

*Exhibit No.:*  
*Issue(s):* Smart Energy Plan  
*Witness:* J Luebbert  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* ER-2021-0240  
*Date Testimony Prepared:* November 5, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL AND BUSINESS ANALYSIS DIVISION**  
**FINANCIAL ANALYSIS DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**J LUEBBERT**

**UNION ELECTRIC COMPANY,  
d/b/a Ameren Missouri**

**CASE NO. ER-2021-0240**

*Jefferson City, Missouri*  
*November 2021*

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **J LUEBBERT**

4 **UNION ELECTRIC COMPANY,**  
5 **d/b/a Ameren Missouri**

6 **CASE NO. ER-2021-0240**

7 Q. Please state your name and business address.

8 A. My name is J Luebbert, and my business address is Missouri Public Service  
9 Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service Commission (“Commission”) as  
12 an Associate Engineer in the Engineering Analysis Department of the Industry Analysis  
13 Division.

14 Q. Are you the same J Luebbert that contributed to Staff’s Cost of Service  
15 Report, which was filed on September 3, 2021 and rebuttal testimony, which was filed on  
16 October 15, 2021 in this case?

17 A. Yes, I am.

18 Q. What is the purpose of your testimony?

19 A. The purpose of my surrebuttal testimony is to address the rebuttal testimony of  
20 Ameren Missouri witness Mark Birk. Specifically, I will address his portrayal that, “not the  
21 Staff or anyone else – has ever claimed that anything more is needed,” for the evaluation of  
22 Smart Energy Plan Projects. I will also provide an update regarding market price data utilized  
23 by Staff’s fuel model as part of true-up.

1 **Surrebuttal**

2 Q. Did Staff find that evaluation of the projects was a transparent and  
3 straight-forward process and that information necessary to quantitatively evaluate the Smart  
4 Energy Plan projects was easily obtained from the information provided by Ameren Missouri  
5 in “the detailed listing submitted to the Commission in File No. EO-2019-0044”<sup>1</sup> or the  
6 statutorily required “stakeholder meeting?”<sup>2</sup>

7 A. As I stated in Staff’s Cost of Service Report, the provision of project specific  
8 details and Oversight Committee reviews were subject to objections on behalf of Ameren  
9 Missouri, delayed responses from Ameren, and discovery conferences. The “detailed listing”  
10 submitted in Case No. EO-2019-0044 for Ameren Missouri’s five-year capital plan provides a  
11 very high level view of the projects including the category that the project falls under, a very  
12 brief project description (often less than five words), and cost estimates for the cost category as  
13 a whole. The annual capital plan includes a similar level of detail with the addition of a project  
14 status column, actual costs for project categories, and variances from planned expenditures for  
15 the project categories. For reference, I have attached Exhibit 1<sup>3</sup> and Exhibit 2<sup>4</sup> from Ameren  
16 Missouri’s most recently filed capital plan and report in Case No. EO-2019-0044 as Schedule  
17 JL-s1 and Schedule JL-s2. To date, the “detailed listing” provided by Ameren Missouri has not  
18 included in-service dates of each project, project level cost estimates, project level actual costs,  
19 project level cost variances, nor justification of the need of a given project. While the reliance  
20 on field personnel to identify potential needs is appropriate when paired with the review process  
21 developed by Ameren Missouri’s upper management, it results in a lack of transparency in the

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<sup>1</sup> Ameren Missouri witness Mark C. Birk rebuttal testimony page 17 line 21.

<sup>2</sup> Ameren Missouri witness Mark C. Birk rebuttal testimony page 17 line 23.

<sup>3</sup> Ameren Missouri 5 year Capital Investment Plan.

<sup>4</sup> Ameren Missouri 2020 Capital Investment Summary.

1 decision making process for evaluating the level of need for a given project absent an objective  
2 quantitative evaluation process.

3 Q. Based on your review of the filings in Case Number EO-2019-0044, and the  
4 documents provided by Ameren in testimony and discovery in this case, is it possible to evaluate  
5 whether Ameren Missouri was implementing its Smart Energy Plan in a way that the benefits  
6 to customers outweigh the costs?

7 A. Not entirely. First let me reiterate that based on the level of information provided  
8 in the filings to date in Case Number EO-2019-0044, no determination of customer benefits can  
9 reasonably be estimated quantitatively. As for the information provided by Ameren Missouri  
10 through the discovery process in this case, the answer largely depends on the size of the project.  
11 Staff requested that Ameren Missouri provide all cost benefit analyses performed by Ameren  
12 Missouri regarding the types of projects included in the Smart Energy Plan.<sup>5</sup> Ameren Missouri's  
13 response reiterated that "Ameren Missouri relies on subject matter experts and numerous factors  
14 to identify and evaluate projects for inclusion in the Smart Energy Plan." Ameren Missouri did  
15 not provide any cost benefit analyses in response to the data request. However, the response  
16 went on to state that:

17 Any project over \$5M is subject to additional review and scrutiny  
18 through an Oversight Committee. Projects of this scale are subject to the  
19 same scrutiny as all other projects by subject matter experts and category  
20 owners, but require additional documentation and discussion around  
21 project scope, alternative analysis, total project costs, benefits, and  
22 contract structure.

23 The Oversight Committee materials provided by Ameren Missouri in response to Staff data  
24 request 0612.1 included analysis of the costs of a given project, the expected return over the

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<sup>5</sup> Staff Data request 0612.

1 life of the asset, some of the materials provided included costs of potential alternative solutions  
2 to the stated project proposal, and some of the materials included potential benefits of the stated  
3 project proposal, but not all of the potential benefits are quantified. Simply put, to my  
4 knowledge Ameren Missouri has not provided a quantitative evaluation that demonstrates that  
5 the ratepayer benefits of the Smart Energy Plan outweigh the substantial costs.

