



compared to current accumulation period [2018 in this case] actual daily weather should be used for purposes of calculating the WNAR adjustments?

**Staff Position:** According to the tariff<sup>1</sup>, daily normal weather ranked on current accumulation period actual daily temperature data and compared to current accumulation period actual daily weather should be used for purposes of calculating the WNAR adjustments. The accumulation period of the current cases is April through July 2018. Therefore, daily normal weather ranked on 2018 actual daily temperature data should be used for WNAR adjustments. However, Spire used daily normal weather ranked on 2016 actual daily temperature data to compare to 2018 actual daily weather. Using this invalid daily normal weather introduced a bias in Spire's WNAR adjustments.<sup>2</sup> If improper normal daily HDD (heating degree days) is used for the WNAR adjustments, then the *relationship* between gas usage and HDD that was determined during the most recent rate case is not valid anymore. The calculation of the WNAR adjustments is performed under the assumption that the relationship between gas usage and associated HDD that is determined during the most recent case is correct and is not changed during the accumulation period. There is no foundation of validity regarding the WNAR adjustments if that assumption does not hold because improper normal daily HDD are used. Therefore, to be used in Spire's WNAR adjustments, proper normal daily HDD must be ranked on actual daily temperature data of the accumulation period that is in 2018, not in 2016.<sup>3</sup>

Spire's interpretation of the tariff ignores an entire clause of the tariff, "based upon Staff's daily normal weather as determined in the most recent rate case".

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<sup>1</sup> Copies of the applicable tariff sheets are attached.

<sup>2</sup> Won Rebuttal, page 2 lines 6-20.

<sup>3</sup> Won Rebuttal, page 3 lines 3-11.

Staff's ranking method is how Staff's daily normal weather was determined in the most recent rate case. The tariff language was written thus because Staff's ranking method requires the normal weather to be ranked consistent with the actual weather of the period (2018 in this case).<sup>4</sup> Ranking based on actual temperature is an essential element of Staff's normal weather. Therefore, Staff's normal weather without proper rankings of the associated actual temperature is no longer Staff's normal weather.<sup>5</sup>

Staff recommends the Commission reject the WNAR rates filed by Spire and order Spire to file appropriate WNAR rates which should be \$(0.00050) and \$0.00084 for Spire Missouri East and Spire Missouri West, respectively. Staff further recommends the Commission order Spire to use Staff's ranked method for calculating WNAR rate adjustments in future WNAR filings, to be consistent with the WNAR tariff language.

**Issue:** (2) If the Commission determines that the weather normalization adjustment rider ("WNAR") tariff sheets of Spire Missouri East and/or Spire Missouri West [i.e., P.S.C. MO. No. 7, Sheet No. 13 and P.S.C. MO. No. 8, Sheet No. 13, respectively] are vague regarding how the WNAR rate adjustments are to be calculated, is Staff's or Spire's interpretation of the tariff and calculation method most consistent with the Commission's intent when it ordered adoption of the WNAR tariff?

**Staff Position:** It should first be noted that, in Staff's view, the WNAR tariff sheets are not vague regarding how the WNAR rate adjustments are to be calculated. However, if the Commission determines that they are, Staff believes its interpretation of the tariff and calculation method is most consistent with the Commission's intent when it

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<sup>4</sup> Stahlman Rebuttal, page 1 line 21 through page 2 line 3.

<sup>5</sup> Won Rebuttal, page 7 lines 7-9.

ordered adoption of the WNAR tariff. On page 84 of its Amended Report and Order in Case Nos. GR-2017-0215 and GR-2016-0216, issued on March 7, 2018, the Commission stated “because annual natural gas usage is 95 percent correlated with annual HDD, **using Staff’s climatic normal and weather normalization** in the form of the WNAR tariff would more accurately resolve the revenue stabilization issue because it is specifically linked to weather fluctuations.” (Emphasis added) As stated above, ranking based on actual temperature is an essential element of Staff’s normal weather. Therefore, Staff’s normal weather without proper rankings of the associated actual temperature is no longer Staff’s normal weather.<sup>6</sup>

In addition, as mentioned under the previous issue, Spire’s interpretation of the tariff simply ignores some of the language of the tariff. This is contrary to basic rules of construction / interpretation, which require that meaning be given to all words or phrases used. Staff’s interpretation gives meaning to all of the tariff language as well as the formula contained therein.

**WHEREFORE** Staff submits the foregoing Statements of Position and requests the Commission issue an order finding in its favor, rejecting the WNAR rates filed by Spire, and ordering Spire to file appropriate WNAR rates as calculated by Staff. Staff further prays the Commission order Spire to use Staff’s ranked method for calculating WNAR rate adjustments in future WNAR filings.

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<sup>6</sup> Won Rebuttal, page 7 lines 7-9.

Respectfully submitted,

**/s/ Jeffrey A. Keevil**

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Attorney for the Staff of the  
Missouri Public Service  
Commission

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 11th day of January, 2019.

