

Exhibit No.:
Issues: Impact of Staff's
Proposed Rate Reduction on
Union Employees
Witness: Hugh McVey
Missouri AFL-CIO
Sponsoring Party: Union Electric Company
Type of Exhibit: Rebuttal Testimony
Case No.: EC-2002-1
Date Testimony Prepared: May 10, 2002

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EC-2002-1

REBUTTAL TESTIMONY

OF

HUGH MCVEY

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

Exhibit No. 158
Date 7/10/02 Case No. EC-2002-1
Reporter Kem

St. Louis, Missouri
May, 2002

1 and their positions on issues important to working families; and encourages union
2 members to volunteer assistance to endorsed candidates' campaigns.

3 The AFL-CIO Community Services Liaisons serve as links between the
4 Missouri AFL-CIO and central labor councils and United Ways in communities in
5 Missouri. Their key areas of responsibility include: union counselor training; assistance
6 to working families experiencing lay-off or strike; help for the unemployed; increase
7 labor participating in the United Way campaign; expand labor's knowledge and use of
8 community resources; partner in the National Association of Letter Carriers National
9 Food Drive.

10 The Missouri AFL-CIO has a contractual agreement with the Missouri
11 Division of Workforce Development called the Dislocated Worker Program, which is
12 funded by the United States Department of Labor. When there is a plant closure or
13 layoff, the state of Missouri is notified and the Dislocated Worker Program is the liaison
14 to companies that employ union workers. They help hook up the dislocated worker with
15 program service providers which give training, counseling, and other referral services.

16 The Missouri AFL-CIO works to educate, encourage, and support working
17 people in exercising their right to organize a union where they work. The Missouri AFL-
18 CIO supports public education and the inclusion of a labor education curricula in
19 Missouri classrooms.

20 **Q. Please describe your duties as President of the Missouri AFL-CIO.**

21 **A. As President of the Missouri AFL-CIO I coordinate all activities**
22 previously described above in order to ensure that our organization accomplishes the

1 tasks at hand and is effective in supporting our goals and mission, whether it is in the
2 legislative arena, a dislocated worker's issue, a community service or education issue.

3 **Q. Please describe your employment history.**

4 A. I was elected President of the Missouri AFL-CIO on September 25, 2000.
5 Before becoming President, I was appointed Executive Vice President on September 2,
6 1997. Prior to that time, I worked for AmerenUE at the Company's Sioux Power Plant
7 for eighteen years. During that time I served as Group Steward and Chief Steward at
8 Sioux Plant. I also served as Assistant to the Business Manager and Business
9 Representative of the Operating Engineers Local 148 for six years.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to express concerns about the impact of
12 the proposed rate reduction of the Commission Staff ("Staff") on AmerenUE and also on
13 the AmerenUE employees represented by the various locals, as well as all of those men
14 and women represented by the Building Trades Council. The purpose is also to support
15 AmerenUE's rate and revenue proposals being made in this proceeding on the grounds
16 that they will enable the company to continue to provide quality service to its Missouri
17 electric customers and also to continue to provide jobs to the employees represented by
18 the various Locals. All of AmerenUE employees represented by the various locals are
19 proud of their accomplishments in working for a company that provides quality service at
20 one of the lowest rates in the region.

21 We also believe that the experimental alternative regulation plan
22 ('EARP') under which AmerenUE has operated for the last six years, has allowed the
23 union employees of AmerenUE to make a real contribution to the successful, efficient

1 operation of the company in a way that both benefited customers and AmerenUE. Under
2 the EARP, as our members worked hard to improve the efficiency of AmerenUE's
3 operations, no longer would those efforts be "rewarded" by a reduction of rates. Instead,
4 under the sharing grid that allowed AmerenUE to retain some of its improved earnings,
5 our members could see our work benefit the Company in which we earn our livelihood.

6 **Q. What is your understanding of the Staff's rate reduction proposal**
7 **submitted in this proceeding?**

8 A. It is my understanding that the Staff not only has offered no serious
9 analysis of the success of the EARP, but instead is recommending that the Commission
10 reduce AmerenUE's annual electric revenues from Missouri retail customers by between
11 \$245 and \$285 million.

12 **Q. What is the Missouri AFL-CIO's overall concern with such a**
13 **proposed reduction?**

14 A. Beyond the fact that such a huge rate cut is a strange way to reward all of
15 the union employees, both active and retired, who have made AmerenUE such a
16 successful, efficient supplier of electricity, we are concerned that a reduction of this
17 magnitude will jeopardize AmerenUE's ability to provide quality service to its electric
18 retail customers in Missouri. We are concerned that such a dramatic rate reduction will
19 not provide the Company with sufficient funds to invest in much needed infrastructure
20 improvements in generation, transmission and distribution. We believe in giving the
21 company a financial incentive to maintain a high level of customer service and a financial
22 incentive to increase the level of new construction.

1 **Q. What is your understanding of the rate and revenue proposals which**
2 **AmerenUE is making in this proceeding?**

3 A. It is my understanding that AmerenUE is recommending that the
4 Commission allow AmerenUE either to (a) operate under a new alternative regulatory
5 plan with specific proposals for new low income assistance and new funding for
6 economic development projects as well as a plan of new infrastructure construction; or
7 (b) set its rates under traditional cost of service principles which are more reasonable and
8 less punitive than those used by the Staff.

9 **Q. Does the Missouri AFL-CIO support AmerenUE's proposals?**

10 A. Yes, we do. The Missouri AFL-CIO supports AmerenUE's new
11 alternative regulation plan and its cost of service rate proposal because they will allow
12 not only our members, but all of the men and women of AmerenUE, to continue to
13 provide the high quality service we have in the past, and more than ever need to do in the
14 future.

15 **Q. Does this conclude your testimony?**

16 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

The Staff of the Missouri Public Service
Commission,)

Complainant,)

vs.)

Case No. EC-2002-1

Union Electric Company, d/b/a)

AmerenUE,)

Respondent.)

AFFIDAVIT OF HUGH MCVEY

STATE OF MISSOURI)

) ss

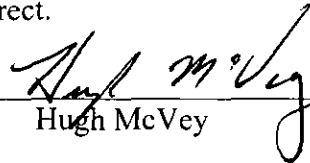
CITY OF ST. LOUIS)

Hugh McVey, being first duly sworn on his oath, states:

1. My name is Hugh McVey. I am President of the Missouri AFL-CIO.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Union Electric Company, d/b/a AmerenUE, consisting of 5 pages, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



Hugh McVey

Subscribed and sworn to before me this 9th day of May, 2002.



Notary Public

My commission expires:

