

DIRECT TESTIMONY OF R. DAVID TEBBEN

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.

A. My name is David Tebben. My business address is the City of Pekin, 400 Margaret Street, Pekin, Illinois 61554. I ~~am currently~~ ^{was formerly} the Mayor of the City of Pekin, and I ~~have~~ ^{had} been the Mayor since 1995.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EMPLOYMENT HISTORY.

A. I am a 1968 graduate of the University of Illinois at Champaign Urbana. I have a Bachelor of Science in Finance, with the field of concentration in insurance and risk management. I have minors in accounting, business law, economics, and marketing.

From 1968 to 1970, I was the district marketing representative for Pekin Insurance. From 1970 to present, I have been the owner and operator of Tebben Insurance Services, Inc., an independent insurance agency.

In 1981, I was designated as a certified insurance counselor, and from 1985 to the present I have been a national faculty member of the Society of Certified Insurance Counselors.

From 1987 to 1995, I was Commissioner for the City of Pekin, in charge of public health and safety, with administrative responsibility over the Sewage Treatment Plant, code enforcement, and the Inspections Department. I ~~have~~ ^{had} been Mayor since 1995.

Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.

A. The purpose of my testimony is to provide the Illinois Commerce Commission with information regarding the City of Pekin's decision to move forward to seek approval by the Commission for ~~our~~ ^{Pekin's} proceeding to an eminent domain action against Illinois-American in the Circuit Courts of Tazewell County.

Q. ARE THE CITIZENS OF PEKIN, ~~IN YOUR OPINION~~, BEHIND THE CITY

24 COUNCIL IN SEEKING PUBLIC BENEFITS RESULTING FROM ACQUISITION
25 OF THE PEKIN DISTRICT SYSTEM?¹

26 A. Yes, ~~I believe so~~. Our most recent referendum, in March of 2002, resulted in 61% of voters
27 indicating their support of the City Council in seeking acquisition of the Pekin District
28 System. Only 39% opposed acquisition.

29 Q. THAT WAS A CHANGE FROM A 54% TO 46% AGAINST ACQUISITION IN A
30 REFERENDUM SEVERAL YEARS BEFORE, WASN'T IT?

31 A. Yes. We made significant inroads in that November, 2000 referendum put on the ballot by
32 Illinois-American, and the direction of the change of decision continued in the most recent
33 referendum.

34 Q. ~~WHAT WERE THE REASONS FOR YOUR CONTINUED AND INCREASING~~
35 ~~PUBLIC SUPPORT FOR ACQUISITION?~~

36 A. ~~Well, as Mayor, I received input both prior to, and subsequent to the most recent referendum.~~
37 ~~Input came from people in all venues — service clubs, Chamber of Commerce members,~~
38 ~~phone calls, the man or woman on the street, and people in the local bars. I am a lifelong~~
39 ~~Pekin resident, and I feel I have strong relationships and a good feel for the public sensibility.~~
40 ~~I think that the overwhelming response in favor of acquisition was largely a result of three~~
41 ~~factors. The first was a reaction to the prior ad campaign by Illinois-American, in which they~~
42 ~~had vigorously asserted that the Pekin District System was not for sale. This came both from~~
43 ~~Illinois-American, as the operator, as well as from statements by American Water, out of~~

¹ Illinois-American's rates for the Pekin District water system ("Pekin District System") have been ordered to be established on a stand-alone basis, therefore, the Pekin District System is fully described in Illinois-American's most recent rate proceeding (Docket 00-0340) to which the Commission may take administrative notice.

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44 ~~Voorhees, New Jersey. That representation played well to a significant feeling in the~~
45 ~~community that private enterprise should not be available for acquisition by the government,~~
46 ~~whether local, State or Federal. When the announcement was made that Illinois-American,~~
47 ~~including the Pekin District System, was being sold to RWE Aktiengesellschaft ("RWE")~~
48 ~~I think a great many people felt that the prior representations in the referendum of November,~~
49 ~~2000 had been false. Certainly, business people strongly believed, that the sale to RWE had~~
50 ~~to have been under negotiations and discussions even before the first vote. I think the public~~
51 ~~felt they had been lied to before, and that our water company was being sold. That played~~
52 ~~a significant part in them reassessing the public interest and the benefits of municipal~~
53 ~~ownership.~~

