address I/I in its system?

15 A. No, other than what was attached or what  
16 was included in my testimony.

17 Q. And you also mention the Grant and Loan  
18 Program in your testimony, and you will agree with me  
19 that the Grant and Loan Program was not in place in  
20 2008, is that correct?

21 A. For this type of activity, no.

22 Q. For I/I remediation?

1           A.    Yeah, it was in place for sewer back-up  
2   remediation, but it was not applicable to this  
3   particular type of activity.

4           Q.    Was it a different program, a different  
5   type of Grant and Loan Program?

6           A.    Substantively a very similar program but it  
7   was not applicable to this activity, to this issue.

8           Q.    Okay.  Now, can you tell me whether  
9   Illinois-American in the Chicago metro district  
10  supplies water to municipal customers?

11          A.    Wholesale or retail?

12          Q.    Retail.

13          A.    You mean like village halls?

14          Q.    Well, villages, whether it is a village  
15  hall or some other facility.

16          A.    Yes, we do provide in retail to those halls  
17  and we also provide in bulk to a village.

18          Q.    When you provide it in bulk to a village,  
19  is that for resale?

20          A.    Yes.

21          MR. REICHART:  I think I am going to object  
22  here, I am sorry.  Ms. Satter, is there a reference

1 to Mr. Hillen's testimony that you are relating this  
2 cross to?

3 JUDGE TAPIA: What's the basis of your  
4 objection, Mr. Reichart?

5 MR. REICHART: I think it is beyond the scope  
6 of his testimony.

7 JUDGE TAPIA: Ms. Satter?

8 MS. SATTER: He has talked about what the basis  
9 of the 1.25 percent adder is and that has to do with  
10 functions that municipalities perform.

11 JUDGE TAPIA: And you referred to his  
12 testimony?

13 MS. SATTER: I can. I can. I didn't  
14 specifically. I don't -- is there a question about  
15 whether or not he talked about the 1.25 percent  
16 adder?

17 MR. REICHART: I still don't know how that  
18 relates to -- if you could go to his testimony and  
19 then maybe work from there. I think it is beyond the  
20 scope of his testimony.

21 MS. SATTER: I will wait for a ruling.

22 JUDGE TAPIA: I will overrule the objection.

1 If you can refer to the specific testimony that  
2 Mr. Hillen stated that and then focus from there and  
3 restate your question.

4 BY MS. SATTER:

5 Q. On page 2 and 3 of your testimony,  
6 Mr. Hillen, do you talk about measuring authorized  
7 unbilled consumption?

8 A. Yes.

9 Q. And on lines 44 through 45 -- 46, I guess,  
10 do you talk about tracking water used for activities  
11 such as main flushing and hydrant inspection but you  
12 also include street sweeping, firefighting and  
13 training?

14 A. Yes.

15 Q. Are street sweeping and firefighting and  
16 training government functions?

17 A. Yeah, they are public and they are  
18 typically a public entity function, yes.

19 Q. So they would be -- in Chicago metro  
20 district are those functions performed by  
21 municipalities or fire districts?

22 A. Yes, typically.

1           Q.    So does the Company supply water to  
2           municipal customers in the Chicago metro area to  
3           perform those functions?

4           A.    If they use water from our system, yes.

5           Q.    Because nobody else can provide water in  
6           your service area, is that right?

7           A.    Or doesn't, yes, that is correct.

8           Q.    Or doesn't.  So you are the sole provider  
9           of water in a given geographic area, is that right?

10          A.    Typically, yes.

11          Q.    So if a municipality is going to use water,  
12          they will get it from your system?

13          A.    With the exception there is that we overlap  
14          the municipalities on the municipal system, yes.

15          Q.    Now, other than fire protection under what  
16          circumstances does the Company allow municipalities  
17          to use unmetered water?

18          A.    They can typically use it for hydrant  
19          inspection if the fire departments would inspect it  
20          themselves.  I think it has to go back to the  
21          testimony and the issues outlined there in lines 45  
22          and 46.

1           Q.    Can you specifically identify anything  
2           other than firefighting, hydrant inspection and  
3           flushing that municipalities in the Chicago metro  
4           area use water for?

5           A.    Those are the ones that are most common.  I  
6           don't know that I could fully identify everything a  
7           municipality might use water for, but those are the  
8           typical uses.

9           Q.    The other uses would be metered, is that  
10          correct?

11          A.    If it is coming from a -- if it is coming  
12          from a municipal building, yes, it would be metered.

13          Q.    Do you know whether there are public  
14          swimming pools in your area?

15          A.    Certainly, yes.

16          Q.    And are those -- is the water for those  
17          pools metered, do you know?

18          A.    We hope so, yes.

19          Q.    How about water fountains in the service  
20          area?  Do you know if there are any municipal water  
21          fountains?

22          A.    There are a number of them, yes.

1           Q.    And do you know whether the water for those  
2   fountains is metered?

3           A.    I think typically they would be, yes.

4           Q.    Do you know if there is any authorized  
5   consumption at public buildings that is not metered?

6           A.    I am not aware of any.

7           Q.    Would the same hold true for parks in your  
8   service territory?  In other words, is the water used  
9   in public parks typically metered?

10          A.    Typically, yes.

11          Q.    So you can't identify any particular  
12   circumstance where the Company provides unmetered  
13   water to a public entity such as a municipality, a  
14   park, anything other than firefighting?

15          A.    Firefighting, streets, anything that -- the  
16   only situations are typically uses through hydrants.

17          Q.    Do your tariffs allow the Company to  
18   provide unmetered water to any particular customer  
19   class?

20          MR. REICHART:  Objection.  I don't know if this  
21   is the proper witness to ask that question to.  I  
22   don't know that he has addressed tariffs or what's in

1     our tariffs in his testimony.  So once again beyond  
2     the scope of his testimony.

3             JUDGE TAPIA:  I will overrule the testimony and  
4     allow the witness to answer if he can answer.

5             A.  Would you restate the question?

6             Q.  Do you know whether the Company's tariffs  
7     allow the Company to offer unmetered water to any  
8     public entity other than firefighting?

9             A.  To any public entity.  I think the only  
10    component of the tariff that addresses unmetered  
11    water has to do with new main flushing in new  
12    development.

13            Q.  So that's construction related?

14            A.  That's construction related, yes.

15            Q.  And do you know whether the public fire  
16    charge that Illinois-American charges its customers  
17    includes any component of water use, in other words,  
18    doesn't cover that?

19            A.  I don't think I am qualified to answer that  
20    question.

21            Q.  If you don't know, just --

22            A.  I don't know, no.

1 MS. SATTER: It is a question. Usually I know  
2 the answer, but that one it was truly a question.

3 Okay. I believe that's all the  
4 questions I have for Mr. Hillen. Thank you.

5 JUDGE TAPIA: Mr. Reichart, any redirect?

6 MR. REICHART: One moment, Your Honor.

7 (Pause.)

8 No, Your Honor, the Company has no  
9 redirect for this witness.

10 JUDGE TAPIA: Okay, thank you. I will now  
11 address the exhibits that have been offered into  
12 evidence by Mr. Reichart. Mr. Harvey, do you have  
13 any objection to the admission of IAWC 2.0R, the  
14 Rebuttal Testimony of Mr. Hillen, and IAWC 2.0SR with  
15 the attachments?

16 MR. HARVEY: None, Your Honor.

17 JUDGE TAPIA: Thank you. Ms. Satter, do you  
18 have any objection to the admission of these  
19 exhibits?

20 MS. SATTER: I have no objection subject to the  
21 filing consistent with your ruling on the Motion to  
22 Strike.

1           JUDGE TAPIA:   Hearing no objection, IAWC 2.0R,  
2   the Rebuttal Testimony of Mr. Hillen, and IAWC 2.0SR,  
3   the Supplemental Rebuttal of Mr. Hillen with  
4   attachments, and these exhibits will be filed late,  
5   they are granted late filings reflecting my ruling on  
6   the revisions on these testimonies.

7                               (Whereupon IAWC 2.0R and 2.0SR  
8                               were admitted into evidence.)

9           JUDGE TAPIA:   Mr. Reichart, you may call your  
10 next witness.

11          MR. REICHART:   Yes, Your Honor.   The Company  
12 calls Company witness Rich Kerckhove.

13          JUDGE TAPIA:   Mr. Kerckhove, if you can raise  
14 your right hand?

15                               (Whereupon the witness was duly  
16                               sworn by Judge Tapia.)

17          JUDGE TAPIA:   Thank you.   Whenever you are  
18 ready, Mr. Reichart.

19          MR. REICHART:   Thank you, Your Honor.

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RICH KERCKHOVE

called as a witness on behalf of Illinois-American Water Company, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. REICHART:

Q. Mr. Kerckhove, could you please state your full name for the record.

A. It is Rich Kerckhove, and Kerckhove is spelled K-E-R-C-K-H-O-V-E.

Q. By whom are you employed?

A. I am employed by American Water Works Service Company.

Q. What is your business address?

A. 727 Craig Road, St. Louis, Missouri 63141.

Q. Mr. Kerckhove, did you prepare certain documents for submission in this proceeding?

A. Yes, I did.

Q. I would like to call your attention to the first document that has previously been marked for identification purposes as Exhibit Number 1.0SUPP titled Supplemental Direct Testimony of Rich

1 Kerckhove. Do you have this document before you?

2 A. Yes.

3 Q. And this document consists of ten pages of  
4 narrative testimony and attached schedules, is that  
5 correct?

6 A. That is correct.

7 Q. Do you have any changes or corrections to  
8 make to this document?

9 A. No, I do not.

10 Q. Is the information contained in this  
11 document true and correct to the best of your  
12 knowledge?

13 A. Yes, it is.

14 Q. I would like to call your attention next to  
15 a second document that has previously been marked for  
16 identification purposes as Exhibit Number  
17 1.0SUPP(2nd) titled Second Supplemental Direct  
18 Testimony of Rich Kerckhove. Do you have this  
19 document before you?

20 A. Yes, I do.

21 Q. This document consists of six pages of  
22 narrative testimony?

1           A.    That is correct.

2           Q.    And attached exhibits as well, is that  
3 correct?

4           A.    Yes.

5           Q.    Was this document prepared by you or under  
6 your supervision?

7           A.    Yes.

8           Q.    Is the information contained in this  
9 document true and correct to the best of your  
10 knowledge?

11          A.    Yes.

12          Q.    Do you have any corrections,  
13 clarifications, to make to this document?

14          A.    No, I do not.

15          Q.    Turning your attention to a third document  
16 previously marked for identification purposes as  
17 Exhibit 1.0R titled the Rebuttal Testimony of Rich  
18 Kerckhove, similarly this document consists of 16  
19 pages of narrative testimony and attached exhibits,  
20 is that correct?

21          A.    That is correct.

22          Q.    And, once again, was this document prepared

1 by you or under your supervision?

2 A. Yes.

3 Q. Do you have any corrections or changes to  
4 make to this document?

5 A. No, I do not.

6 Q. And is the information contained in this  
7 document true and correct to the best of your  
8 knowledge?

9 A. Yes.

10 Q. Okay. Next, turning your attention next to  
11 a document that was previously marked for  
12 identification purposes as IAWC Exhibit 1.0SR -- I am  
13 sorry, I think I skipped one. Exhibit Number  
14 1.0SUPPR entitled the Supplemental Rebuttal Testimony  
15 of Rich Kerckhove?

16 A. Yes.

17 Q. This document contains two pages of  
18 narrative testimony, is that correct?

19 A. Yes.

20 Q. Do you have any corrections or changes to  
21 make to this document?

22 A. No, I do not.

1 Q. And is the information contained in that  
2 document true and correct to the best of your  
3 knowledge?

4 A. Yes.

5 Q. Finally, moving to the final document  
6 previously marked for identification purposes as IAWC  
7 Exhibit Number 1.0SR titled the Surrebuttal Testimony  
8 of Rich Kerckhove, this document consists of 21 pages  
9 of narrative testimony and attachments, is that  
10 correct?

11 A. Yes.

12 Q. And is the information contained in this  
13 document true and correct to the best of your  
14 knowledge?

15 A. Yes.

16 Q. Mr. Kerckhove, is it your understanding  
17 that certain information contained in this testimony  
18 was previously the subject of a Motion to Strike  
19 filed by the Attorney General's Office?

20 A. Yes, I am.

21 Q. Are you also aware that a ruling was made  
22 with regard to that Motion to Strike?

1           A.    Yes.

2           Q.    Finally, I would like to call your  
3 attention at this time to a section of your testimony  
4 appearing on page 16, lines 360 through 366.

5           A.    Yes.

6           Q.    Is it your understanding that the Company  
7 is requesting reconsideration of these lines of this  
8 testimony as it relates to the ruling on the Motion  
9 to Strike?

10          A.    Yes.

11          Q.    Having made those -- identifying those  
12 issues, is it also your understanding that, based on  
13 a ruling on those lines, it is the Company's plan to  
14 file a revised version of this testimony on the  
15 e-Docket system reflecting the Judge's ruling?

16          A.    Yes, it is.

17          MR. REICHART: Thank you. Your Honor, subject  
18 to your ruling, we would move for the admission of  
19 Company Exhibits 1.0 Supplemental -- 1.0SUPP,  
20 1.0SUPP(2nd), 1.0R, 1.0SUPPR and 1.0SR.

21          JUDGE TAPIA: Thank you. Subject to cross.

22                    Are you done, Mr. Reichart?

1 MR. REICHART: Yes.

2 JUDGE TAPIA: Mr. Harvey, cross examination?

3 MR. HARVEY: Nothing, Your Honor.

4 JUDGE TAPIA: Ms. Satter, cross examination?

5 MS. SATTER: Thank you. May I ask that we move  
6 around a little because I can't see Mr. Kerckhove.

7 JUDGE TAPIA: Sure. I was going to suggest  
8 that. Either here or I can move to the other side.  
9 Take a two minute break.

10 (Whereupon the hearing was in a  
11 short recess.)

12 JUDGE TAPIA: We are back on the record. Ms.  
13 Satter, whenever you are ready.

14 MS. SATTER: Thank you.

15 CROSS EXAMINATION

16 BY MS. SATTER:

17 Q. Good morning.

18 A. Good morning.

19 Q. I have questions for you of various pieces  
20 of testimony so I will try to focus on -- you know,  
21 let you know where we are. First your 1.0SUPP. On  
22 pages 6 and 7 you refer to a report that said that

1 Illinois-American Water Company reviewed data from 37  
2 Pennsylvania water districts in relation to unbilled  
3 authorized consumption?

4 MR. REICHART: Ms. Satter, just to clarify, I'm  
5 sorry, you are indicating that he referenced a report  
6 that made that statement, correct?

7 MS. SATTER: Right, it is in his testimony; he  
8 references it.

9 Q. So my question to you is, do you know if  
10 these 34 water districts were Pennsylvania-American  
11 water districts?

12 A. No, I do not.

13 Q. Do you know if they were public or private  
14 water districts?

15 A. No, I do not.

16 Q. You don't know if they were municipal  
17 districts?

18 A. No.

19 Q. Okay. Now I would like to move on to your  
20 1.0SUPP(2nd). That would be your second supplemental  
21 direct testimony.

22 Now, in this part of your testimony

1 you are talking about some modifications you made to  
2 the exhibits, the purchased water exhibits that are  
3 filed, Exhibits C and D for the Southwest Suburban  
4 service district, right?

5 A. That is correct.

6 Q. And so you are explaining how you removed  
7 the quantities of water that were consumed on Company  
8 premises, is that right, or that were metered on  
9 Company premises, is that accurate?

10 A. I was going to say I wouldn't call it  
11 removed, but they were Company premise metered water.

12 Q. So this relates to Company premise metered  
13 water?

14 A. Yes.

15 Q. Okay. And did you remove that water, the  
16 effect of that usage, from these exhibits that we  
17 were talking about, these Exhibits C and D?

18 A. By adding in the usage and the dollars  
19 associated with them, in effect that removes the  
20 Company's water from the reconciliation.

