BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
	)	
PROPOSED EXTENSION OF ADJUSTED STANDARD	)	AS 2007-2
APPLICABLE TO ILLINOIS-AMERICAN	)	(Adjusted Standard)
WATER COMPANY'S ALTON PUBLIC WATER	)	
SUPPLY FACILITY DISCHARGE	)	
TO THE MISSISSIPPI RIVER	)	
UNDER 35 ILL. ADM. CODE 304.124 AND 304.106	)	

TESTIMONY OF JEFFREY KAISER

WITNESS IDENTIFICATION AND BACKGROUND

Q. Please state your name and address.

A. Jeffrey T. Kaiser. I live at 120 Forestview Drive, Belleville, Il 62220

Q. By whom are you employed and what is your title?

A. I am employed by Black & Veatch and hold the title of Project Manager in the Water division.

Q. What are your responsibilities in that position?

A. Management of project staff and project completion, oversight of technical work by the design team, design of critical project components, and client coordination for water and wastewater related projects.

Q. Please explain your professional employment following your education.

A. Following graduation from Washington University in St. Louis in 1986, I was employed by Havens and Emerson as a project engineer for water, wastewater, and environmental projects. At this time, I began working on projects for clients such as the St. Louis County Water Company, the Metropolitan St. Louis Sewer District and Illinois-American Water Company in addition to numerous other private and municipal clients in Missouri and Illinois. I have since worked for the engineering firms of Horner and Shifrin, Burns and McDonnell, and Earth

Tech prior to my current position at Black & Veatch. For each of those firms, my area of focus was project management and/or design of water and wastewater facility projects. I have completed planning and design projects for numerous water treatment facilities including the City of Chicago water treatment plants; Illinois-American Water facilities in Peoria, Pekin, Alton (previous plant), East St. Louis, Granite City, and Cairo; Missouri-American at the Central, South, and Meramec plants in St. Louis and in Jefferson City, Brunswick, St. Joseph, and Joplin; and other water supply, treatment, and distribution projects for the municipalities of Washington, O'Fallon, and St. Peters, Missouri, and O'Fallon, Illinois. I have also completed water supply projects for the Missouri Department of Natural Resources, the USEPA, and the USACE.

Q. Are you professionally certified in any capacity?

A. I am a registered Professional Engineer in Illinois, Missouri, Arkansas, and Indiana. I have been registered as a Professional Engineer since 1991.

Q. Describe your project experience with water treatment facilities.

A. My first water treatment plant related project 21 years ago involved the survey of lime sludge lagoons prior to and after cleaning to determine the volume of solids removed. Since that time, I have completed numerous projects at treatment plants ranging from planning studies to design of various plant components and new plants.

Illinois Projects: For the City of Chicago, I was the project manager and lead process engineer of a treatment plant evaluation and capital improvement planning effort for the Jardine and South Water Treatment Plants – two of the largest treatment plants in the world. I have completed numerous plant improvement design projects for Illinois-American Water including a major rehabilitation of the Granite City plant which included new chemical storage and feed facilities, rehab of the solids lagoon recycling system, filter improvements,

and new high service pumping. I directed two projects at Illinois-American's Cairo plant involving the evaluation of the plant residuals handling as well as design of filter to waste and filter surface wash improvements. I managed a project at the Illinois-American Water East St. Louis Plant to provide new chemical storage and feed facilities as well as measurement and de-chlorination of their plant discharge to the Mississippi River. I have served as project manager and lead design engineer for numerous smaller projects at Illinois-American's East St. Louis, Granite City, and the previous Alton plants for various chemical feed, pumping, and treatment process improvements. I also completed an evaluation study of a new water supply and treatment plant for the City of O'Fallon, IL.