**/s/ Jeffrey A. Keevil**

Spire Missouri Inc. d/b/a/ Spire

For: Spire Missouri East

**WEATHER NORMALIZATION ADJUSTMENT RIDER**  
**WNAR**

**APPLICABILITY**

The Weather Normalization Adjustment ("WNA") Rider is applicable to each therm of gas delivered under the terms of the residential rate schedule throughout the entire service area of Spire East until such time as it may be discontinued or modified by order of the Commission in a general rate case. The Rider will be applied as a separate line item on a customer's bill.

**CALCULATION OF ADJUSTMENT**

The WNA Factor will be calculated for each billing cycle and billing month as follows:

$$WNA_i = \sum_{j=1}^{18} ((NDD_{ij} - ADD_{ij}) \cdot C_{ij}) \cdot \beta$$

Where:

- i = the applicable billing cycle month
- WNA<sub>i</sub> = Weather Normalization Adjustment
- j = the billing cycle
- NDD<sub>ij</sub> = the total normal heating degree days based upon Staff's daily normal weather as determined in the most recent rate case.
- ADD<sub>ij</sub> = the total actual heating degree days, base 65° at St. Louis Lambert International Airport Weather Station
- C<sub>ij</sub> = the total number of customer charges charged in billing cycle j and billing month i
- β = the coefficient of 0.1493772 for Spire East

1. Monthly WNA<sub>i</sub> = WNA<sub>i</sub> × Weighted Residential Volumetric Rate ("WRVR")<sub>i</sub>
2. The WRVR applicable to each month shall be derived using the billing determinants and residential volumetric rates from the Company's then most-recent rate case. For the winter billing months (November through April) the WRVR shall be equal to the Residential Winter Charge for Gas Used established at the conclusion of each general rate case. For Case No. GR-2017-0215 the amount is \$0.23330. The WRVR for each of the summer billing months (May through October) shall be determined at the conclusion of each general rate case as the percentage of total residential customers whose usage ends in the first rate block multiplied by the volumetric rate of that block plus the percentage of total residential customers whose usage ends in the second rate block multiplied by the volumetric rate of that block. Currently effective summer WRVR's are reflected in the table below:

May	June	July	August	September	October
\$0.21368	\$0.21106	\$0.21044	\$0.21029	\$0.21054	\$0.21096

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ISSUED BY: C. Eric Lobser, VP, Regulatory & Governmental Affairs  
Spire Missouri Inc., St. Louis, MO. 63101

FILED  
Missouri Public  
Service Commission  
GR-2017-0215; YG-2018-0117

Spire Missouri Inc. d/b/a/ Spire

For: Spire Missouri East

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**WEATHER NORMALIZATION ADJUSTMENT RIDER**  
**WNA**

3. The Current Semiannual WNA ("CSWNA") shall be the sum of the billing cycle WNA for each of the six Monthly WNA<sub>i</sub> for the billing months in the applicable six month period divided by the annual volumetric billing determinants set for the residential rate class in the most recent rate case.
4. Semiannual Reconciliation Rate ("SRR"): Two (2) months prior to the end of the twelve (12) months of billing of each CSWNA, the over- or under-billing of the numerator of the CSWNA shall be calculated based on ten (10) months actual sales and two (2) months projected sales. The amount of over- or under-billing shall be adjusted as ordered by the Commission, if applicable. The resulting amount shall be divided by the annual volumetric billing determinates set for the residential rate class in the most recent rate case. Two (2) months prior to the end of the twelve (12) months of billing of each SRR, the over- or under-billing of the SRR shall be calculated based on ten (10) months actual sales and two (2) months projected sales. Any remaining over- or under-billing from the SRR shall be applied to the next SRR. The two (2) months projected sales associated with each CSWNA and SSR shall be trued-up with actuals upon calculation of the next applicable SSR.
5. The Company will make a semiannual rate filing with the Commission 30 days prior to the first effective day referenced in the CSWNA table to adjust the WNA Rider. Each CSWNA and SRR will remain in effect for twelve (12) months. The total WNA Rider rate shall be the sum of all effective CSWNAs and SRRs.
6. There shall be a limit of \$0.05 per therm on upward adjustments for the WNA and no limit on downward adjustment. Any WNA adjustments amounts in excess of \$0.05 per therm will be deferred for recovery from customers in the next WNA adjustment and applicable to part a. below.
- a. Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of such month), minus two percentage points, shall be applied to the Company's average beginning and ending monthly WNA balances. In no event shall the carrying cost rate be less than 0%. Corresponding interest income and expense amounts shall be recorded on a net cumulative basis for the WNA deferral period.