21 Q. Because it reduces the amount of underage,  
22 so to speak, the amount of reconciliation that needs

1 to be recovered from the consumer?

2 A. It offsets the cost of the water that would  
3 have been supplied to the Company-use facilities.

4 Q. So is it correct then that the Company  
5 reclassified 16,070,000 gallons of water as  
6 Company-use water? That would be on line 86.

7 A. During the course of the entire year, yes.

8 Q. And then at the next few lines -- what  
9 would that be -- 86 through 90, you testify that  
10 there were 204,799,000 gallons of non-revenue water  
11 in excess of the tariff limit, right? That's what  
12 you say here.

13 A. Yes.

14 Q. But looking at -- well, let's do this.

15 And then you say that the reclassified  
16 water reduces the amount of non-revenue water in  
17 excess of the tariff limit to 139,782,000, right?  
18 That's at line 90, and that's just what it says on  
19 the page.

20 A. That should have been not dollars, \$139  
21 million, but \$139,782.

22 Q. So we need to change -- this testimony is

1 inaccurate the way it is written?

2 A. You are right.

3 Q. So but you would agree that the 204 million  
4 figure and the 139 million figure are not gallons.  
5 Those are dollars, and we should remove those three  
6 zeros at the end, right?

7 A. Yes.

8 Q. And then we will find those numbers on  
9 Exhibit D, correct?

10 A. The 139,782, yes.

11 Q. And the 204 is on your Exhibit D attached  
12 to your supplemental testimony as opposed to your  
13 second supplemental. That's what was changed, is  
14 that right?

15 A. Again, you are correct. That should have  
16 been 204,799 or \$204,799.

17 Q. So the Company counted for 16 million  
18 gallons that it used, right?

19 A. Yes.

20 Q. But then you say on page 5 that this  
21 reduces total unrecovered variable supply charges per  
22 thousand gallon charge, right, by \$68?

1 A. Uh-huh.

2 Q. So can you explain how \$16 million has --  
3 16 million gallons has a \$68 effect? What's the per  
4 thousand gallon rate that you are using to get there?

5 A. By adding in the cost recovery of the  
6 Company-use water on Exhibit D, the 74,399.

7 Q. That's on the new exhibit?

8 A. That's on the new exhibit, yes.

9 Q. Is there a line item for that?

10 A. It is called Company Facilities.

11 Q. Oh, there it is, Company Facilities, okay.  
12 So then --

13 A. It flows through the Exhibit D scheduling.

14 Q. Okay. So you both -- so you removed the  
15 effect entirely except for a remainder of \$68, would  
16 that be a fair way to think of it?

17 A. These were priced out at an average for the  
18 year, average rate for the year.

19 Q. Okay, okay. So then the effect was to  
20 identify the 16 million as Company water and then  
21 apply the charge for that 16 million, right?

22 A. Right.

1 Q. So that it would be kind of just removed  
2 altogether from the calculation, is that right?

3 A. In essence that's what it does.

4 Q. Okay. I am going to ask you one other  
5 question on this. On page 5 starting at line 103 --

6 A. Which testimony is that?

7 Q. This same testimony, the second SUPP. You  
8 say, "I recommend that the Commission adopt a  
9 Commission-determined reconciliation Component O in  
10 the amount of \$9,382." So can you describe the  
11 Commission-determined reconciliation Component O?  
12 What does that mean? What's its function and how  
13 does it relate to the amount that customers will be  
14 responsible for?

15 A. Again, where are you?

16 Q. I am sorry, page -- in your second  
17 supplemental.

18 A. Right.

19 Q. Page 5.

20 A. I was looking at line 5. Sorry.

21 Q. Lines 103 through 105.

22 A. Can you bear with me just a moment?

1 (Pause.)

2 JUDGE TAPIA: Let's go off the record for one  
3 moment.

4 (Whereupon there was then had an  
5 off-the-record discussion.)

6 JUDGE TAPIA: Thank you. We are back on the  
7 record and whenever you are ready, Mr. Kerckhove.

8 THE WITNESS: A. Okay. First, what I mean by  
9 the Company --

10 BY MS. SATTER:

11 Q. Commission-determined reconciliation  
12 Component O.

13 A. Yeah, so you are wanting to know how I  
14 arrived at the 9,000 --

15 Q. No. I want you to just tell me what is  
16 that? What does it represent?

17 A. What this represents is I was recommending  
18 that the -- I was recommending that the Commission  
19 accept our reconciliation as filed except for this  
20 adjustment which is the sum of the Company Facilities  
21 in Exhibit D attached to Exhibit 1.0SUPP plus the \$68  
22 identified in 1.0SUPP(2nd) as an O factor.

1 Q. And does the O factor represent the amount  
2 of money to be returned to consumers as a result of  
3 the reconciliation?

4 A. It would be netted with the Company's R  
5 factor. So, in essence, you could say that, yes, it  
6 would be an amount to be returned to customers.

7 Q. And does this amount show up on Exhibits C  
8 or D anywhere? Can you just show us where on C or D  
9 this figure is shown?

10 A. No.

11 Q. So it is not on those exhibits?

12 A. Again, it is the sum of the 9,314 on  
13 Exhibit D and 1.0SUPP plus the \$68 on Exhibit  
14 1.0SUPP(2nd), line 99.

15 Q. So the amount that's under recovered, so  
16 the amount that the consumer has to make up under  
17 your Exhibit D for Southwest Suburban 2nd  
18 Supplemental, is \$359,565, is that right?

19 A. 359,565, yes.

20 Q. Okay. That's the level of unrecovered.  
21 But then from that do you have to make an adjustment  
22 to remove unaccounted-for water and is that what's

1 done in the bottom portion of Exhibit D?

2 A. Yes.

3 Q. Okay. And this 9,382, is that an offset to  
4 this bottom line figure?

5 A. The original reconciliation that was filed,  
6 and would reflect an R factor when we filed it, was  
7 for \$368,947. Including the Company Facilities that  
8 amount now is \$359,565. The difference would be the  
9 Commission O factor for the \$9,382.

10 Q. So that would be the adjustment the  
11 Commission makes?

12 A. Yes.

13 Q. And you have to go back to your original  
14 filing to find the number that the 9,382 was  
15 subtracted from?

16 A. I don't believe that the Commission allows  
17 me to file multiple R factors. When our initial  
18 reconciliation is filed, we do calculate an R factor.  
19 So, yes, you have to go back to the original filed  
20 reconciliation.

21 Q. So it is not in the record on -- the  
22 supplemental record?

1           A.    I am just challenging you so -- no, you do  
2 have to do a little bit of work for it.

3           Q.    To find it?

4           A.    Yes.

5           Q.    I was making you help us find it.  All  
6 right.

7                         Now let's move on to your rebuttal  
8 testimony.  Now, starting on page 3 you talk about  
9 the difficulty in measuring fire protection water  
10 usage.  So is it true that the Company does not meter  
11 water used to fight fires in any area of the state?

12          A.    I don't believe that we -- I guess I really  
13 shouldn't be speaking for operations.  I don't --

14          Q.    You don't know?

15          A.    I don't believe that we would go out, when  
16 there is a fire, we run out with a meter attached to  
17 a fire hydrant.  It doesn't seem reasonable to me.

18          Q.    Okay.  So, but you don't really know, is  
19 that what you are saying?  You don't really know  
20 because you are not an operations person?

21          A.    Correct.

22          Q.    But your informed judgment is that it is

1 not done?

2 A. A reasonable person would come to that  
3 conclusion.

4 Q. Now, to the best of your knowledge is water  
5 used for firefighting training metered?

6 A. I do not know.

7 Q. And to the best of your knowledge is water  
8 used for firefighter training measured in any other  
9 way?

10 A. I do not know.

11 Q. So you don't know whether -- okay, let's  
12 leave it at that.

13 Now, do you agree that there is a  
14 public fire charge in the Chicago metro area?

15 A. Yes.

16 Q. Do you know whether that public fire charge  
17 includes an allowance for water used?

18 A. It does not include an allowance for  
19 purchased water used.

20 Q. Okay. Does it include an allocation  
21 representing the amount of total water in the  
22 district that is used for fire protection?

1           A.    I don't know how our rate design witness in  
2   the last case designed the water charge.

3           Q.    Okay.  So you don't know whether -- well,  
4   who was that witness?

5           A.    Paul Herbert.

6           Q.    Did you work with Mr. Herbert?

7           A.    Very little.

8           Q.    Did you provide him information upon  
9   request?

10          A.    Some.  Some.

11          Q.    And so in assessing authorized but unbilled  
12   usage, did you review what percentage of total water  
13   Mr. Herbert incorporated in determining the public  
14   fire charge for the Chicago metro area?

15          A.    I don't know how he could since we don't  
16   actually produce water except for the well districts.  
17   So as far as -- I mean, in our rate case we do take  
18   out the full effect of the cost and the revenue for  
19   purchased water from the revenue requirement.

20          Q.    In rate design would you agree that usage  
21   is allocated among customer classes and charges to  
22   determine cost of service?

1           A.    There is a lot of things that go into cost  
2 of service, infrastructure, O&M expenses. I am not a  
3 cost of service expert, so I really can't elaborate  
4 any further.

5           Q.    Fair enough. But ultimately you didn't go  
6 into the cost of service study to find out if there  
7 was any allocation for fire protection usage?

8           A.    Any allocation of --

9           Q.    Of the total amount of water that comes  
10 into the system, what percentage or what portion of  
11 that total is attributed to fire protection service?

12          A.    For which district?

13          Q.    Chicago metro.

14          A.    Well, we have lake water and we have well  
15 water, and I would think that they may be treated  
16 differently.

17          Q.    But did you look?

18          A.    No.

19          Q.    Okay. Moving on to page 4, line 76, 77,  
20 you say, "Reliance on unaudited data that may be  
21 provided by external entities will likely result in  
22 under-reported usage." Can you tell me how charges

1 for authorized but unbilled usage are currently  
2 determined? In other words, if there is an entity  
3 that is authorized to use water but they are not  
4 being -- but that water is not metered, how are the  
5 charges assessed for that customer?

6 A. Such as for a fire protection district?

7 Q. Well, like street cleaning or fountains or  
8 the things that are listed in the AWWA M36 Manual?

9 A. We wouldn't know. We wouldn't have  
10 knowledge of those uses.

11 Q. So, essentially, if those uses exist, it is  
12 free water?

13 A. If unmetered usages exist that we are not  
14 aware of, then yes.

15 Q. Are you aware of any free usage other than  
16 firefighting? I say free, but it is probably more  
17 accurate to say unmetered.

18 A. Would this be authorized or unauthorized?

19 Q. Well, what are we including in the 1.25  
20 percent?

21 A. Those are supposed to be for authorized. I  
22 am not aware of any others, but others may actually

1 take place.

2 Q. Okay. Now, so if there is no charge for  
3 using this water, then, for example, firefighters,  
4 what incentives do they have to under-report?

5 A. Well, they don't have any incentives to --  
6 they don't have any incentives to put in the extra  
7 effort to measure, to estimate, to track and to  
8 report numbers to us, either.

9 Q. Certainly, if they weren't asked to, they  
10 wouldn't do it?

11 A. I don't know. I don't know if they would  
12 cooperate or not.

13 Q. So you feel that you can't assume that fire  
14 districts accurately measure their water use, right?

15 A. We have no way of monitoring or observing  
16 any of their usages, so we would have no knowledge.

17 Q. Okay. And do you agree that the M36  
18 excerpt that you attached to your testimony as  
19 Attachment A discusses firefighting, water used for  
20 firefighting?

21 MR. REICHART: Could I have a page number on  
22 the attachment?

1 Q. That would be at the top it says Conducting  
2 the Water Audit Net 29 and also page 31.

3 Did you review those, this document?  
4 I assume you did.

5 A. Yes.

6 Q. And can you describe what steps the Company  
7 has taken to coordinate with fire districts and fire  
8 personnel to establish reporting procedures on amount  
9 of water used?

10 A. That would probably be better asked of the  
11 operations managers for the various districts.

12 Q. So you don't know?

13 A. No.

14 Q. And does the -- on page 29 of Attachment A  
15 it says, "Certain uses of water such as fire flow  
16 tests are measured using portable instruments." Do  
17 you know if the Company does this?

18 A. Where are you at on that page?

19 Q. That would be the second first full  
20 paragraph, "certain uses of water." Do you see it?

21 A. Yes.

22 Q. So my question is, does the Company use

1 portable instruments for this function?

2 A. That would probably have been a better  
3 question asked of Mr. Hillen.

4 Q. Because you don't know?

5 A. I don't.

6 Q. And do you know whether the Company has  
7 asked fire departments to use portable instruments to  
8 measure any of their usage?

9 A. I believe all that was addressed by  
10 Mr. Hillen in his testimonies, and I am only aware of  
11 Mr. Hillen's efforts.

12 Q. So you don't know whether things such as  
13 run reports are available to the Company?

14 A. No, I don't know.

15 Q. You don't know if training records are  
16 available to the Company?

17 A. No, I don't.

18 Q. Now, you say you have no means to compel  
19 fire district cooperation with reporting their usage.  
20 Do you believe that you have the authority to install  
21 meters for non-emergency use?

22 Let me back up. Do you know whether

1 the Company has exercised authority or requested the  
2 installation of meters for non-emergency use by fire  
3 departments?

4 A. No, I don't, but that would also require  
5 the cooperation of the fire department asked to  
6 inform the Company that they are going to be  
7 performing such a test and requires such a meter.

8 Q. Have you asked them to use portable meters  
9 for training to the best of your knowledge?

10 A. Again, that is a question that probably  
11 should have been asked of Mr. Hillen.

12 Q. But you still think that there is no way to  
13 get fire departments to cooperate; that's your  
14 testimony, is that right?

15 A. There is no way to audit or to verify any  
16 numbers that fire departments would provide to us if  
17 they would provide them to us.

18 Q. Okay. So is the first step getting the  
19 information or do you feel it is not even worth  
20 trying because you have no confidence in it?

21 A. I think it is very difficult and, you know,  
22 the Company would like to work with the AG's Office

1 and Staff to come to a way to obtain this type of  
2 information.

3 Q. And you would go to fire districts to  
4 obtain that information, wouldn't you?

5 A. Yes.

6 Q. And you could get information from the AWWA  
7 Manual about the kinds of water that's used, for  
8 example, for firefighting, is that right? In other  
9 words, the types of uses that they employ.

10 A. That would be fair, yes.

11 Q. Okay. Now, in your testimony starting at  
12 page 9 -- this is still your rebuttal testimony --  
13 you talk about the LMO-2 reports and you say the  
14 LMO-2 imposes a hydrant usage cap of 1.0. Now, so is  
15 it your belief that the Company is obligated to  
16 report less than 1.0 percent of hydrant use on its  
17 LMO-2?

18 A. I would agree with the testimony that  
19 Mr. Hillen gave this morning.

20 Q. So you are not -- you don't know? I mean,  
21 Mr. Hillen is not here; I am asking you. He  
22 testified to it, so I would like -- I am sorry, I

1 can't recall specifically what Mr. Hillen said.

2 A. Again, I mean, Mr. Hillen said that and I  
3 do agree that the form does impose a hydrant usage  
4 cap of one percent. And if the Company goes over  
5 that one percent, it would have to provide an  
6 explanation to the IDNR of why that percentage  
7 exceeds one percent.

8 Q. Why do you think that is?

9 A. I don't know. You would have to ask the  
10 IDNR.

11 Q. So you don't know what the purpose of what  
12 you are calling a cap is?

13 A. I have no idea what their intention is.

14 Q. Okay. Now, do you know why the Company  
15 reported less than one percent hydrant use on the  
16 LMO-2?

17 A. No, I do not.

18 Q. But for the purchased reconciliation, the  
19 purchased water reconciliation docket here today, the  
20 Company is asking for a 1.25 percent basically  
21 hydrant use, correct?

22 A. For firefighting, training, flushing water

1 mains, etcetera, yes.