Missouri Projects: I have also served as a project manager and/or lead design engineer on numerous treatment plant projects in Missouri including various plant improvement and equipment replacement projects for St. Louis County Water (now Missouri-American Water) at three of their plants, residuals handling studies for Missouri-American's St. Joseph water treatment plant and the City of St. Peters Spencer Creek water treatment plant, a lime softening evaluation at Missouri-American Water's Brunswick Missouri facility, process equipment replacement project at the Jefferson City Missouri WTP, and a new 6 million gallons per day membrane softening plant for the City of O'Fallon, Missouri.

Q. More specifically, what is your experience with large water treatment facilities on large rivers?

A. I have completed projects related to process design and residuals handling at Illinois-American's Granite City and East St. Louis water treatment plants (Mississippi River), Cairo water treatment plant (Ohio River), Missouri-American Water Company's Central and Jefferson City water treatment plants (Missouri River), the City of St. Peters Spencer Creek Water Treatment plant (discharges to a tributary creek to the Mississippi River), and the City

of O'Fallon, Missouri (discharge to the Missouri River). Three of these facilities (Missouri-American's Central Plant and Jefferson City Plant, and O'Fallon Missouri's plant) discharge to the Missouri River without treatment.

KNOWLEDGE OF THE PIASA CREEK WATERSHED PROJECT AND WATER TREATMENT PLANT EFFLUENT ISSUES

Q. Are you familiar with the offset project involving the Illinois-American Water Company's Alton plant and the Piasa Creek Watershed Project?

A. Yes.

Q. How did you come to be familiar with that plant and the Piasa Creek Watershed Project?

A. My firm was retained in 2006 to examine a host of issues related to Illinois-American Water's permitted discharge from the Alton plant and the soil conservation projects undertaken by GRLT at the Piasa Creek Watershed Project. I headed up the project for Black & Veatch. Our work culminated in a report entitled "Evaluation of Residuals Discharged from Illinois-American Water Company's Alton Water Treatment," which I understand has been submitted to the Board as an exhibit to the Amended Petition.

Q. Without getting into specific details or findings, Mr. Kaiser, please explain in general the work that you performed in connection with that project.

A. We examined the facility's NPDES Permit, the facility's effluent sampling protocol, and the facility's monthly NPDES monitoring results. We calculated the facility's average yearly discharge of TSS and iron based upon the monthly monitoring results. In addition, we visited the Alton plant to conduct additional sampling of filter backwash cycles and Superpulsator blowdown events. We analyzed and evaluated those samples as part of our examination.

We also examined a great deal of data generated by GRLT with respect to the Piasa Creek Watershed Project. We studied that data in order to determine the net yearly decrease of iron and TSS in the Mississippi River. We also sampled and evaluated the different soil types present in the Piasa Creek Watershed, as determined by the U.S. Department of Agriculture's Natural Resources Conservation Service. We used this data to evaluate the volume of TSS and total iron discharged to the Mississippi River each year from the Alton facility and compared those amounts to the volume of TSS and total iron saved by the Piasa Creek Watershed Project to determine the success of the Piasa Creek Watershed Project.

Q. What conclusions did you reach as a result of that study?

A. We concluded that the Piasa Creek Watershed Project saved 6,691 tons of TSS each year, and Illinois-American Water's discharge contains an average of 1,333 tons of TSS each year.

Q. Please continue with your summary of knowledge of the Alton facility and the Piasa Creek Watershed Project.

A. We also performed an evaluation of the total iron loading by the Alton plant and the total iron savings from the Piasa Creek Watershed Project. Again, we examined the results of monthly effluent monitoring performed by the plant pursuant to its NPDES Permit. But in addition, Black & Veatch conducted its own sampling from the plant's effluent and from some projects in the Piasa Creek Watershed Project. We did this in order to determine the total iron savings.

Q. What conclusions did you reach with respect to the total iron savings?

A. The Piasa Creek Watershed Project saves approximately 79 tons of iron per year from entering the Mississippi River. The Alton plant contributes approximately 9 tons of total iron per year to the River. So the offset for total iron is approximately 8.8 to 1.

PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this case?

A. The purpose of my testimony is to compare and contrast the sediment reduction effort of Illinois-American Water Company's Alton plant (through the Piasa Creek Watershed Project) with the sediment reduction efforts of six point sources identified by the Agency in its Recommendation. In doing so, I will: (1) explain that the conditions necessary to maintain a viable water supply on the Mississippi River are much different from those necessary in lakes, which are reservoirs, essentially; (2) explain that the six point sources identified by the Agency have used state and/or federal funds to conduct soil conservation measures; (3) examine facts related to each of the six point sources to show the differences between their sediment reduction efforts, which are a matter of business necessity or even survival in some cases and Illinois-American Water's efforts, which are not a matter of business necessity; and (4) address an Agency allegation that Illinois-American Water is seeking to avoid what other water treatment plants do to achieve compliance with the state's effluent standards.

FAMILIARITY WITH THE AGENCY'S RECOMMENDATION

Q. Have you examined Illinois EPA's Recommendation filed in this case?

A. Yes.

Q. What particular portion or portions of the Recommendation did you examine?

A. The portion in which Illinois EPA contends that six point sources in Illinois treat their permitted discharge and also engage in soil conservation projects without the benefit of an adjusted standard. The Agency's arguments on this subject appear on pages 8 and 9 of the Recommendation.

Q. Explain the examination that you conducted.

A. I compared the circumstances surrounding IAWC's effluent project and its conservation measures in the Piasa Creek Watershed, with the circumstances at the six facilities mentioned by the Agency, with a critical view toward the treatment process, the receiving waters, the

reasons for conducting the conservation projects, and the possible environmental impact of the projects.

THE POINT SOURCE ILLUSTRATIONS CITED IN THE AGENCY'S RECOMMENDATION ARE NOT COMPARABLE TO ILLINOIS-AMERICAN WATER'S ALTON FACILITY

Q. Before we get into a specific analysis of the six point sources cited by the Agency, do you have any general principles to offer the Board that apply to all six of the point sources?

A. Yes. There is one major point of distinction between the Alton plant and the six facilities identified by the Agency. The Alton plant draws its source water from the Mississippi River, whereas the facilities identified by the Agency draw their source water from man-made lakes. The difference between man-made lakes and the Mississippi River are so significant that any comparison is essentially "apples-to-oranges" when it comes to sedimentation.

Q. What are the differences?

A. Problems with sedimentation, nutrient enrichment, algae blooms and potentially toxic agricultural runoff are more pronounced in lakes than large rivers. For that reason, it is essential for utilities to take actions against those problems in order to ensure the safety and longevity of their water supply. In the case of the Mississippi River at Alton, Illinois-American Water does not have to deal with problems related to sedimentation, nutrient enrichment, algae blooms or toxic agricultural runoff as a means of protecting its water supply. The Mississippi River is a large river with an average current of 3 miles per hour and average flow of 141452 cfs (63 million gpm). Sedimentation at the point of Illinois-American Water's intake pipe is not a critical concern, and neither are the other factors.

Q. Are you saying that utilities which draw their source water from lakes have to deal with sedimentation as a means of self-preservation?

A. Yes. A lake's ability to provide drinking water of sufficient quantity and acceptable quality is frequently threatened by excessive sedimentation and problems related with sedimentation. Utilities commonly have to take action against sedimentation for self-preservation purposes when their source water is a lake.

Q. Based upon your knowledge of the Alton facility, will Illinois-American Water have to engage in soil conservation measures as a matter of self-preservation?

A. I do not believe that will ever be the case.

THE SIX UTILITIES CITED BY THE AGENCY USE FEDERAL AND/OR STATE FUNDS TO CONDUCT THEIR SOIL CONSERVATION MEASURES

Q. Are there any other circumstances common to the six point sources cited by the Agency which are distinguishable from the circumstances at the Alton plant?

