

Exhibit No.:
Witness: Steve Hodges
Type of Exhibit: Direct Testimony
Issue: Noranda Economic Impact
Sponsoring Party: Noranda Aluminum, Inc.
Case No.: ER-2010-0036

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

In the Matter of Union Electric)	Case No. ER-2010-0036
Company, d/b/a AmerenUE's)	Tariff Nos. YE-2010-0054
Tariffs to Increase Its Annual)	and YE-2010-0055
Revenues for Electric Service)	

Direct Testimony of Steve Hodges

On behalf of

Noranda Aluminum, Inc.

January 6, 2010

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STATE OF MISSOURI

COUNTY OF MISSISSIPPI

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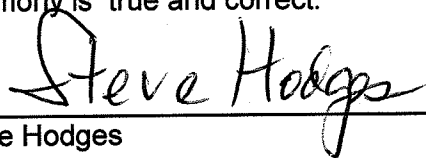
Affidavit of Steve Hodges

Steve Hodges, being first duly sworn, on his oath states:

1. My name is Steve Hodges. I am a Member of the Missouri House of Representatives representing the 161st District. My address is 51 West 428th Road, East Prairie, Missouri 63845.

2. Attached hereto and made a part hereof for all purposes is my direct testimony, which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2010-0036.

3. I hereby swear and affirm that the testimony is true and correct.



Steve Hodges

Subscribed and sworn to before me this 4th day of January, 2010.



LINDA E. ARMSTRONG
My Commission Expires
January 1, 2013
Callaway County
Commission #09452811



Notary Public

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

2 A Steve Hodges. My address is 51 West 428th Road, East Prairie, Missouri.

3

4 **Q I UNDERSTAND THAT YOU ARE A MISSOURI STATE REPRESENTATIVE, IS THAT**
5 **CORRECT?**

6 A Yes. I am a Member of the Missouri House of Representatives, 161st District here in
7 Southeast Missouri.

8

9 **Q HOW LONG HAVE YOU BEEN IN THIS POSITION?**

10 A I have proudly served for three years.

11

12 **Q PLEASE DESCRIBE YOUR DISTRICT?**

13 A My District includes Mississippi and New Madrid Counties. Those two counties are two
14 of the three poorest counties of Missouri. The third such county is Pemiscot, which is
15 near my district. I also represent portions of Scott, Stoddard, and Cape Girardeau
16 Counties.

17

18 **Q DOES YOUR DISTRICT ENCOMPASSES THE NORANDA ALUMINUM PLANT NEAR**
19 **NEW MADRID, MISSOURI?**

20 A Yes, it does encompass the Noranda smelter. The Noranda smelter is located in New
21 Madrid County.

22

23 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

24 A To provide insight on the impact to my constituents and to Southeast Missouri from the
25 operation of the Noranda smelter.

26

27 **Q IS ANYONE COMPENSATING YOU FOR YOUR TESTIMONY IN THIS MATTER?**

1 A No.

2

3 **Q ARE YOU FAMILIAR WITH THE OPERATIONS AT NORANDA?**

4 A I am very familiar with the operations of the Noranda plant and even prior to my
5 legislative tenure, I was familiar with the plant. When construction of the facility began in
6 the sixties, a number of my supermarket customers were involved in the construction
7 project and many residents became initial production employees when the plant became
8 operational.

9

10 **Q DO YOU UNDERSTAND WHAT THIS PROCEEDING CONCERNS?**

11 A Yes, I think so. I understand that Noranda's electricity supplier, Union Electric Company,
12 seeks to increase the Noranda plant's electric rates by up to 18 percent. With
13 approximately \$140 million in annual expenditures for electric utility costs, any rate
14 increase would be a tremendous concern for the continued operation of the plant.