54 ~~Secondly, I think further distant ownership, and thereby accountability resulting from a sale~~
55 ~~to RWE, was a significant factor in the citizens' support of the Council. The move from~~
56 ~~Voorhees, New Jersey to Germany, in terms of another layer of distance, was a big factor in~~
57 ~~the public's decision. I think the concerns about accountability to citizens, in relation to an~~
58 ~~important and invaluable resource, our water supply, is a prime factor.~~

59 ~~Third, I think in the additional time given us, we were able to make the case in financial~~
60 ~~terms that favors municipal ownership, and I think the public heard that and accepted it.~~

61 **Q. CAN YOU BE MORE SPECIFIC AS TO ACCOUNTABILITY?**

62 A. ~~Accountability in the sense of calls for service to the 800 number, and the operator's~~
63 ~~unfamiliarity with the community or the implications of the problem to the citizen or to the~~
64 ~~municipality. Also, I would register as a lack of accountability the unfulfilled promises to~~
65 ~~replace the inadequate water lines. On a personal, day to day level, for our citizens, the~~
66 ~~accountability translates into frustration and anger, when a service problem is related. I~~

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67 cannot tell you how many people have approached me with complaints about the inability
68 to get prompt and knowledgeable responses to significant water problems when they occur
69 in their homes. Personal, individual service has simply not been provided by Illinois-
70 American, and there is the clear experience in the community that consolidated, distant,
71 customer service facilities move accountability that much further away.

72 **Q.** ^{WERE} YOU ~~ARE~~ THE ELECTED MAYOR OF PEOPLE AND CITIZENS WITHIN THE
73 CITY OF PEKIN, BUT NOT THOSE LYING OUTSIDE THE CITY, ALTHOUGH
74 NEARBY. ISN'T THAT CORRECT?

75 A. Yes.

76 **Q.** ^{FORMER} AS ^{HAD} MAYOR, IF THE CITY ^D ACQUIRES ^{WOULD} THE WATERWORKS FROM ILLINOIS
77 AMERICAN, HOW ^{HAD} WILL THE CITY UNDER YOUR ADMINISTRATION, DEALT
78 WITH THOSE INDIVIDUALS, FAMILIES, AND COMPANIES CURRENTLY
79 SERVED BY ILLINOIS-AMERICAN, BUT NOT WITHIN THE CITY?

80 A. For those existing customers, lying outside the City, there ^{would have been} ~~would be~~ no different treatment than
81 persons within the City. ^{Had I been re-elected, I would have foreseen} ~~I can foresee~~ no difference in treatment, either in service or in rates
82 for those existing customers. ^{I would have foreseen}

83 **Q.** ANY OTHER THOUGHTS ON THE REFERENDUM?

84 A. ~~I think the voters realize that we have a unique and very valuable asset in the water and the~~
85 ~~Pekin District System here in Pekin. I think the fact of the proposed sale to RWE~~
86 ~~underscored for the voters that if the municipality didn't take action to acquire that resource,~~
87 ~~it would continue to be a resource where the operation and ownership would be determined~~
88 ~~by the forces of profit and shareholder returns, and people wholly unconnected with Pekin,~~
89 ~~its interests and needs. I also think the continued informational campaign put forth by the~~

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90 citizens' committee, and also by the City, further convinced the voters that City operation
91 ~~would have concrete and specific and important long and short benefits.~~

92 Q. WHAT ARE THOSE LONG AND SHORT BENEFITS OF CITY OPERATION?

93 A. Control over ^{Pekin's} ~~our~~ resources, and from that control benefits follow. It will be the City Council
94 that can then decide when and where improvements are made, without having to negotiate,
95 wait, cajole, and attempt to coerce a distant corporate hierarchy to look out for ^{Pekin's} ~~our~~ interests
96 and move at ^{Pekin's} ~~our~~ pace. It will aid in the coordination of ^{Pekin's} ~~our~~ comprehensive plan for
97 community growth, especially economic development, as well as public works, street and
98 sewer. The current system is counter-productive to the user, and it gives poor results at
99 higher expenses. ~~There may even be some concern in the community about selling and~~
100 ~~exporting of this resource by Illinois-American for corporate profit purposes.~~ In that event,
101 ^{Pekin} ~~we~~ would have that valuable resource depleted, without any significant contribution or
2 compensation to the City of Pekin.

