



Date: February 24, 2016

To: Members of the Missouri General Assembly

When it comes to our economy, Missourians are increasingly seeking stability and predictability. We think there's a rare opportunity this year to pass legislation that will provide stability to businesses and families with regard to a core bread-and-butter economic issue — energy.

For too long, gridlock and stalemates have dominated energy policy discussions in Jefferson City. We would be remiss if our two companies didn't take some ownership of this prolonged stalemate. Ameren Missouri and Noranda have rarely seen eye-to-eye on what Missouri's comprehensive energy policy should include. Yet today we stand together committed to support real, much needed progress on energy policy and to do our part to bring this stalemate to an end.

Gridlock among stakeholders has made it impossible for the legislature to move forward from the status quo on energy policy. Under the status quo, electric rates have risen through a series of unpredictable spikes over the last eight years while our electric infrastructure has been aging faster than it is being replaced. As a result, Missouri's electric grid is increasingly stretched by rapidly growing customer needs and expectations for a highly reliable and advanced technology grid. Combined, this creates an unacceptable environment in which customers are exposed to higher risks of outages and rate spikes, but providers are penalized for accelerating strategic investments to modernize Missouri's electric grid.

Now is the time to act. Much of Missouri's electric grid was built more than 50 years ago and needs to be updated to meet customers' 21st century needs and expectations. Unlike Missouri, most other states have already taken steps to proactively address their aging infrastructure issues. Modernizing Missouri's grid would include installing smarter grid technologies which help prevent power outages and restore power quicker should the lights go out. In addition to accelerating grid modernization efforts in Missouri, this legislation would also expand the Missouri Public Service Commission's oversight responsibilities to include profit caps, infrastructure plan submittals, performance metrics and rate caps for more stable and predictable electric rates.

Missouri's largest consumer of electricity, Noranda Aluminum, is facing significant economic pressures. Due to policies adopted domestically and internationally and other issues beyond Noranda's control, Noranda's current energy costs are not competitive in the global aluminum market. If Noranda's energy costs are not reduced to a globally competitive level the smelter is unlikely to restart production. This would be devastating to the economy of Southeast Missouri and mean other Missourians would pay more for electricity.



Our two companies are engaging legislators and stakeholders to remedy these economic issues and to continue to develop legislation that will afford Missouri the opportunity to accelerate grid modernization, provide enhanced security, and give customers more stable and predictable electric rates, all while creating and saving jobs. The framework that we support includes:

- » Establishing caps on rate increases and utility profits while providing additional layers of transparency to ensure more rate stability and predictability.
- » Accelerating modernization of Missouri's electrical grid for safe, dependable, secure and cleaner energy for current and future generations of Missourians.
- » Accelerating installation of smarter technology to help customers' better control their energy costs, making it possible to restore power more quickly after an outage and prevent some outages from occurring.
- » Establishing new and expanded Missouri Public Service Commission oversight responsibilities.
- » Accelerating investments in physical and cyber-security technology to protect customer data from hackers, and protect critical energy generation, transmission and distribution infrastructure.
- » Providing a globally competitive power rate to Noranda's New Madrid aluminum smelter. Because Noranda is Missouri's largest electrical consumer, all other Ameren Missouri customers pay more for electricity if Noranda is off the electric grid.
- » Taking advantage of this historically low interest-rate environment to minimize the cost of electric grid enhancements to benefit customers and better position Missouri for the future.
- » Creating and retaining good-paying jobs in a variety of industry sectors.

It is time for large and small Missouri businesses and residential customers to have more stable and predictable electric rates and to enjoy the benefits of a modern, more dependable electric grid and energy infrastructure. We stand united in support; and respectfully ask you to do the same.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. K. Smith'.

Layle K. "Kip" Smith
President and CEO
Noranda Aluminum, Inc.

A handwritten signature in black ink, appearing to read 'Michael Moehn'.

Michael Moehn
President
Ameren Missouri