

Data Response Display - EO-2023-0136 - 0156.0

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Missouri Public
Service Commission

Request Summary ▼

Submission No.
EO-2023-0136

Request No.
0156.0

Requested Date
5/3/2024

Due Date
5/10/2024

Issue
MEEIA
General Information and Miscellaneous
Other

Requested From
MO PSC Staff (Other)
Travis Pringle (travis.pringle@psc.mo.gov)

Requested By
Ameren Missouri (Electric) (Investor)
Crystal Tassello (moregparalegals@ameren.com)

Brief Description
Mr. Tevie's rebuttal testimony; "Principle-Agent Problem"

Description
On page 2 of Mr. Tevie's rebuttal testimony, he discusses the "Principle-Agent Problem." a) Please provide any and all documentation, workpapers, and/or materials supporting the conclusion. b) Please provide any and all documentation, workpapers, calculations and/or materials showing the impact the principle-agent problem has had on Ameren Missouri's MEEIA 3 portfolio and budget. c) Please explain how those calculations were derived.

Request Security
Public (DR)

Response Date
5/10/2024

Response
a) See Response to subpart (b) below. b) The economics literature abundantly discusses how this phenomenon affects most economic relationships and its consequences. The purpose of my testimony was to draw the Commission's attention to the fact that this problem, misalignment of interests between the utility and ratepayers, exists. As stated in my testimony, the principal-agent problem deals with actions that cannot be observed or seen, even though the outcome is observable. Put differently, it involves an intent that is intangible and cannot be measured or quantified. The MEEIA statute (RSMo. 393.1075) acknowledges the potential for this problem to exist and stipulates, among other things, that it values demand-side investments equally as traditional supply-side investments. It implies that the utility has an obligation to serve the interests of its shareholders, and not that of ratepayers. The Commission can then incentivize the utility to align its interests with those of the ratepayers. c) N/A Data Request Response provided by Justin Tevie (justin.tevie@psc.mo.gov).

Objections

Response Security
Public (DR)

Rationale

Attachments ▼

No Attachments Found

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

In the Matter of Union Electric Company)
d/b/a Ameren Missouri's 4th Filing to)
Implement Regulatory Changes in)
Furtherance of Energy Efficiency as)
Allowed by MEEIA)

Case No. EO-2023-0136

**OPC'S RESPONSES TO AMEREN MISSOURI'S FIRST SET OF DATA REQUESTS TO
OFFICE OF PUBLIC COUNSEL ("OPC")**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.3 On page 13 of Dr. Marke 's rebuttal testimony he raises concerns about the principal agent problem "with contractors, the generous tax incentives for energy efficiency upgrades, and select city and county building code standards applicable to Ameren Missouri's suite of business programs" and claims the "principal-agent problem surrounding contractors applies to commercial and industrial buildings, just as it does to residential homes."

a) Please provide any and all documentation, workpapers, and/or materials supporting the conclusion.

Response: To be clear, Dr. Marke stated:

"Yes. Although not as pronounced, the principal-agent problem surrounding contractors applies to commercial and industrial buildings, just as it does to residential homes." (Marke, rebuttal, p. 13,14-15).

Dr. Marke bases that statement on his professional experience, the works cited in his direct testimony, and the fact that at least some larger commercial, industrial customers will employ building and energy management specialists/ property managers to maximize efficiencies in building performance.

- b) Please provide any and all documentation, workpapers, calculations and/or materials showing the impact the principle-agent problem has had on Ameren Missouri's MEEIA 3 portfolio and budget.

Response: Dr. Marke has not performed that level of analysis on retrospective programs.

- c) Please explain how those calculations were derived.

Response: See response to 1.3b above.

Responses provided May 13, 2024, by Dr. Geoff Marke