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Exhibit No. 202

Staff – Exhibit 202 Justin Tevie Testimony Surrebuttal File No. EO-2023-0136

Exhibit No.:

Issue(s): Job creation/Economy

Witness: Justin Tevie

Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebutal Testimony

Case No.: EO-2023-0136

Date Testimony Prepared: May 30, 2024

MISSOURI PUBLIC SERVICE COMMISSION INDUSTRY ANALYSIS DIVISION TARIFF/RATE DESIGN DEPARTMENT

SURREBUTTAL TESTIMONY

OF

JUSTIN TEVIE

UNION ELECTRIC COMPANY, d/b/a AMEREN MISSOURI

CASE NO. EO-2023-0136

May, 2024 Jefferson City, Missouri

1		SURREBUTTAL TESTIMONY		
2	OF			
3		JUSTIN TEVIE		
4 5		UNION ELECTRIC COMPANY, d/b/a AMEREN MISSOURI		
6		CASE NO. EO-2023-0136		
7	Q.	Please state your name and business address.		
8	A.	Justin Tevie, 200 Madison Street, Jefferson City, MO 65102.		
9	Q.	Are you the same Justin Tevie that provided rebuttal testimony in this case?		
10	A.	Yes.		
11	Q.	What is the purpose of your testimony?		
12	A.	I will respond to the rebuttal testimony of Union Electric Company, d/b/a		
13	Ameren Missouri ("Ameren Missouri") witnesses, Antonio Lozano and Neil Graser.			
14	RESPONSE TO MR. ANTONIO LOZANO			
15	Q.	What does Mr. Lozano say in his testimony?		
16	A.	He states on page 10, line 3, that 2,710 jobs are expected to be added to the state		
17	economy by implementing the Missouri Energy Efficiency Investment Act ("MEEIA")			
18	portfolio. This number was derived by performing an economic impact analysis using the			
19	IMPLAN model.			
20	Q.	What is the IMPLAN model?		
21	A.	It is an Input-Output model that shows a "snapshot" of the economy, detailing		
22	the sales and purchases of goods and services between all sectors of the economy for a giver			
23	period within a conceptual framework derived from economic theory. Essential to IMPLAN			

- 1 modeling is the term 'multiplier.' A multiplier is the total impact including direct, indirect, and
 2 induced impacts.
 - Q. Why should the Commission be skeptical of the results of the IMPLAN model in this proceeding?
 - A. Because the underlying assumptions of the model do not:
 - 1. consider opportunity costs or alternative use of resources;
 - 2. perform cost-benefit analysis;
 - 3. provide any information about efficient use of resources or spending flows; and
 - 4. consider negative multipliers.
 - Q. Could you provide some more details?
 - A. Every dollar that is spent as these impacts occur, and every resource that is used such as land, labor and capital, has a corresponding opportunity cost¹ which cannot be seen. What economic activities would have occurred if the money was invested in some other project? Suppose rate payers did not pay the energy efficiency investment charge ("EEIC"), and for that matter the program cost, throughput disincentive, and earning opportunity. That money could have been spent on agricultural/farm products which would have generated revenues to farmers. A true economic impact study would not only have to account for lost output in terms of crops that are not grown, and the value to consumers of the food that is not produced, but also the secondary impact of the spending on farm equipment, farm workers that would have been generated as well as the loss in wages and employment in those industries. A true assessment of the economic impact in the IMPLAN model would have to estimate the losses suffered by the economy due to these opportunity costs and subtract them from the values associated with the observable economic activities.

¹ This is the forgone alternative or economic benefits because of not undertaking that activity.

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In addition, economic impact studies cannot reveal whether, on a net basis, the re-allocation of resources will generate benefits. Generally speaking, most of these studies do not attempt to distinguish between costs and benefits. Consequently, what are typically considered social costs are often classified as benefits. In any economic analysis, expenditures on factors of production-land, labor and capital-meant to produce a final consumption good or service is a cost and should be considered as such. Benefits are measured by the value that the final goods and services generate to consumers. RESPONSE TO MR. NEIL GRASER Q. What does Mr. Graser state in his testimony? A. He disagrees with my statement that each measure has a fixed level of savings. He states on page 10 (line 21-22) and page 11 (lines 1-2) that: ...there are many algorithms for measures throughout the TRM that take project-specific data to calculate a specific level of energy savings (especially those with parameters that allow for variability in models, sizes, etc.). Q. Do you agree with his statement? A. No. While his statement may be true, the savings are static because the savings only provide a snapshot of the measure. The algorithms are not dynamic in the sense that they are not time variant.

- Q. Does this conclude your surrebuttal testimony?
- A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a

Further the Affiant sayeth not.

Ameren Missouri's 4 th Fil Regulatory Changes in Fu Efficiency as Allowed by	rtherance of Energy))	Case No. EO-2023-0136
	AFFIDAVIT OF	JUSTI	N TEVIE
STATE OF MISSOURI)		
COUNTY OF COLE) ss.)		
COMES NOW JUSTI	N TEVIE, and on his	oath de	clares that he is of sound mind and lawful
age; that he contributed to	the foregoing <i>Surrebu</i>	ıttal Tes	timony of Justin Tevie; and that the same
is true and correct according	g to his best knowled	ge and l	pelief.
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JUSTIN TEVIE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this _______ day of May 2024.

Dianna L. Vaurt
Notary Public