103 Q. WHAT PUBLIC INTERESTS DO YOU SEE FROM THE ACQUISITION?

104 A. Local control and local accountability at the top. Local control over ^{Pekin's} ~~our~~ most valuable
105 resource and asset of the community. ^{Pekin has} ~~We have~~ been promised repeatedly over the last ten
106 years that inadequate mains in portions of the original town would be replaced, yet, despite
107 those promises, very little action has been taken for replacement of the inadequate mains.
108 The number of fire hydrants has decreased, as the concerns about inadequate pressure and
109 fire protection have increased. When I asked Terry Gloriod, the President of Illinois-
110 American, in Council Chambers, he was unaware of the problem. He stated, "I don't know."
111 He said he would have to look into it. In this area, we have been the victim of distant
112 indifference to our conditions. That, I ^{would have} ~~can~~ guaranteed you, ^{would have} ~~will~~ changed with City ownership, ^{had I}

been re-elected.

Tebben Direct

7 A second factor is costs. This is an unbelievably simple system. And the costs borne by the
114 City of Pekin and the customers outside the City of the water system are out of line with
115 comparable communities in the area. They are in line more with the City of Peoria, another
116 Illinois-American owned and operated system, that has to treat a good portion of its water,
117 prior to distribution, because it comes from the Illinois River. There are simply gross
118 inequities to the citizens of Pekin that would ^{have} be remedied financially over time, if the City
119 were owning and operating the system. ^{been}

120 Under municipal ownership, ^{Pekin} we will have a commonality of ownership, with vastly different
121 motivations and approaches to the public interest from the private sector, ^{and I were still Mayor}
122 ^{Pekin's} Our motivation ^{if I had been reelected Mayor would have been} to provide maximum services for minimum costs. Investor owned utilities
123 have an obligation to maximize return for their shareholders, and I understand that.

4 The bottom line is that municipally owned water systems operate at fewer consumer costs,
125 without sacrificing safety. The EPA compliance preserves that status, irrespective of who
126 owns the system.

127 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

128 A. Yes.

227 A. We anticipate, as we did with wastewater, that the contract operator, as part of the bid
228 process, would be required to offer employment to current employees, working for Illinois-
229 American that wish to stay at the Pekin District facility. However, office, customer service,
230 and emergency response communications would all be handled by City employees, and
231 therefore, it is anticipated that office and clerical employees, as well as customer service
232 people would be City employees, and not employees of the contract operator.

233 ~~In talking with the Fire Chief, I know the Fire Department is especially pleased with the~~
234 ~~prospect of local personnel manning the communication systems, for it will give badly~~
235 ~~needed reliability and accountability to an area of significant concern.~~

236 As with the wastewater system, Illinois law governs the matters of workplace standards,
237 employee procedures, and the overall employee/employer relationship. The City is obligated
238 to conform to applicable State and Federal regulations in those areas for the Wastewater
9 Treatment facility, and, for that matter, all its employees. The City will continue to comply
240 with the same Federal and State obligations for employees of the Pekin District System, if
241 acquired by the City. Those requirements and regulations will also apply to the contract
242 operators that are doing business with the City. That was set forth in our RFP for
243 wastewater, and it will also be a part of the RFP for the contract operator.

244 **Q. WILL THERE BE DOWNSIDES OR ADDITIONAL DIFFICULTIES IF THE CITY**
245 **IS IN THE BUSINESS OF OPERATING BOTH THE PEKIN DISTRICT SYSTEM**
246 **AND THE WASTEWATER FACILITIES?**

247 A. No, on the contrary. That is the norm in this country, and certainly in Tazewell County,
248 where every other municipality in this county operates a combined waterworks and
249 wastewater system. The changes should all be positive, especially under a common private

OFFICIAL FILE

ILL. C. C. DOCKET NO. 02-0352

CITY OF PEKIN Exhibit No. 20

Witness _____

Date 5-21-03 Reporter LP