6 Q. In his rebuttal testimony, Mr. Birk states, “it is often not possible to accurately  
7 quantify discrete financial benefits, and even if estimations can be made for some projects, the  
8 discrete quantifiable benefits of an individual project may or may not meet a 1.0 threshold.”<sup>6</sup>  
9 Why is it important for an objective quantitative evaluation methodology for current and future  
10 Smart Energy Plan projects to be developed?

11 A. It is important because in a future case at least one of the investor-owned utilities  
12 is likely to request an extension of Plant in Service Accounting (“PISA”) beyond 2023<sup>7</sup> as  
13 contemplated in 393.1400.5. RSMo. That statute states in part that:

14 **The commission shall have the authority to grant or deny such**  
15 **approval based upon the commission's evaluation of the costs and**  
16 **benefits of such continuation** to electrical corporations and consumers,  
17 but shall not be authorized to condition such approval or otherwise  
18 modify the deferrals authorized by subsection 2 of this section, or the  
19 discounts authorized by section 393.1640. **In deciding whether to**  
20 **extend the program for an additional five years, the commission**  
21 **shall develop an objective analytical framework to determine**  
22 **whether there is a continuing need. [Emphasis added]**

23 The level of capital expenditure attributable to Ameren Missouri’s Smart Energy Plan and the  
24 language within 393.1400.5, RSMo, highlight the importance of a transparent review process  
25 regarding the decision making for the associated projects. An objective quantitative evaluation

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<sup>6</sup> Ameren Missouri witness Mark C. Birk rebuttal testimony page 8 lines 13-15.

<sup>7</sup> Ameren Missouri’s most recently filed capital plan and report in Case No. EO-2019-0044 includes a footnote indicating that “2024-2025 funding level based on assumption of extension of Senate Bill 564.”

1 methodology in addition to the information that I recommend the Commission order Ameren  
2 Missouri to provide will afford all parties, and the Commission, a more transparent review  
3 process for the substantial capital expenditures associated with Ameren Missouri's Smart  
4 Energy Plan and potentially aid the Commission in determining whether an extension of the  
5 opportunities afforded by 393.1400 RSMo is reasonable and necessary.

6 Q. Are there other reasons to require Ameren Missouri to develop an objective  
7 quantitative evaluation methodology for major capital expenditures?

8 A. Yes, an objective cost-benefit evaluation methodology would provide all parties  
9 another data point for consideration of the prudence of a given project. It is worth noting that  
10 Ameren Missouri is financially incentivized to build rate base through investments and given  
11 that incentive it is important to ensure that the costs of the projects are prudent and necessary  
12 to provide safe and reliable service.

13 Q. How do you recommend the Commission address this issue?

14 A. I recommend that the Commission order Ameren Missouri to develop an  
15 objective quantitative evaluation methodology for current and future Smart Energy  
16 Plan investments to be filed with Ameren Missouri's next annual capital budget filing in  
17 Case No. EO-2019-0044. I also recommend that the Commission order Ameren Missouri to  
18 provide Staff with the following information along with the "the detailed listing submitted to  
19 the Commission in File No. EO-2019-0044":

- 20 1. Purchase orders;
- 21 2. Change orders;
- 22 3. Final project cost summaries;
- 23 4. Project Notifications/Project Charters;
- 24 5. Oversight Committee review materials.

1 **True-Up**

2 Q. What is the purpose of your true-up direct testimony?

3 A. The purpose of my testimony is to generally describe the information utilized to  
4 develop Staff's MISO market prices, which are used in Staff's fuel modeling analysis.

5 Q. How does the information utilized to determine market prices for Staff's fuel  
6 modeling between Staff's direct case and the current true-up compare?

7 A. At the time of Staff's direct filing, Staff relied on multiple data sources to  
8 compile the data necessary to develop the market prices including, information provided in  
9 Ameren Missouri's direct filed workpapers,<sup>8</sup> MISO locational marginal prices ("LMP"), and  
10 generation data from Ameren Missouri's Reporting Requirements for Electric Utilities and  
11 Rural Electric Cooperatives.<sup>9</sup> Upon further inspection, generating information for a few of the  
12 renewable energy resources beyond December 31, 2020 was inadvertently omitted from the  
13 market price estimate. At the time of Staff's direct testimony, updated generation and LMP  
14 data was not available through September 30, 2021, therefore Staff's market prices for true-up  
15 direct will include updated LMP and generation data for all generating units through  
16 September 30, 2021. For purposes of this filing, Staff will also utilize the shaping period ending  
17 April 30, 2021, which I understand to be consistent with the shaping period utilized by Staff to  
18 develop the normalized load curve utilized in Staff's fuel model. Based on Ameren  
19 Missouri witness Mark J. Peters' true-up direct workpaper<sup>10</sup>, which was provided to Staff on  
20 October 18, 2021, Staff and Ameren Missouri are in agreement on the final market price

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<sup>8</sup> Staff requested updated information in Staff data request 576, but Ameren Missouri objected to the request based in part on procedure (k) of the Order Adopting Procedural Schedule and Adopting Test Year.

<sup>9</sup> 20 CSR 4240-3.190.

<sup>10</sup> 04 Oct 2018 - Sep 2021 DA LMP and AWDs TU.xlsx.

Surrebuttal Testimony of  
J Luebbert

1 estimations to the extent that Ameren Missouri's position has not changed since providing Staff  
2 with the updated true-up workpaper.

3 Q. Does this conclude your testimony?

4 A. Yes.





**SCHEDULE JL-s1  
and  
SCHEDULE JL-s2**

**HAVE BEEN DEEMED**

**CONFIDENTIAL**

**IN THEIR ENTIRETY**