2 Q. And a higher percentage provides the  
3 Company with the opportunity to receive more revenues  
4 from customers, right? The higher the unauthorized  
5 use that's incorporated into the reconciliation, the  
6 more revenues the Company can receive from consumers,  
7 right?

8 A. Again, with a cap of only 1.25 percent that  
9 would be collected from customers, yes.

10 Q. 1.25 percent, though, will give the Company  
11 more revenues than, say, .5 percent, correct? Simple  
12 arithmetic.

13 A. Not in the same year, no.

14 Q. Not in the same year.

15 A. What I am trying to say is when you do the  
16 reconciliation, if you were to reflect the difference  
17 or include for that .5 percent of 1.25 percent, that  
18 will actually flow through as an R component or O  
19 component into the next year.

20 Q. Okay. But regardless of what year it shows  
21 up in, the Company gets more money with the higher  
22 number?

1           A.    That is correct.

2           Q.    But a lower number on the LMO-2 does not  
3 affect Company revenues at all, does it?

4           A.    The LMO-2 doesn't really reflect revenues  
5 and doesn't fulfill the requirements of Part 655 for  
6 the reconciliation.

7           Q.    The LMO-2 doesn't affect the Company's  
8 revenues, does it? That report does not affect what  
9 the Company can collect from consumers, right?

10          A.    This report alone doesn't reflect what we  
11 can collect from customers without Commission  
12 approval.

13          Q.    But I am asking about the LMO-2. Does the  
14 LMO-2 that is filed with DNR affect the amount of  
15 revenues the Company can collect on from consumers?

16          A.    It's just used for reporting purposes for  
17 the Illinois Department of Natural Resources as far  
18 as water usage.

19          Q.    Okay. So then the answer is that it does  
20 not affect the Company's revenues, right?

21          A.    There are no revenue amounts reflected on  
22 there. It is just gallons.

1           Q.    And a lower hydrant use on the LMO-2 that  
2           is an amount lower than one percent means that the  
3           Company does not have to explain its hydrant use,  
4           right? Do you understand that as part of the  
5           process?

6           A.    Yeah, I am not real -- I am vaguely  
7           familiar with the LMO-2s. So it is my understanding  
8           that if the Company exceeds the 1.0 percent hydrant  
9           usage limit, then it needs to provide an explanation  
10          to IDNR.

11          Q.    Okay. But in any event you believe that  
12          the Company properly provides water to some users  
13          unmetered, that that's proper, it's authorized, it's  
14          okay?

15          A.    Firefighting, fire training, flushing of  
16          hydrants, testing of hydrants, yes.

17          Q.    So unbilled authorized water is a  
18          legitimate component of your operations, right?

19          A.    Yes.

20          Q.    You just don't know how much water is in  
21          that category?

22          A.    Correct.

1           Q.    Assuming you can measure unbilled  
2 authorized water, would you expect it to be the  
3 same -- wouldn't you expect to report the same amount  
4 on the LMO-2 as to the Commission, assuming you could  
5 measure it and knew what that value was?

6           A.    Not necessarily, no.  They have different  
7 time periods, for one thing.

8           Q.    Okay.  But you are measuring the same  
9 function?

10          A.    Theoretically, if you could measure all  
11 usages, you are measuring generally the same thing,  
12 yes.

13          Q.    Now I have some clarifying questions on  
14 page 12 of your testimony starting at line 262.  You  
15 say, "For purposes of this proceeding only the  
16 Company has already removed from the reconciliation  
17 all water that was used by Company employees," and  
18 then you say, "including water used by companies who  
19 do various things."

20                        So my question to you is, are you  
21 removing the water to do those various things or are  
22 you only removing the water used by the employees

1 like in the office who do these things? Do you see  
2 the distinction?

3 A. No, I don't.

4 Q. Okay. Are you -- well, let me put it this  
5 way.

6 Are you removing the water used to  
7 perform tests on water, repair main breaks and  
8 upgrade aging infrastructure?

9 A. This would be all metered water, yes.

10 Q. You said -- I am sorry, I am not sure that  
11 the answer works. Is the water to perform tests  
12 metered? Because you said only metered water.

13 A. Sorry.

14 Q. This is on again 262 through that  
15 paragraph.

16 A. This statement here represents water used  
17 by employees who perform those functions. Sorry.

18 Q. So it is not the water for the function  
19 itself?

20 A. Correct.

21 Q. Okay. That was the distinction I was  
22 trying to make.

1           A.    I apologize.

2           Q.    So it is only used by the employees, not  
3   for the function.  So you weren't able to quantify  
4   the water used for the function, for the functions  
5   that you list there?

6                    Let's put it this way, you didn't  
7   quantify the amount of water used for those  
8   functions?

9           A.    I don't know how much water is used for a  
10   customer inquiry.

11          Q.    You don't know how much water is used for a  
12   customer inquiry?

13          A.    That's what you were asking me.  You don't  
14   know how much water was used for each of these  
15   functions.  So a customer service representative  
16   responding to a customer inquiry, I don't know how  
17   much water is used in that transaction.

18          Q.    Yeah, they might need a glass of water.

19          A.    Maybe.  I could use one.

20          Q.    How about to perform tests on water to be  
21   provided to customers?  Do you know how much water is  
22   used for that?

1           A.    I am sorry?

2           Q.    Water to perform tests on water to be  
3 provided to customers?

4           A.    No, I don't.

5           Q.    Do you know how much water is used to  
6 repair main breaks?  It is just the next item on your  
7 list here.

8           A.    These are water used by Company employees.

9           Q.    Would you agree that chlorine monitoring,  
10 water testing, hydrant testing and flushing and main  
11 flushing are all necessary for the operation and  
12 maintenance of the distribution system?

13          A.    Yes.

14          Q.    And these functions are done regularly?

15          A.    I would hope so.

16          Q.    And these functions are part of the basic  
17 operations and maintenance of the system?

18          A.    Yes.

19          Q.    And you have testified in Company rate  
20 cases, right?

21          A.    Yes.

22          Q.    And operation and maintenance expenses are

1 ordinarily recovered in base rates in a rate case,  
2 isn't that right?

3 A. Yes.

4 Q. And would you agree with me that when costs  
5 are included in base rates, the Company has an  
6 incentive between rate cases to control the costs of,  
7 for example, operations and maintenance to be within  
8 the budget, the revenues that the Commission has  
9 approved?

10 A. I think the Company always has that in  
11 mind.

12 Q. In the non-purchased water areas is it true  
13 that the water associated with these functions, these  
14 operation and maintenance functions, is included in  
15 the O&M expense?

16 A. In the non-purchased water areas, I believe  
17 so.

18 Q. Do you know whether the Company included  
19 the cost of water in the Chicago metro area in  
20 connection with the O&M for that area, the O&M  
21 expense for that area?

22 A. Which water?

1 Q. Water used for chlorine monitoring, water  
2 testing, hydrant testing, flushing and main flushing.

3 A. The Company did not include any purchased  
4 water for any of those items.

5 Q. For any of those functions?

6 A. Yeah.

7 Q. And you were familiar with Part 655 of the  
8 Commission's rules?

9 A. Somewhat, yes.

10 Q. And you were familiar with them when you  
11 testified in the 2009 rate case, isn't that right?

12 A. Yes.

13 Q. But you still chose to remove the purchased  
14 water cost from the O&M expense for Chicago metro?

15 A. We track purchased water costs and expenses  
16 separately, and so we remove both components from the  
17 revenue requirement because the purpose of the rate  
18 case is to set just base rates.

19 Q. So you want to tack on the water associated  
20 with O&M to the purchased water reconciliation  
21 somehow, right?

22 A. Tack on -- I don't understand.

1           Q.    Let me include it, you want to include the  
2 water used for O&M expenses in the purchased water  
3 reconciliation?

4           A.    Well, based on my testimony here, for the  
5 purchased water reconciliation we have removed those  
6 costs, those uses.

7           Q.    Have you removed those uses or have you  
8 removed the employees' use of drinking water? You  
9 just said you only removed the employees' use.

10          A.    That is my testimony, yes.

11          Q.    Okay. Now, moving to your surrebuttal  
12 testimony, that's 1.0SR, page 8, at the bottom you  
13 say, "Customers agree that the removal of their  
14 respective foundation drains is not cost effective.  
15 The Company will continue to incur overage charges  
16 during high rainfall events."

17                    Do you know how many houses are at  
18 issue with the foundation drains?

19          A.    Excuse me. Is this my surrebuttal  
20 testimony?

21          Q.    Surrebuttal?

22          A.    This is on page --

1 Q. 8, line 183.

2 A. I think that I have an estimated number or  
3 approximate number. I don't know the exact number.

4 Q. The exact number of?

5 A. Foundation drains.

6 Q. Okay. Is it about 27? Does that sound  
7 right?

8 A. I was thinking more 47, but that would be  
9 again an estimate, and I think that we probably need  
10 to verify those numbers.

11 Q. It is probably in the record somewhere,  
12 don't you think?

13 A. Probably an approximate number.

14 Q. So if these foundation drains are a major  
15 source of I/I and they are not remediated, then you  
16 believe the Company will continue to see overage  
17 charges during high rainfall events, right?

18 A. Yes.

19 Q. Do you think that the treatment plant might  
20 need to be re-sized due to these I/I homes if they  
21 were to continue?

22 A. Whose treatment plant?

1           Q.    The treatment plant that treats that  
2    sewage?  It is not your treatment plant, but I guess  
3    it would be Elmhurst's?

4           A.    I don't know the infrastructure of when it  
5    leaves our system, what the constraints are.

6           Q.    So you don't know if there would be costs  
7    associated with that excess flow?

8           A.    I don't know, like I said, the specifics of  
9    the system, whether it has -- whether it is up to  
10   standards, if it has issues of its own that hasn't  
11   been addressed, whether things need to be re-sized.  
12   No, I don't know.

13          Q.    And do you know about -- do you know  
14   whether there would be environmental consequences of  
15   overflow, in other words, if untreated water was  
16   released to a creek or a stream?

17          MR. REICHART:  I am going to object to this  
18   line now.  I don't know the relevance of this as it  
19   relates to Mr. Kerckhove's testimony.

20          JUDGE TAPIA:  Ms. Satter, the relevance?

21          MS. SATTER:  The relevance is that there is a  
22   question whether it is cost effective to remove these

1 drains. And if the Company continues to incur  
2 overage charges, what's the consequence of that? I  
3 mean, what does that really mean? They are incurring  
4 overage charges, but what's the next step? You know,  
5 what's the relationship between overage charges and  
6 the actual event that's causing them, that is, the  
7 overflow of sewage.

8 JUDGE TAPIA: I will overrule the objection and  
9 I will allow you to answer if you can answer the  
10 question, Mr. Kerckhove.

11 THE WITNESS: A. I don't know if we would be  
12 filing any EPA guidelines.

13 BY MS. SATTER:

14 Q. Fair enough. I have one more question for  
15 you, but I am not sure which piece of testimony it is  
16 in. So if you can bear with me for just a minute.

17 (Pause.)

18 Okay. We are still in your surrebuttal.  
19 On page 12, line 264, starting at line 264, you refer  
20 to a junior high school in the Southwest Suburban  
21 district that had an illegal connection. And so my  
22 question is, was this tap authorized or unauthorized?

1           A.    That would definitely be unauthorized.

2           Q.    And if you determined how much water was  
3 used, would you go back and charge the school for  
4 that usage?

5           A.    Because there is no meter associated with  
6 it, I don't know how you would ever be able to figure  
7 out how much water was used from that unauthorized  
8 tap.

9           Q.    So it is lost water?

10          A.    Whatever amount was used, yes.

11          MS. SATTER:   Okay.   I have no further  
12 questions.   Thank you very much.

13          JUDGE TAPIA:   Thank you, Ms. Satter.

14                         Mr. Reichart, any redirect?

15          MR. REICHART:   Can I have just a minute?

16          JUDGE TAPIA:   Go off the record.

17                                 (Whereupon the hearing was in a  
18                                 short recess.)

19          JUDGE TAPIA:   Back on the record.   Okay.   Now I  
20 am going to address the exhibits offered into  
21 evidence by Mr. Reichart.   Mr. Harvey, do you have  
22 any objection to the admission of IAWC 1.0SUPP which

1 is the Supplemental Direct Testimony of  
2 Mr. Kerckhove; IAWC 1.0SUPP(2nd), the Second  
3 Supplemental Direct Testimony with attachments; the  
4 third is IAWC 1.0R which is the Rebuttal Testimony of  
5 Mr. Kerckhove; IAWC 1.0SUPPR which is the  
6 Supplemental Rebuttal Testimony; and IAWC 1.0SR,  
7 Surrebuttal Testimony with attachments. Before you  
8 answer, Mr. Harvey, Mr. Reichart, the reconsideration  
9 would be as to one of these exhibits?

10 MR. REICHART: Yes, it would be the  
11 supplemental, Your Honor, supplemental testimony.

12 MR. HARVEY: Supplemental which testimony I  
13 guess would be --

14 MR. REICHART: I am sorry, the surrebuttal  
15 testimony, I apologize.

16 JUDGE TAPIA: The surrebuttal testimony which  
17 is IAWC 1.0SR?

18 MS. SATTER: Yes.

19 MR. REICHART: Yes, that is correct.

20 JUDGE TAPIA: Okay. I will withhold that one  
21 from the list. IAWC 1.0R, surrebuttal testimony -- I  
22 am sorry, 1.0SUPPR which is the supplemental rebuttal

1 testimony would be the last. I will rule on the  
2 rest. Is that clear, Mr. Harvey?

3 MR. HARVEY: I profess some confusion as to  
4 which is which, but I don't have any principal  
5 objection to the admission of any of them.

6 JUDGE TAPIA: Okay.

7 MR. REICHART: Your Honor, just to clarify, the  
8 surrebuttal testimony that has the information in  
9 question, it is page 16 of IAWC Exhibit Number 1.0SR.

10 JUDGE TAPIA: Okay. So I will hold that one  
11 off the list right now.

12 Ms. Satter, do you have any objection  
13 to IAWC 1.0SUPP, Supplemental Direct Testimony of  
14 Mr. Kerckhove; IAWC 1.0SUPP(2nd) which is the Second  
15 Supplemental Direct Testimony with attachments; IAWC  
16 1.0R which is the Rebuttal Testimony of  
17 Mr. Kerckhove; and IAWC 1.0SUPPR which is the  
18 Supplemental Rebuttal Testimony of Mr. Kerckhove.

19 MS. SATTER: My only comment would be the last  
20 one, the surrebuttal. I believe there will be a  
21 corrected or revised version.

22 JUDGE TAPIA: Right, that's why I am holding it

1 off the list.

2 MR. REICHART: Based on the ruling.

3 MS. SATTER: Yes, because originally it was  
4 called 1.0SR and maybe it should be called 1.0SR  
5 Revised, just so it is clear that it is a separate --  
6 it is a different document, because it will be --

7 JUDGE TAPIA: We can decide that after, since I  
8 am not including it on the list.

9 MS. SATTER: Oh, you are not including it on  
10 the list. I am sorry. I am sorry.

11 JUDGE TAPIA: Yeah, and then at the break we  
12 can decide, the parties can decide, what to change it  
13 to. If there is a reconsideration, there may be an  
14 agreement; we don't know yet. So I am just going to  
15 keep it off the list.

16 Those four exhibits do you have any  
17 objection?

18 MS. SATTER: No.

19 JUDGE TAPIA: Hearing no objection, IAWC  
20 1.0SUPP which is the Supplemental Direct Testimony of  
21 Mr. Kerckhove with attachments; IAWC 1.0SUPP(2nd)  
22 which is the Second Supplemental Direct Testimony

1 with attachments of Mr. Kerckhove; IAWC 1.0R which is  
2 the Rebuttal Testimony of Mr. Kerckhove; and IAWC 1.0  
3 SUPPR which is the Supplemental Rebuttal Testimony is  
4 entered into evidence.

5 (Whereupon IAWC 1.0SUPP, IAWC  
6 1.0SUPP(2nd), IAWC 1.0R and IAWC  
7 1.0SUPPR were admitted into  
8 evidence.)

