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The Missouri Public Service Commission recently announced its intention to reconsider its decision wherein it denied an electric rate decrease to Noranda Aluminum. This announcement came almost simultaneously with a press release from Governor Nixon supporting the subsidy for Noranda. The rate decrease being considered by the Public Service Commission would lower Noranda's electric bill by more than \$25 million per year. That decrease would be transferred to all other customers of Ameren Missouri who would pay more so that Noranda could pay less.

This proposed rate decrease is unlike other rate settings by the Public Service Commission, in that the decrease is not based upon the traditional factors: the cost of generating and transmitting electricity. It is based upon Noranda's assertion that in order to remain in Missouri, Noranda requires a subsidy. This is essentially an economic development subsidy based upon social and economic considerations rather than an electric rate based upon the cost of electricity.

We oppose this rate shift for the following reasons:

1. It is unfair that the vast majority of Ameren Missouri electric customers should be forced to pay higher electricity rates to subsidize Noranda. Many thousands of businesses, senior citizens and people with fixed incomes should not be asked to bear this burden.
2. The Public Service Commission is an unelected board in the executive branch. A decision regarding a new multi-million dollar economic development program should be made by the elected members of the General Assembly. A decision by the Commission to provide a below cost-of-service subsidy of this nature represents a large expansion of governmental power and a significant transfer of power from the elected legislative branch to an unelected executive body.
3. Unlike a bill passed by the legislature, which would contain various safeguards, a rate shift of this type can contain no ratepayer or taxpayer protections. Noranda is controlled by a huge hedge fund in New York. There is nothing to prevent it from simply taking the money out of Missouri.
4. The Governor issued a press statement simultaneously with the announcement of reconsideration by the Public Service Commission. These two events happening so closely in time is an eloquent articulation of how simple it would be for a Governor to orchestrate other similar subsidies by the Public Service Commission.
5. If the Commission chooses to engage in this type of social engineering it will be hard pressed to resist future requests to other deserving electric rate paying groups, businesses and organizations. For example, if it's permissible to take money from other rate payers to give to Noranda, how can it be wrong to do the same for churches, veterans, senior citizens and others?

We, the undersigned, hope the Public Service Commission will rethink its announcement and stick with its original, well-reasoned decision on the issue.



Senator Jeanie Riddle



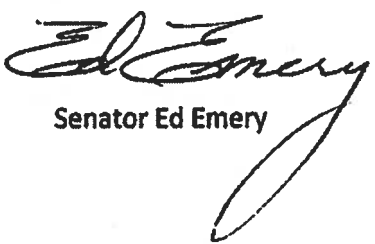
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CC: Governor Jay Nixon
Public Service Commission
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