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Ajay K. Arora Testimony
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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. EO-2025-0154

SURREBUTTAL TESTIMONY

OF

AJAY K. ARORA

ON

BEHALF OF

UNION ELECTRIC COMPANY

D/B/A AMEREN MISSOURI

**St. Louis, Missouri
September, 2025**

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SURREBUTTAL TESTIMONY

OF

AJAY K. ARORA

FILE NO. EO-2025-0154

I. INTRODUCTION

Q. Please state your name and business address.

A. Ajay K. Arora, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. Are you the same Ajay K. Arora that filed rebuttal testimony in this proceeding?

A. Yes, I am.

II. PURPOSE OF TESTIMONY AND SUMMARY OF KEY POINTS

Q. To what testimony or issues are you responding to?

A. The main purpose of my testimony is to provide a framework for evaluating the “Staff-Recommended LLPS Tariff” (“Staff’s Tariff”) sponsored primarily by Staff witness Sarah L.K. Lange but also discussed by Staff witnesses J. Luebbert and James Busch. I also address a couple of incorrect contentions made by Mr. Busch. My failure to address other issues raised by the Rebuttal Testimonies of the various parties to this docket does not indicate that I necessarily agree with the testimony submitted in this docket on such issues.

Q. Are there other witnesses who provide Surrebuttal Testimony on behalf of the Ameren Missouri?

A. Yes, in addition to my testimony, there are two additional witnesses who are also providing Surrebuttal Testimony in this docket:

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- 1 • Company witness Steven Wills, Senior Director, Regulatory Affairs, will also
2 discuss the Company's general concerns with Staff's Tariff, while also
3 addressing the specifics of a number of particularly troublesome aspects of it.
- 4 • Company witness Robert Dixon, Sr., Director, Economic, Community and
5 Business Development, will address why the Staff's Tariff and Staff's stated
6 viewpoints in support of it are at odds with state policies and actions that
7 strongly support economic development generally, including attracting Large
8 Load Customers.

9 **Q. Please summarize the key points regarding Staff's Tariff reflected in this**
10 **testimony.**

11 A. My testimony regarding Staff's Tariff is focused on two policy considerations that
12 the Commission should keep top of mind as it considers its ruling in this case. It is provided from
13 the perspective of a utility executive tasked with providing reliable service to all customers in our
14 service territory who are now served, or who desire to locate in our service territory consistent
15 with our service obligation to those who seek electric service in our territory, and accounting for
16 overall long-term interests of all our customers and the state as a whole. While my Surrebuttal
17 Testimony regarding the Staff's Tariff could be characterized as being more at the "1,000-foot
18 level," Company witnesses Wills and Dixon provide details on various aspects of the Staff Tariff
19 and economic development, respectively. In summary, two statutory considerations that the
20 Commission should use to guide its decision in the case are as follows:

- 21 • How to craft a tariff which has the potential to attract large load customers: Staff's
22 proposal reflects terms and conditions which are overly complex, onerous, unfair,
23 and unnecessary, as detailed by Company witness Wills' Surrebuttal testimony, such

that if adopted, Staff's Tariff would severely hamper and likely end any prospects we have of attracting Large Load Customers to the state; and

- How to meet the statutory requirement for a tariff that reasonably ensures that such Large Load Customers' rates reflect a representative share of the costs to serve them and prevent unjust or unreasonable costs from impacting other customer class rates. Again, Staff's approach reflects an overly risk-averse and outside the normal viewpoint of what should be required to serve large load customers, a viewpoint that ignores and is at odds with state economic development policies and efforts, as discussed in detail by Company witness Dixon. These economic development efforts and the policies that support them can bring vitally important benefits to the state of Missouri and should be encouraged, not unduly hampered in the way Staff's Tariff would do.

III. STAFF'S TARIFF

Q. What is your opinion on Staff's proposed tariff and how it should be viewed under your guiding considerations?

A. I find Staff's Tariff to be overly complex, onerous, and unfair. Much of the complexity is completely unnecessary to meet the requirements of SB 4. A tariff design that is inherently unfair, unjust, non-representative of actual fair allocation of costs and therefore non-competitive, would defeat that very purpose of having a tariff in place to begin with – that purpose being to allow an electric utility to fulfill its statutory obligation to serve all customers at just and reasonable rates. It is also important to note that just and reasonable rates can and should vary by each utility depending on their individual circumstances. Having a single tariff across every utility in the state will inherently also lead to unjust and unreasonable rates. Every utility would need to craft and

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1 obtain approval for a tariff for large load customers that are just and representative of the cost to
2 serve these customers for that utility based on the existing generation portfolio of each utility, their
3 future generation additions, the regional transmission operator they serve in, future organic and
4 large load growth, retirement dates of existing generation, transmission costs, etc. It is for this
5 reason that various utilities in the nation all have different tariffs with some common elements of
6 a framework. While certain elements like minimum term, minimum demand, termination
7 provisions, and collateral requirements may all be common elements, the exact values utilized in
8 these elements of the tariff should be based on a robust analytical framework like the one Ameren
9 Missouri has proposed, and certainly should result in different results for every utility even while
10 using a consistent framework. Staff's Tariff proposal in this case and in the Ameren Missouri's
11 large load case is so far outside the accepted industry framework that it is unworkable for the
12 purpose it is trying to serve – making it unduly onerous and inherently unfair and unjust.

