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FILED⁴

DEC 29 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

Missouri Public
Service Commission

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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 Adjustmemt, 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

Chicago
Hong Kong
Irvine
Jefferson City
Kansas City
Kuwait
Los Angeles
New York
Phoenix
Shanghai
St. Louis
Washington, DC

And Bryan Cave,
A Multinational Partnership,
London

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Exhibit No.:	
Witness:	William Hinckley
Type of Exhibit:	Direct Testimony
Issue:	Rate Design
Sponsoring Parties:	Missouri Industrial Energy Consumers
Case No.:	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)	Case No. ER-2007-0002
Service Provided to Customers in the)	
Company's Missouri Service Area)	

Direct Testimony of

William Hinckley

On Behalf of

Missouri Industrial Energy Consumers

December 29, 2006

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

<u>In the matter of Union Electric Company</u>)	
<u>d/b/a AmerenUE for Authority to File</u>)	
<u>Tariffs Increasing Rates for Electric</u>)	Case No. ER-2007-0002
<u>Service Provided to Customers in the</u>)	
<u>Company's Missouri Service Area</u>)	

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

Affidavit of William Hinckley

William Hinckley, being first duly sworn, on his oath states:

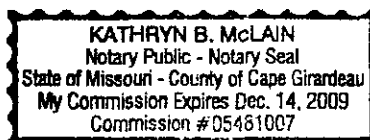
1. My name is William Hinckley. I am the Plant Manager for BioKyowa Corporation. My principal place of business is 5469 Nash Road, P.O. Box 1550, Cape Girardeau, Missouri 63702. BioKyowa is a member of the Missouri Industrial Energy Consumers (MIEC) and is a party to this proceeding.
2. Attached hereto 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.

William Hinckley 12/27/06

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

Kathryn B. McLain 12-27-06
Notary Public

My Commission Expires:



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

<u>In the matter of Union Electric Company</u>)	
<u>d/b/a AmerenUE for Authority to File</u>)	
<u>Tariffs Increasing Rates for Electric</u>)	Case No. ER-2007-0002
<u>Service Provided to Customers in the</u>)	
<u>Company's Missouri Service Area</u>)	

Direct Testimony of William Hinckley

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

2 **A My name is William Hinckley and my business address is 5469 Nash Road,**
3 **P.O. Box 1550, Cape Girardeau, Missouri 63702.**

4 **Q WHAT IS YOUR OCCUPATION?**

5 **A I am Plant Manager for BioKyowa Corporation.**

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**
16 **BioKyowa, other Missouri businesses and the state's economy.**

1 The fact that I do not address an issue should not be interpreted as approval of any
2 position taken by AmerenUE.

3 **Q PLEASE SUMMARIZE YOUR RECOMMENDATION.**

4 A In considering AmerenUE's proposals in this case, the Missouri Public Service
5 Commission should take into account the harm that those proposals would cause to
6 BioKyowa and to Missouri's overall business climate.

7 **Q PLEASE DESCRIBE BIOKYOWA AND THE BUSINESS ENVIRONMENT IN**
8 **WHICH IT OPERATES.**

9 A BioKyowa manufactures various kinds of amino acids that are sold both in the United
10 States and in the global market. BioKyowa is the first major Japanese company to
11 build a manufacturing plant in the state of Missouri. We currently employ 110 people,
12 and we are proud of our business reputation in the community. Because BioKyowa
13 operates in a globally competitive environment, with over 80% of our production being
14 sent overseas, the competitive pressure to improve requires technical innovation,
15 efficient manpower utilization, and careful management of energy costs, both gas and
16 electric.

17 **Q HOW WILL AMERENUE'S RATE PROPOSALS IMPACT BIOKYOWA?**

18 AmerenUE has proposed a rate increase of 43 percent for its Large Primary
19 customers (Rate 11). In one fell action AmerenUE's proposed increase would
20 overwhelm any and all energy reduction projects which we have done in the past ten
21 years. We have worked hard to reduce our energy costs, and quite frankly this
22 increase would decimate our electrical energy budget. The proposed increase far
23 surpasses anything that we had imagined in our projection of long term energy costs
24 that we made a few years ago. As a monopoly, AmerenUE has captive customers
25 and no competitors. In contrast, BioKyowa has no assurance whatsoever that it can
26 pass its increased electrical cost on to its customers in the form of price increases.

1 To the contrary, since our competitors do not receive their energy from Ameren, they
2 will not have to deal with a 43% increase in electricity costs. BioKyowa's annual
3 electric bill is over \$1,800,000. AmerenUE's proposal would result in a rate increase
4 of \$800,000 per year to BioKyowa. A rate increase of this magnitude will make
5 BioKyowa less competitive and harm BioKyowa's chances for growth in Missouri.

6 **Q HOW WILL AMERENUE'S RATE PROPOSAL IMPACT MISSOURI'S ECONOMY?**

7 BioKyowa's financial health, and the health of all Missouri industry, depends on
8 reasonable and predictable electric rates. AmerenUE's proposed increase will harm
9 Missouri's economy, and make the state less competitive in attracting industry
10 seeking to locate or expand here. Approval of such a large rate increase would most
11 certainly send a fearful message to companies considering a move to Missouri.

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

13 **A** Yes, it does.

Appendix A

Qualifications of William Hinckley

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

2 **A William Hinckley. My business address is 5469 Nash Road, PO Box 1550,**
3 **Cape Girardeau, MO, 63702-1550**

4 **Q PLEASE STATE YOUR OCCUPATION.**

5 **A I am Plant Manager for BioKyowa Corporation.**

6 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERI-**
7 **ENCE.**

8 **A University of Michigan, Ann Arbor, MI 1960 – 1965**

9 **BSE Chemical Engineering BSE Metallurgical Engineering**

10 **1965 – 1969 Allied Chemical - Production Engineer El Segundo, CA**

11 **production of inorganic and organic Industrial Chemicals**

12 **1969 – 1973 Allied Chemical - Technical Superintendent Chicago Illinois**

13 **Production of inorganic Industrial Chemicals**

14 **1973–1985 Stauffer Chemicals –San Jose, CA - Production Engineer, Extraction**

15 **Manager, Fermentation Manager, Production of Monosodium**

16 **Glutamate**

17 **1987-1988 Angus BioTech – Long Beach, CA - Production Manager**

18 **Attempted start up of an erythromycin facility**

19 **1988-1995 NutraSweet Corp, Monsanto Harbor Beach, MI, Production Engineer,**

20 **Plant Manager , Production of Phenylalanine**

21 **1996–2007 BioKyowa, Cape Girardeau, MO, Plant Manager, Production of**

22 **amino acids**