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 Transmission Service, Tariff to Decrease its Rate For Electric Service	)))))	Case No. EC-2014-0224

NON-UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW the Office of Public Counsel ("OPC" or "Public Counsel"), and pursuant to 4 CSR 240-2.115 states that it offers the following non-unanimous stipulation and agreement ("Stipulation").

Public Counsel offers this Stipulation because the record before the Commission is sufficient to conclude that Noranda Aluminum, Inc. ("Complainant"), by virtue of the amount of power its New Madrid smelter requires and the steady rate at which is uses that power, is a unique and vital resource benefitting all Ameren Missouri's ("Ameren") ratepayers. Further, OPC offers this Stipulation because closure of Noranda's New Madrid smelter would result in Ameren Missouri's ratepayers being worse off than if the Commission ordered this Stipulation to take effect, in that the remaining ratepayers are then at risk to pay materially more in their base electric rates and in their fuel adjustment charges, and the primary and secondary economic effects of Noranda's closure would be felt throughout the economy of the State, particularly in Southeast Missouri. Public Counsel further states:

1. OPC stipulates that the record before the Commission is sufficient to conclude that as a Large Transmission Service ("LTS") customer, Noranda currently pays a total effective rate of $41.03/MWh for electric service from Union Electric d/b/a Ameren Missouri to its New Madrid, MO smelter.

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2. OPC stipulates to Noranda's allegation in paragraph 21 of its Complaint that Noranda's electric rate currently consists of an effective base rate charge of $37.94/MWh. OPC further stipulates that the record before the Commission is sufficient to conclude that Noranda currently pays a Fuel Adjustment Charge of $3.09/MWh.

3. OPC stipulates to Noranda's allegations in paragraphs 9 and 16 of its Complaint that Noranda currently employs approximately 888 individuals at its New Madrid smelter.

4. OPC stipulates to Noranda's allegation in paragraph 16 of its Complaint that Noranda's closure:

> would be a tragedy for the 888 families who are supported by the stable and dependable employment offered by Noranda, and also a tragedy for the families whose livelihoods depend on the business supported by Noranda. Thus, this result would cause significant economic harm to the State of Missouri and to Ameren Missouri's other customers.

5. OPC stipulates to Noranda's allegation in paragraph 14 of its Complaint that the price for its product is largely set on the London Metals Exchange ("LME"), and the price for aluminum on the LME has been depressed. OPC further stipulates that the depressed LME price deleteriously and materially impacts Noranda's company-wide revenue and the revenue attributable to operations at the New Madrid smelter.

6. OPC stipulates to Noranda's allegation in paragraph 16 of its Complaint that "If the New Madrid Smelter were unable to remain viable, there would be a significant impact on the State of Missouri, both in terms of the State's gross

domestic product ("GDP"), and in terms of taxes collected and other economic measures."

7. OPC stipulates that the record before the Commission is sufficient to conclude that Noranda presently confronts impaired liquidity.

8. OPC stipulates that the record before the Commission is sufficient to conclude that Noranda will continue to confront impaired liquidity for the foreseeable future as a result of the current and reasonably expected future depressed price for aluminum on the LME.

9. OPC stipulates that given energy consumption patterns at the New Madrid smelter, a reduced rate for electric service for Noranda's operations at the facility would improve Noranda's liquidity in two ways:

   a. First, Noranda's expenses from operations would be reduced, thereby permitting Noranda to preserve existing liquidity for other uses, such as growth capital investment; and

   b. Second, improved operations will facilitate adding to liquidity going forward through debt and/or equity finance opportunities that become available in the capital markets.

10. OPC stipulates that the record before the Commission is sufficient to conclude reasonable and prudent liquidity-improving debt or equity finance opportunities are currently unavailable to Noranda.

11. OPC stipulates that the record before the Commission is sufficient to conclude that reasonable and prudent liquidity-improving debt or equity finance opportunities are currently unavailable to Noranda due to the combined effects of:

a. a low LME price for Aluminum, even when factoring in the Midwest Premium;

b. an input cost for energy that exceeds that of all but one competitor nationally and is entirely non-competitive internationally; and

c. Noranda's existing level of corporate indebtedness when evaluated in the context of its operating costs and near-term revenue potential.