A. Yes. Every lake connected to these six utilities has encountered problems coming from pollution by non-point sources. These problems have been the result of erosion and runoff from the watershed. In Illinois, these watersheds are primarily agricultural. The problems may be basically physical, as in the case of Lake Decatur's loss of water capacity because of extreme sedimentation, or they may be chemical, as in the case of Otter Lake's contamination by nutrients such as Phosphorus or Nitrogen.

The source of funding to address sedimentation issues is another common factor. At each lake, money has been provided by the state of Illinois and in some cases by the United States for studies or remediation. In particular, the Illinois Clean Lakes Program (ICLP) provides grants up to $75,000 for study and planning (Phase I), and up to $300,000 for implementation of remedial measures (Phase II). Section 319 of the Clean Water Act provides for federal funding to states to minimize non-point source pollution in bodies of water. All six lakes cited by the Agency have received funding through these programs. The recipients of the

funding are either the facilities themselves or their partner soil and water conservation districts.

Q. Is there any other basis of comparison which is common to all of the six point sources cited by the Agency?

A. Yes. All six lakes are impaired in ways that would detrimentally affect water treatment. Five of them serve drinking water treatment plants, by the way. The Mississippi River at Alton is not impaired, at least not by sedimentation or nutrients.

OTTER LAKE (OTTER LAKE WATER COMMISSION)

Q. Let's turn to the individual point sources identified by the Agency, Mr. Kaiser. Please start with Otter Lake. What are the circumstances connected with Otter Lake that distinguish the sediment reduction efforts there from the efforts of Illinois-American Water and the Piasa Creek Watershed Project?

A. According to Dennis Ross of the Otter Lake Water Commission, the treatment plant there uses a lime softening water treatment process. Illinois-American Water does not use lime softening in its process at Alton. This is a significant difference, because significant amounts of lime solids would be found in the effluent of the water treatment plant at Otter Lake if treatment were not conducted. The lime deposits would add significantly to the TSS loading into Otter Lake.

Q. Can you imagine a scenario where direct discharge into Otter Lake would be an acceptable alternative?

A. No, I cannot. I am not aware of any water treatment plant discharging untreated waste water with lime solids to a lake. Quite simply, the lime would greatly increase sedimentation in Otter Lake, exacerbating the sedimentation problem and causing a constant battle to reduce sedimentation through dredging or other means.

Q. Would it make more sense to treat the waste water through the use of lagoons?

A. Absolutely. Lime softening plants on lakes would be better off constructing their own lagoons and dredging from those manmade structures rather than dredging out of the lake from which they draw their source water.

Q. What did you determine about the condition of Otter Lake?

A. Otter Lake is a 765 acre lake in Macoupin County, formed in 1968 by damming Otter Creek. It receives water from a 13,000 acre watershed that consists primarily of agricultural land. The lake is owned and managed by the Otter Lake Water Commission, which serves 17,000 drinking water customers. The lake is listed by the USEPA as an impaired water body for excessive algal growth and manganese content. Both of those impairments derive directly from soil runoff.

Q. Has this water company encountered any production problems as a result of the water quality in Otter Lake?

A. Yes. The Otter Lake Water Commission was barred by USEPA in 1993 from providing public drinking water because of high levels of Atrazine. In addition, algae blooms hampered water treatment in 2005 and 2006. At that time, the commission issued public statements warning of taste and odor problems in the water and of the potential toxicity of decaying algae. Again, algae blooms are stimulated by agricultural nutrients that enter the lake with heavy loads of silt.

Q. What did you learn about the sediment reduction efforts of the Otter Lake Water Commission?

A. According to Robert Dill of the Otter Lake Water Commission, the Commission plants 500-800 trees per year in the Lake's marginal areas, places riprap along unvegetated shoreline, and constructs catchment basins in agricultural areas of the watershed. The Commission, along

with other stakeholders, follows a watershed management plan to identify and control pollutants entering the lake.