9 JUDGE TAPIA: Okay. Mr. Reichart, did you want  
10 to state for the record exactly specifically what's  
11 your reconsideration then so that I can look over it  
12 at the break? But, of course, you may have agreement  
13 with Ms. Satter and there may not be a -- so I know,  
14 it is page 16 of IAWC 1.0SR?

15 MR. REICHART: Yes, Your Honor.

16 JUDGE TAPIA: And is there line numbers?

17 MR. REICHART: Line numbers 360 through 366,  
18 Your Honor. And the basis for the request for  
19 reconsideration is your ruling indicates that  
20 testimony discussing the 2010 flood is not relevant  
21 because it is beyond the scope of the 2008 purchased  
22 water -- or, I am sorry, purchased water and sewage

1 cost in rates. And this particular section that I  
2 identified speaks only to information from the year  
3 2008, so the reconciliation year in question.

4 JUDGE TAPIA: Okay. Anything we need to  
5 discuss before we break for lunch and then the  
6 parties can discuss -- oh, yes, I needed to point  
7 something else out.

8 Mr. Reichart, the reconsideration,  
9 will Mr. Kerckhove's late filing reflect the revised  
10 or the corrections pointed out by Ms. Satter today in  
11 regards to those numbers?

12 MR. REICHART: Oh, sure, yeah, changing the  
13 gallons to dollars, we can do that.

14 MS. SATTER: And that would be in the second  
15 supplement so that would be a different -- that's a  
16 different document.

17 MR. REICHART: That is a different document, so  
18 can we go off the record?

19 JUDGE TAPIA: Yes, go off the record.

20 (Whereupon there was then had an  
21 off-the-record discussion.)

22 JUDGE TAPIA: We will go back on the record.

1                   Mr. Reichart, in regards to  
2 Mr. Kerckhove's -- the corrections made by  
3 Ms. Satter?

4           MR. REICHART: Yes, Your Honor, the Company has  
5 agreed to submit an errata that will reflect the  
6 changes that Ms. Satter pointed out and Mr. Kerckhove  
7 made on the record today.

8           JUDGE TAPIA: Okay, thank you very much. Okay.  
9 And then the parties can discuss whether or not  
10 Ms. Everson is going to testify today. But we will  
11 go ahead and take a break.

12          MR. HARVEY: She is going to testify today; it  
13 is just --

14          JUDGE TAPIA: Whether she will be cross  
15 examined. Okay. Then we will break for lunch one  
16 hour. We will just say one o'clock.

17   (Whereupon the hearing was in a  
18   recess until 1:00 p.m.)

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AFTERNOON SESSION

JUDGE TAPIA: We are back on the record back from lunch.

Did the parties discuss whether or not Ms. Everson is going to be cross-examined today?

MR. HARVEY: I believe Mr. Reichart indicated that he had no questions. I don't know about Ms. Satter.

MR. REICHART: That is correct.

MS. SATTER: I don't.

JUDGE TAPIA: No questions, okay. So Ms. Everson is off the hook.

MR. HARVEY: Well, we have to put her testimony into evidence, in the best of all possible worlds.

JUDGE TAPIA: Now, before we do that, Mr. Harvey, I guess we should address, Mr. Reichart, did you have an opportunity to talk to Ms. Satter in regards to the reconsideration?

MR. REICHART: Yes, we did.

MS. SATTER: Yeah, I am not going to object to those lines that he identified going back into the record.

1 JUDGE TAPIA: For clarification and,  
2 Mr. Harvey, do you have any objection?

3 MR. HARVEY: None, Your Honor.

4 JUDGE TAPIA: Okay. Now, based on there being  
5 no objection, what about it is kind of out of  
6 context. What about the question?

7 MS. SATTER: That is a problem but, you know, I  
8 thought it would just go and stand alone. I mean, I  
9 know what you are saying. It doesn't really follow.  
10 It doesn't follow with the question, anyway.

11 JUDGE TAPIA: Right, because it will be an  
12 addition to the last word of the last, you know,  
13 testimony of Mr. Kerckhove. Mr. Reichart?

14 MS. SATTER: There was no -- there wasn't an  
15 intervening question either, so.

16 JUDGE TAPIA: Oh, right.

17 MS. SATTER: That wasn't stricken.

18 JUDGE TAPIA: Exactly. Because the  
19 introduction to the answer that you would like to be  
20 part of the record, Mr. Reichart, has already been  
21 stricken.

22 MR. REICHART: Right. I would be happy to come

1 up with a question.

2 MS. SATTER: Do you think just like an ellipsis  
3 just showing there was some --

4 MR. REICHART: That's right. It is really just  
5 the numbers and the facts that we are concerned  
6 about. And, again, I think maybe when Sue and I were  
7 talking, it was clear that it wasn't my intention to  
8 try to frame it any particular way. It is the  
9 numbers. There are the numbers. There is a  
10 calculation that is presented, and you can interpret  
11 it the way you want.

12 So I am fine leaving it as is, you  
13 know, just supplemental information. I just wanted  
14 that information in the record so we could pick it up  
15 in brief or however else. And then we would put it  
16 in proper context, obviously, if we used it in brief  
17 or otherwise.

18 JUDGE TAPIA: Okay. That would be better.

19 Ms. Satter, you agree?

20 MS. SATTER: That's okay.

21 JUDGE TAPIA: Mr. Harvey?

22 MR. HARVEY: That sounds like a reasonable

1 approach, Your Honor.

2 JUDGE TAPIA: Okay. Then I will go ahead and  
3 allow it. So it would be the testimony of  
4 Mr. Kerckhove, and this is --

5 MR. REICHART: Supplemental, I am sorry,  
6 surrebuttal.

7 JUDGE TAPIA: Okay. So are we calling it the  
8 same thing, Illinois-American Water Company 1.0SR,  
9 surrebuttal testimony?

10 MR. REICHART: Correct.

11 MS. SATTER: But don't you want to say revised?

12 MR. HARVEY: I think this would be about third  
13 revised, if I am any judge of these things.

14 JUDGE TAPIA: Yeah, we need to keep it clear.

15 MS. SATTER: But was anything else filed? Did  
16 you file a version before?

17 MR. REICHART: Nothing was entered into the  
18 record.

19 MS. SATTER: But was there anything on  
20 e-Docket?

21 MR. REICHART: Yes, there would have been a  
22 version of the surrebuttal.

1 MS. SATTER: With the strike out?

2 MR. REICHART: No, we did not file that. So  
3 that's what I mean, that we make the clarification  
4 that it reflects the ruling on the motion.

5 JUDGE TAPIA: Okay. So, Mr. Reichart, you are  
6 offering -- why don't you restate what you are  
7 offering so it is made the correct way?

8 MR. REICHART: I will do that. I am offering  
9 IAWC Exhibit Number 1.0SR Revised.

10 JUDGE TAPIA: With attachments.

11 MR. REICHART: With attachments, and the  
12 testimony and attachments will reflect the Judge's  
13 ruling on the Motion to Strike as well as the Judge's  
14 ruling on the Motion for Reconsideration.

15 JUDGE TAPIA: Okay. Mr. Harvey, do you have  
16 any objection to the admission of that exhibit?

17 MR. HARVEY: None, Your Honor.

18 JUDGE TAPIA: Ms. Satter, do you have any  
19 objection to the admission of that exhibit?

20 MS. SATTER: No.

21 JUDGE TAPIA: Hearing no objection, IAWC 1.0SR  
22 Revised, the Surrebuttal Testimony of Mr. Kerckhove

1 with the attachments, is entered into evidence.

2 (Whereupon IAWC 1.0SR Revised  
3 was admitted into evidence.)

4 JUDGE TAPIA: Okay. Mr. Harvey, I will hand  
5 it to you.

6 MR. HARVEY: Thank you very much, Your Honor.  
7 Ms. Everson efficiently points out to us that she has  
8 yet to be sworn.

9 (Whereupon the witness was duly  
10 sworn by Judge Tapia.)

11 JUDGE TAPIA: Thank you, Ms. Everson.

12 MR. HARVEY: And Staff will now call Mary H.  
13 Everson to testify.

14 MARY H. EVERSON  
15 called as a witness on behalf of Staff of the  
16 Illinois Commerce Commission, having been first duly  
17 sworn, was examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. HARVEY:

20 Q. Ms. Everson, would you please state your  
21 name and spell it for the record.

22 A. Mary H. Everson, E-V-E-R-S-O-N.

1 Q. Would you state your business address?

2 A. 527 East Capitol Avenue, Springfield,  
3 Illinois 62701.

4 Q. How are you employed, Ms. Everson?

5 A. I am employed as an accountant in the  
6 Public Utilities Division.

7 Q. Of the Illinois Commerce Commission?

8 A. Of the Illinois Commerce Commission.

9 Q. I suppose that was obvious. Ms. Everson,  
10 do you have before you a document that's been marked  
11 for identification as Staff Exhibit 2.0 in this  
12 proceeding?

13 A. Yes.

14 Q. Is that your supplemental direct testimony  
15 in this proceeding?

16 A. Yes, it is.

17 Q. Is that prepared by you or at your  
18 direction?

19 A. Yes, it was.

20 Q. Does it consist of four pages of text and  
21 two schedules, the first of which is marked for  
22 identification as Schedule 2.1 consisting of one

1 page, the next of which is marked as Schedule 2.2SS  
2 consisting of one page, and the next of which is  
3 Schedule 2.2SB also of one page, is that correct?

4 A. That's two pages.

5 Q. Okay. Two pages, I apologize.

6 A. And there are others.

7 Q. Why don't you describe those for me?

8 A. There is a Schedule 2.3 which is one page;  
9 2.4CC, there are two pages of that. I believe that's  
10 it.

11 Q. Okay. And that constitutes the whole of  
12 your supplemental direct testimony and indeed your  
13 testimony in this proceeding?

14 A. Yes, it does.

15 Q. Now, if I were to ask you the questions set  
16 forth in your supplemental direct testimony, would  
17 your answers be the same as they were on the day that  
18 you prepared and submitted it?

19 A. Yes, they would.

20 Q. And I guess, just for the record, this  
21 testimony and these responses supplement and in some  
22 cases supercede the testimony and responses of Staff

1 witness Larry H. Wilcox, is that correct?

2 A. Yes, it is.

3 Q. Could you just briefly describe how that is  
4 the case?

5 A. There were changes made after Mr. Wilcox  
6 left that I accepted that were presented, as I said  
7 in my testimony, they were presented in Rich  
8 Kerckhove's supplemental direct and second  
9 supplemental direct testimony. I accepted those  
10 changes....

11 Q. And those --

12 A. ..and incorporated them into the schedules.

13 Q. I apologize for interrupting.

14 A. Final numbers of Staff for the case.

15 MR. HARVEY: Okay. Thank you very much,  
16 Ms. Everson. With that I move for the admission of  
17 ICC Staff Exhibit Number 2.0 into evidence. I tender  
18 the witness for cross. I understand, however, that  
19 there is no cross from any of the other parties to  
20 the proceeding.

21 JUDGE TAPIA: Okay. Mr. Reichart, do you have  
22 any objection to the admission of ICC 2.0 which is

1 the Direct Testimony of Ms. Everson?

2 MR. REICHART: No objection, Your Honor.

3 JUDGE TAPIA: Ms. Satter, do you have any  
4 objection to the ICC 2.0?

5 MS. SATTER: No objection.

6 JUDGE TAPIA: Hearing no objection, ICC 2.0  
7 which is the Direct Testimony of Ms. Everson, along  
8 with attachments and schedules, is entered into  
9 evidence.

10 (Whereupon ICC Staff Exhibit 2.0  
11 was admitted into evidence.)

12 MR. HARVEY: Thank you very much, Your Honor.

13 JUDGE TAPIA: Thank you, Mr. Harvey.

14 Ms. Satter, you can call your first  
15 witness.

16 MS. SATTER: Thank you. I will call Dennis  
17 Streicher.

18 JUDGE TAPIA: Let me swear him in.

19 (Whereupon the witness was duly  
20 sworn by Judge Tapia.)

21 JUDGE TAPIA: Thank you.

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DENNIS STREICHER

called as a witness on behalf of the People of the State of Illinois, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. SATTER:

Q. Can you please state your name and spell your last name for the record.

A. Dennis Streicher, S-T-R-E-I-C-H-E-R.

Q. And did you prepare written testimony for this case?

A. I did.

Q. And was the first a document entitled Testimony of Dennis Streicher on behalf of the People of the State of Illinois dated May 25, 2010, AG Exhibit 1.0 on Reopening?

A. It was.

Q. And were there Attachments 1.1 through 1.5?

A. Yes.

Q. And was the second document you submitted the Rebuttal Testimony of Dennis Streicher on behalf of the People of the State of Illinois labeled AG

1 Exhibit 3.0 on Reopening?

2 A. Yes.

3 Q. And there was a corrected version of that,  
4 though?

5 A. That's right. I had two errors that were  
6 corrected.

7 Q. And what you would like to submit today is  
8 a corrected version, is that correct?

9 A. Yes.

10 Q. And there was one attachment to that,  
11 Exhibit 3.1, is that right?

12 A. That's right.

13 Q. Now, were these documents prepared by you  
14 or under your direction and control?

15 A. Yes, they were.

16 Q. If I were to ask you these questions today,  
17 would your answers be the same?

18 A. Yes.

19 Q. And to the best of your knowledge is the  
20 information contained in these documents true and  
21 correct?

22 A. It is.

1 MS. SATTER: And I would move for the admission  
2 of these documents, AG Exhibit 1.0 on Reopening and  
3 attachments, and AG Exhibit 3.0 on Reopening and  
4 attachments.

5 JUDGE TAPIA: Thank you. Mr. Reichart, do you  
6 have any objection -- oh, actually, I will do it  
7 after, subject to cross.

8 Mr. Reichart, do you have any  
9 questions for Mr. Streicher?

10 MR. REICHART: I do, Your Honor. Thank you.

11 CROSS EXAMINATION

12 BY MR. REICHART:

13 Q. Good afternoon, Mr. Streicher.

14 A. Hello.

15 Q. Mr. Streicher, I would like to begin by  
16 turning to your direct testimony, specifically page  
17 2.

18 A. Of the Exhibit 1?

19 Q. Yes. And, Mr. Streicher, here you indicate  
20 that you were employed by the City of Elmhurst from  
21 May 1972 to May 2010, is that correct?

22 A. That's right.

1           Q.    Your testimony indicates that you held the  
2   position of Director of Water and Waste Water, is  
3   that correct?

4           A.    That's right.

5           Q.    Can you describe what your responsibilities  
6   were in that role?

7           A.    I managed the water, waste water and storm  
8   water utility.  I was responsible for all of the EPA  
9   liaison.  I was responsible for all of the public  
10  water supply operation, sanitary sewer, waste water  
11  treatment plant as well as storm water utility.

12          Q.    Included in your responsibilities would  
13  be -- would included in your responsibilities be  
14  interactions or dealings with Illinois-American Water  
15  Company?

16          A.    That's right.

17          Q.    And who did you report to in that role?

18          A.    The city manager.

19          Q.    Do you know off hand who the city manager  
20  reported to?

21          A.    Well, to the mayor and the city council.

22          Q.    And who reported to you?

1           A.    I had superintendents and other staff who  
2 reported to me in the field.

3           Q.    How many employees reported to you, if you  
4 know?

5           A.    There were -- trying to remember here --  
6 about 25, 23.

7           Q.    Approximately how many customers, how many  
8 residents of Elmhurst -- strike that.

9                         How many customers were served by the  
10 system that you managed?

11          A.    Well, we have a population of about 44,000,  
12 just under 44,000. Daytime population because of  
13 businesses and so on would increase a little bit. I  
14 couldn't tell you the exact number but the employees  
15 and other businesses.

16          Q.    And that would be water and waste water, is  
17 that correct?

18          A.    Correct.

19          Q.    Now, your position as Director of Water and  
20 Waste Water, was that the only position you held  
21 during your tenure with Elmhurst?