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Spire Missouri Inc. d/b/a/ Spire

For: Spire Missouri East

**WEATHER NORMALIZATION ADJUSTMENT RIDER**  
**WNAR**

## RATE:

## CSWNA Table:

<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>CSWNA (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000

## SRR Table:

<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>SRR (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000

## WNA Rider Rate:

<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>Monthly WNA Rider Rate</u>
2018 S1	Effective Date of this Sheet		9/30/2018	0.0000

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Spire Missouri Inc. d/b/a/ Spire

For: Spire Missouri West

**WEATHER NORMALIZATION ADJUSTMENT RIDER**  
**WNAR**

**APPLICABILITY**

The Weather Normalization Adjustment (“WNA”) Rider is applicable to each ccf of gas delivered under the terms of the residential rate schedule throughout the entire service area of Spire West until such time as it may be discontinued or modified by order of the Commission in a general rate case. The Rider will be applied as a separate line item on a customer’s bill.

**CALCULATION OF ADJUSTMENT**

The WNA Factor will be calculated for each billing cycle and billing month as follows:

$$WNA_i = \sum_{j=1}^{18} ((NDD_{ij} - ADD_{ij}) \cdot C_{ij}) \cdot \beta$$

Where:

- i = the applicable billing cycle month
- WNA<sub>i</sub> = Weather Normalization Adjustment
- j = the billing cycle
- NDD<sub>ij</sub> = the total normal heating degree days based upon Staff’s daily normal weather as determined in the most recent rate case.
- ADD<sub>ij</sub> = the total actual heating degree days, base 65° at Kansas City International Airport Weather Station
- C<sub>ij</sub> = the total number of customer charges charged in billing cycle j and billing month i
- β = the coefficient of 0.1291586 for Spire West

1. Monthly WNA<sub>i</sub> = WNA<sub>i</sub> × Weighted Residential Volumetric Rate (“WRVR”)<sub>i</sub>
2. The WRVR applicable to each month shall be derived using the billing determinants and residential volumetric rates from the Company’s then most-recent rate case. For the winter billing months (November through April) the WRVR shall be equal to the Residential Winter Charge for Gas Used established at the conclusion of each general rate case. For Case No. GR-2017-0215 the amount is \$0.15637. The WRVR for each of the summer billing months (May through October) shall be determined at the conclusion of each general rate case as the percentage of total residential customers whose usage ends in the first rate block multiplied by the volumetric rate of that block plus the percentage of total residential customers whose usage ends in the second rate block multiplied by the volumetric rate of that block. Currently effective summer WRVR’s are reflected in the table below:

May	June	July	August	September	October
\$ 0.14290	\$ 0.14139	\$ 0.14104	\$ 0.14099	\$ 0.14107	\$ 0.14121

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For: Spire Missouri West

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**WEATHER NORMALIZATION ADJUSTMENT RIDER**  
**WNAR**

3. The Current Semiannual WNA ("CSWNA") shall be the sum of the billing cycle WNA for each of the six Monthly WNA<sub>i</sub> for the billing months in the applicable six month period divided by the annual volumetric billing determinates set for the residential rate class in the most recent rate case.

4. Semiannual Reconciliation Rate ("SRR"): Two (2) months prior to the end of the twelve (12) months of billing of each CSWNA, the over- or under-billing of the numerator of the CSWNA shall be calculated based on ten (10) months actual sales and two (2) months projected sales. The amount of over- or under-billing shall be adjusted as ordered by the Commission, if applicable. The resulting amount shall be divided by the annual volumetric billing determinates set for the residential rate class in the most recent rate case. Two (2) months prior to the end of the twelve (12) months of billing of each SRR, the over- or under-billing of the SRR shall be calculated based on ten (10) months actual sales and two (2) months projected sales. Any remaining over- or under-billing from the SRR shall be applied to the next SRR. The two (2) months projected sales associated with each CSWNA and SSR shall be trued-up with actuals upon calculation of the next applicable SSR.

5. The Company will make a semiannual rate filing with the Commission 30 days prior to the first effective day referenced in the CSWNA table to adjust the WNA Rider. Each CSWNA and SRR will remain in effect for twelve (12) months. The total WNA Rider rate shall be the sum of all effective CSWNAs and SRRs.

6. There shall be a limit of \$0.05 per ccf on upward adjustments for the WNA and no limit on downward adjustment. Any WNA adjustments amounts in excess of \$0.05 per ccf will be deferred for recovery from customers in the next WNA adjustment and applicable to part a. below.

a. Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of such month), minus two percentage points, shall be applied to the Company's average beginning and ending monthly WNA balances. In no event shall the carrying cost rate be less than 0%. Corresponding interest income and expense amounts shall be recorded on a net cumulative basis for the WNA deferral period.

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**WEATHER NORMALIZATION ADJUSTMENT RIDER**  
**WNAR**

## RATE:

## CSWNA Table:

<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>CSWNA (Semiannual)</u>
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2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
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## SRR Table:

<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>SRR (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
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## WNA Rider Rate:

<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>Monthly WNA Rider Rate</u>
2018 S1	Effective Date of this Sheet		9/30/2018	0.0000

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