Q. Has the Commission funded these sediment reduction efforts on its own?

A. No. This is one of the point sources that have used state and federal funding. The Otter Lake Water Commission received a Phase I ICLP grant of $57,670 in 1996. In 1999, the Commission received a Phase II ICLP grant of $165,000. . An in-lake sedimentation control project is being funded in part by $560,000 of Federal Section 319 money.

Q. Is there a basis for comparison between the sediment reduction offset trading underway in the Piasa Creek Watershed and the sediment reduction efforts being performed on Otter Lake?

A. In my opinion, no. As I have stated before, you compare apples-to-oranges when you compare a lake to a large river like the Mississippi. In addition, though, Otter Lake is not comparable because the water company there uses lime softening in its treatment process. So, the Otter Lake Water Commission would actually be adding solids to the lake from its own process, which is not done to any meaningful degree at the Alton plant. Otter Lake is also distinguishable because it is an impaired water resulting at least indirectly from nutrients entering the lake with heavy loads of silt. Finally, the Otter Lake Water Commission has used federal and state money in its sediment reduction efforts, which has not been the case with the Illinois-American Water Company. In the final analysis, the Otter Lake Water Commission has no option but to treat its effluent.

CLINTON LAKE (AMERGEN ENERGY)

Q. Let's turn to the situation at Clinton Lake. What did you learn about the soil conservation efforts there?

A. Clinton Lake is privately owned by the Amergen Corporation, which operates the Clinton Power Station, a nuclear power plant. The lake was constructed to provide the plant with cooling water and is leased to the State of Illinois as part of the Clinton Lake State Recreation Area. Unlike most of the other utilities cited by the Agency, Amergen has spent its own funds at the lake. It has spent an average of $206,000 per year since 2003 to survey and monitor erosion and sedimentation in the lake. However, Amergen has not undertaken widespread soil conservation measures. A comprehensive management plan was submitted by the Dewitt County Soil and Conservation District in August, 2007 to the Illinois EPA for management of the lake's watershed.

Q. Do you find Amergen's situation at Clinton Lake to be comparable to the situation at the Alton water treatment plant owned by Illinois-American Water?

A. No. The situation at Clinton Lake is distinguishable because it is not a drinking water facility. Amergen operates a nuclear power plant there. Also, Clinton Lake is privately owned by Amergen. So, any comparison to the Alton Water Treatment Plant is difficult to make because Amergen is not using lake water as a drinking water source, and Amergen is protecting its own investment. Furthermore, in my opinion, sedimentation, nutrient loading and agricultural runoff have little effect on Amergen's operations. In addition, Amergen has done little to control sedimentation, nutrient loading and agricultural runoff. They have conducted studies, but have not, to my knowledge, implemented any control measures to date.

LAKE SPRINGFIELD (CITY OF SPRINGFIELD WATER TREATMENT PLANT—CITY WATER LIGHT & POWER)

Q. I would like to focus now on Lake Springfield. Please describe the situation at that lake—its size and usage.

A. Lake Springfield was constructed in 1935 by damming Sugar Creek. It has three purposes. First, it serves as a municipal water supply. Second, it provides a source of cooling water for the coal-fired power plant operated by City Water Light & Power. Finally, the lake is a source of recreation by residential users who have houses on its shores.

Q. What is it about Lake Springfield, if anything, that distinguishes the situation there from the Mississippi River at Alton?

A. There are several distinguishing factors. First, CWL&P uses lime softening in its treatment process. That factor, alone, distinguishes the situation at Lake Springfield from the situation on the Mississippi River at Alton. As I said previously with respect to Otter Lake, it would be impractical for CWL&P to discharge untreated waste water into Lake Springfield because the utility would be adding a considerable amount of solids to the lake.

