

STATE OF ILLINOIS

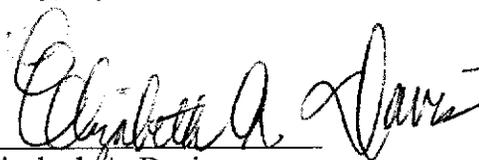
ILLINOIS COMMERCE COMMISSION

Illinois Independent Telephone Association )  
 )  
 ) Docket No. 02-0690  
 Proposed General Increase )  
 In Water and Sewer Rates )

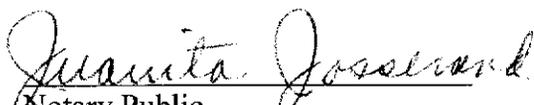
AFFIDAVIT OF ELIZABETH A. DAVIS

I, Elizabeth A. Davis under oath, hereby swear to the following:

1. I am mayor of the City of Lincoln
2. I have prepared prefiled Direct and Rebuttal Testimonies that were offered in this proceeding on behalf of the City of Lincoln with respect to this hearing;
3. The answers set forth in my Direct and Rebuttal Testimonies are, to the best of my knowledge, true and correct; and
4. If asked those same questions today, my answers would be the same.

  
 Elizabeth A. Davis

Subscribed and sworn to before me  
 This 30<sup>th</sup> day of April, 2003

  
 Notary Public



OFFICIAL FILE  
 ILL. C. C. Docket No. 02 0690  
 CITY OF LINCOLN 1  
 Witness \_\_\_\_\_  
 Date 5-2-03 Reporter LP

STATE OF ILLINOIS

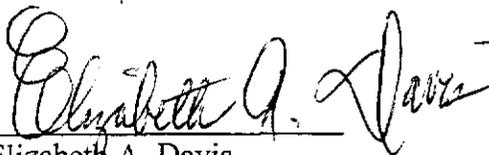
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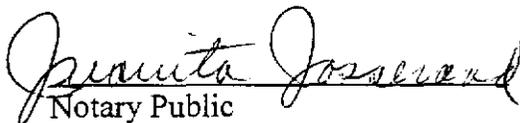
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Subscribed and sworn to before me  
This 3<sup>rd</sup> day of April, 2003

  
Notary Public



STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

ILLINOIS-AMERICAN WATER COMPANY )  
Proposed General Increase )  
In Water and Sewer Rates )

Docket No. 02-0690

DIRECT TESTIMONY  
OF  
Elizabeth A. Davis

Due Date  
February 5, 2003

1 Q. Please state your name and business address.

2 A. My name is Elizabeth A. Davis. My business address is 700 Broadway, P.O. Box 509  
3 Lincoln, IL 62650-0509.

4 Q. By whom are you employed and in what capacity.

5 A. I am the mayor of the City of Lincoln, which is in Logan County.

6 Q. Are you generally familiar with the rate increase proposed by the Illinois-American  
7 Water Company?

8 A. Yes, they want to increase the City of Lincoln's rates by \$371,257.

9 Q. How does the City of Lincoln supply its citizens with water and sewer services?

10 A. Lincoln has its own waste treatment plant and provides its sewerage. Lincoln residents  
11 are supplied water from Illinois-American Water Company and are billed by Illinois-  
12 American.

13 Q. What is the population of Lincoln?

14 A. 15,369

15 Q. What is the population in Logan County?

16 A. The population of Logan County was 31,183 in 2000 and has been estimated that it  
17 declined to 30,805 in 2001. There are 4,825 people with disabilities.

18 Q. Do you know the demographic income for Logan County and can you break that  
19 down?

20 A. Yes. In 1999 the median household income was \$39,389. in the State of Illinois it was  
21 \$46,590. The per capita income was \$17,953. in the State of Illinois it was \$23,104. in  
22 1999. The mean retirement income was \$14,246. The median earnings for full time male  
23 workers is \$33,015. for female workers is \$23,461. I believe those numbers would be  
24 lower in 2003 for reasons I will discuss later in my testimony.

25 Q. Where do the citizens of Lincoln work?

26 A. Many of our citizens work in Lincoln, Bloomington, Peoria and Springfield.

27 Q. What kind of community is Lincoln?

1 A. Lincoln is a bluecollar community with workers from a variety of disciplines. For some  
2 of our citizens we are a so called "bedroom community."