15

16 **Q DO YOU HAVE ANY COMMENTS THAT YOU WOULD LIKE TO SHARE WITH THE**
17 **MEMBERS OF THE PUBLIC SERVICE COMMISSION REGARDING THE ECONOMIC**
18 **OR OTHER IMPACTS THAT NORANDA'S OPERATIONS HAVE ON YOUR**
19 **CONSTITUENTS?**

20 A As stated previously, my district includes two of the poorest counties in Missouri.
21 Noranda is the largest employer in my district and one of the largest in Southeast
22 Missouri. Noranda currently employs in excess of 900 people, with high-paying
23 manufacturing jobs with good benefits, which is rare in Southeast Missouri. To say that
24 Noranda has a significant economic impact on my district and the community is an
25 understatement. The ripple effect of the commerce Noranda generates is profound.
26 Noranda and its employees support local merchants who, in turn, support other
27 merchants. Noranda also generates nearly 25 percent of the total property taxes paid in

1 New Madrid County and about one-third of the taxes paid for the New Madrid County
2 Central R1 School District.

3 In addition to the Noranda plant's profound economic impact on our community,
4 Noranda supports the surrounding communities in other ways. For instance, Noranda
5 supports civic and charitable organizations, provides scholarships to area students,
6 supports local athletics, and is very important to the New Madrid County school district.

7 Noranda also enjoys a great relationship with its employees and the union to
8 which many of them belong. In my opinion, Noranda shows great concern for the
9 welfare of its employees. As a graduate student in the University of Missouri School of
10 Business, I was required to take a course titled Business Ethics and Corporate
11 Responsibility. It had a significant impact on how I projected my future into the business
12 community. In my opinion, Noranda positively affects employees, communities, and
13 other associated businesses. It demonstrates that Noranda has fulfilled its corporate
14 responsibility in an ethical manner.

15 To summarize, in Southeast Missouri, particularly in the Bootheel, we have faced
16 numerous challenges to create job opportunities for our citizens. Noranda, as one of our
17 largest and best employers, is crucial to the well-being of those living in the Bootheel.
18 For this reason, it is very important that electric rates are reasonable so that Noranda
19 remains viable. It would be devastating to my district, to Southeast Missouri and, even
20 to the State, if Noranda was forced to close its doors because it was unable to compete
21 with other smelters. Our international competitors do not face the operational costs and
22 challenges that our local concerns do. Enough jobs have been lost to foreign countries.

23
24 **Q REPRESENTATIVE HODGES, DO YOU HAVE A SENSE AS TO RELATIVE**
25 **IMPORTANCE OF MANUFACTURING JOBS SUCH AS THOSE THAT EXIST AT THE**
26 **NORANDA PLANT?**

1 A I believe that manufacturing jobs are generally better paying jobs with more benefits and
2 that manufacturers, in turn, create other related jobs that supply products and services to
3 manufacturers. Furthermore, we have seen in the past 20 years that it has become
4 increasingly difficult to attract and keep manufacturers in our area. A difficulty is that we
5 are now in a worldwide economy, and the competition for these jobs is sometimes not on
6 a level playing field. Additionally, with the advancement in technology and more efficient
7 manufacturing processes, there are fewer of these type jobs. Noranda has made
8 commitment to job training for employee loyalty and longevity, and you can understand
9 why Noranda is so important to our economy. This is why Noranda continues to be a
10 leader in the business community of Southeast Missouri.

11
12 Q ARE THERE ANY ADDITIONAL COMMENTS YOU'D LIKE TO SHARE?

13 A The Bootheel of Missouri has economic challenges, with job creation and retention being
14 extremely important. Noranda represents the best in the manufacturing community. It
15 provides over 900 good paying jobs with health benefits, including retirement plans, and
16 it pumps millions of dollars into the regional economy. It is imperative that the Noranda
17 plant continue to remain viable. I respectfully request that you do everything within your
18 power to assure that the electric rates that Noranda pays ensures the Noranda plant's
19 stability for future years.

20
21 Q DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

22 A Yes, it does. Thank you for the privilege of addressing this issue.