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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO.

ET-2018-0132

SURREBUTTAL TESTIMONY

OF

TOM BYRNE

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a AMEREN MISSOURI

**St. Louis, Missouri
November, 2018**

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SURREBUTTAL TESTIMONY

OF

TOM BYRNE

FILE NO. ET-2018-0132

I. INTRODUCTION

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Q. Please state your name and business address.

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A. Tom Byrne, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri

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63103.

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Q. What is your position with Ameren Missouri?

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A. I am Senior Director of Regulatory Affairs.

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Q. Please describe your educational background and employment experience.

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A. In 1980, I graduated from the University of Missouri-Columbia with Bachelor of Journalism and Bachelor of Science-Business Administration degrees. In 1983, I graduated from the University of Missouri-Columbia law school. From 1983-1988, I was employed as an attorney for the Staff of the Missouri Public Service Commission ("Commission"). In that capacity, I handled rate cases and other regulatory proceedings involving all types of Missouri public utilities. In 1988, I was hired as a regulatory attorney for Mississippi River Transmission Corporation, an interstate gas pipeline company regulated by the Federal Energy Regulatory Commission ("FERC"). In that position, I handled regulatory proceedings at the FERC and participated in some cases at the Missouri

1 Commission. From 1995-2000, I was employed as a regulatory attorney for Laclede Gas
2 Company (now known as Spire Missouri Inc.). In that position, I handled rate cases and
3 other regulatory proceedings before the Commission. In 2000, I was hired as a regulatory
4 attorney by Ameren Services Company and I originally handled regulatory matters
5 involving local gas distribution companies owned by operating subsidiaries of Ameren
6 Corporation (now Ameren Illinois Company and Ameren Missouri). In 2012, I was
7 promoted to the position of Director and Assistant General Counsel, and I was assigned to
8 handle both gas and electric cases in Missouri. In 2014, I was promoted to my current
9 position, Senior Director of Regulatory Affairs.

10 **II. PURPOSE OF TESTIMONY**

11 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

12 A. My surrebuttal testimony responds to the rebuttal testimony of the Missouri
13 Public Service Commission ("Commission") Staff and the Office of the Public Counsel
14 ("OPC") recommending that one or both of the Charge Ahead programs proposed in this
15 case be rejected or substantially changed to the point that they would be unworkable. In
16 particular, I am responding to the recommendations in that regard made by Staff witnesses
17 Sarah Lange and Byron Murray, as well as OPC witness Dr. Geoff Marke. My surrebuttal
18 testimony explains why, from a policy perspective, the Commission should approve these
19 programs notwithstanding the objections of these parties. Ameren Missouri witnesses
20 Steven Wills, Patrick Justis, and David Pickles will provide detailed responses to the
21 specific issues raised in the rebuttal testimony of these witnesses.

22 **Q. What is the overall theme of the Staff's and OPC's opposition to the**
23 **Charge Ahead programs?**

1 A. In general, Staff and OPC appear to be opposed to these programs based on
2 claims that the programs are unnecessary or because of uncertainties associated with the
3 programs, including what their exact impact will be on customers. The uncertainties
4 associated with the Charge Ahead programs are not unusual—they are the kind of
5 uncertainties associated with any new program that will operate in the future. For example,
6 Ms. Lange criticizes the quality of the Company's estimates of revenues, costs and rate case
7 timing associated with electric vehicle ("EV") charging stations. Mr. Murray opposes the
8 Company's proposal for EV charging stations along major highways in its service territory
9 on the ground that it may be unnecessary given other potential programs that are expected
10 to develop some corridor charging. Dr. Marke proposes radical and unworkable changes
11 to the Company's EV charging program because the number of EVs that will be added as
12 a result of installing a network of charging stations cannot be known with certainty. Mr.
13 Murray recommends rejection of the Business Solutions portion of Charge Ahead on the
14 ground that there may be a conflict with services provided by other Commission-regulated
15 utilities (which he has not identified) and because there are some other entities that already
16 support electrification.