12. OPC stipulates that the record before the Commission is sufficient to conclude that significant and material harm will result to Noranda as a going concern, to its suppliers and to its customers, should Noranda be required to cease operations at its New Madrid smelter in order for it to preserve the ability to continue operating its remaining businesses in other states and countries; the value-added proposition Noranda currently offers customers due to its integrated operation will diminish substantially with the closure of the New Madrid smelter.

13. OPC stipulates that the record before the Commission is sufficient to conclude that Noranda's management believes that without a solution to its impaired liquidity position – a solution which starts, but does not end, with a reduced rate for energy – management will be required to seek Board approval to begin an orderly closure of its New Madrid smelter, end that portion of its operations entirely, terminate the employees working at the smelter and end the contracts supplying the smelter, in order to protect and enhance the remaining components of the company.

14. OPC stipulates that the record before the Commission is sufficient to conclude that Noranda's wholesale cost for power at its meter is ** **

15. OPC stipulates that the record before the Commission is sufficient to conclude that a rate of ** ** ensures a material and adequate contribution to Ameren's fixed costs.

16. OPC stipulates that the record before the Commission is sufficient to conclude that the volatility inherent in the Fuel Adjustment Charge, as currently implemented, exposes Noranda to a degree of energy price risk exceeding that which would allow Noranda reasonably and prudently to access the capital markets to serve its liquidity needs.

17. OPC stipulates that the record before the Commission is sufficient to conclude that Noranda requires predictability in its New Madrid smelter energy costs for a sufficient period of time to provide capital markets certainty that Noranda can operate the smelter profitably when the LME price of aluminum rebounds.

Accordingly, OPC agrees that the Commission should grant Noranda's request in this case as follows:

(a) Maintain the current tariff sheets and rates currently in effect for the LTS class and continue to set rates for this class without regard to any discount in future general rate proceedings;

(b) Authorize the creation of a new class of Ameren electric service ratepayer for Industrial Aluminum Smelters (IAS);

(c) Set an effective base rate of $34.44/MWh for the aforementioned new IAS class, representing a reduction of $3.50/MWh off of Noranda's current effective base rate;

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(d) Eliminate the Fuel Adjustment Charge applicable to the new IAS class for the first year the new class is in effect, which represents a reduction of \$3.09/MWh off of Noranda's current Fuel Adjustment Charge obligation;

(e) Through the combination of the two prior agreements, set a just and reasonable effective overall rate for the new IAS class at \$34.44/MWh for the first year the new class is in effect, which represents a reduction of \$6.59/MWh off of Noranda's current overall rate, or approximately 60% of Noranda's request for rate relief;

(f) Fix the effective base rate applicable to the new IAS class for a period of five (5) years – through 2019, which is the last year in which a majority of this Commission will remain in office (barring reappointment), and the year in which the record suggests Noranda's debt obligations will begin to mature – subject to automatic rate increases of two percent (2%) at the time of each general rate increase granted to Ameren Missouri by the Commission during this term;

(g) Increase the percentage of the Fuel Adjustment Charge paid by the new IAS class to twenty-five percent (25%) of that otherwise applicable to the LTS class in the second year the reduced base rate is in effect, fifty percent (50%) in the third year the reduced base rate is in effect, seventy-five percent (75%) in the fourth year the reduced base rate is in effect, and one hundred percent (100%) in the fifth year the reduced base rate is in effect;

(h) Apply the resulting deficiency in retail revenue among the remaining classes paying for Ameren's electric service in equal proportion to their current contribution to retail revenue less the LTS class;

(i) As a pre-condition to access the reduced base rate available to the new IAS class, require the customer (Noranda) to the present the Commission with the following regarding employment at the New Madrid smelter:

a. Annual certification of compliance with a requirement that employment at the smelter meets or exceeds a daily average of 850 full-time equivalent personnel, either direct employees or contract personnel;

b. Annual certification of compliance with a requirement that no lay-offs have occurred among its direct employees;

c. Available to the customer (Noranda) in the third through fifth years the reduced base rate is in effect only, a demonstration of good cause why Noranda should be permitted to reduce headcount below a daily average of 850 full-time equivalent personnel and continue to access the reduced base rate available to the new IAS class, but in no event shall Noranda be permitted to retain the reduced base rate available to the new IAS class if direct, non-contract employee head count falls below a daily average of 800 full-time equivalent personnel in the third through fifth years. A demonstration of good cause may include but shall not be limited to the impact of the fuel adjustment charge on customers' liquidity condition.