Q. Is there a sedimentation problem at Lake Springfield?

A. Absolutely. The lake is considered impaired by USEPA. High priority impairments include total suspended solids and total Phosphorus. Both impairments come from excessive agricultural runoff. The Mississippi River does not have these impairments at Alton.

Q. Did you examine the soil conservation measures of CWL&P?

A. Yes, I did. The utility has undertaken aggressive erosion control practices from the time the lake was built. But, unlike the situation at Alton, these conservation measures are essential to the quality and longevity of the City's drinking water supply.

Q. Has CWL&P used its own funding for these soil conservation projects?

A. Not entirely. $403,314 of Federal and Illinois State funds were used for the Lake Springfield Watershed Best Management Practices Implementation from 2003 to 2006. This project installed 600 acres of filter strips along feeder streams in the Lake Springfield watershed. Furthermore, an unknown amount of Federal Section 319 funds have been allotted to several

erosion control and non-point-source pollution control projects in the watershed. These projects were undertaken by some of the City's conservation partners, including the Sangamon County Soil and Water Conservation District and Lincoln Memorial Garden.

LAKE DECATUR (CITY OF DECATUR WATER TREATMENT PLANT)

Q. Moving on, please explain what you learned about Lake Decatur, and the use of that lake for source water by the City of Decatur's Water Treatment Plant.

A. Lake Decatur was constructed by the City of Decatur in 1919 by impounding the Sangamon River. It was constructed to supply industrial and municipal users with water and to ensure an adequate supply in the event of severe drought. Since its construction, Lake Decatur has faced major problems with sedimentation. By 1946, more than 25% of its water storage capacity had been reduced. In 1988, one of the lake's basins became so shallow that the water treatment plant could not pump water from it. So, the City and Macon County have been involved in soil conservation efforts since 1941.

Q. Compare that situation to the situation at Alton.

A. Well, the differences are obvious. The Alton plant constructed in 2000 has never encountered sedimentation problems which threatened its water supply. To my knowledge, the "old" Alton plant did not have sedimentation problems either. It was overwhelmed by flooding on some occasions, but it never had sedimentation problems related to its intake of source water.

Q. Is Lake Decatur an impaired waterway?

A. Yes. It is considered impaired for a number of pollutants. High priority impairments include total suspended solids and nitrates.

Q. What sort of soil conservation efforts have been undertaken by the City of Decatur?

A. According to Tim Hoffman of the Macon County Soil and Water Conservation District, the City spends $170,000 annually for staff and soil conservation projects undertaken by the District. The City estimates that it saves $4 for every $1 it invests in conservation measures.

Q. Can you distinguish their soil conservation efforts from the efforts being conducted at the Piasa Creek Watershed Project?

A. Of course. The City spends money for soil conservation as a business necessity in order to preserve its source of water. Since the City saves $4 for every $1 it invests in conservation measures, it is receiving a return on its investment, and a considerable one at that. Illinois-American Water does not invest in the Piasa Creek Watershed Project as a matter of business necessity.

Q. Are there any other distinguishing factors between the City of Decatur's water treatment plant and Illinois-American Water's plant in Alton?

A. Yes. The Decatur plant uses lime softening in its treatment process. As I have mentioned before, Illinois-American Water does not use lime softening at the Alton plant. It would be impractical for the city of Decatur to discharge untreated effluent into Lake Decatur, which is already impaired by TSS, because it would be adding considerably more solids than it withdrew from the lake. Illinois-American Water does not add solids to the Mississippi River to any meaningful degree.

KINKAID LAKE (KINKAID AREA WATER SYSTEM)

Q. Please describe Kinkaid Lake and the use of Kinkaid Lake as a water supply by the Kinkaid Area Water System.

A. Kinkaid Lake is a 2,850 acre lake built in 1968 by damming the Kinkaid Creek. The quality of water is managed by the Kinkaid-Reed Creek Conservation District, which is dedicated to the protection of the water supply there.