13 **Q. What is the basis for your opinion?**

14 A. A central component of my job over the past year to 18 months has been to
15 interface with entities developing sites that would house Large Load Customers and with
16 prospective Large Load Customers. Doing so has required that I stay well-informed about the
17 approach other states, and the utilities that serve them, are taking to service terms and conditions
18 that are appropriate for Large Load Customers. Such information is available in filings from other
19 states and from the prospective customers themselves, who often have operations in these other
20 states or are considering locating in other states. My interactions have also given me a deep
21 understanding of such customers' needs and business goals and operations, which informs the
22 service terms and conditions needed to attract their investment to the state while also ensuring fair
23 rates for them and for all customers in general.

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1 The most salient thread one sees in the approaches taken in other states is that they balance
2 imposing electric service terms and conditions that are designed to be fair and competitive for all
3 customers while fulfilling the electric utility's obligation to provide service to new customers,
4 thereby enhancing economic development for the entire region. Fairness is also a common theme
5 in our discussion with prospective customers. In this context, what I mean by "fair" is fair in that
6 the service terms and conditions provide reasonable assurance that Large Load Customers will pay
7 their fair share of the cost to serve them. This is in turn fair to all other customers. And in such a
8 construct, both the new Large Load Customers and existing customers get what all customers need
9 and deserve: access to reliable electric service. By "competitive," I mean competitive in the sense
10 that the service terms and conditions will attract Large Load Customers, and they will if they are
11 fair and not overly complex and do not contain unnecessary provisions. With fair terms (which
12 can vary between different utilities as discussed above and in my rebuttal testimony) Missouri can
13 compete for these loads, and the economic development benefits they can bring and that the state
14 of Missouri clearly seeks, as discussed by Mr. Dixon in his Surrebuttal Testimony.

15 Staff's Tariff is not fair and it is not competitive. It is not fair because adoption of its terms
16 will cause Large Load Customers to overpay, as discussed in detail by Mr. Wills in his Surrebuttal
17 Testimony. And it is not competitive, both because it is not fair and because it is overly complex
18 and full of unnecessary provisions, as Mr. Wills' Surrebuttal Testimony discusses in detail. As Mr.
19 Dixon puts it in his Surrebuttal Testimony, "if Missouri were to adopt Staff's overall proposal in
20 general, and more specifically, the provisions that Mr. Wills discusses in his Surrebuttal Testimony,

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our state would be among the last to be considered by them."¹ I agree with Mr. Dixon based on my own extensive dealings with Large Load Customers who are considering locating in our state.

Q. Why should Missouri want to compete? After all, the Staff Industry Analysis Director James Busch flatly indicates that in his opinion, "the economic advantages of locating large data centers in Missouri [is not] worth the risk."²

A. First, as Mr. Dixon's Surrebuttal Testimony demonstrates, it appears the state does not share Mr. Busch's viewpoint. While it is absolutely the case that the Commission should ensure fair terms and that economic development should not be pursued at any cost, the Commission should not discard the opportunity either. Overcharging new customers and imposing onerous terms on them (e.g., demanding huge termination fees for a load reduction over a mere three months, as Staff proposes (discussed in detail in Mr. Wills' Surrebuttal Testimony)) is tantamount to discarding the opportunity, and is at odds with the state's explicit efforts to instead capture the opportunity. Second, the facts do not bear out Mr. Busch's opinion either, which rests on inaccurate claims about the economic benefits Large Load Customers like data centers can bring and presents a biased (against such customers) picture of the state's overall efforts to attract such customers to the state.

Q. Please explain.

A. I will leave the details to Mr. Dixon, but Mr. Busch greatly underplays the benefits of such customers. First, there will be more than a mere "uptick" in construction jobs – over many years – while data centers are being built, and there will be much more than a "large handful"³ of

¹ File No. EO-2025-0154, Robert B. Dixon Surrebuttal Testimony, p. 4, ll. 20-22.

² File No. EO-2025-0184, James A. Busch Rebuttal Testimony, p. 5, ll. 15-17.

