BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service

Case No. ER-2014-0258

MIEC SUGGESTIONS IN SUPPORT OF STAFF'S RECOMMENDATION TO REJECT AMEREN MISSOURI'S PROPOSED TARIFF FOR IAS CLASS REGARDING SEASONAL RATES

COMES NOW the Missouri Industrial Energy Consumers ("MIEC") and for its Suggestions, states as follows:

1. On May 6, 2015, Ameren Missouri filed its "Motion For Expedited Consideration and Approval of Tariff Sheets Filed in Compliance with Commission Report and Order on Less Than Thirty Days' Notice."

2. On May 7, 2015, Staff filed its "Recommendation to Reject Compliance Tariffs."

Ameren Missouri filed a response to Staff's Recommendation on May 11, 2015.

3. The tariffs at issue to the MIEC in these Suggestions concern specifically MIEC member Noranda Aluminum, Inc. ("Noranda") and they are sheet 62.5 and sheet 73.11. The tariffs present two issues: (1) whether this Commission intended a set of seasonal rates for Noranda; and (2) the proper tariff to implement the FAC for Noranda. By Order dated May 7, 2015, this Commission allowed a response to Ameren Missouri's proposed tariffs by May 15, 2015. However, because on May 11, 2015, the Commission also ordered a response to Staff's recommendation, which addresses only the seasonality issue, these Suggestions address only that issue. On May 15, 2015, the MIEC will address all of the tariffs proposed by Ameren Missouri.

4. In tariff sheet 62.5, Ameren Missouri has assumed that this Commission intended a set of seasonal base rates for Noranda rather than a flat \$36/MWh base rate.

5. The Commission should reject tariff sheet 62.5 and instruct Ameren Missouri to redraw that tariff sheet to reflect a flat \$36/MWh base rate for Noranda. This Commission's Report and Order, like the Non-unanimous Stipulation of most of the consumer parties, did not contemplate a set of seasonal rates. No party to the proceeding offered a set of seasonal rates to implement rate relief for Noranda. And Noranda very clearly sought a flat rate. Maurice Brubaker, on behalf of the MIEC and Noranda, offered the tariff structure for the rate relief requested in this proceeding. His exemplar tariff showed one flat rate.¹ Likewise, Noranda witness Dale Boyles specifically requested a flat rate with "no seasonal adjustments."²

6. Ameren Missouri argues that because this Commission referred to the \$36/MWh base rate as "an effective base rate"³ it must have intended a set of seasonal base rates. But that is not the case. This Commission in Finding 6, page 119 of its Report & Order noted that Noranda's "current average base rate" was \$37.95 per MWh. Significantly, this Commission did not refer to the current rates, which admittedly include a set of seasonal rates, as an "effective base rate" of \$37.95. Nor did it refer to the \$36/MWh rate ordered here as an "average base rate." Moreover, this Commission stated that Noranda "may retain its existence and <u>rate</u> after the expiration of the three year term until such time as the Commission establishes a new <u>rate</u> in a general rate proceeding." This Commission did not refer to Noranda's rate relief in terms of rates.⁴

7. Ameren Missouri argues that setting a flat base rate of \$36/MWh will cause it financial detriment in calendar year 2015. Yet Ameren Missouri admits in paragraph 6 of its Motion that over the course of a year its proposed set of seasonal base rates will yield the same revenue from Noranda. Its proposal is designed to extract the most from Noranda now, at a time

¹ See Brubaker Direct, Ex. 503, Sch. MEB-COS-5.

² See Boles Direct, Ex. 600, page 3, 11. 10-12.

³ See Report & Order, page 134.

⁴ See Report & Order, pages 134 (emphasis added).

when Noranda needs rate relief the most, in exchange for lower rates later. This higher up-front seasonal rate contradicts the purpose of rate relief, which is to lessen the danger that Noranda will be forced to discontinue its operations at its New Madrid smelter.⁵

WHEREFORE, the MIEC respectfully requests that the Commission order Ameren Missouri to design tariffs that set the IAS class (Noranda) base rate to a flat \$36/MWh rate.

Respectfully submitted,

BRYAN CAVE LLP

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ATTORNEYS FOR THE MISSOURI INDUSTRIAL ENERGY CONSUMERS

⁵ See Report & Order, pages 130-132.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed on this 12th day of May, 2015 to all parties on the Commission's service list in this case.

/s/ Edward F. Downey