17 **Q. Do these criticisms of the Charge Ahead program have merit?**

18 A. No, they do not. But responses to the specific arguments made by each of
19 these witnesses will be addressed by the other Ameren Missouri witnesses. The point of
20 my testimony is to explain the policy reasons for the Commission to move ahead with these
21 important programs even if every benefit for customers and the environment cannot be
22 quantified with 100% certainty, and even if every outcome cannot be perfectly predicted.
23 If that were the standard for approval of new and innovative programs, such programs

1 would never be approved. In short, the Commission should not let pursuit of perfection be
2 the enemy of the good. The Charge Ahead programs have been well thought out and
3 designed to benefit participating and non-participating customers, improve the
4 environment, and take a step toward modernizing Missouri's energy policy. We have
5 carefully crafted them to be consistent with policies established by the Commission in
6 previous electric vehicle charging cases, line extension cases and energy efficiency cases,
7 which are analogous in some ways to efficient electrification. These programs present a
8 real opportunity for Ameren Missouri's customers and the State of Missouri that should not
9 be missed.

10 **Q. Why should the Commission approve the Charge Ahead programs if it**
11 **is possible that they may not be "perfect"?**

12 A. In my opinion, there are several reasons. First, the assumptions used by
13 Ameren Missouri are conservative in nature and still indicate that substantial net benefits
14 will be realized for customers, the Company, and the environment. So even if actual results
15 turn out to be different than the assumptions used in Ameren Missouri's analysis, Mr. Wills'
16 stress tests demonstrate that these programs are still expected to be beneficial. Staff offered
17 criticism of some of the Company's assumptions, but Mr. Wills' surrebuttal testimony aptly
18 demonstrates why Ameren Missouri's assumptions are more appropriate to use than Staff's.
19 OPC, on the other hand, doesn't offer much in the way of criticism of the Company's
20 assumptions, preferring just to argue the Company should guarantee results, instead of
21 OPC reviewing the assumptions used to determine the reasonableness of the analysis
22 provided to justify the programs. In short, neither Staff's nor OPC's testimony persuasively

1 shows that the Charge Ahead programs will not ultimately be beneficial, notwithstanding
2 the uncertainties associated with any new program.

3 Second, the Charge Ahead programs, although new for Missouri, are not new
4 nationally. Many other states have jump-started the EV market through the participation of
5 electric utilities in developing the charging networks necessary to reduce or eliminate range
6 anxiety and otherwise make owning an EV a practical alternative for a large number of end
7 users. The construction of this infrastructure is critical to the development of a thriving
8 electric vehicle market. Electric utilities are an obvious source of funding for charging
9 stations because they and their customers will benefit if charging infrastructure leads to
10 more purchases of EVs and increased electric usage. And, the empirical evidence is that
11 charging infrastructure does lead to more EV purchases—one need only look across the
12 state to Kansas City to see that this is true. Efficient electrification of the type proposed in
13 the Business Solutions part of Charge Ahead is a bit less common, but there are examples
14 in other states. The point is that the Charge Ahead proposal is not breaking new ground.
15 There are plenty of examples of successful EV charging and electrification programs in
16 other states that ought to give the Commission comfort that such programs are workable
17 and can provide benefits to customers and the environment.

18 Third, the magnitude of the particular programs proposed in this case is quite small
19 in the scheme of things. Over the five-year term of the Charge Ahead program we are
20 proposing to spend a maximum of \$11 million on EV charging stations and \$7 million on
21 efficient electrification—an average of \$3.6 million per year. Moreover, we are proposing
22 to recover the costs over a seven-year amortization period, which reduces the annual impact
23 on customers even further. This compares to an annual retail revenue requirement for

1 Ameren Missouri of approximately *\$2.7 billion*, making the maximum potential cost of
2 these programs only about one-tenth of one percent of Ameren Missouri's revenue
3 requirement—even if one were to unrealistically assume that there would be no offsetting
4 benefits whatsoever realized from the programs. By comparison, utilities in many other
5 states are investing much more in EV infrastructure alone. For example, California recently
6 approved utility investments of approximately \$750 million in EV infrastructure and New
7 York recently approved an investment of \$250 million by the New York Power Authority.
8 The bottom line is the relatively small magnitude of our proposed investment should give
9 the Commission substantial additional comfort in approving this program.

10 Fourth, the program is limited in time. Since it is only a five-year program, any
11 imperfections that appear can be addressed before the program, or any similar program is
12 re-authorized. This is a limited commitment for the Commission and all parties which will
13 allow us to see how EV and electrification programs can work in Missouri.