³ It is unclear what a "large handful" means, but taken on its face, it seems clearly intended to suggest a level of jobs far below the actual job creation such customers will create.

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1 permanent jobs, indeed many permanent high-paying jobs. While I agree with Mr. Busch that these
2 kinds of customers may not create "thousands" of permanent jobs, they create far more than a
3 "handful," large or otherwise. With respect to state policy in general, such as the incentives Mr.
4 Busch references, as Mr. Dixon discusses, the fact that the state specifically adopted statutes
5 designed to attract such loads is not an indicator that they are not "worth the risks."⁴ To the
6 contrary, they are indicators that the state desires to attract them even though there could be, as
7 with anything in life, some "risk" associated with their addition. And as Mr. Dixon also discusses,
8 the fact that they may get some exemption from some taxes does not at all mean that the
9 incremental taxes that they would bring to our communities, schools, and the state would not be
10 very substantial. These local taxes will not be realized at all without the investment made by new
11 large load customers.

12 **Q. You have direct and considerable experience dealing with prospective Large**
13 **Load Customers, and have gained a good understanding of their needs, is that right?**

14 A. Yes, as I discussed above.

15 **Q. Is there any indication that any of the Staff witnesses who appear to prefer**
16 **that such customers simply not locate in Missouri at all have similar experience?**

17 A. I am not aware of any such experience, their testimony does not reflect any such
18 experience, and given the nature of their jobs, it is reasonable to conclude that they may not have
19 any such experience. I don't say that as a criticism – one would not expect them to have had these
20 interactions – but if I am right that the state does have a strong interest in attracting these kinds of

⁴ Not only does Mr. Busch opine that the risks aren't worth it, but his testimony suggests Staff might just prefer the state take a pass on the economic development such customers will bring, since Staff has "concerns" about the "entire concept of large load customers building facilities in Missouri" at all. Busch Rebuttal, p. 1, ll. 22-24.

1 customers it seems highly important that the service terms and conditions adopted under which
2 they would take service if they choose to locate here reflect their needs. And if the tariff designer
3 does not have a good means to understand what those needs are, and with that knowledge to then
4 use a robust analytical framework to balance the tariff design to ensure all customer rates are fair
5 and representative, one would expect the tariff that is designed to miss the mark, as the Staff's
6 Tariff does here.

7 IV. OTHER ISSUES

8 **Q. Staff witness Busch expresses a concern about "stranded assets," suggesting**
9 **that assets (apparently, primarily generation) needed to serve load of Large Load Customers**
10 **may not be needed if the added loads no longer use it at some point. How do you respond?**

11 A. As also discussed by Mr. Wills in his Surrebuttal Testimony, as I understand
12 Evergy's plans (and this is absolutely true of Ameren Missouri as well), none of the generation that
13 the Company would utilize to serve all of its customers, including new Large Load Customers,
14 would be "stranded" if a Large Load Customer ends service prior to the end of its electric service
15 agreement term. This is because the generation is simply being accelerated. That is, the generation
16 will be needed anyway in the future, but is simply being placed in service sooner than it would
17 have been had large loads not shown up. What Staff is really getting at is the question of in effect
18 the time value of money as it manifests itself in revenue requirements caused by advancing the
19 timing of the investment the utility otherwise would have made anyway, but at a later point in time.
20 As Mr. Wills discusses in his Rebuttal Testimony, Evergy has performed analysis and presented
21 evidence that its proposal reasonably ensures that the terms of its Large Load Customer tariff will
22 provide revenues from the Large Load Customers to cover those acceleration costs. We have
23 provided our own analysis in our Large Load Customer tariff case, which as Mr. Will's also

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discusses we believe is more robust, demonstrating the same thing. Consequently, there would be no "stranded" assets and there is reasonable assurance that other customer rates will not reflect any unjust or unreasonable costs even if a Large Load Customer leaves the system.

Q. Another issue Mr. Busch raises is what he characterizes as a utility's incentive to "overstate the need to their system." How do you respond?

A. Speaking for Ameren Missouri, the facts are that we need to accelerate generation if we are to serve Large Load Customers because if we do not, we cannot reliably serve our entire body of customers. We need the generation at an earlier point in time: period. Since we need it in the future anyway, we would not be "overstating" our system needs. Mr. Busch provides no evidence that Evergy is doing so either. Nor should there be any expectation that the Commission is not going to do its job to exercise its responsibility to decide whether we can accelerate the generation we need or do not accelerate it. Every generating plant we will need to accelerate will come before this Commission in a certificate of convenience and necessity case where the Commission will determine whether it is necessary or convenient for the public service. "Need" will be examined in those cases. Staff will have the opportunity to express its viewpoint about and analysis on whether the acceleration is needed.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes.

Sworn to me this 10th day of September, 2025.