

Exhibit No.:

44

Issues: CHP for Critical Infrastructure

Witness: Claire M. Eubanks, P.E.

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: GR-2017-0216 and

GR-2017-0216

Date Testimony Prepared: November 21, 2017

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**ENGINEERING ANALYSIS SECTION**

**SURREBUTTAL TESTIMONY**

**OF**

**CLAIRE M. EUBANKS, P.E.**

**SPIRE MISSOURI, INC., d/b/a SPIRE**

**LACLEDE GAS COMPANY and MISSOURI GAS ENERGY  
GENERAL RATE CASE**

**CASE NOS. GR-2017-0215 and GR-2017-0216**

Staff Exhibit No. 244  
Date 12-7-17 Reporter Becca Tuggle  
File No. GR-2017-0215 : GR-2017-0216

Jefferson City, Missouri  
November 2017

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**SURREBUTTAL TESTIMONY**

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GENERAL RATE CASE**

**CASE NO. GR-2017-0215 and CASE NO. GR-2017-0216**

13 Q. Please state your name and business address.

14 A. Claire M. Eubanks, and my business address is Missouri Public Service  
15 Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

16 Q. By whom are you employed and in what capacity?

17 A. I am employed by the Missouri Public Service Commission ("Commission")  
18 as a Utility Regulatory Engineer II in the Engineering Analysis Unit, Operational Analysis  
19 Department, Commission Staff Division.

20 Q. Are you the same Claire Eubanks that previously filed rebuttal testimony in  
21 this case?

22 A. Yes.

23 Q. What is the purpose of your Surrebuttal Testimony?

24 A. The purpose of my Surrebuttal Testimony is to respond to Division of Energy  
25 ("DE") witness Jane Epperson's Rate Design Rebuttal Testimony regarding Combined Heat  
26 and Power ("CHP") and Office of Public Counsel ("OPC") witness John Robinett.

27 Q. What does Ms. Epperson discuss regarding CHP in her Rate Design Rebuttal  
28 Testimony?

1           A.     Ms. Epperson discusses her concerns with destructive competition as it relates  
2 to Economic Development Riders and Special Contract Riders, yet draws a distinction  
3 between the potential for destructive competition as it relates to CHP. Despite recognizing  
4 that CHP can result in the loss of physical load by an electric utility to the benefit of a natural  
5 gas utility,<sup>1</sup> she asserts CHP is “conceptually recognized as an exception to the promotional  
6 practices rules.”

7           Q.     Do you agree that CHP is an exception to the promotional practices rule?

8           A.     Not in the context of DE’s proposed CHP pilot program. Ms. Epperson quotes  
9 the promotional practices rule regarding an exception for consideration that may be necessary  
10 to acquire cost-effective *demand-side resources*; however, she ignores the definition of  
11 demand-side resource:

12                     Demand-side resource means any inefficient energy-related choice  
13 that can be influenced cost-effectively by a utility. The meaning of  
14 this term shall not be construed to include load-building  
15 programs<sup>2,3,4</sup> (emphasis added)

16 DE’s CHP proposed pilot program is a load-building program; it would be offered by Spire  
17 and could result in increased gas usage. This type of program would not be considered a  
18 demand side resource under the promotional practice rules, and therefore, would not be  
19 covered by the exception DE cites.

20           Q.     Is there another portion of the promotional practices rule Ms. Epperson cites?

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<sup>1</sup> Rebuttal Testimony of Jane Epperson Page 5, Lines 3-4.

<sup>2</sup> 4 CSR 240-14.010(6)(E)

<sup>3</sup> “Inefficient energy-related choice” is defined in 4 CSR 240-14.010(6)(H) as any decision that causes the life-cycle cost of providing an energy service to be higher than it would be for an available alternative choice.

<sup>4</sup> “Load-building program” is defined in 4 CSR 240-14.010(6)(J) as an organized promotional effort by a utility to persuade energy-related decision makers to choose the form of energy supplied by that utility instead of other forms of energy for the provision of energy service or to persuade customers to increase their use of that utility’s form of energy, either by substituting it for other forms of energy or by increasing the level or variety of energy services used. This term is not intended to include the provision of technical or engineering assistance, information about filed rates and tariffs or other forms of routine customer service.

1           A.     Yes. Ms. Epperson states that “the promotional practices rules also allow for  
2 pilot programs that are designed to evaluate the cost-effectiveness of potential demand-side  
3 resources”<sup>5</sup> citing 4 CSR 240-14.010(4).

4           Q.     Is the pilot program proposed by DE designed to evaluate the  
5 cost-effectiveness of potential demand-side resources?

6           A.     No. DE suggests using a societal cost test to evaluate individual project  
7 benefits; however, DE’s proposal does not address how the pilot program would be evaluated  
8 to determine cost-effectiveness to Spire.

9           Q.     OPC witness, John Robinett, describes the proposed pilot program as a  
10 program to allow private businesses to consider CHP as an option.<sup>6</sup> Does OPC’s description  
11 fully capture the entirety of DE’s proposal?

12          A.     No. DE’s proposal goes further than simply offering assistance to businesses  
13 for the consideration of CHP. DE’s proposed CHP pilot program would have a total program  
14 budget of \$5.1 million for 10 individual projects.<sup>7</sup> Each project would have the potential to  
15 receive \$10,000 towards a feasibility study, the lesser of up to \$500,000 or 30% of a project’s  
16 installed cost, and buy-down on the rate of interest offered for financing of the projects.<sup>8</sup>

17          Q.     How does the \$5.1 million dollar program budget compare to Spire’s revenue  
18 requirement in this case?

19          A.     Staff’s revenue requirement recommendation as of the filing of direct is an  
20 increase of approximately \$11.9 million to LAC’s base rates and approximately \$8.7 to

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<sup>5</sup> Rebuttal Testimony of Jane Epperson Page 5, Lines 10-12.

<sup>6</sup> Rebuttal Testimony of John A. Robinett, Page 2, Lines 2-3.

<sup>7</sup> Direct Testimony of Jane Epperson Page 17, Lines 1-2.

<sup>8</sup> Direct Testimony of Jane Epperson Page 17, Lines 4-10.

Surrebuttal Testimony of  
Claire M. Eubanks, P.E.

1 MGE's base rates.<sup>9</sup> The \$5.1 million dollars proposed for the program would equate to an  
2 additional 25% of that recommendation. Staff's final recommended revenue requirement  
3 amount will vary with true-up; however, the \$5.1 million program budget in comparison  
4 would still constitute a significant increase regardless of the final recommendation.

5 Q. Does this conclude your testimony?

6 A. Yes.

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<sup>9</sup> Staff Direct Cost of Service Report, Page 5, Lines 1-6.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's )  
Request to Increase Its Revenues for ) Case No. GR-2017-0215  
Gas Service )

In the Matter of Laclede Gas Company )  
d/b/a Missouri Gas Energy's Request to ) Case No. GR-2017-0216  
Increase Its Revenues for Gas Service )

**AFFIDAVIT OF CLAIRE M. EUBANKS, PE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COMES NOW CLAIRE M. EUBANKS, PE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Claire M Eubanks  
CLAIRE M. EUBANKS, PE

**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 17<sup>th</sup> day of November, 2017.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2020  
Commission Number: 12412070

D. Suzie Mankin  
Notary Public