

Exhibit No.: _____
Issue: Rate Design
Witness: J. Scott Conroy
Sponsoring Party: Continental Cement Company, L.L.C.
Case No.: Case No. EC-2014-0224

CONTINENTAL CEMENT COMPANY, L.L.C.

Case No. EC-2014-0224

REBUTTAL TESTIMONY

OF

J. SCOTT CONROY

Chesterfield, Missouri
May 2014

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Noranda Aluminum, Inc., et al.,)
)
Complainants,)
v.)
) Case No. EC-2014-0224
Union Electric Company,)
d/b/a Ameren Missouri,)
)
Respondent.)

AFFIDAVIT OF J. SCOTT CONROY

STATE OF MISSOURI)
) ss
COUNTY OF Ralls)

J. SCOTT CONROY, being first duly sworn on his oath, states:


1. My name is J. Scott Conroy. I am Vice President, Engineering & Projects for Continental Cement Company, L.L.C.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Continental Cement Company, L.L.C. having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.


J. SCOTT CONROY

Subscribed and sworn before me this 9th day of May, 2014.


Notary Public

My commission expires: April 26, 2016

Brian A. Martinson
Notary Public - Notary Seal
State of Missouri
County of Ralls
Commission #12332966
My Commission Expires April 26, 2016

REBUTTAL TESTIMONY

OF

J. SCOTT CONROY

Case No. EC-2014-0224

Q. Please state your name and business address.

A. My name is Scott Conroy. My business address is 16100 Swingley Ridge Road, Suite 230, Chesterfield, Missouri 63017. I also maintain an office at 10107 Highway 79 Hannibal, Missouri 63401.

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

A. I am employed by Continental Cement Company, L.L.C (Continental) as Vice President, Engineering & Projects.

Q. What are your responsibilities?

A. I am responsible for project engineering and project management for all major capital projects within Continental, and for energy management for all operations owned by Continental.

Q. Please describe your education, experience and employment history.

A. In 1984, I graduated from the University of Georgia with a Bachelor of Science in Chemistry. In 1991, I obtained a Masters in Business Administration from Georgia State University. I have worked in the cement industry since 1985 in a variety of roles, both in the U.S. and internationally. My experience has been mostly focused on cement operations both at the plant and corporate level. I have been employed by Continental since 2009.

Q. What is the purpose of your testimony?

A. I address several subjects in my testimony. I will describe Continental's business operations and the electrical service provided by Ameren Missouri (Ameren) to the equipment and facilities owned or managed by Continental. Continental is a major Ameren customer and relies extensively on energy distributed by Ameren. I will also discuss what I believe the effect of increased energy costs would have on Continental's market presence.

Q. In what business does Continental engage?

A. As its name will confirm, Continental is in the business of manufacturing and selling Portland cement, and cement has been manufactured at the Hannibal location since 1903. The cement produced at the Hannibal plant site has long been recognized for its consistent quality and was selected for many notable construction projects, including the Empire State Building, the Panama Canal, Busch Stadium, the Edward Jones Dome, and the Scottrade Center. Three generations of cement plants have manufactured cement at the Hannibal site. The existing plant was upgraded beginning in 2006, with a total investment of approximately \$200 Million, and went into operation in 2008.

The Hannibal plant is a fully modernized, state of the art cement manufacturing facility. The vertical roller mill, the pyro-processing line, clinker cooler, roll press and separator are all of the most modern design found in the cement industry. There is an on-site underground limestone mine, which has just gone into operation this year, and a surface shale quarry. These two components constitute 92% of cement raw materials. All raw materials are crushed and conveyed to a single rock storage building, where the

segregated raw materials are stockpiled for blending.

The plant improvements made during the plant upgrade also included infrastructure support modifications. Those modifications entailed incorporating alternative fuels for the new plant, converting existing raw material storage silos into clinker storage, increasing cement storage and load-out capabilities at the plant as well as at the St. Louis, Missouri distribution terminal. Continental's distribution network includes shipments from the production facility and distribution terminals in St. Louis, Missouri and Bettendorf, Iowa.

Q. How many are employed at the Hannibal Plant?

A. Continental currently employs 228 at the plant. Payroll and other benefits at that level of employment exceed \$24 Million per year.

Q. Can you identify Continental's contributions to the local economy?

A. Yes. Continental pays approximately \$1,016,000 in county or other local property taxes annually. It purchases supplies and services locally in the amount of approximately \$46 Million a year. Continental's charitable contributions and advertising costs are approximately \$150,000 - \$200,000 per year.

Q. Generally describe the Continental facilities and equipment taking service from Ameren.

A. All of the plant equipment requires electrical energy to operate. Plant equipment ranges in size from fractional horsepower motors, up to 3000 horsepower motors. Continental is heavily dependent upon the reliability and quality of energy distributed to these facilities. Energy costs are approximately 12.8 % of Continental's operating costs.

Q. How is this service provided by Ameren?

A. Electrical service for the plant site comes from Ameren's Marion substation, located just south of Hannibal on Highway 79. There are two 34.5KV lines that deliver power to two substations located at the plant. The plant substations, which are owned by Ameren, contain transformers to take power from 34.5KV down to 4KV for distribution to plant equipment.

Q. Approximately how much electrical energy does Continental acquire from Ameren on a monthly basis.

A. Demand during normal operations is approximately 18 megawatts of electrical power. Average electrical energy consumption throughout the year is approximately 9 million kilowatt-hours and increases to approximately 11 million kilowatt-hours during the shipping season. On an annual basis Continental purchases more than \$6 Million of electrical energy from Ameren.

Q. In this matter Noranda Aluminum is asking the Commission to reduce the rate charged by Ameren to Noranda for its New Madrid Smelter. If Noranda's request is approved, Continental, as an existing Ameren customer, would be expected to experience an increase in its electric rates. What effect would an increase in electric rates have on Continental's operations.

A. Continental would endure adverse effects from an increase in its electrical rates. As I have testified, Continental's business rises and falls on the quality and reliability of energy supplied by Ameren. If the costs of that energy increase, Continental's costs increase. As Continental's costs increase its ability to compete in the marketplace is weakened. Like Noranda, Continental faces competition from abroad and from domestic

cement suppliers that have the advantage of lower rates for energy than Ameren's. The slightest increase in Ameren's energy rates has significant effects on the strength of Continental's market position and on its level of employment and its contributions to the local economy.

Q. What is your recommendation?

A. Continental, like Noranda and many other industrial or commercial firms, would greatly benefit from a reduction in Ameren's rates for electric service. If the Commission is inclined to reduce Ameren's rate for service to Noranda, the Commission should reduce the rate for Continental as well. Otherwise, the Commission should deny the relief requested in Noranda's complaint entirely. Giving a particular class of Ameren customer a rate reduction below its cost of service and imposing that cost on other customers is unfair and should be rejected.

After reviewing the rebuttal testimony of other parties, I may supplement my recommendations in written surrebuttal.

Q. Does this conclude your rebuttal testimony?

A. Yes.