22          A.    Well, I started at Elmhurst as a chemist at

1 the laboratory. I moved to become superintendent of  
2 the waste water plant and then assistant director of  
3 public works in charge of utilities. And then about  
4 2001 the departments were separated and I became  
5 Director of the Water and Waste Water.

6 Q. When did your position as assistant of  
7 public works --

8 A. Assistant Director of Public Works is I --  
9 I have to look at my resume' here but I think it was  
10 about in the early '80s, mid '80s.

11 Q. Okay. So you were a chemist before that.  
12 Would you have been a chemist at the time of the  
13 agreement in question, the agreement that was --

14 A. Yes, yes. For the 1975 agreement?

15 Q. Yes, that is correct.

16 A. Yes, I was employed with the city as a  
17 chemist at that point.

18 Q. Did you have a role in negotiating that  
19 agreement at all?

20 A. No, I did not.

21 Q. Prior to your employment with Elmhurst what  
22 did you do?

1           A.    I was in college.

2           Q.    Okay.  So this was your first job out of  
3 college?

4           A.    First job out of college.

5           Q.    And you mentioned you were a chemist.  Do  
6 you have a chemistry degree, I assume?

7           A.    My degree is in biology with a minor in  
8 chemistry.

9           Q.    And are you an engineer?

10          A.    I am not.

11          Q.    Do you hold any other professional  
12 certifications?

13          A.    I am a Certified Waste Water Treatment  
14 Plant Operator Class I.  I am a State Class A Water  
15 Operator.

16          Q.    Have you ever worked for a water or sewer  
17 utility other than the City of Elmhurst?

18          A.    No.

19          Q.    So Elmhurst is your only experience in the  
20 water and waste water?

21          A.    (Nodded head.)

22          Q.    Mr. Streicher, you left the employment of

1 the City of Elmhurst in May of 2010, correct?

2 A. That's right.

3 Q. And upon leaving did you go to work for  
4 some other organization or some other entity?

5 A. At the moment, aside from working with the  
6 Attorney General on this project, I am now one of a  
7 team of engineers that the City of Elmhurst has hired  
8 to review, come back and review further, the utility,  
9 utility operation. I think it is the stated goal of  
10 the City to increase their level of protection from  
11 what is currently in place to something higher order.  
12 So that project is only just getting started, but I  
13 am on that team of engineers.

14 Q. Let me just ask you a question just so I am  
15 clear. When you talk about protection, what  
16 specifically are you referring to?

17 A. The City experienced, as many utilities  
18 did, many areas in northern Illinois, some severe  
19 storms in June and July of 2011 resulting in overland  
20 flooding in the community which flooded some homes.  
21 As a consequence of that extraordinary storm event --  
22 and I don't know what, it was something in terms of a

1 one in 500 year event, which I am not sure what that  
2 means in today's statistics -- but that level of  
3 storms resulted in significant sewer back-ups in  
4 homes and it upset the community greatly because they  
5 had also flooded back in 1987 with a similar type of  
6 storm.

7                   And though they are at a level of  
8 protection that's deemed to be the normal level --  
9 again, I couldn't find that normal level for you, but  
10 all the engineers are telling me they are at a level  
11 that is acceptable for the community -- the community  
12 wants to go to a higher level. They are willing to  
13 pay the money to protect themselves further.

14           Q. You had a lot in that answer, so I  
15 apologize, I want to break down a couple of  
16 questions. First of all, just for purposes of  
17 clarifying the record, I think you referenced two  
18 rain events. You mentioned they occurred in the  
19 summer of 2011. I am assuming you meant 2010.

20           A. I am sorry, 2010, right.

21           Q. And going back to this level of protection,  
22 would this level of protection include an assessment

1 of I/I issues in Elmhurst?

2 A. Yes.

3 Q. And you mentioned you were part of a team  
4 in doing this assessment?

5 A. That's right.

6 Q. Are there other members of the City of  
7 Elmhurst on this team or what is your --

8 A. No, it's a partnership of two engineering  
9 firms, Burk Engineering and RJN Engineering, and RJN  
10 has asked me to be on their team to assist with  
11 appraisal of the city's system, the city  
12 infrastructure, and then making recommendations to  
13 the city.

14 Q. Okay. And you also mentioned that part of  
15 the driver for this team that was created and that  
16 you were on in assisting the city was a concern for  
17 heightened protection. You made reference to a rain  
18 event in 1987. Are there other occurrences that you  
19 are aware of that occurred during your tenure with  
20 the City of Elmhurst that gave rise to this concern?

21 A. There are storm events that happen  
22 periodically, yeah. In 2008 there was a significant

1 one as I recall. I don't know that I could go back  
2 and recount all of these for you, but they occur at  
3 fairly regular intervals. At times the city can  
4 weather the storms fairly well. At other times there  
5 are issues that result.

6 Q. So weather would be a key factor in whether  
7 or not a particular, in this case the Elmhurst  
8 system, was able to provide the protection at a level  
9 that was expected or desired by the --

10 A. It is a very complex thing. Antecedent  
11 soil conditions, how wet they are at the time of  
12 year, whether there is rain on snow, whether there is  
13 a dry period preceding the rain. It is hard to nail  
14 anything down. But when those significant storms  
15 occur and it results in problems for the community,  
16 there can be.

17 Q. And can you give me an idea just generally  
18 how many times a year weather events may occur that  
19 would cause these concerns to come to light?

20 A. Such as sewer back-ups, you mean?

21 Q. Yes.

22 A. Again, it is hard to put an average to

1 that, but I would guess one or two times a year would  
2 be a reasonable number. At the very same time I  
3 would say there are years that go by, drought years,  
4 dry years, that we wouldn't have any issues.

5 Q. Mr. Streicher, let me ask this, have you  
6 served as a witness for the Attorney General ever  
7 before?

8 A. No.

9 Q. Have you ever testified before the Illinois  
10 Commerce Commission before?

11 A. No.

12 Q. How is it that you came to testify in this  
13 case, if I may ask?

14 A. When I retired from the city, I think one  
15 of the city attorneys had some contact with Susan  
16 Satter with the Attorney General's Office. And I am  
17 not sure what transpired in that meeting, but  
18 afterwards he called and asked if I would be willing  
19 to work with the Attorney General on this project.

20 Q. And can you give me an idea about when this  
21 occurred?

22 MS. SATTER: I am going to object because at

1 this point now you are getting into attorney work  
2 product issues, and I think preparation for  
3 litigation is protected. It is confidential.

4 MR. REICHART: I am just asking for a time  
5 frame. I am not going to ask anything specific about  
6 preparation for litigation.

7 MS. SATTER: As far as I am concerned,  
8 preparation for litigation, regardless of when you  
9 are talking about, is confidential.

10 JUDGE TAPIA: Objection sustained.

11 BY MR. REICHART:

12 Q. Mr. Streicher, you indicated that after you  
13 retired from the city you began work as a witness in  
14 this case, is that correct?

15 A. I did.

16 Q. When did your assignment to this team that  
17 you are working on for Elmhurst, when did that first  
18 occur?

19 A. I was asked back in November of 2010 if I  
20 would be interested in participating in this. It has  
21 taken from November 'til now and just February 22 the  
22 city council approved the Burk/RJN team as the

1 consultant for the project.

2 Q. Okay. So you weren't on this team before  
3 November 2000 -- I guess what I am trying to get at  
4 is, was there a period of time between your  
5 retirement in May and November when you joined this  
6 team where you didn't have an official status with  
7 the City of Elmhurst?

8 A. Yes.

9 Q. So that's fair to say. And in preparing  
10 your testimony for this case, what documents and  
11 materials did you review or rely on?

12 A. I relied mostly on my experience on this.  
13 I don't have access to many of the materials that  
14 were in my files when I was employed there. I have  
15 some spreadsheets that I was able to ask staff at  
16 Elmhurst for to assist in some of my recollections, I  
17 think more than anything. But I think that any of  
18 the materials I relied upon are attachments to my  
19 testimony.

20 Q. Okay. And there are no other materials  
21 that you know of that you relied on?

22 A. No.

1           Q.    You have mentioned before that in some  
2 cases you requested assistance from the City of  
3 Elmhurst for information after you left the City, is  
4 that correct?

5           A.    That's correct.

6           Q.    And the City was cooperative in providing  
7 that information to you?

8           A.    Yes.

9           Q.    So if you needed to ask or do you feel, it  
10 is fair to say, that if you felt you needed some  
11 information for your testimony or in response to a  
12 data request response, that you, although it may not  
13 have been in your possession at the time, if it was  
14 something that would have been in possession when you  
15 worked at the city, you would have been able to gain  
16 access to that, is that fair to say?

17          A.    If I understand you to mean could I ask for  
18 any documentation I need and get it?

19          Q.    Yeah.

20          A.    I think there would be a limit to what I  
21 could ask for and get, depending on how much time it  
22 would take to get it.  The documents I asked for were

1 ones that I knew that I had assembled already that I  
2 had in my files at work and I could direct staff  
3 exactly which file to go to and pull it out. So, I  
4 guess, if I could ask for anything and get it, no.

5 Q. Were there any materials that were the  
6 subject of data request responses from the Company  
7 that you needed to reach out to the City of Elmhurst  
8 to obtain responses to?

9 MS. SATTER: I am going to object.

10 JUDGE TAPIA: Basis?

11 MS. SATTER: Relevance. I mean, the responses  
12 were the responses. There was no follow-up to the  
13 data request responses. How he obtained that  
14 information I think is irrelevant. So that's my  
15 objection.

16 JUDGE TAPIA: Mr. Reichart, do you want to  
17 respond before I rule?

18 MR. REICHART: Well, I think there is relevance  
19 to this in that I think we have established that when  
20 -- you know, some of the objections we received were  
21 that certain information was not in the possession of  
22 the Attorney General. And I am just trying to see if

1 when information was deemed beneficial or necessary  
2 by the Attorney General, was there access to that  
3 information, could they reach out to get that. I  
4 think this goes to that.

5 JUDGE TAPIA: I think I am going to overrule  
6 the objection. I am going to allow it.

7 MS. SATTER: Do you remember the question?

8 THE WITNESS: No, I am sorry.

9 MR. REICHART: Could I have it read back?

10 (Whereupon the requested portion  
11 of the record was read back by  
12 the Reporter.)

13 THE WITNESS: A. I don't recall any.

14 BY MR. REICHART:

15 Q. Mr. Streicher, referring to your Exhibit  
16 1.2, your direct testimony, could you give me some  
17 background about this? This exhibit is referenced at  
18 least two or three times in your testimony. Who  
19 compiled this chart?

20 A. I did.

21 Q. And when did you put it together?

22 A. This was put together in 2003. As I

1 recall, it was in 2003. But it was at an early  
2 meeting that I had with the Citizens Utility folks,  
3 as I recall when I was -- the City of Elmhurst had  
4 just begun wheeling water through its system into the  
5 Country Club system.

6                   What I mean by wheeling is that they  
7 had -- the Company, Citizens Utility, had just gotten  
8 a Lake Michigan water allocation. And rather than  
9 constructing a whole new bit of infrastructure to  
10 make the connection to their community, there was  
11 negotiated a bypass of just simply passing the water  
12 through the City of Elmhurst system and connecting it  
13 to the Country Club, saving on infrastructure  
14 installation. There was a small fee for that that  
15 the City would collect.

16                   But what it gave me at the moment was  
17 a clearer idea of how much water was actually going  
18 into the Country Club system, and I could see because  
19 of how much water we were wheeling in each day what  
20 they were receiving. At the same time I was able to  
21 see from the water metering, waste water metering  
22 coming out, what was coming back into the Elmhurst

1 collection system. And this graph shows on a  
2 month-to-month basis what the difference is between  
3 those two values.

4 And I think -- my copy is a little  
5 faded here, but I think we have something like 36  
6 million gallons of water wheeled in, drinking water  
7 wheeled in, versus about 102 million gallons or so of  
8 waste water that came back out.

9 Q. And in -- as part of your responsibilities  
10 in your role as director of the water and sewer  
11 department at Elmhurst, would you put together charts  
12 like this periodically?

13 A. Yeah. Well, I would keep track of what was  
14 going on in the system and where we were having  
15 issues.

16 Q. Was there a similar measure or chart that  
17 you would put together for the Elmhurst system?

18 A. Yeah, there would be something similar to  
19 that.

20 Q. Okay.

21 A. I mean, if I could clarify, I knew how much  
22 potable water we were purchasing and I knew how much

1 the gross amount of waste water was that we were  
2 receiving.

3 Q. Let me jump around for a little bit here.  
4 In describing the purpose of your testimony you  
5 indicate that you have been asked to review  
6 Illinois-American's actions in connection with its  
7 management of the Country Club district sewer  
8 collection system, is that correct?

9 A. That's right.

10 Q. You tell me, why do you think you are  
11 qualified to provide expert testimony on this topic?

12 A. I managed the water and sewer system for as  
13 many years as we described here, since the early  
14 '80s. My background is I have been involved in  
15 numerous professional organizations within the state.  
16 I have been president of the Illinois Association of  
17 Waste Water Associations, one of the premier groups  
18 in the state, I think. We represent about 85 percent  
19 of the population of the state and their agencies. I  
20 have been officer in a number of other professional  
21 organizations, played a leading role in education in  
22 our industry, and experience, so.

1           Q.    Okay.  But your primary experience in  
2  running a system is restricted to the Elmhurst  
3  system?

4           A.    City of Elmhurst.

5           Q.    I would like to turn to page 11 of your  
6  testimony.  Here in the answer at the bottom of the  
7  page you indicate that your experience is that a  
8  well-run sewer utility will attempt to inspect, clean  
9  and perform necessary repairs to the collection  
10 system on a ten-year cycle, is that correct?

11          A.    That's right.

12          Q.    Okay.  And can you define for me what you  
13 mean by "well-run sewer utility"?

14          A.    In my definition a well-run sewer utility  
15 is one that never let's up on the maintenance of the  
16 system.  The older the system, the more maintenance  
17 it needs.  It is not -- oftentimes in communities I  
18 think a utility sewer collection system is buried and  
19 out of sight, but it is an integral part of the  
20 utility.  It is an integral part of the waste water  
21 collection treatment, obviously.  And it is something  
22 that is very easy to ignore.  It is very costly to

1 do, but it is very easy to ignore. And a well-run  
2 system doesn't let that attitude become pervasive.  
3 It keeps up on the maintenance on an annual basis.

4 Q. And maintenance on an annual basis, what  
5 other activities would you say that a well-run  
6 utility, well-run sewer utility, should undertake?

7 A. Complete list? I mean, just in a sewer  
8 collection system, flushing, televising, cleaning,  
9 bucketing, point repairs, doing upgrades on manholes,  
10 doing flow monitoring, modeling of the collection  
11 system, how much water it is receiving versus how  
12 much water it should be getting. That's control of  
13 I/I. A replacement schedule that would upgrade  
14 portions of the system as needed.

15 Q. And are those activities, the televising,  
16 the manhole replacement, are those activities that  
17 are done on a cyclical basis in your mind in a  
18 well-run system?

19 A. They are done continuously. I don't  
20 think -- when you say cyclical, I am assuming you  
21 mean seasonal or some type of annual cycle. No, it  
22 is a continuous ongoing process.

1           Q.    And in your opinion is Elmhurst a well-run  
2 system?

3           A.    I believe it is.  I think it is well run.  
4 I think that if I was -- I guess I would say that  
5 there are places maybe where we could do better, but  
6 I suppose that's true of anybody.

7           Q.    And what other systems that you are aware  
8 of are well-run systems?

9           A.    Well, a number of my counterparts, I think  
10 I admire for the quality of work they did.  Downers  
11 Grove Sanitary District is one that I had a high  
12 admiration for.  I think the Village of Addison, one  
13 of my neighbors at Elmhurst, did a very good job of  
14 their collection system.  There is a number of them  
15 throughout the state.

16          Q.    And the two examples that you gave of  
17 well-run systems, the Downers Grove and the Addison  
18 systems, when you give your assessment that they were  
19 well run, your opinion that they are well run, can  
20 you speak at all to the level of I/I that those  
21 systems have?

22          A.    I could not.  I know that they receive

1 some; it is ubiquitous, as I say on that same page.  
2 But I couldn't speak to how much.

3 Q. So that's not something you are necessarily  
4 considering when you indicate in your mind that they  
5 are a well-run system, is that fair?

6 A. That I/I is a part?

7 Q. Yeah.

8 A. I think peak I/I is something that -- when  
9 those critical peaks occur after a storm and such,  
10 what you want to try to do is you are never going to  
11 get rid of all I/I. I think that that's impossible.  
12 I think that you will, by good maintenance and good  
13 well-run system, will keep those peaks lower. That's  
14 the goal.

15 Q. And are you aware if either of these two  
16 systems that you have identified have suffered from  
17 excessive peaks?

18 A. I don't know that I can -- I don't know  
19 what excessive would be. I think they have done well  
20 at maintaining their system.

21 Q. Okay. Let's go to -- because I think you  
22 use the term "excessive" in your testimony so I would

1 like to ask you about that, what you mean by  
2 excessive. Let's go to page 3. Page 3, I am looking  
3 at the second paragraph in the first answer you  
4 provide. It is actually the very last sentence.  
5 "While I/I is a common condition in sanitary  
6 collection systems, the quantity received from the  
7 Country Club district was excessive." What did you  
8 mean by that?

9 A. Excessive is kind of a subjective term.  
10 But what I am meant by that was that even on  
11 relatively small storm events, that the quantity of  
12 water that we received back from that small  
13 neighborhood was exceeding -- again, it is subjective  
14 term -- what I would suspect should be normal. We at  
15 Elmhurst were receiving that water into a collection  
16 system. We had to handle that water. And what we  
17 were seeing was issues being developed on our side of  
18 that meter that put the city in jeopardy. And  
19 excessive was putting us in jeopardy.

20 So I agree that's a subjective term,  
21 but it is one in which it was exceeding our ability  
22 to treat and our ability to handle and it was

1 exceeding what the agreement was as well.

2 Q. Okay. So I just want to -- tell me, I want  
3 to make sure I understood what you said, is it fair  
4 to say then that your characterization of  
5 excessiveness in I/I in this situation is related to  
6 the fact that the Country Club system is connected to  
7 Elmhurst?

8 A. Well, not related to the fact that they are  
9 connected, but related to the fact that there was  
10 more water coming in from the system than what should  
11 have been coming in. If I can explain that, my  
12 calculations were there was about 130 gallons a  
13 minute that were going into the system, drinking  
14 water entering the system on a daily average, but  
15 that we were seeing higher than 415 gallons a minute  
16 coming back at times. And 415 gallons was  
17 manageable; when it was getting up above that, it was  
18 becoming unmanageable.

19 Q. So is there a set ratio on those two  
20 measures that you would use?

21 A. There is no -- I don't believe there is any  
22 industry set ratio, none that I am aware of.

1           Q.    Okay.  And then I guess going back to your  
2   work at Elmhurst, does Elmhurst have a measure or  
3   have a ratio between the water coming in and the  
4   water going out that at times is excessive in rain  
5   events?

6           A.    Yes.

7           Q.    Now, you mentioned earlier that your  
8   opinion was in Country Club that those were  
9   relatively high a number of times a year.  Do you  
10   know offhand in 2008 how many times the amount of  
11   flow going to Elmhurst resulted in an increased  
12   charge per the agreement?

13          A.    I don't recall that number.  I think that's  
14   in one of the attachments here with the defined dates  
15   and the amount that was charged for each of those  
16   dates.  I think I also had in there the amount of  
17   rainfall that occurred that time.

18          Q.    Would you agree it would be in the range of  
19   five days?

20          A.    Five days for the year?

21          Q.    Yes.

22          A.    It could be.

1           Q.    And in your mind that would be an excessive  
2 number?

3           A.    Again, the number of days isn't the  
4 problem.  It's how high the flow peaks were.  It's  
5 the peaks that are the problem.  It is those periodic  
6 events that exceed the capacity of the system, and  
7 those are the problems.

8           Q.    Now, in your capacity on this team, this  
9 new team that you are working on with the City of  
10 Elmhurst, do you assess I/I in Elmhurst as you did  
11 when you were the director of --

12          A.    Part of the --

13          MS. SATTER:  I am going to object to going into  
14 too much detail about this November 2010, was it  
15 February 2011 contract, that Mr. Streicher just  
16 entered into.  I mean, I think that this case is  
17 subject -- is related to 2008 events and now we are  
18 looking at events in 2011, and I think the relevance  
19 is not strong.  I think Mr. Reichart has done a good  
20 job of going through and exploring Mr. Streicher's  
21 qualifications and expertise, but now I think we are  
22 going pretty far afield and this can really go off

1 into a tangent that I think will really use up a lot  
2 of time. It won't really address the 2008 charges.

3 JUDGE TAPIA: Mr. Reichart, before I rule?

4 MR. REICHART: Well, I do think it is relevant.  
5 Unlike the Motion to Strike, the witness is here now  
6 and I am asking questions. He is providing real time  
7 answers about his experience, and I am trying to draw  
8 connections to his testimony and statements that he  
9 has made about well-run systems, the impact of I/I on  
10 well-run systems and how that may pertain to some of  
11 the positions that he has taken with regard to the  
12 Country Club system.

13 JUDGE TAPIA: I am going to overrule the  
14 objection. I am going to allow it.

15 THE WITNESS: Okay. So what is the team  
16 planning to do, is that what your question is?

17 BY MR. REICHART:

18 Q. Do they review I/I issues?

19 A. They will be -- part of the task of the  
20 team is to do collection system modeling. We are  
21 going to be installing some 17 flow meters within the  
22 collection system at critical junctures, monitoring

1 inflow -- well, monitoring total flow and then from  
2 that working off what the I/I is, trying to isolate  
3 where in town is, for lack of a better term, where is  
4 the bigger bank for the buck, where we can direct the  
5 dollars to do the most to protect the system.

6 Q. And is it fair to say you are doing this in  
7 an attempt to avoid excessive levels of I/I?

8 A. That's right. We are doing it to attempt  
9 to bring the city to a higher level of protection  
10 than it is at current.

11 Q. And is there a ratio in mind in the work  
12 that you are doing now pertaining to what would  
13 constitute an acceptable level of I/I versus an  
14 excessive level of I/I?

15 A. Again, I can't speak to a ratio. I don't  
16 know that such a ratio exists. I think what we want  
17 to do is lower incidences of sanitary sewer  
18 overflows. The City of Elmhurst has within its  
19 collection system 13 relief points. These are fairly  
20 unusual for collection systems in Illinois. I think  
21 Elmhurst was one of the first to have one that was  
22 approved. And we would like to -- but each time they

1 activate, they are a violation of the permit. So we  
2 would like to limit the number of times that these  
3 sanitary overflows activate. And then to the best  
4 that we can reduce any basement back-ups for  
5 residents.

6 So to say that there is an exact ratio  
7 or a number that we are targeting, no, it is going to  
8 be improving the system as best we can.

9 Q. What are the causes of I/I in the Elmhurst  
10 system?

11 A. Well, Elmhurst is fairly unique. Elmhurst  
12 was originally constructed as what's called a  
13 combined collection system. That's a system that  
14 collects both storm and sanitary water into a single  
15 pipe and then conveys that water to the waste water  
16 plant. In the late '60s and again in the '80s the  
17 city was one of the first in Illinois to, in the  
18 '60s, to undergo a separation of that collection  
19 system, meaning that that second, the whole second  
20 system of pipes, was installed which was intended to  
21 separate these flows, storm from the sanitary, let  
22 the storm water be collected and discharged to the

1 local river without any treatment as was the custom  
2 then, and keep the sanitary segregated and directed  
3 to the waste water plant.

4 So it is unique in that regard both  
5 because there aren't many systems that are combined  
6 and then separated. It is also unique in that, to my  
7 knowledge, it was the very first one in Illinois that  
8 attempted this. And looking back on it, since  
9 hindsight is always so great, I would say maybe  
10 people agree that it was done differently than what  
11 would be done today. In other words, in that day the  
12 existing system which was combined was kept as  
13 sanitary and a new storm water system was installed.  
14 Do you follow?

15 Q. Uh-huh.

16 A. Today it would be the opposite. The  
17 existing combined would be made into a storm and a  
18 new sanitary system would be installed if the  
19 community wanted it separated.

20 Q. Building on that point then, in your mind  
21 it would be -- I think you just mentioned that if  
22 they were building it new today, they would have done

1 it differently. That's my view.

2 A. Yeah, if they were separating it today.

3 Q. If they were separating them today. But  
4 you are not going to trash the system today and start  
5 anew. You are going to have to deal with the system  
6 that you have in the ground now.

7 A. Right.

8 Q. That you wouldn't have in terms of  
9 improvement?

10 A. Right.

11 Q. Is that general concept something that many  
12 systems have to deal with? I mean, they have to deal  
13 with the system that's in the ground in terms of  
14 reacting to the issues that arise?

15 A. Absolutely. You deal with what you have  
16 to.

17 Q. Just going back to your testimony, you  
18 talked about a well-run system and the inspection  
19 cycle, inspection repair cycle of well-run systems.  
20 I think you mentioned that Elmhurst was on a seven  
21 year?

22 A. Our goal was a ten-year cycle to televise,

1 and identify problems, clean and identify problems,  
2 ten percent every year. So a ten-year cycle would do  
3 the entire system. We are actually ahead of that, a  
4 seven-year cycle.

5 Q. And was that current at the time you wrote  
6 the testimony or was that --

7 A. It was current at the time that I left the  
8 City.

9 Q. Okay. And do you happen to know what the  
10 repair and inspection cycles are for the other two  
11 well-run systems that you cited?

12 A. I know that they both attain or attempt to  
13 attain a ten-year cycle.

14 Q. Do you know that they are attaining that  
15 or --

16 A. I believe they are. I couldn't swear to  
17 that because I don't know for sure. But I know that  
18 in my conversations with those utility managers, they  
19 claim that they are.

20 Q. Okay. Now, your project, the team that you  
21 are on now to address excessive flows or attempt to  
22 reduce excessive flows in Elmhurst, what is your --

1 is there a time frame for when they hope to complete  
2 their work?

3 A. Our time frame is to be completed by the  
4 end of November.

5 Q. And in that regard what happens in  
6 November? What happens at the end?

7 A. The final report will be given to the City  
8 which will give the City a blueprint on what needs to  
9 be done going forward, and quantifying potential  
10 costs or what the estimated costs are for the  
11 repairs, identifying the specific repairs or  
12 improvements that need to be performed, as well as  
13 some description of what level of protection they are  
14 likely to achieve. Again, that is going to be more  
15 of a subjective guess.

16 Q. Okay. And I know you have -- and I  
17 appreciate that you have mentioned a couple of times  
18 here that some of these measures or characterizations  
19 are subjective. Is that because you cannot be  
20 entirely sure how effective any particular actions  
21 you take are going to be in terms of controlling I/I?

22 A. As I said earlier, I/I is a very complex

1 thing. And sometimes when you do a repair at a  
2 particular site, you tend to move the problem to  
3 another site that previously wasn't a problem. The  
4 water moves in the ground. The water moves in the  
5 trenches in which the pipes were laid. And if the  
6 water level rises just a little bit, something  
7 changes underground where something that wasn't  
8 leaking becomes a leak. It is a very complex thing  
9 to find. That's why you have to keep after it all  
10 the time.

11 Q. Okay. So at the end of -- in November,  
12 following up on the previous question, in November  
13 you are going to provide a report to the mayor and  
14 the city counsel?

15 A. City council.

16 Q. And then based on that report they will  
17 determine what action they want to take to address  
18 the problems identified, is that a fair  
19 characterization?

20 A. That's right.

21 Q. Do you know what the time frame will be for  
22 their action or is there --

1           A.    I can't speak for the city council, but I  
2 know I have been at and watched videos of their  
3 council meetings and the past several meetings, and  
4 many of the council members are accepting the concept  
5 that this is going to be a very costly project and  
6 that it is going to be a long term project.

7           Q.    And by long term can you just give me a  
8 range, what you think?

9           A.    I think they are expecting costs in the  
10 range of between 20 to 40 million dollars. That's at  
11 least what has been said at city council meetings. I  
12 would anticipate then the range of time would be in  
13 the neighborhood of ten years or more. These will be  
14 improvements that are done over a long period of  
15 time.

16          Q.    And I think it was implicit in what you  
17 said but I just want to be clear, you indicated that  
18 the report and recommendations will be provided to  
19 the mayor and city council and they will make a  
20 decision on how to proceed forward, and I am assuming  
21 there will be a cost benefit analysis based on  
22 proposals and the associated costs?

1           A.    Yes.

2           Q.    Versus -- and comparing that to the benefit  
3   that may result, understanding that that is a  
4   subjective part of it, is that correct?

5           A.    (Nodded head.)

6           JUDGE TAPIA:  You have to speak.

7           A.    I am sorry, yes.  I am nodding.  But, yes,  
8   that's true.  And, again, that's going to be a  
9   subjective thing too because it is hard to quantify  
10  what the individual citizen of Elmhurst is expecting  
11  and what would give them a level of comfort.  Folks  
12  at Elmhurst, I know from my own experience, have  
13  experienced some significant flooding due to the  
14  creek rising and overland flooding, and it is a level  
15  of angst that they want to avoid.

16          Q.    And, again, clarifying, you had mentioned  
17  earlier, I just want to be clear, you had mentioned  
18  there were -- when we first began you identified two  
19  rain events in the summer of 2010 that led to, among  
20  other things, sewer back-up and flooding, but you  
21  also mentioned that those were not the only instances  
22  where that occurred.  It is something that impacts

1 the Elmhurst system?

2 A. It impacts all systems. Heavy rains are a  
3 problem for waste water operators and sanitary sewer  
4 managers. At my retirement one person who spoke said  
5 I can finally go home and enjoy a thunderstorm again,  
6 which throughout my career you get that same level of  
7 angst as the residents do.

8 Q. But is it fair to say that, although it has  
9 always been an issue as it is with any system, it  
10 seems that the rain events in 2010, I don't want to  
11 say it was the last straw, but it sparked or it was  
12 the catalyst for this new type of team approach and  
13 analysis to be undertaken, is that fair to say?

14 A. Yeah, it seemed to hit the community fairly  
15 hard.

16 Q. You did not have one of these teams doing  
17 this investigation previously?

18 A. Not to the extent that this one is. We had  
19 ongoing engineering studies that we are doing I/I  
20 quantification, doing flow monitoring, monitoring of  
21 the collection system. That's pretty much, as I said  
22 earlier, ongoing maintenance tasks.

1           Q.   Page 11 of your direct, give you a  
2   reference point, I think you were talking here about  
3   prior investments in the Elmhurst system.  I thought  
4   there was a reference to a million dollar investment.  
5   Here it is.  It's the third question on page 11.

6   "The City of Elmhurst budgets and spends about \$1  
7   million per year on sewer maintenance repairs and  
8   inspections."  Do you recall that testimony?

9           A.   Yes.

10          Q.   Can you tell me what is a million dollars  
11   that's a percentage of rate base?

12          A.   I don't know that I can answer that.  I  
13   couldn't tell you rate base, what that is.

14          Q.   What are the revenues from the water and  
15   sewer system?

16          A.   Again, that would be a question that I  
17   couldn't -- I would be guessing.

18          Q.   So you have no --

19          A.   No.  My role again with the City was  
20   managing the operations, managing the utility.  We  
21   had a finance department in the City that would  
22   handle all of the rates and what.  I did budgeting,

1 but it wasn't based on a rate. It was based on what  
2 needed to be done.

3 Q. You had mentioned earlier, I think, you  
4 gave me a number, of, was it, 44,000 was the  
5 approximate population of the City of Elmhurst?

