BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase Revenues for Electric Service	)))	Case No. ER-2014-0258

OBJECTION TO NON-UNANIMOUS STIPULATION

COMES NOW the Midwest Energy Consumers Group ("MECG"), pursuant to 4 CSR 240-2.115(2) of the Missouri Public Service Commission's Rules of Practice and Procedure, and for its Objection to the Non-Unanimous Stipulation and Agreement respectfully states as follows:

1. On October 10, 2014, the Office of the Public Counsel, Missouri Retailers' Association, Consumers Council of Missouri and the Missouri Industrial Energy Consumers filed a Non-Unanimous Stipulation and Agreement. ("Stipulation"). Under that Stipulation, Ameren would be required to create a new IAS rate schedule with a base rate that is $3.50 / MWh less than the current LTS rate. As designed, so long as it meets certain employment and capital expenditure requirements, only Noranda Aluminum would be eligible for the reduced rates on the IAS rate schedule.

2. As the Commission is undoubtedly aware, the Stipulation is a continuation of Noranda's ongoing effort to receive a significant rate reduction. The Commission has recently held that Noranda has not met its burden of proving that it suffers from a liquidity crisis and should not be granted such rate relief. (See, Case No. EC-2014-0224).

3. While MECG is willing to consider the degree of any Noranda liquidity crisis and the steps necessary to assist Noranda through such crisis, it objects to the Stipulation because of its failure to provide adequate customer protections. Specifically, prior to being granted such rate relief, MECG believes that any resolution must contain

three specific protections. **First**, the rate relief provided should be only as much as is needed to address Noranda's financial condition. To date, Noranda has provided no financial information that justifies any specific amount of rate relief. Instead, while ignoring all other aspects of its cost structure, Noranda has simply pointed to the electric rates paid by other domestic smelters. In this regard, it is interesting that, while initially claiming that it needed a rate of $30.00 / MWh, Noranda is now willing to accept a rate of $34.44 / MWh. Given its failure to provide comprehensive financial information, no one is certain of the amount of rate relief that is truly needed.

Noranda's single-minded focus on the cost of electricity paid by other domestic smelters fails to consider other cost items for which Noranda may realize a financial advantage over its domestic competitors. While Noranda would have the Commission ignore 65% of its cost portfolio, an accurate review of Noranda's financial condition must also consider other costs including alumina, labor, coke and transportation. Finally, the simplistic approach advocated by Noranda also fails to consider the financial opportunities that have recently arisen as a result of the elimination of another domestic smelters (Ormet Hannibal smelter).

Second, in order to ensure that it does not perpetuate any liquidity crisis, Noranda should be required to implement a strict austerity program. Such a program would help to preserve Noranda's cash assets. With this in mind, a necessary austerity program should include, among other things: (1) the elimination of any cash shareholder dividends; (2) the elimination of all cash incentive bonuses (any necessary bonuses should be through stock awards and the dilution of shareholder equity); and (3) strict limitations on the use of corporate jets, charter aircraft and any other corporate extravagance.

Third, any financial assistance to Noranda must also include a well-defined sunset for the subsidy. As a manufacturer of aluminum, Noranda's sale price for aluminum is dictated by the commodity price of aluminum. In large part, Noranda points to the decline in the commodity price of aluminum as the cause of its financial problems. As such, any regulatory concessions should exist only as long as the financial crisis continues. For this reason, MECG suggests that Noranda's ability to take service from the IAS rate schedule be strictly tied to certain net income and / or price of aluminum thresholds. Certainly all should agree that Noranda should not be allowed to receive an electric rate subsidy once the price of aluminum rebounds and net income targets are met. In this regard, while some states have provided for subsidies to aluminum smelters, those subsidies decreased or were eliminated once the London Metal Exchange (LME) price of aluminum increased. In fact, some states have even envisioned a return of the subsidy through rates that are above cost when LME prices increase. Thus far, Noranda has refused such suggestions. Similarly, while the Stipulation provides a strict five year time period, it fails to recognize the possibility of an early sunset in the event financial conditions improve.

WHEREFORE, MECG respectfully objects to the Non-Unanimous Stipulation and respectfully requests that the Commission reject any electric rate concessions for Noranda until such time as: (1) Noranda provides comprehensive financial information to justify the specific amount of any rate subsidy; (2) Noranda commits to a strict austerity program and (3) any concessions last only as long as financial conditions continue.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.

David L. Woodsmall

Dated: October 17, 2014