

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

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

**AFFIDAVIT OF LAYLE K. (KIP) SMITH**

I, Layle K. (Kip) Smith, being duly sworn upon oath, state:

1. I am Layle K. (Kip) Smith and I have personal knowledge of the facts stated in this affidavit. The statements that follow in this affidavit are made to the best of my knowledge and belief.

2. I am the President and CEO of Noranda Aluminum, Inc., having its principal place of business at Suite 600, 801 Crescent Centre Drive, Franklin, Tennessee 37067.

3. I previously provided Direct Testimony and Exhibit A in this case, which was filed at the Public Service Commission on February 12, 2014, with the Complaint in this case. In the Complaint, Noranda and 37 individual complainants request an order from the Commission that would reduce Noranda's base electric rate to \$30/MWh, effective in August, 2014.

4. Since this information was filed with the Commission, Noranda's financial performance and outlook has continued to deteriorate. This has increased the urgency of Noranda's rate request.

5. We are respectfully requesting an effective date for our proposed rate reduction in August, 2014 because of the significant harm resulting from the current power rate and the irreparable harm that can be avoided by taking swift action to reduce this rate.

6. Noranda's current power rate limits its access to capital necessary for the New Madrid Smelter's continued operations. We were recently downgraded by Moody's, which reduces our access to the financial capital necessary for the essential operations of our business and increases the financial costs of raising capital. Our 2013 net income was a loss of \$47.6 million, and net losses continued in 2014.

7. Noranda's rate relief request is urgent because it is consuming cash and liquidity, a situation that will continue unless and until Noranda's requested rate relief is granted. Although Noranda has slowed the decline in its liquidity, it is doing so by increasing our access to debt. If we need to use this portion of our liquidity we will increase our debt and we will have to pay it back. This will increase the burden on Noranda's future operating cash flows and creates a substantial likelihood of imminent closure of the smelter.

8. Without the rate relief requested in place by August, 2014, we have determined that the New Madrid Smelter will be required to very shortly reduce its workforce by 150-200 employees to achieve additional cost savings to support continued operation of the smelter. This is a drastic measure that will have a serious impact not only on the affected workers and their families, but also on the economy of the region. This work force reduction would also create the substantial likelihood that Noranda would have insufficient human resources to run the entire plant. This would require the smelter to shut down one of its three production or "pot" lines. The cost of restarting the pot line is estimated to be in excess of \$30 million and such a large investment is unlikely to be feasible. Shutting down a pot line is, therefore, a step that creates a substantial likelihood of imminent closure for the smelter. For these reasons, the harm caused by delay of Noranda's requested rate relief would be irreparable.

9. For the foregoing reasons, and for the reasons previously stated in my Direct Testimony and Exhibit, it is my conclusion and judgment that to avoid continuing irreparable harm to Noranda, including a reduction in workforce at the smelter of 150-200 employees, followed by loss of a production line and the substantial likelihood of imminent closure of the smelter, it is essential for Noranda to receive the rate relief requested, reducing its base electric rate to \$30/MWh effective no later than August, 2014.

FURTHER AFFIANT SAYETH NOT.

**VERIFICATION**

**STATE OF TENNESSEE            )**  
**)**        **ss**  
**COUNTY OF WILLIAMSON        )**

The undersigned, being first duly sworn upon his oath, states that he is the person making the foregoing Affidavit, and that it is true and correct to the best of his knowledge and belief.

Signature: \_\_\_\_\_  
  Layle K. (Kip) Smith

Subscribed and sworn to before me, this 1<sup>st</sup> day of April, 2014.

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