6 A. Yes.

7 Q. And of that population how many customers,  
8 named customers, are there? Does that make sense to  
9 you?

10 A. Well, if I understand what you are saying,  
11 how many connections do we have?

12 Q. Yes.

13 A. Something in the neighborhood of 13,500  
14 residential and another 1500 or 1600  
15 commercial/industrial.

16 Q. And how many miles of main are there?

17 A. There is 153 miles of water main and about  
18 168 miles of sewer.

19 Q. Could you give that second number again?

20 A. 168 miles of sanitary sewer. And the  
21 sanitary sewer does not include service lines into  
22 individual homes.

1           Q.    I know you couldn't give me a percentage,  
2    but this million dollars investment in the Elmhurst  
3    system, do you have any idea if the other two systems  
4    that you identified as well-run systems, the Downer  
5    Grove and the Addison system, any idea of the level  
6    of investment they spend?

7           A.    I have no idea.

8           Q.    So that's not something -- when you gave  
9    the assessment of that being a well-run system, you  
10   did not do a particular analysis of that?

11          A.    It isn't based on dollars per se.  It is  
12   based on what they do.

13          Q.    It is based on what they do.

14          A.    On what they do, yes.

15          Q.    And by what they do, I am assuming you mean  
16   being some of the actions you shared earlier.  But  
17   could you, just because I would like to write it next  
18   to this question, what are those things they do?

19          A.    Yeah.  Again, they do televising, sewer  
20   lining, sewer repairs, cleaning, point repairs,  
21   replacement as needed, you know, with aging  
22   infrastructure, manhole inspections, manhole repairs.

1           MR. HARVEY:   And just for the record it is  
2 Downers Grove.   I grew up there.

3           MR. REICHART:   Sorry.

4           JUDGE TAPIA:   I will let the record reflect  
5 that.

6           BY MR. REICHART:

7           Q.   Now, Mr. Streicher, when the City of  
8 Elmhurst suffers from those incidents of elevated or  
9 excessive I/I, is there a financial impact related  
10 with that?

11          A.   With the city as an agency?

12          Q.   Yes.

13          A.   Aside from the elevated operating costs,  
14 staff being called in and so on, if there is  
15 equipment repairs, those costs if something was  
16 flooded due to the high flows, other operation costs  
17 would go up.   The personal costs to the residents  
18 whose basements flooded is another matter.   They  
19 could be significant.

20          Q.   And I will get to the customer in a little  
21 bit here, but I appreciate that answer.   My next  
22 answer, just to clarify, the City of Elmhurst does

1 not have an agreement similar -- you know, with some  
2 other entities similar to the agreement that Country  
3 Club has with the City of Elmhurst wherein once a  
4 particular ratio or once a particular peak is hit,  
5 there is an increased charge?

6 A. Surcharge, surcharge to the peak, no.

7 Q. You mentioned the customers and I would  
8 like to talk about that. I think both in the  
9 accompanying testimony and in your testimony we have  
10 got, you addressed the existence of unauthorized  
11 corrections and footer drains. Do you recall those  
12 discussions?

13 A. Uh-huh.

14 Q. And I wish I had a reference for you, but I  
15 don't. And in your discussion of that issue you  
16 indicated that there is a program that the City of  
17 Elmhurst offers to its customers in an attempt to  
18 have them address those problems, is that correct?

19 A. That's right.

20 Q. I think you actually attached to your  
21 testimony some newspaper articles that spoke to that,  
22 that program, correct?

1           A.   Well, I think the newspaper articles were  
2   referring to an effort that was done in the '80s  
3   after a previous flooding incident that was  
4   significant for the community, and in an attempt to  
5   try to disconnect as many of the downspout  
6   connections, storm water sump pumps in homes and  
7   other larger sources of inflow into the system.  So  
8   there was a house by house inspection that was  
9   performed.  We had very good entry, something in the  
10  high 90s, 98 percent of the folks let us in.  Did the  
11  sump pump disconnect and attempted to get as much of  
12  that inflow out.  You know, the difference between --  
13  there is inflow and infiltration, so this was inflow  
14  we were trying to achieve, flow reduction.

15                   The program they designed ongoing  
16  today is an overhead sewer program which includes  
17  removal of footing drains or removal of that  
18  connection footing drains.  That's pretty much  
19  incidental to the project, but it is achieved when  
20  that overhead sewer is installed.

21           Q.   Okay.  And the article that you attached to  
22  your testimony describing that illegal sewer hook-up

1 program indicated that there were 550 -- I am sorry,  
2 5,500 potential property owners that might be  
3 impacted by that. 2700 was identified as having  
4 improper legal connections and another 2800 that were  
5 suspect cases, is that correct?

6 A. I think that's what the article says.

7 Q. And I think elsewhere in your testimony you  
8 indicated that 140 or so residents have participated  
9 in the program, is that correct?

10 A. 140 is the overhead sewer program.

11 Q. How many customers have participated in the  
12 illegal sewer hook-up program?

13 A. I couldn't tell you. I don't know that  
14 exact number.

15 Q. I guess I am not asking for an exact  
16 number. Do you have any general idea?

17 A. I would be guessing. Yeah, I would be  
18 guessing.

19 Q. Okay. Going back to the other program that  
20 you had mentioned, a more recent one, how many  
21 potential violations have been identified?

22 A. Define violations.

1           Q.    Maybe I can rephrase.    What is the universe  
2   of residences that may be impacted by this type of  
3   overhead connection, may have an overhead connection?

4           A.    How many homes in town have an overhead  
5   connection?

6           Q.    Yeah, that need to be rectified.

7           A.    Oh, that need to be rectified.    Again, I  
8   don't know.    Because, remember, not all homes need  
9   it.    An overhead sewer is important when a home has a  
10   basement.    Many of the homes don't have basements.  
11   They have crawl spaces or they are just built on  
12   slabs.    They wouldn't need an overhead sewer.    Some  
13   of them just have very shallow basements because they  
14   are like a raised ranch design and they only go down  
15   a few feet.    So, again, I couldn't tell you how many  
16   homes need to have or could have an overhead sewer  
17   installed.

18          Q.    But any home with a basement would require  
19   one, is that correct?

20          A.    Any home that was constructed probably  
21   before 1995, thereabouts.    After 1995 we implemented  
22   an ordinance that required all new homes or rebuilt

1 homes to be constructed with an overhead sewer.

2 Q. I want to go back to the illegal sewer  
3 hook-up program. Of these 5,500 potential property  
4 owners that are impacted, I know you said you didn't  
5 have an idea of how many had been addressed. There  
6 was a figure of 55 residents in the article itself  
7 that were discovered, and I believe somewhere in the  
8 discovery response there was an additional 140 that  
9 was provided to us. Again, trying to get a sense  
10 here of how many of those 5,500 property owners have  
11 taken advantage of the program or had their illegal  
12 hook-up addressed, can you give me any sense? Are  
13 you 50 percent there?

14 MS. SATTER: If I can just interpose an  
15 objection, there is an assumption made that a  
16 statement in the newspaper article is fact. I mean,  
17 it is using this 5500. It is a newspaper article  
18 from 1988 and I think that the relevance of that  
19 number is questionable. Number one, it is not a fact  
20 in evidence. Nobody has testified that 5500 is an  
21 accurate number, was an accurate number in 1988, is a  
22 number today in 2010, is a relevant number in 2008.

1 That 5500, it is a really old number and it is in a  
2 newspaper article. So I think that using that as a  
3 standard is assuming facts that are not really  
4 established.

5 JUDGE TAPIA: Mr. Reichart?

6 MR. REICHART: Well, Your Honor, actually there  
7 is a reference in his testimony on line 154, page 8.  
8 This is where I got that 140 number from. "The City  
9 of Elmhurst has provided grants to about 140  
10 households since 1988 for construction work to help  
11 minimize I/I." So I will just take that statement  
12 for what it is.

13 JUDGE TAPIA: So you are withdrawing your  
14 objection, Ms. Satter?

15 MS. SATTER: I think he is withdrawing the  
16 question.

17 JUDGE TAPIA: I am sorry, are you withdrawing  
18 the question, Mr. Reichart?

19 BY MR. REICHART: I can withdraw the question.

20 Q. Mr. Streicher, do you have any reason to  
21 believe that number has changed since the time you  
22 filed your testimony?

1           A.    Again, this is anecdotal because I only  
2   know this from conversation, but I know that after  
3   those June and July storm events, that the number of  
4   residents in Elmhurst who requested participation in  
5   the program has went well over what was budgeted and  
6   the City actually increased the budget by \$50,000 a  
7   year for assistance in installation of those overhead  
8   sewers.

9           Q.    But at the time you filed your testimony --

10          A.    It was 140.

11          Q.    140.   And the program had been going --  
12   your testimony was filed in 2010; the program had  
13   been going on since 1988, correct?

14          A.    No.    Did I say 1988?

15          Q.    You said since 1988.

16          A.    All right.   Well, yeah, they probably had  
17   been -- that's how many had been installed since  
18   1988.   But the program for actual reimbursement,  
19   assisting people, began in the mid '90s or early  
20   '90s.

21          Q.    So do you need to correct this?

22          A.    I apologize if that's -- that again was on

1 page 9?

2 Q. Page 8.

3 MR. HARVEY: Line 158.

4 MS. SATTER: I think it is 8 through 9. Mine  
5 is on 9.

6 A. Well, yeah, that's how many were allowed  
7 since 1988. But I suppose that's a little misleading  
8 because the program actually became a budgeted annual  
9 program in the mid '90s.

10 Q. Okay. So I am a little confused. Going  
11 back to the article that's attached to your testimony  
12 and I am look being at the -- it's Attachment AG 1.11  
13 Attachment 4, the first line -- it is an article  
14 dated November 3, 1988. The first line reads,  
15 "Elmhurst has paid 55 residents to disconnect sump  
16 pumps and other illegal hook-ups." So --

17 A. That's different than an overhead sewer.

18 Q. So this is in addition to the overhead  
19 sewer?

20 A. Yeah.

21 Q. Let me just get this straight then. So the  
22 55 number is associated with the inflow issue?

1           A.   (Nodded head).

2           Q.   Inflow issue under the earlier program?

3           JUDGE TAPIA:   You need to speak your answer,  
4 Mr. Streicher.

5           A.   Yes.

6           Q.   Early '90s for the program on the 140  
7 households, can you give me an idea '92, '93?

8           A.   My recollection would be in that '92, '93  
9 time frame.

10          Q.   Now, when the City has identified these  
11 unauthorized connections, I understand that the City  
12 has instituted these programs to try to incent  
13 residents to make the necessary repairs. Has the  
14 City ever discontinued service in order to enforce?

15          A.   No. We never that I recall ever  
16 discontinued service by digging up a service lateral.  
17 We have shut off water to homes for lack of bill  
18 payment. But as a penalty or to incentivize persons  
19 to disconnect a footing drain, no.

20          Q.   Have you ever assessed a fine against a  
21 residence for not conforming with the requirements?

22          A.   No.

1           Q.    So the only incentive that you have are the  
2 programs that you described?

3           A.    That's right.  Now, if I could say maybe to  
4 add on to that, if we find a sump pump lead connected  
5 or if there is some improper connections in the home,  
6 houses are inspected upon sale transfer.  Any time  
7 there is an inspection that discovers one of these  
8 illegal connections, then it has to be corrected  
9 before the sale transfer is allowed.

10          Q.    By authority?  Is that a municipal  
11 ordinance?

12          A.    It is a municipal ordinance.

13          Q.    So that's the basis of the authority to  
14 enforce?

15          A.    Correct.

16          Q.    I would like to call your attention to your  
17 rebuttal testimony.  I believe it is page 2.  
18 Starting around line 17, in response to a question or  
19 statement that Staff witness Kerckhove -- or actually  
20 Staff witnesses Kerckhove and Hillen made about the  
21 difficulty in tracking --

22               MR. HARVEY:  Maybe even Company witnesses.

1           Q.    Do I keep saying Staff?  I apologize.  
2    Company witnesses, made regarding the difficulty in  
3    tracking water use for firefighting and training and  
4    other unbilled but authorized purposes, you indicated  
5    that "In the event of a fire, minor water uses are  
6    generally ignored, but a major fire results in a  
7    meeting between the incident commander and the public  
8    water supply official to work out an estimate of the  
9    water used," is that correct?

10           A.   That's correct.

11           Q.    Now, who from your department would be  
12    involved in those types of discussions?

13           A.    Often one of my superintendents.

14           Q.    How often do those occur?

15           A.    Rarely.  Fortunately, major fires, one in  
16    which there is multiple trucks involved, are pretty  
17    rare.

18           Q.    What about -- now, minor uses, can you give  
19    me some examples of minor water uses that the fire  
20    department might --

21           A.    One example might be an automobile accident  
22    in which some fuel is leaked.  They may use some

1 water to wash down the street. Maybe there is a use  
2 of single two-inch hose as they go into a home or  
3 near a home or a brush fire. Sometimes things would  
4 happen along railroad tracks and brush fires would  
5 begin, so the fire department would come out and  
6 spray down those, minor use.

7 Q. How often would those minor use --

8 A. Those would be more common.

9 Q. Can you give me an idea how often?

10 A. Oh, again, perhaps half a dozen times a  
11 year, maybe more, in which they actually hook up to a  
12 hydrant and begin using water.

13 Q. I used to live in Elmhurst myself. This is  
14 my preface. Does the fire department ever  
15 participate in functions, picnics or in the downtown  
16 area where the fire truck comes and turns on its  
17 hoses?

18 A. You mean like after a fest of sorts in  
19 which there would be a clean-up.

20 Q. Clean-up or even during the fest, you know,  
21 they would come with a fire truck and let kids jump  
22 on the fire truck?

1           A.    Oh, to have the truck in the area sometimes  
2 and parades, that sort of use.

3           Q.    And would there be water usage?

4           A.    Not that I ever recall.

5           Q.    You don't ever recall those?

6           A.    No.

7           Q.    Do you know for a fact that that is not  
8 something that the fire department would use water  
9 for, kind of community events?

10          A.    For a fact ever, I can't speak to it.  I  
11 don't know.  But I have never been -- I have never  
12 heard of them having -- the thing that comes to mind  
13 is sometimes fire departments may have a competition  
14 in which there is a barrel on a wire and they try to  
15 kind of do a tug of war thing or push the barrel.  I  
16 have never seen that.

17          Q.    There have been no usages like that at  
18 least that were reported to you at one of those  
19 meetings?

20          A.    No.

21          Q.    And the incident commander of the fire  
22 department, who does he report to?

1           A.    The incident commander could be a different  
2 individual of a different rank, likely to the deputy  
3 fire chief or to the fire chief himself.

4           Q.    And who is -- this communication between  
5 these two, the water department and the fire  
6 department, is there a standard protocol that  
7 requires it or how does it come about? How does that  
8 occur?

9           A.    Elmhurst, I think, is a very well-run  
10 community in a lot of ways other than the water  
11 utility and waste water. There is a great deal of  
12 cooperation that goes on between the different  
13 departments within the city. Fire, police, public  
14 works, all communicate equally freely, openly with  
15 each other. We have a very good rapport. Staff  
16 meetings occur every couple weeks after city council  
17 meetings. As I said, we train together. We use the  
18 fire department to train for confined space entry,  
19 other safety-related type training. So we have a  
20 real good rapport.

21                           They knew what my needs were regarding  
22 water reporting. So they would actually offer us

1 information when we needed it and let me know when  
2 something is happening when they think I should know.

3 Q. Okay. And you mentioned these meetings  
4 that you have after city council meetings. They are  
5 on a regular basis to discuss any number of issues?

6 A. Yes.

7 Q. So they are not specifically called for to  
8 discuss particular fire water uses?

9 A. No, they are to discuss everything that  
10 happened at city council and any other  
11 inter-departmental communications that may be needed.

12 Q. As part of the ongoing relationship between  
13 the departments?

14 A. Right.

15 Q. And who -- the fire department, you  
16 mentioned earlier that ultimately your group reports  
17 up to the mayor, I think you said?

