

Exhibit No.
Issue: Effect of Union Employees
Witness: William C. Eads
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District
Case No.

**Before the Public Service Commission
of the State of Missouri**

Direct Testimony

of

William C. Eads

April 2004

DIRECT TESTIMONY
OF
WILLIAM C. EADS
THE EMPIRE DISTRICT ELECTRIC COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO.

1 Q. STATE YOUR NAME AND ADDRESS PLEASE.

2 A. William C. Eads, 1700 East Sycamore Lane, Springfield, Missouri

3 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

4 A. I am employed by the International Brotherhood of Electrical Workers ("IBEW") as
5 Vice President of the 11th District, which encompasses the states of Missouri, Iowa,
6 Nebraska, North and South Dakota.

7 Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL
8 EXPERIENCE.

9 A. I have been employed by the IBEW since 1977 and have had the responsibilities, as
10 Vice President, for the entire district since 1998, I am a high school graduate and have
11 a degree in Mechanical Engineering with minors in Labor Law and Economics, my
12 first experiences in the Utility industry started in 1965 when I became employed by
13 Kansas City Power & Light Company.

14 Q. PLEASE DESCRIBE THE IBEW, ITS MISSION, DUTIES, RESPONSIBILITIES,
15 AND THE PEOPLE IT REPRESENTS.

16 A. The IBEW is a labor union which represents approximately 800,000 members in the
17 electrical industry. Our core branches are construction, manufacturing, utilities, and
18 telecommunications. We represent approximately 300,000 members in the utility

1 branch nationwide. Most of these members are employees of investor owned utilities,
2 municipalities, public power districts and rural electric cooperatives.

3 Q. PLEASE DESCRIBE YOUR DUTIES AS VICE PRESIDENT OF THE
4 ORGANIZATION.

5 A. My position is an elected position and I represent approximately 40,000 members in a
6 five state area including Missouri. I answer to the 80 Local Unions of the IBEW in
7 these states and give advice, handle internal union affairs, make sure that all members
8 are being treated fairly and that each of our locals are operating and complying with
9 state and federal labor laws as well as their own bylaws and the IBEW Constitution. I
10 also meet with employers and contractors to bring about settlements and work out job
11 site issues.

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. The purpose of this testimony is to support The Empire District Electric Company's
14 ("Empire" or "Company") rate and revenue proposal. This support is based on the
15 grounds that the approval of Empire's request will enable the Company to improve its
16 financial position so that it can continue to provide quality service to its Missouri
17 customers and also to continue to provide jobs to the employees represented by the
18 various Locals. All of Empire's employees represented by the various locals are proud
19 of their accomplishments in working for a company that provides quality service at
20 competitive rates.

21 Q. WHAT CONCERNS DO YOU HAVE REGARDING THE COMPANY'S
22 FINANCIAL POSITION?

1 A. The outcomes of past rate cases have already weakened Empire's financial position.
2 We are concerned that, unless the company's rate and revenue proposal is approved,
3 Empire's financial position will be insufficient to allow the Company to maintain a
4 high level of customer service and to continue to invest in the required level of new
5 construction. We understand that a strong financial position will enable the Company
6 to provide continued infrastructure improvements in generation, transmission, and
7 distribution. These investments will allow the Company to provide quality service to
8 its electric customers in Missouri. We thus support Empire's rate and revenue
9 proposal and ask that it be approved by the Commission.

10 Q. ASIDE FROM THE COSTS ASSOCIATED WITH MAINTAINING A HIGH
11 LEVEL OF CUSTOMER SERVICE AND MAKING THE REQUIRED
12 INFRASTRUCTURE INVESTMENTS, ARE THERE OTHER COST OF SERVICE
13 ITEMS IN EMPIRE'S RATE AND REVENUE PROPOSAL THAT YOU WOULD
14 LIKE TO COMMENT ON?

15 A. Yes. Empire proposes certain modifications to how the funding of pension-related
16 costs should be accounted for in the company's rates. Adequate funding of Empire's
17 pension current and future expenses is very important to employees represented by the
18 various Locals. We find that Empire's proposed modification is an important step
19 towards ensuring a continuation of adequate funding of pension expenses and strongly
20 recommend that the Commission approve the proposal.

21 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

22 A. Yes.