3 **Q. What is the employment situation in Lincoln?**

4 A. The State recently closed the Developmental Center which was a major employer in our  
5 community. We have hundreds of our citizens who are out of work. We have two  
6 colleges in Lincoln. They are Lincoln College and Lincoln Christian College. Together  
7 the two colleges employ about 229 fulltime employees. We have two state prisons which  
8 employ about 750 people. We have Williamette Industries (box factory), Saint-Gobain  
9 Containers (makers of glass containers), Meyer Industry (makers of shelves for  
10 businesses), Precision Products (makers of lawn equipment), and Cutler Hammer Inc.  
11 (makers of circuit breakers).

12 **Q. How much of an increase in rates has Illinois-American proposed for the City of  
13 Lincoln's residential customers?**

14 A. They have requested an increase of \$168,763. I believe that will be spread over the 4,963  
15 residential customers within the city limits of Lincoln.

16 **Q. How much of an increase in rates has Illinois-American proposed for the City of  
17 Lincoln's commercial customers?**

18 A. They have requested an increase of \$65,609. I believe that will be spread over the 556  
19 commercial customers within the city limits of Lincoln. That would amount to about  
20 \$118 per year if it is spread equally.

21 **Q. What increase does Illinois-American propose for industrial customers?**

22 A. The increase they propose is \$23,017.

23 **Q. What increase does Illinois-American propose for public authorities?**

24 A. The requested increase is \$69,818.

25 **Q. What increase does Illinois-American propose for public fire services?**

26 A. The requested increase is \$26,216.

27 **Q. Where will the money come from for public authorities and fire services?**

1 A. The city will raise their portion through property tax and the schools will raise their  
2 portion thru school district property tax. Also, the Fire District will raise their portion  
3 with property taxes.

4 Q. **What will be the impact on the citizens of Lincoln if this increase in water rates is**  
5 **approved?**

6 A. The city of Lincoln water rates are already higher than the surrounding communities. We  
7 have businesses failing just about every month. In the past year, we had 5 businesses stop  
8 doing business in Lincoln including APAC Teleservices. Despite our efforts to attract  
9 new business, the track record is not good. We once had a K Mart and Staples but they  
10 have failed for what reason I do not know. The fact that our water rates are higher than  
11 surrounding areas will not help us to attract new business. Any increase in water rates  
12 will strongly affect our unemployed citizens. Our food pantry is not getting the money  
13 they need and is unable to help like they once did because of decreased funding. The  
14 U.S.D.A. cut the Emergency Food Assistance Program 27% in 2002. Lincoln Logan  
15 Food Pantry will hold "chili cook-offs" to raise money. To make matters worse, our  
16 population has declined from 15,418 in 1990 to 15,369 in 2000. We are trying to build a  
17 new Junior High School but the money does not appear available to complete the job or  
18 tear down the old school. Our Chester-East Lincoln School recently lost a referendum for  
19 a 50 cent increase in the education fund tax rate, and as a result laid off 4 teachers, an  
20 administrator and cancelled the music program. The city recently tried to increase our  
21 sales tax but the voters turned that down too. I am not certain that Lincoln is unique  
22 among Central Illinois municipalities but I can tell you that times are hard. I believe that  
23 under these circumstances a \$371,257 water rate increase is unreasonable.

24 Q. **What about the security at the two Lincoln District Water Facilities?**

25 A. We naturally want our water supply to be secure. Last year the Illinois-American Water  
26 Company paid the City of Lincoln \$268,470 for the salary of our off duty policemen.

1 I believe their pay of \$30 an hour was unreasonable. Our city of Lincoln policemen  
2 when on duty in the city make an average of \$19.59 per hour. Illinois American wants to  
3 defer their capitol costs and expenses for security from September 11, 2001 to December  
4 31, 2002 of \$10,520,394. They say the deferred cost for Lincoln is \$585,564. The  
5 security infrastructure and technology improvements for Lincoln amount to \$165,790. for  
6 2001 and \$12,100. for 2002.

7 **Q. What will happen to the Chester-East Lincoln School and the city's efforts to raise**  
8 **money?**

9 A. The education tax fund increase and the city's sales tax increase will be back on the ballot  
10 for the April 1, 2003 general election. I do not know whether they will pass this time  
11 around because of the many people who are unemployed and the people employed at  
12 minimum wage.

13 **Q. How has the City of Lincoln budgeted for the increase in the water rates?**

14 A. The City of Lincoln has not budgeted for a water rate increase.

15 **Q. How much of the water rate increase is included in the calculations for the sales tax**  
16 **increase?**

17 A. None of the proposed increase in water rates was ear marked to be covered by the sales  
18 tax increase.

19 **Q. Does this conclude your prepared direct testimony?**

20 A. Yes, it does