Q. Is Kinkaid Lake an impaired waterway?

A. Yes, it is. It is considered to be impaired by pH, Manganese, Mercury, and Sedimentation. The pH impairment is a result of Phosphorus runoff from surrounding farmland. According to David Fligor of the Kinkaid-Reed Conservancy District, the upper reaches of the lake have been filled with approximately 1 million cubic yards of sediment since its construction, and the management of the lake has been one of constant fighting against erosion and sedimentation.

Q. What soil conservation measures are conducted at Kinkaid Lake?

A. According to David Fligor, The Kinkaid-Reed Creek Conservation District spends about $80,000 per year for soil conservation measures. Those measures include six miles of shoreline stabilization projects, promotion of no-till agriculture, and educational programs.

Q. Does the Kinkaid Area Water System fund all of those conservation measures?

A. No. Many conservation programs are funded by the State of Illinois, USEPA, Illinois DNR and the Natural Resource Conservation Service. Kinkaid-Reed's Creek Conservancy District received an ICLP Phase I grant of $61,500 in 2003 and a Phase II grant of $300,000 in 2006. Federal Section 319 funding of $883,000 will be applied to the conservancy district's TMDL (Total Maximum Daily Load) Best Management Practices Implementation, a project involving the construction of sediment basins, gully stabilization, and shoreline stabilization.

GOVERNOR BOND LAKE (CITY OF GREENVILLE WATER TREATMENT PLANT)

Q. That leaves one site cited by the Agency in its Recommendation—Governor Bond Lake. What did you learn about Governor Bond Lake and its use by the City of Greenville?

A. According to Matt Wilman of the City of Greenville, Governor Bond Lake was built in 1969. It is a 775 acre lake, owned by the City of Greenville. The Greenville Water Treatment Plant uses water from the lake for its public drinking water supply.

Q. What are the distinguishing factors, if any, between Governor Bond Lake and the Mississippi River at Alton?

A. The lake is surrounded by agricultural areas that contribute to sedimentation. Fifty percent of the upper lake's capacity has been filled with sediment since construction. The lake is considered impaired and the high priority impairments include TSS. As I have said before, none of these conditions exist in the Mississippi River at Alton.

Q. Are there any distinguishing factors between the water treatment process at the Alton plant and the water treatment process employed by the Greenville Water Treatment Plant?

A. Yes. According to Matt Wilman, the Water Treatment Plant uses lime softening in its treatment process. So, it would be impractical, if not impossible, for the City of Greenville to discharge untreated wastewater into a small reservoir like Governor Bond Lake. The City is already in a constant battle with sedimentation, and the discharge of wastewater containing lime would make that battle even more difficult to wage. Illinois-American Water does not face that situation at Alton because it does not have a sedimentation problem to begin with, and it does not "contribute" to sedimentation through the addition of lime through its effluent.

Q. Does the City of Greenville spend only its own funds for sedimentation control or does it receive help from public funding?

A. The City receives public funds. In 1999, the city received an ICLP Phase I grant of $51,446. In 2002 the city received a Phase II grant of $300,000. Section 319 Federal funding was used for a TMDL Best Management Practices Implementation in 2001, Construction of a Stormwater Basin in 2003, and $223,000 of Federal money funded a Lake Shoreline Stabilization project in 2005.

ATTACHED EXHIBIT: TABLE OF PROJECTS FUNDED BY ILLINOIS EPA THROUGH THE ILLINOIS CLEAN LAKES PROGRAM

Q. Mr. Kaiser, you are attaching a document to your testimony for the Board's benefit. Please identify that document and explain its relevance.

A. The document is a table of projects which have been funded through the Illinois Clean Lakes Program by Illinois EPA. It is a brief summary of ICLP projects. It was provided to me by an employee in the Bureau of Water at the IEPA. I used this document to verify ICLP funding and match funding provided at Otter Lake, Governor Bond Lake and Lake Kinkaid.

