

222
FILED³

DEC 29 2006

Missouri Public
Service Commission

Exhibit No.:

Witness:

Type of Exhibit:

Issue:

Sponsoring Parties:

Case No.:

Albert Owen

Direct Testimony

Rate Design

Missouri Industrial Energy Consumers

ER-2007-0002

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

In the Matter of Union Electric Company)
d/b/a AmerenUE for Authority to File)
Tariffs Increasing Rates for Electric)
Service Provided to Customers in the)
Company's Missouri Service Area)

Case No. ER-2007-0002

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APR 25 2007

Missouri Public
Service Commission

Direct Testimony of

Albert Owen

On Behalf of

Missouri Industrial Energy Consumers

December 29, 2006

MIEC EXHIBIT NO. 714
Date 3/12/07 Case No. ER-2007-0002
Reporter _____



Diana M. Vuylsteke
Voice (314) 259-2543
dmvuylsteke@bryancave.com

FILED⁴

DEC 28 2006

BY HAND DELIVERY

December 29, 2006

Cully Dale
Secretary/Chief Administrative Law Judge
Missouri Public Service Commission
200 Madison Street
Jefferson City, MO 65101

RE: Case No. ER-2007-0002

Dear Judge Dale:

Attached for filing on behalf of the Missouri Industrial Energy Consumers in the above-referenced case are an original and eight (8) copies each of the following:

- Direct Testimony of William Hinckley
- Direct Testimony of Gareth Kajander,
- Direct Testimony of Albert Owen
- Direct Testimony and Schedules of Maurice Brubaker on Cost of Service, Revenue Allocation and Rate Design
- Direct Testimony and Schedules of Maurice Brubaker on Fuel Adjustnemt, and
- Direct Testimony and Schedules of Jim Dauphinais (NP and HC versions)

Thank you for your assistance in bringing these filings to the attention of the Commission.

Very truly yours,

Diana M. Vuylsteke
DMV:ln

Attachments
cc: All Parties

Missouri Public
Service Commission

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And Bryan Cave,
A Multinational Partnership,
London

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STATE OF MISSOURI)	
)	SS
COUNTY OF ST. LOUIS)	

Affidavit of Albert C. Owen

Albert C. Owen, being first duly sworn, on his oath states:

1. My name is Albert C. Owen, Jr. I am Energy Manager for The Boeing Company in St. Louis. My principal place of business is M.C. S221-1400, P.O. Box 516, St. Louis, Missouri 63166-0516. The Boeing Company is a member of the Missouri Industrial Energy Consumers (MIEC) and is a party to this proceeding.
2. Attached hereto and made a part hereof for all purposes is my direct testimony prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2007-0002.
3. I hereby swear and affirm that this testimony is true and correct and shows the matters and things purported herein.

Subscribed and sworn to before this 28th day of December, 2006.

Notary Public

My Commission Expires:

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Direct Testimony of Albert C. Owen

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A My name is Albert Owen and my business address is P.O. Box 516 MC S221-1400,
3 St. Louis, Mo 63166-0516.

4 **Q WHAT IS YOUR OCCUPATION?**

5 A I am Energy Manager for The Boeing Company.

6 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPER-**
7 **IENCE.**

8 A These are set forth in Appendix A to my testimony

9 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

10 A This testimony is presented on behalf of the Missouri Industrial Energy Consumers
11 (MIEC). Member companies purchase substantial quantities of electricity from
12 AmerenUE, principally under the Large Primary Service (LPS) Rate Schedule,
13 Rate 11.

14 **Q WHAT IS THE SUBJECT OF YOUR TESTIMONY?**

15 A My testimony discusses the impact of AmerenUE's rate increase proposal on Boeing.
16 The fact that I do not address an issue should not be interpreted as approval of any
17 position taken by AmerenUE.

1 **Q PLEASE SUMMARIZE YOUR RECOMMENDATION.**

2 A The Missouri Public Service Commission should consider the negative effect that
3 AmerenUE's rate increase proposal will have on Boeing and other Missouri industry,
4 as well as Missouri's economy as a whole.

5 **Q PLEASE DESCRIBE THE BOEING COMPANY'S MISSOURI OPERATIONS AND**
6 **IMPACT ON MISSOURI'S ECONOMY.**

7 A The headquarters of the Integrated Defense Systems (IDS) division of The Boeing
8 Company is located in St. Louis, Missouri and is a significant contractor for the US
9 Department of Defense. Electric power for our facilities is provided by AmerenUE. In
10 addition to IDS executive and program management functions, the St. Louis/St.
11 Charles site involves manufacturing, product and software engineering, research and
12 development, and information technology.

13 Boeing has a large positive economic impact on the Missouri economy. Based on
14 calendar year 2005 information, we employ 16,000 highly skilled employees with a
15 payroll of approximately \$1.3 billion per year, and have paid over \$858 million to
16 1,162 Missouri suppliers. In addition, Boeing and its employees made more than \$7
17 million in charitable contributions.

18 **Q HOW WILL AMERENUE'S RATE PROPOSALS IMPACT THE BOEING**
19 **COMPANY?**

20 AmerenUE has proposed a rate increase of 43 percent for its Large Primary
21 customers (Rate 11). Boeing is gravely concerned that AmerenUE's proposal is not
22 fully justified or fair to all customers. As with any manufacturer, utility expenses are a
23 significant cost of doing business. Unwarranted increases will have negative effect
24 not only on our long term ability to maintain and grow business within Missouri, but
25 also for our 1,100+ statewide suppliers.

1 Boeing recognizes that continuity of utility service is vital to all businesses in the
2 state. The cost of service should be reasonable and must always be fully justified.
3 Regulated utilities ensure their customers reliable service by obtaining a reasonable
4 profit based on their equity and actual costs of providing the service. Given the
5 extremely large amount of AmerenUE's proposed increase and the anticompetitive
6 consequences of utility rates that are out of sync with the total cost of providing the
7 service, it is essential that the Missouri Public Service Commission give the highest
8 scrutiny to AmerenUE's rate increase request.

9 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10 **A** Yes, it does.

Appendix A

Qualifications of Albert C. Owen

1 **Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A Albert C. Owen, Jr. My business address is P.O. Box 516 MC S221-1400, St. Louis,**
3 **Mo 63166-0516.**

4 **Q PLEASE STATE YOUR OCCUPATION.**

5 **A I am Energy Manager for The Boeing Company. In this capacity, I am responsible**
6 **for the overall coordination of energy management activities, including energy**
7 **conservation, utility rate issues, energy related legislation, and fuel procurement for**
8 **the Boeing St. Louis/St. Charles facilities. In addition, I have managed both**
9 **design and construction projects and functioned as an in-house consultant for**
10 **central plant operations during my twenty-seven year career in St. Louis.**

11 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERI-**
12 **ENCE.**

13 **A My educational and work background is in engineering, having recently earned a**
14 **Master of Science in Mechanical Engineering from the University of Missouri-Rolla.**
15 **Prior to my career with Boeing, I was a mechanical design engineer in the field of**
16 **heating and air conditioning, process piping, and plumbing for commercial and**
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