(j) As a pre-condition to access the reduced rate structure available to the new IAS class, require the customer (Noranda) to invest $35 million in capital into its operations at the New Madrid smelter in the first year the reduced base rate is in effect, and to file with the Commission a report detailing the nature and scope of work performed to meet the $35 million requirement with discrete expenditures accounted for by amount of capital expended;

(k) As a pre-condition to access the reduced rate structure available to the new IAS class, require the customer (Noranda) to invest an inflation-adjusted $35 million in capital into its operations at the New Madrid smelter, utilizing the general Consumer Price Index as published by the US Bureau of Labor Statistics, compounded annually, in the second through fifth years the reduced base rate is in effect, and to file with the Commission a report annually detailing the nature and scope of work performed to meet the required aggregate capital investment level with discrete expenditures accounted for by amount of capital expended;

(l) As a term of the tariff sheet the Commission orders Ameren to offer, require that should the customer (Noranda) materially fail - as determined by the Commission - to comply with any term or condition required to access the reduced rate structure outlined herein, the customer shall repay to Ameren the difference between the rate structure applicable to it in each year of the agreement and the rate structure set for the LTS class in that year, and further prohibit Ameren from allowing that customer to access the reduced rate structure outlined herein going forward.

(m) As a pre-condition to access the reduced rate structure available to the new IAS class, require the customer (Noranda) annually to enter into or update a security or other repayment agreement with Ameren for the amount of the difference between the reduced rate structure available to the new IAS class and the rate structure set for the LTS class, to be executed or enforced in the event 1) the Commission determines the customer has failed materially to comply with any term or condition required to access the reduced rate structure available to the new IAS class, and 2) the customer does not repay of its own accord.

(n) Order that the amount ordered by the Commission to be repaid to Ameren under the terms of paragraphs (1) and (m) shall be held by Ameren and used in the year received exclusively to supplement, and not to supplant, the funds dedicated to its existing portfolio of low-income assistance programs for Missouri electric customers.

In offering this Stipulation, OPC shall not be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, to any other method of cost determination or cost allocation or revenue-related methodology. OPC shall not be prejudiced or bound in any manner in this or any other proceeding by the terms of this Stipulation regardless of whether this Stipulation is approved.

The terms of this Stipulation are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and OPC shall not be bound by any of the agreements or provisions hereof.

If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding the provision herein that it shall become void, neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights of OPC for a decision in accordance with Mo. Rev. Stat. § 536.080 (2000 & Cum. Supp.) or Mo. Const. Art. V, § 18, and OPC shall retain all procedural and due process rights as though this Stipulation had not been presented for approval, and any statements, suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

In the event the Commission unconditionally accepts the specific terms of this Stipulation without modification, OPC waives the following rights only as to the issues resolved herein: 1) the right to seek rehearing, pursuant to Mo. Rev. Stat. § 536.500; and 2) the right to judicial review pursuant to Mo. Rev. Stat. § 386.510. This waiver applies only to a final unappealed Commission order issued in this proceeding unconditionally approving this Stipulation and only to the issues that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding or any matters not explicitly addressed by this Stipulation.

WHEREFORE, for the foregoing reasons, OPC respectfully requests that the Commission issue its order approving all of the specific terms and conditions of this Stipulation.

Respectfully submitted,

By: /s/Dustin Allison

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OFFICE OF THE PUBLIC COUNSEL

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed on this 24th day of July, 2014 to all parties on the Commission's service list in this case.

/s/ Dustin Allison