

FILED
AUG 15 2024
Missouri Public
Service Commission

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 modeling is the term ‘multiplier.’ A multiplier is the total impact including direct, indirect, and
2 induced impacts.

3 Q. Why should the Commission be skeptical of the results of the IMPLAN model
4 in this proceeding?

5 A. Because the underlying assumptions of the model do not:

- 6 1. consider opportunity costs or alternative use of resources;
- 7 2. perform cost-benefit analysis;
- 8 3. provide any information about efficient use of resources or spending flows; and
- 9 4. consider negative multipliers.

10 Q. Could you provide some more details?

11 A. Every dollar that is spent as these impacts occur, and every resource that is used
12 such as land, labor and capital, has a corresponding opportunity cost¹ which cannot be seen.
13 What economic activities would have occurred if the money was invested in some other project?
14 Suppose rate payers did not pay the energy efficiency investment charge (“EEIC”), and for that
15 matter the program cost, throughput disincentive, and earning opportunity. That money could
16 have been spent on agricultural/farm products which would have generated revenues to farmers.
17 A true economic impact study would not only have to account for lost output in terms of crops
18 that are not grown, and the value to consumers of the food that is not produced, but also the
19 secondary impact of the spending on farm equipment, farm workers that would have been
20 generated as well as the loss in wages and employment in those industries. A true assessment
21 of the economic impact in the IMPLAN model would have to estimate the losses suffered by
22 the economy due to these opportunity costs and subtract them from the values associated with
23 the observable economic activities.

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

1 In addition, economic impact studies cannot reveal whether, on a net basis, the
2 re-allocation of resources will generate benefits. Generally speaking, most of these studies do
3 not attempt to distinguish between costs and benefits. Consequently, what are typically
4 considered social costs are often classified as benefits. In any economic analysis, expenditures
5 on factors of production-land, labor and capital-meant to produce a final consumption good or
6 service is a cost and should be considered as such. Benefits are measured by the value that the
7 final goods and services generate to consumers.

8 **RESPONSE TO MR. NEIL GRASER**

9 Q. What does Mr. Graser state in his testimony?

10 A. He disagrees with my statement that each measure has a fixed level of savings.
11 He states on page 10 (line 21-22) and page 11 (lines 1-2) that:

12 ...there are many algorithms for measures throughout the TRM that take
13 project-specific data to calculate a specific level of energy savings
14 (especially those with parameters that allow for variability in models,
15 sizes, etc.).

16 Q. Do you agree with his statement?

17 A. No. While his statement may be true, the savings are static because the savings
18 only provide a snapshot of the measure. The algorithms are not dynamic in the sense that they
19 are not time variant.

20 Q. Does this conclude your surrebuttal testimony?

21 A. Yes, it does.

