

Exhibit No.:  
Issue: Rate Design  
Witness/  
Type of Exhibits: Clyde Hawes  
Direct  
Sponsoring Party: Noranda Aluminum, Inc.  
Company: Associated Natural Gas  
Co.  
Case No.: GR-97-272

NORANDA ALUMINUM, INC.

INTERVENOR

TESTIMONY OF

CLYDE HAWES

FILED  
JUL 3 1997  
MISSOURI  
PUBLIC SERVICE COMMISSION

BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION

Docket No. GR-97-272

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of ASSOCIATED NATURAL GAS )  
COMPANY's tariff revision designed to )  
increase gas rates for gas service )  
provided to customers in the Missouri )  
service area of the Company. ) Case No. GR-97-272

AFFIDAVIT

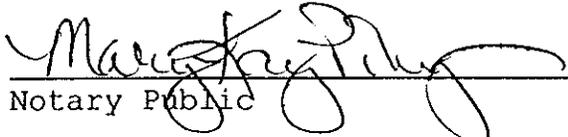
STATE OF MISSOURI )  
 ) ss.  
COUNTY OF NEW MADRID )

CLYDE HAWES, of lawful age, being first duly sworn, deposes and states:

1. My name is Clyde Hawes. I reside in ~~XXXX~~ <sup>C.M.H.</sup> New Madrid County, Missouri, and I am the New Madrid County Assessor.
2. Attached hereto and made a part thereof for all purposes is my testimony consisting of pages 1 to 3, both inclusive.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
CLYDE HAWES

Subscribed and sworn to before me this 1st day of July, 1997.

  
\_\_\_\_\_  
Notary Public

(SEAL)

My Commission Expires: May 23, 1999



PREPARED TESTIMONY OF CLYDE HAWES  
ASSESSOR OF NEW MADRID COUNTY  
ON ASSOCIATED NATURAL GAS COMPANY  
APPLICATION FOR RATE INCREASE  
IN CASE NUMBER GR-97-272

Q. State your name.

A. Clyde Hawes.

Q. Where do you live.

A. New Madrid, ~~XXXXXXXXXX~~ County, Missouri

*C. M. H.*

Q. Do you hold any elective office in New Madrid County, Missouri?

A. Yes.

Q. What office is that?

A. I am the Assessor of New Madrid County, Missouri.

Q. Have you been advised that Associated Natural Gas Company is requesting an approximate 3.7 million dollar rate increase?

A. Yes.

Q. Do you have any comments on the rate designs proposed by Associated Natural Gas Company?

A. Yes.

Q. What are your comments?

A. I understand that Associated Natural Gas Company is proposing a rate decrease for Noranda Aluminum to more properly reflect the cost of service of transporting natural gas. I believe that any rate design between different classes of customers should be one based upon

the costs of service to the particular class, with no class of customers subsidizing the others. It must be remembered that the financial well-being of the people of New Madrid County, as well as the adjoining counties, is tied to the continued operation of Noranda Aluminum, Inc. Without the continued operation of Noranda Aluminum, there would be mass, horrendous unemployment in the entire area. Our present unemployment rate in New Madrid County of 7.4% is in excess of the current State of Missouri unemployment rate. If Noranda Aluminum should shut down, the unemployment rate for this section of Missouri would in all probability "sky rocket."

Noranda Aluminum is vitally important to the New Madrid County (and surrounding counties) economy. I understand that Noranda employs over 1,100 people with a payroll of over \$43,000,000.00. Noranda, in 1996, paid real and personal property taxes of over \$2.3 million, with over \$1.5 million of that going to the local school district. The taxes paid by Noranda are 22 <sup>B.M.H.</sup> % of the total in New Madrid County.

In the event of Noranda closing, it would not make any difference as to what the residential rate payers were paying for gas service because the people would not have any money with which to pay for the electricity. Not only would there be mass unemployment but tremendously

reduced taxes being paid to support county governments and the school district would both be forced into a financial bind.

For all of the above reasons, I sincerely urge the Missouri Public Service Commission to help us retain the employment we presently have from Noranda by adopting a rate design between classes which will result in the highest possible decrease in accord with costs of service to Noranda. Without the taxes being provided by Noranda, it would be extremely difficult, if not impossible, for the New Madrid County government to continue to function in any reasonable manner and the same is true as to the school district in New Madrid County. It is mandatory that it obtains the property taxes from Noranda if it is going to continue to operate on any kind of a basis that would give a decent education to our children. It is my opinion that the Missouri Public Service Commission should adopt a rate design which will result in Noranda paying the lowest possible amount of money for its delivery of natural gas. Without Noranda, there will be thousands of people in this county who will not have the money to pay for natural gas service, no matter how cheap it may be.

- Q. Does this conclude your testimony at this time?
- A. Yes.