

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

In the Matter of Noranda Aluminum, Inc.’s     )  
Request for Revision to Union Electric     )  
Company d/b/a Ameren Missouri’s Large     )  
Transmission Service, Tariff To Decrease its     )     Case No. EC-2014-0224  
Rate for Electric Service     )

**COMPLAINANTS’ REPLY TO STAFF’S RESPONSE TO  
APPLICATIONS FOR REHEARING**

COME NOW Complainants Noranda Aluminum, Inc. (“Noranda”) and the 37 individual customers of Ameren Missouri (collectively, “Complainants”) and in reply to Staff’s Response to Applications for Rehearing state as follows:

1. Staff asserts that Noranda “misstates Staff’s testimony” in Complainants’ Application for Rehearing. Specifically, Staff notes that its testimony “consistently asserted” that any reduced rate allowed for Noranda must “be subject to the Fuel Adjustment Clause (“FAC”) and must not be capped with respect to any future rate increases” and that Noranda did not include these facts in the Application for Rehearing.<sup>1</sup> Complainants agree that this is Staff’s position, and acknowledge that in their Application for Rehearing, they did **not** set out Staff’s position. Indeed, the purpose of the Application for Rehearing was not to reiterate the positions of all the parties, but instead to demonstrate that the Commission has legal authority to consider and adopt the position of the parties set out in the Nonunanimous Stipulation and Agreement filed on August 1, 2014 by Complainants, the Office of Public Counsel, the Missouri Industrial Energy Consumers, the Missouri Retailers Association and the Consumers Council of

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<sup>1</sup> Staff Response to Applications for Rehearing, pp. 1-2.

Missouri (“Stipulation”). In presenting arguments in support of this position, Complainants have not misstated Staff’s testimony, and Complainants are surprised by the tone of Staff’s response.

2. Paragraph 7(a) of the Application for Rehearing, which includes a cite to the testimony of a Staff witness in the transcript, refers to the Commission’s finding of fact 40. This finding of fact states in pertinent part:

40. Similarly, Staff’s witness, Sarah Kliethermes, using different inputs and different price assumptions, calculated that Ameren Missouri’s cost to serve Noranda at the time she prepared her testimony is roughly \$31.50.<sup>2</sup> She estimated that a rate set at that amount would allow Ameren Missouri to recover its costs at that time, but would not contribute to Ameren Missouri’s common costs. Thus in order for customers to be better off with Noranda on the Ameren Missouri’s system than they would be if Noranda left the system, Noranda would have to pay some amount greater than \$31.50 for its electric service.<sup>3</sup>

The quote included in Complainants’ Application for Rehearing comes directly from this finding of fact.

3. Paragraph 7(a) of the Application for Rehearing further asserts that the record before the Commission, as well as the Commission’s findings in this case, confirm that a rate of \$34.44/MWh will allow Ameren to fully recover the incremental cost to

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<sup>2</sup> Transcript, p. 791, ll. 16-20.

<sup>3</sup> Report and Order, p. 17.

serve Noranda and will require Noranda to contribute to Ameren’s fixed costs.<sup>4</sup> This statement is consistent with the range of rates set out in the surrebuttal testimony of Staff’s witness Sarah Kliethermes, whose calculations the Commission found to be “the most persuasive of the three calculations” presented by the parties.<sup>5</sup> Complainants have **not** asserted that Staff agrees with this position – but do assert that this position is consistent with *some of* the testimony presented by Staff, and that the Commission found this testimony to be credible. Moreover, the rate cited above was included in Ms. Kliethermes’ surrebuttal testimony in response to a question asking for her “recommendations for the Commission in this matter.”<sup>6</sup> Her response makes it clear that although she was not recommending that the Commission grant Noranda’s request for a reduced electric rate, she was in fact providing “substitute numbers” on which the Commission could rely should it decide to redesign Ameren’s rates—contrary to Staff’s assertion in its Response to the Application for Rehearing.<sup>7</sup>

4. Complainants included other citations to Staff testimony in the Motion for Rehearing in paragraph 7 (b), (c), (d) and (e). Again, by including these citations, Complainants have neither asserted nor implied that Staff agrees with Complainants’ position. Instead, Complainants cite this evidence to show that the issues that are the

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<sup>4</sup> The Commission’s Report and Order states that “to give other ratepayers the \$12 million annual benefit of contributions to common costs previously described would require a rate to be set at no less than \$34.45 per MWh.” The Report and Order does not include a cite to any testimony that refers to the \$34.45/MWh rate. However, the rate of \$34.44/MWh advocated by the Stipulation and cited in Complainants’ Motion for Rehearing, is the same amount as the low end of the range of rates set out in Kliethermes Surrebuttal, Ex. 203, p. 2, l. 13.

<sup>5</sup> Report and Order, p. 17.

<sup>6</sup> Kliethermes Surrebuttal, Ex. 203, p. 8, ll. 14 – 23.

<sup>7</sup> Kliethermes Surrebuttal, Ex. 203, p. 8, ll. 14 – 23; Staff’s Response to Applications for Rehearing, p. 2 (stating that “Staff’s testimony sought to evaluate the claims made by Noranda’s expert witnesses, not to provide substitute numbers with which to fashion rate relief.”).

subject of the Stipulation “were addressed in the parties’ prefiled testimony and examined during hearing”<sup>8</sup> and that “the Commission has afforded all parties a full hearing with opportunity to offer evidence on all issues presented in the case for determination.”<sup>9</sup>

WHEREFORE, as demonstrated by the foregoing, Complainants have not misstated Staff’s testimony, and for the reasons stated in the Application for Rehearing, the Commission should reconsider its Report and Order to consider the Stipulation as the position of the signatory consumer parties and adopt the positions set forth in the Stipulation based on the record as a just and reasonable resolution of the disputed issues presented for determination in this case.

Respectfully submitted,

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<sup>8</sup> Application for Rehearing, paragraph 7(b) and (c).

<sup>9</sup> Application for Rehearing, paragraph 5.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by electronic mail this 24th day of September, 2014, to the parties on the Commission's service list in this case.

/s/ Diana Vuylsteke