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

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| In the Matter of Union Electric Company<br>d/b/a Ameren Missouri's Tariffs to<br>Increase Its Annual Revenues for<br>Electric Service. | )<br>)<br>)<br>) | **<u>Case No. ER-2014-0258</u>** |

**UNITED FOR MISSOURI, INC.'S**
**POSITION STATEMENT**

COMES NOW United for Missouri, Inc. ("UFM"), by and through its attorney, and for its Position Statement, states as follows:

## Introduction

On February 18, 2015, Staff of the Missouri Public Service Commission ("Staff") on behalf of itself and all parties, filed a Joint List of Issues, List and Order of Witnesses, Order of Cross-Examination, and Order of Opening Statements ("List of Issues"). The list of issues contained therein identifies thirty issues and numerous sub-issues to be presented to the Missouri Public Service Commission ("Commission") for its decision in this case. UFM has no position on the vast majority of issues identified in the List of Issues. As a matter of fact, UFM has positions on three issues identified, specifically issues denominated 21, 26 and 30. UFM herein provides a brief statement of its position on those three issues.

## UFM's Positions

**21. Economic Development Rate Design Mechanisms**

*A. Should the Commission expand the application of Ameren Missouri's existing Economic Development Riders?*

*B. Should the Commission modify Ameren Missouri's existing Economic Development Riders to require recipients to participate in the Company's energy efficiency programs?*

*C. Should the Commission open a docket to explore the role economic development riders have across regulated industries (i.e. water, electric, natural gas) and/or to further explore issues raised by parties in this case and issues the Commission inquired about at the beginning of the case?*

UFM answers issue 21.C. in the affirmative. UFM supports the Staff position as stated in Staff's *Rate Design and Class Cost-of-Service Report*, dated December 19, 2014. See Ex. No. 201, page 45, lines 19-20 of said Report. After reviewing the testimony, it is UFM's position that these issues are complex and best addressed in a workshop designed to examine the multiple legal and policy issues in a comprehensive manner and should not be addressed in the context of a rate case. As a result, UFM answers issues 21.A. and B. in the negative.

**26. Supplemental Service**

*Should the Commission eliminate or modify the terms of Ameren Missouri's Supplemental Service tariff (aka. Rider E)?*

UFM answers issue 26 in the affirmative. The Division of Energy has presented a significant argument justifying a complete review of Rider E. However, UFM does not support the Commission taking action in this case to modify Rider E. Rather, the issues raised by the Division of Energy do justify the Commission establishing a working docket to consider the issues raised.

**30. Noranda Rate Proposal**

*A. Is Noranda experiencing a liquidity crisis such that it is likely to cease operations at its New Madrid smelter if it cannot obtain relief of the sort sought here?*

*1. If so, would the closure of the New Madrid smelter represent a significant detriment to the economy of Southeast Missouri, to local tax revenues, and to state tax revenues?*

*2. If so, can the Commission lawfully grant the requested relief?*

*3. If so, should the Commission grant the requested relief?*

*B.* *Would rates for Ameren Missouri's ratepayers other than Noranda be lower if Noranda remains on Ameren Missouri's system at the reduced rate?*

*C.* *Would it be more beneficial to Ameren Missouri's ratepayers other than Noranda for Noranda to remain on Ameren Missouri's system at the requested reduced rate than for Noranda to leave Ameren Missouri's system entirely?*

*D.* *Is it appropriate to redesign Ameren Missouri's tariffs and rates on the basis of Noranda's proposal, as described in its Direct Testimony and updated in its Surrebuttal Testimony?*

1. *If so, should Noranda be exempted from the FAC?*

2. *If so, should Noranda's rate increases be capped in any manner?*

3. *If so, can the Commission change the terms of Noranda's service obligation to Ameren Missouri and of Ameren Missouri's service obligation to Noranda?*

4. *If so, should the resulting revenue deficiency be made up by other rate payers in whole or in part?*

5. *If so, how should the amount of the resulting revenue deficiency be calculated?*

6. *If so, can the resulting revenue deficiency lawfully be allocated between ratepayers and Ameren Missouri's shareholders?*

    i. *How should the revenue deficiency allocated to other ratepayers be allocated on an interclass basis?*

    ii. *How should the revenue deficiency allocated to other ratepayers be allocated on an intra-class basis?*

7. *If so, what, if any, conditions or commitments should the Commission require of Noranda?*

*E.* *What is Ameren Missouri's variable cost of service to Noranda?*

1. *Should this quantification of variable cost be offset by an allowance for Off-System Sales Margin Revenue?*

2. *What revenue benefit or detriment does the Ameren Missouri system receive from provision of service to Noranda at a rate of $32.50/MWh?*

*F. Should Noranda be served at rate materially different than Ameren Missouri's fully distributed cost to serve them? If so, at what rate?*

*G. Is it appropriate to remove Noranda as a retail customer as proposed by Ameren Missouri in its Rebuttal Testimony?*

*1. Can the Commission cancel the Certificate of Convenience and Necessity that was granted for Ameren Missouri to provide service to Noranda and, if so, would the cancellation of the CCN be in the public interests?*

*2. Can the Commission grant Ameren Missouri's proposal since notification regarding the impact of this proposal on its other customers' bills was not provided to Ameren Missouri's customers?*

*3. If the Commission grants Ameren Missouri's proposal, should the costs and revenues flow through the FAC?*

*4. Can Ameren Missouri and Noranda end their current contract without approval of all of the parties to the Unanimous Stipulation and Agreement in the case in which Ameren Missouri was granted the CCN to serve Noranda?*

UFM answers these multiple issues only in the most general terms. As the Commission ruled in its recent *Report and Order* in *Noranda Aluminum, Inc. v. Union Electric Company*, File No. EC-2014-0224 (September 19, 2014), the Commission may set rates as long as the rates are reasonably related to the cost of service and are not unduly or unreasonably preferential. See *Report and Order*, p. 22. The only relevant factor for the Commission's determination is whether the rates being proposed for Noranda are reasonably related to the cost of service. To the extent the Commission is unable to determine the proposed rates are reasonably related to the cost of service, all other factors, most particularly Noranda's liquidity crisis, are irrelevant to a determination of Noranda's rate. If the Commission does find the rates proposed for Noranda are reasonably related to the cost of service, all other issues regarding allocation must be determined in accordance with law and facts adduced at the hearing. UFM takes no other position at this time regarding these other issues, but reserves the right to change its position in response to the evidence as it is adduced at hearing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was sent to all parties of record via electronic transmission this 19th day of February, 2015.

By: /s/ David C. Linton