18 A. The city manager.

19 Q. City manager. Similarly does the fire  
20 department report to the city manager?

21 A. Correct.

22 Q. So if there was a breakdown in

1 communication or a difficulty in getting the  
2 information you needed, the city manager could  
3 enforce cooperation?

4 A. He could facilitate that and be sure that  
5 his directors are carrying out that cooperation among  
6 themselves.

7 Q. And there would be ramifications if  
8 cooperation wasn't --

9 A. There would be.

10 Q. Call your attention to page 6 of your  
11 rebuttal testimony. Line 94 you make statement,  
12 "Rainfall and other precipitation are the major  
13 sources of I/I, and those are exactly the sources  
14 that a well-maintained system should be able to  
15 moderate and control," is that correct?

16 A. Moderate or control.

17 Q. Or control. And is that the purpose of the  
18 new -- I mean, it sounds to me that's one of the  
19 purposes of this new committee, this new team that  
20 you are on, given some of the more recent events that  
21 have occurred.

22 A. Again, to take a look at the system and

1 look at what can be done to achieve a higher level of  
2 protection. The level that is in place right now  
3 still isn't satisfactory to many residents, so the  
4 City is willing to go beyond where they are at today,  
5 spend more money.

6 Q. And we talked about kind of the  
7 subjectiveness of some of these measures, but I just  
8 wanted to follow up on something. When you said a  
9 higher level than as expected by the Elmhurst  
10 residents, can you tell me a little bit about that or  
11 are we running into the same thing?

12 A. I think we are running again into a  
13 subjective thing, a feeling of security that folks  
14 may have. What the aldermen are hearing, what they  
15 are saying they are hearing, is that, you know, any  
16 storm event, a half inch or a quarter inch of rain,  
17 some people are concerned that they are going to have  
18 problems in their homes. I don't believe all of them  
19 do at that level, but they are concerned about it and  
20 that level of angst is one thing that they want to  
21 relieve. So storms that happened in June and July of  
22 2010, probably the City will never protect itself

1     against.  I don't know that anybody can.  Those were  
2     significant storms.  But the lower level storms are  
3     the ones that they are targeting, at least that is  
4     going to be my message to the City when we get to  
5     that end point.  Unless there is some huge problem  
6     which I don't expect to find, that's going to be the  
7     answer.

8             Q.  And those low level storms are, would you  
9     say, more akin to the types of rain events that you  
10    indicated earlier had occurred on a couple times a  
11    year?

12            A.  Yes.

13            MR. REICHART:  Okay, thank you.  I think that's  
14    all I have.

15            JUDGE TAPIA:  Thank you, Mr. Reichart.

16            MR. REICHART:  Thank you very much,  
17    Mr. Streicher.  It was nice meeting you.

18            JUDGE TAPIA:  Mr. Harvey, any questions?

19            MR. HARVEY:  No, Your Honor.

20            JUDGE TAPIA:  Thank you, Mr. Streicher.

21                         Ms. Satter, you can call your next  
22    witness.

1 MS. SATTER: Well, I might have some redirect.

2 JUDGE TAPIA: Oh, I apologize, that's right,  
3 on your redirect.

4 MS. SATTER: Give me just a minute to get --

5 REDIRECT EXAMINATION

6 BY MS. SATTER:

7 Q. Mr. Streicher, I have a couple little  
8 questions just to follow up. There were a lot of  
9 questions about the 140 people who installed overhead  
10 sewers. Now, would those people have received city  
11 money to do that?

12 A. Yes.

13 Q. So you don't know whether there were other  
14 people who might have installed overhead sewers  
15 without city money?

16 A. I know there were many because we went  
17 ahead without the city program. I couldn't tell you  
18 how many, but I know there were a number of times I  
19 had gotten calls from folks asking if they could be  
20 in the program. The program funding had expired for  
21 the year, been used up, and they just said, well, I  
22 will just go ahead and do it. Sometimes we would

1 develop a waiting list so that the next year, you  
2 know, they would be on that list and their names  
3 disappeared because they finished it.

4 Q. And the overhead sewers, does that address  
5 exclusively the drain tile issue?

6 A. No.

7 Q. Is it related to it?

8 A. It is related to it in that an overhead  
9 sewer once it is installed would by the nature of  
10 that installation disconnect the footing drains from  
11 the connection to the existing sewer service line.  
12 The new overhead line would exit the home at a  
13 different elevation, higher in the basement, and then  
14 come down in the front yard and connect to the  
15 existing sewer line. The footer drains are usually  
16 connected back near the foundation for the home. So  
17 those would be abandoned at the same time.

18 So as I said during testimony here,  
19 disconnecting footer drains was actually incidental  
20 to the installation of the overhead sewer.

21 Q. Are there other ways to deal with the  
22 footing drains?

1           A.    Yes.   A new sewer service line could be  
2           installed that would bypass that footing drain  
3           connection.   And the City had a similar program to do  
4           that with participation in dollars assisting folks.  
5           That number was well above the overhead sewer number.  
6           I didn't administer that one.   Unfortunately, that  
7           was done in the public works department.   Normally it  
8           was done to avoid root intrusion in sewer lines.  
9           These old sewer lines, generally they are clay tiles.  
10          They leak water and so the tree roots get in.   So  
11          there is maintenance issues because of that.

12                        So folks would want to avoid that  
13          maintenance and they would want to put in a new sewer  
14          service line.   When putting in a service line,  
15          footing drains were disconnected at the same time.

16           Q.    So that would be additive to the --

17           A.    That would be additive to the 140.   And if  
18          I were to guess on that, it would be in the  
19          neighborhood of a couple thousand, several thousand,  
20          three.

21           Q.    When houses were sold, was that issue  
22          present?

1           A.    The footing drains, the footing tile  
2 connections, no, because there was no way to actually  
3 inspect that without televising the lines.

4           Q.    Now, in this article there were various  
5 other inflow circumstances such as from downspouts.  
6 And did this 140 include people who might have  
7 reconfigured their downspouts?

8           A.    No.  Again, the downspouts the sump pump  
9 disconnects were a separate program that was done  
10 back in the late '80s.  Those were inspected upon any  
11 house transfer at a sale.  So part of the house  
12 inspection would be sump pump inspections and  
13 downspout inspections.  And if those were illegally  
14 connected, then the sale transfer would be delayed  
15 until it could be repaired.

16          Q.    Mr. Reichart asked you about cooperation  
17 among the city agencies and you said that everybody  
18 reports to the city manager?

19          A.    Correct.

20          Q.    And if somebody is not happy with somebody  
21 else's performance, the city manager would take care  
22 of that?

1           A.    Correct.

2           Q.    Is the city manager responsible for the  
3           agency's relationship with outside third parties such  
4           as possibly a water utility or a vendor?

5           A.    Well, the city manager is responsible for  
6           everything in the city.  Of course, he delegates  
7           these responsibilities to his staff.  And if I  
8           understand your question correctly, for the  
9           relationship with the city and the Illinois-American  
10          Water Company, that would have been delegated to me.  
11          And with the city manager approval and input, I would  
12          negotiate with Illinois-American Water Company on  
13          anything that we need to.  But he was definitely in  
14          the loop, but normally he wasn't involved day-to-day.

15          Q.    Do you think that the city manager would  
16          have a role in determining the extent of cooperation  
17          that a fire department would provide to a Company  
18          such as Illinois-American?

19          A.    Yes.

20          Q.    Okay.  And do you think it would be in the  
21          City's interest for the water department to cooperate  
22          with whoever the supplier of water is?

1           A.    Yes.

2           Q.    Have you ever seen difficulty in that  
3 relationship?

4           A.    No.

5           Q.    I am not talking about just in Elmhurst but  
6 elsewhere.

7           A.    Well, I am not that familiar with other  
8 communities in which Illinois-American Water Company  
9 is a water provider.  The communities that I am aware  
10 of, Lombard and Glen Ellyn, those are the two that I  
11 am aware of, I don't know of any conflict that they  
12 had.

13          Q.    This is kind of a minor question, but in  
14 your testimony you talk about this million dollars  
15 that's spent.  That's money to cover expenses, isn't  
16 it?

17          A.    That's money to cover the -- that does not  
18 include salaries.  It doesn't include benefits.  It  
19 doesn't include equipment replacement or repair.  It  
20 doesn't include the ongoing operation costs.  That is  
21 strictly for construction, engineering, repairs that  
22 are done as a result of maybe engineering

1 discoveries, modeling of the collection system and so  
2 on. So that million dollars is a construction fund  
3 or working fund for materials and construction.

4 Q. So it is construction?

5 A. Yeah. If a point repair is needed and the  
6 staff can't do that in-house, then a contractor would  
7 be called in to do the repair. If a part repair is  
8 needed and the city staff were able to do it, then  
9 any cost of materials, the pipe and such, would come  
10 out of that million dollars.

11 Q. So that million dollars is for the actual  
12 implementation of the maintenance?

13 A. Right.

14 Q. And there is one more question that I  
15 wanted to ask you about. Mr. Reichart asked you  
16 about the financial impact of high I/I. And is that  
17 anybody else? Any other agency take care of the  
18 sewer treatment for Elmhurst?

19 A. No.

20 Q. And when waste water is delivered to  
21 Elmhurst from Country Club, is there any other agency  
22 or organization that would step in and assist

1 Elmhurst in dealing with that additional flow?

2 A. No.

3 Q. So would it be fair to say the buck stops  
4 there?

5 A. Right. Yeah, the reason for my originally  
6 approaching the Company, Mr. Reichart asked about  
7 that graph from 2002 and why it was generated, it was  
8 intended to help point out to the Company that there  
9 is a significant, what I felt to be significant,  
10 amount of I/I coming into our system, their system  
11 into ours. And it put the Elmhurst system at risk, I  
12 think, because it would activate sanitary sewer  
13 bypasses at times. During those peak flow times the  
14 water sewage coming into the City system could not be  
15 conveyed to the waste water system quickly enough.  
16 It overpowered our collection system and our pumping  
17 systems, and so would bypass to the waters of  
18 Illinois. That's a permit violation and it is  
19 breaking the law and it was on our side of the fence  
20 that that was happening. That put the City at risk  
21 for fines and other penalties from EPA.

22 So I approached the Company to

1 encourage them to do what needs to be done to shave  
2 those peaks down, get them down to a manageable level  
3 so that the City was protected.

4 Q. So the surcharge amounts that you received,  
5 did those go to offset some of the costs?

6 A. They went into the water fund. They went  
7 into -- they didn't go into a general fund or some  
8 other place where the dollars would go somewhere.  
9 They went back into our utility fund to help with  
10 maintenance and repairs. That's how it financed --

11 MS. SATTER: Thank you. I have no further  
12 questions.

13 JUDGE TAPIA: Thank you, Ms. Satter. I will  
14 address the exhibits offered into evidence by  
15 Ms. Satter. Mr. Harvey, do you have any objection to  
16 the admission of AG 1.0 on Reopening with  
17 attachments, Direct Testimony of Mr. Streicher; and  
18 AG 3.0 on Reopening Corrected with attachments which  
19 is the Rebuttal Testimony of Mr. Streicher, and the  
20 Attachment 3.1. Did I cover all of them? Was there  
21 a 2.1?

22 MS. SATTER: No, 2.1 will be Mr. Rubin.

1 JUDGE TAPIA: Oh, okay.

2 MS. SATTER: Or 2.0. So it was 1.0 and 3.0 and  
3 attachments.

4 JUDGE TAPIA: Yes. Do you have any objection,  
5 Mr. Harvey?

6 MR. HARVEY: None, Your Honor.

7 JUDGE TAPIA: Mr. Reichart, do you have any  
8 objection to the admission of those exhibits?

9 MR. REICHART: No, the Company does not.

10 JUDGE TAPIA: Thank you. Hearing no  
11 objections, AG Exhibit 1.0 on Reopening and  
12 attachments which is the Direct Testimony of  
13 Mr. Streicher; and AG 3.0 on Reopening Corrected with  
14 attachments and 3.1 which is also attachments are  
15 entered into evidence.

16 (Whereupon AG Exhibits 1.0 and  
17 3.0 on Reopening were admitted  
18 into evidence.)

19 JUDGE TAPIA: Ms. Satter, do you want to  
20 call --

21 MS. SATTER: Did you say 1.0 and attachments?

22 JUDGE TAPIA: Yes. There are no attachments

1 to Exhibit 1.0?

2 MS. SATTER: Yeah, there are, through 1.5.

3 Thank you.

4 MR. REICHART: Your Honor, could we go off the  
5 record for a minute.

6 JUDGE TAPIA: Yes.

7 (Whereupon there was then had an  
8 off-the-record discussion.)

9 JUDGE TAPIA: Okay. We are back on the  
10 record.

11 Ms. Satter, call your next witness,  
12 Mr. Rubin.

13 MS. SATTER: The next witness on behalf of the  
14 People of the State of Illinois is Scott J. Rubin.  
15 We have prepared AG Exhibit 2.0 on Reopening and  
16 attached to that are Exhibits 2.1 through 2.16 and  
17 that was described as testimony of Scott J. Rubin on  
18 behalf of the People of the State of Illinois dated  
19 May 25, 2010. Mr. Rubin also submitted rebuttal  
20 testimony dated August 20, 2010, and that is AG  
21 Exhibit 4.0, and 4.0 has two attachments, AG Exhibit  
22 4.1 and 4.2. We will be submitting an affidavit for

1 Mr. Rubin verifying the testimony.

2 JUDGE TAPIA: Okay. I will allow a late-file  
3 for the affidavit. And, Mr. Harvey and Mr. Reichart,  
4 do you want to make a stipulation in regards to the  
5 testimony?

6 MR. HARVEY: Staff is prepared to stipulate to  
7 the admissibility of the testimony.

8 MR. REICHART: As is the Company.

9 JUDGE TAPIA: Thank you. And, Mr. Harvey, I  
10 want to make -- there is no objection to the  
11 admission of those exhibits that Ms. Satter has  
12 identified?

13 MR. HARVEY: None from Staff, Your Honor.

14 JUDGE TAPIA: And, Mr. Reichart?

15 MR. REICHART: None from the Company.

16 JUDGE TAPIA: Hearing no objection, AG 2.0 on  
17 Reopening and the attachments 2.1 through 2.16 is  
18 admitted into evidence. Also AG 4.0 and attachments  
19 4.1 and 4.2 is admitted into evidence, and Ms. Satter  
20 will be filing an affidavit as a late filing for  
21 Mr. Rubin.

22 (Whereupon AG Exhibits 2.0 and

1                   4.0 on Reopening were admitted  
2                   into evidence.)

3           JUDGE TAPIA:   Thank you.  Off the record the  
4 parties and I discussed due dates for the briefs.  
5 The initial brief will be due on April 25 and reply  
6 briefs will be due on May 17.  I discussed with the  
7 parties to discuss an agreed-upon outline for the  
8 briefing of the case and to send me a proposed  
9 outline.  Also, the brief should be in Word version.  
10 Also, appendices should be in Excel if possible.  
11 Also, to include an exhibit list which could be filed  
12 along with the brief and that should include initial  
13 portions of the exhibits from the initial portion of  
14 the case and also after reopening.

15           MS. SATTER:  You don't want the exhibit list  
16 until we do our briefs?

17           JUDGE TAPIA:  You could send it on the date  
18 with the filing of the brief because I don't think --

19           MS. SATTER:  I was planning to file it sooner.  
20 It doesn't really matter.

21           JUDGE TAPIA:  It doesn't really matter.  And  
22 is there anything from any party that you would like

1 to state on the record before we continue this case?

2 MR. HARVEY: Nothing from Staff, Your Honor.

3 JUDGE TAPIA: Ms. Satter?

4 MS. SATTER: No, thank you.

5 JUDGE TAPIA: Mr. Reichart?

6 MR. REICHART: Nothing from the Company. Thank  
7 you.

8 JUDGE TAPIA: Then I will continue this case  
9 generally until the filings have been made. Thank  
10 you.

11 (Whereupon the hearing in this  
12 matter was continued generally.)

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