14 Finally, and perhaps most important, the cost of inaction is high for Missouri
15 customers and our state. "Paralysis by analysis" has a cost to Missouri citizens. As
16 explained in Mr. Wills' surrebuttal testimony, it is more likely that the Company has
17 understated the benefits of these programs to our customers rather than overstated them.
18 Other states and regions of the country are moving ahead with supporting EV infrastructure
19 and efficient electrification business solutions. Missouri is already behind in these areas.
20 Ameren Missouri's Charge Ahead program provides an opportunity for Missouri to begin
21 to catch up, and ultimately become a leader in energy issues. If Ameren Missouri's
22 proposed program is rejected and we are sent back to the drawing board, it will be many
23 months, or even years before different innovative programs can be developed, approved,

1 and implemented. For all these reasons approval of the Charge Ahead program is a good
2 policy decision for the state of Missouri.

3 **Q. In Kansas City Power & Light Company's ("KCP&L") and KCP&L**
4 **Greater Missouri Operations Company's ("GMO") recent rate case settlement (File**
5 **Nos. ER-2018-0145 and ER-2018-0146) those companies agreed to establish a new**
6 **customer class for electric vehicle charging stations and that no other customer class**
7 **should bear any costs related to the service. In contrast, Ameren Missouri is not**
8 **proposing to establish a separate electric vehicle charging class. Is that any reason**
9 **for the Commission to reject Ameren Missouri's Charge Ahead proposal?**

10 A. Absolutely not. Ameren Missouri is in a much different position than
11 KCP&L and GMO with respect to electric vehicle charging. For one thing, Ameren
12 Missouri is not proposing to own any electric vehicle charging stations or to be the entity
13 that provides electric vehicle charging services to customers. (As the Commission may
14 recall, our previous application to perform that function was denied by the Commission).
15 As a consequence, it would not be possible to create a class of electric vehicle charging
16 customers on Ameren Missouri's system. Putting the charging stations themselves in a
17 separate rate class would also be impractical given that usage from most charging facilities
18 will be comingled with non-charger usage behind the meter.

19 In addition, it is important to note that no Ameren Missouri-supported EV charging
20 stations have yet been built. And the revenues generated by electric vehicle charging are
21 not, by themselves, sufficient to pay the cost of building that infrastructure. In order for
22 the EV charging stations to be economically justified, the overall benefits to the electric
23 system and to the environment have to be taken into account. In particular, the increase in

1 load due to home charging of incremental electric vehicles enabled by the EV charging
2 station infrastructure, not just the revenues paid by the EV charging that occurs, has to be
3 accounted for, as Mr. Wills testifies. If these significant overall benefits to the electric
4 system, and the real benefits to the environment EV charging stations provide are not taken
5 into account, it is unlikely that a robust EV charging infrastructure will be built any time
6 soon.

7 **Q. But what about the inconsistency between the treatment Ameren**
8 **Missouri's EV charging infrastructure and KCP&L/GMO's? Isn't that a problem?**

9 A. No. As previously stated, Ameren Missouri is proposing a different model
10 where free market competitors own and operate the charging stations. The Commission
11 should support trying out different approaches to electric vehicle charging which are likely
12 to have different costs and benefits for customers and the state, particularly when proposed
13 on a relatively small "pilot" scale, like the Charge Ahead program.

14 **Q. Does this conclude your surrebuttal testimony?**

15 A. Yes, it does.

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

In the Matter of the Application of Union)
Electric Company d/b/a Ameren Missouri)
for Approval of Efficient Electrification)
Program.)

File No. ET-2018-0132

AFFIDAVIT OF TOM BYRNE

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Tom Byrne, being first duly sworn on his oath, states:

1. My name is Tom Byrne. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Director of Regulatory Affairs.

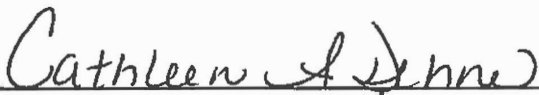
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 8 pages and Schedule(s) N/A, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



TOM BYRNE

Subscribed and sworn to before me this 15th day of November, 2018.



Notary Public

My commission expires
March 7, 2021