By Mr. Hiles: At this time, I move for admission into evidence, the table entitled "Illinois EPA Illinois Clean Lakes Project Summary_6 August, 2007"

ILLINOIS-AMERICAN WATER IS NOT SEEKING TO AVOID THE TREATMENT OBLIGATIONS IMPOSED ON OTHER WATER TREATMENT PLANTS AND IS NOT GAINING A COMPETITIVE ADVANTAGE

Q. Mr. Kaiser, I am going to read to you a statement contained in the Agency's Recommendation. It is found in Paragraph 14 of the Recommendation, and it is as follows: "Illinois-American is thus seeking to avoid what other facilities in the business of providing drinking water do to achieve compliance with the state's effluent standards." Based upon your examination of the six water treatment plants cited by the Agency, do you agree?

A. No.

Q. Why not?

A. I have examined the circumstances applicable to the six water plants cited by the Agency. All six of them treat their wastewater out of business necessity, in my opinion. Like Illinois-American Water, a single water body serves as a source of water supply and (potentially)

would be the discharge point for treated or (in the case of Illinois-American Water) untreated waste water. The similarities end there. The six water treatment plants cited by the Agency really have no choice but to treat their waste water. They do it out of business necessity because their effluent goes into a reservoir highly susceptible to sedimentation. Stated differently, if the state of Illinois did not have effluent standards for TSS, I believe that these six water plants cited by the agency would still have to treat their waste water. Four of the six water treatment plants use lime softening in their treatment processes, which would only exacerbate sedimentation in the reservoirs from which they draw water. Illinois-American Water does not use a lime softening process at its Alton plant. So, I consider any comparison of the Alton plant with these six water treatment plants to be a practical impossibility.

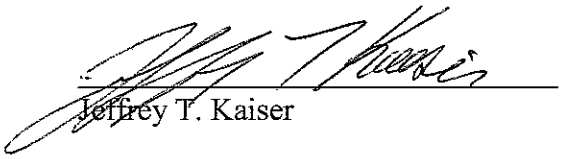
I also want to express another opinion about the statement you read from the Agency's recommendation. Although the statement does not directly say this, there is an implied allegation that Illinois-American Water is achieving a competitive benefit over the other five water companies. I have spent most of my career working with water treatment plants and waste water treatment plants. Many water treatment plants are publicly regulated utilities. They do not compete against each other. Their rates are set by public service commissions which, in Illinois, means the Illinois Commerce Commission. To my knowledge, there is absolutely no competition between the Alton plant of Illinois-American Water and the City Water Light & Power facility in Springfield—or with any of the other water treatment plants cited by the Agency. These plants all serve their own discreet customer base, which have no areas of intersection with each other.

I also find the Agency's statement puzzling for another reason: All six facilities mentioned by the Agency receive state and/or federal funding to undertake sedimentation reduction efforts. At the City of Decatur, expenditures for soil conservation measures are an investment which

yields a return. According to the Macon County Soil and Water Conservation District, the city saves $4 for every $1 it invests in conservation measures. To my knowledge, Illinois-American Water is not the beneficiary of state or federal funding with respect to the Piasa Creek Watershed Project. Illinois-American Water funds 100% of its soil conservation measures, which cuts contrary to allegations that it is obtaining a competitive advantage.

Q. Thank you for your testimony in this case, Mr. Kaiser.

A. You're welcome.



Jeffrey T. Kaiser

STATE OF MISSOURI)
)
CITY OF SAINT LOUIS)

AFFIDAVIT

I, Jeffrey T. Kaiser, after being duly sworn on oath, state that the foregoing Testimony is true and correct to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NOT.

Jeffrey T. Kaiser

SUBSCRIBED AND SWORN to before me this 24 day of August, 2007

TINA SILKWOOD
Notary Public - Notary Seal
STATE OF MISSOURI
Jefferson County
My Commission Expires:July 20, 2011
Commission # 07516812

NOTARY PUBLIC