

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service.) **File No. GR-2017-0215**
) **Tariff No. YG-2017-0195**

In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenues for Gas Service.) **File No. GR-2017-0216**
) **Tariff No. YG-2017-0196**
)

STATEMENTS OF POSITION BY THE CONSUMERS COUNCIL OF MISSOURI

COMES NOW the Consumers Council of Missouri ("Consumers Council" or "CCM"), to provide its statements of position on certain issues contained in the List of Issues filed yesterday by the Commission Staff. Consumers Council reserves the right to take a position on other issues or to change these positions, based upon testimony received at the hearing next week.

III. LAC-MGE Common Issues

a. Cost of Capital

- i. Return on Common Equity – What is the appropriate return on common equity to be used to determine the rate of return?

Consumers Council Position: The allowed ROE should be set no higher than Michael Gorman's recommendation of 9.20%.

- ii. Capital Structure – What capital structure should be used to determine the rate of return?

Consumers Council Position: The appropriate capital structure to use in this case should be based up on Spire, Inc.'s consolidated capital structure.

d. Gas Supply Incentive Plan (GSIP)

- i. Should LAC continue its current GSIP mechanism?

Consumers Council Position: No.

- ii. Should a similar GSIP be approved for MGE?

Consumers Council Position: No.

j. Trackers

- i. Should LAC and MGE be permitted to implement an environmental tracker?

Consumers Council Position: No. The evidence shows no need for such an extraordinary tracker, and it would reduce the current incentive for the utility to manage such costs in an efficient manner.

IV. Rate Design/Class Cost of Service

a. Rate Design

- i. Should a Revenue Stabilization Mechanism or other rate adjustment mechanism be implemented for the Residential and SGS classes for MGE and LAC? If so, how should it be designed and should an adjustment cap be applied to such a mechanism?

Consumers Council Position: No. Evidentiary support is lacking regarding a need for such a mechanism to adjust Spire's natural gas rates for isolated items outside of a full audit. Such mechanisms are unfair to consumers.

b. Class Cost of Service

- i. Should the general service classes of each rate division be consolidated or modified? If so, how? What inter-class revenue requirement shifts, if any, should be made in implementing rates resulting from this case?

Consumers Council Position: Consumers Council supports positions of the Office of the Public Counsel in this case regarding inter-class revenue shifts.

The Staff-proposed residential customer charges of \$26.00/month for LAC and \$20.00/month for MGE are far out of the mainstream and include the allocation of costs that are not customer-specific. Consumer Council strongly opposes such high fixed costs because they unfairly disadvantage low-usage customers, and because they reduce the economic benefit customers gain from energy efficiency and energy conservation measures. The fixed residential customer charges in this case should be set at no higher than \$17.00/month.

V. Performance Metrics

- a. Should a proceeding be implemented to evaluate and potentially implement a performance metrics mechanism? If yes, how should this be designed?

Consumers Council Position: No.

VI. Corporate Identity (Rebranding) Costs

- a. If the corporate identity/rebranding costs are determined to not be a transition cost, should they be included in base rates?

Consumers Council Position: No. These are one-time, non-recurring costs that are a result of the utility's decision to rebrand and provide no direct benefit to the ratepayers.

- b. Should rebranding litigation costs be included in base rates?

Consumers Council Position: No.

XV. Customer Programs

b. Low Income Energy Assistance Program

- i. Should LAC's current Low Income Affordability Program continue, or should the Commission approve LAC's proposed Low Income Affordability Program?

Consumers Council Position: No. Consumers Council believes that a new and expanded low income energy assistance program should be developed, through a collaborative process, incorporating the best practices of successful low income programs already approved by the Missouri Commission for regulated electric companies and this new program should encompass both the LAC and MGE service areas. See Consumers Council's position statements below.

- ii. Should LAC's Low Income Affordability Program be extended to MGE and be made available to MGE's customers?

Consumers Council Position: No. Consumers Council believes that a new and expanded low income energy assistance program should be developed, through a collaborative process, incorporating the best practices of successful low income programs already approved by the Missouri Commission for regulated electric companies and this new program should encompass both the LAC and MGE service areas. See Consumers Council's position statements below.

- iii. Should the Commission order a collaborative of interested parties be formed to work with the Company to develop and provide to the Commission a new low-income assistance program, covering both the LAC and MGE service areas and incorporating elements of successful low-income energy assistance programs in Missouri?

Consumers Council Position: Yes. Consumer Council's evidence regarding the unmet need for energy assistance is unrefuted. Nearly 164,000 Missouri households live with income at or below 50% of the Federal Poverty Level and face a home energy burden of 27%, and nearly 209,000 additional Missouri households live with incomes between 50% and 100% of the Federal Poverty Level and face an average home energy burden of 15%. This energy burden is among the highest for families living in poor housing stock in the urban areas served by Spire, in both its MGE and LAC service areas.

While some natural gas energy assistance pilot programs have fallen short of their intended goals in the past, there is a successful program currently available for Ameren Missouri electric customers (the Keeping Current program) that has proven to keep participant customers more current on their bills, successfully breaking the cycle of disconnection and reconnection that can be dangerous and costly. Consumers Council hopes that a collaborative process, consisting of interested parties to this rate case, would be able to develop and recommend a new low income program for both Spire service territories that incorporates the best practices and proven elements of the Keeping Current program and of other programs. Consumers Council believes that such a low income program should attempt to make utility bills more affordable and allow for year-round service, encourage customers to make consistent payments, and lower the costs associated with the utility's attempts to collect payments from customers with limited resources.

The collaborative process should be given approximately three months, and at the end of that time, parties may make recommendations collectively as a group, or independently, to the Commission for approval for a new low-income assistance program that could go into effect before the 2018-2019 winter heating season.

iv. What is the appropriate funding level for each division?

Consumers Council Position: The funding gap for energy assistance is growing in each division. Current Low Income Home Energy Assistance Program (LIHEAP) funding is not adequate to meet the needs of even a majority of eligible Missouri households, and LIHEAP funding is under increasing attacks. Funding for LIHEAP dropped from a high of 4.7 billion in 2011 to 3.39 billion in 2017. Missouri's allocation of LIHEAP funding was \$79.9 million in 2016, but that allocation dropped to \$65.6 million in 2017 and the program ran out of money before the end of the previous heating season.

Consumers Council believes that the evidence will show that that the unmet need for energy assistance is in excess of \$5 million for each of Spire's Missouri divisions, and has recommended that level of funding through a combination of ratepayer funding and shareholder contributions. At a minimum, Consumers Council recommends that the low income assistance program funding level recommended by Spire should be increased by at least \$1 million for each division (MGE and LAC).

v. How should credits be applied to customer bills?

Consumers Council Position: The credits and terms of the program going forward should be based upon recommendations of the parties following the collaborative process described above.

f. Check-off box on bill for L-I Weatherization

- i. Should customers be provided, on the customer bill, an option to opt-in to a program to contribute \$1 dollar to Low-Income Weatherization?

Consumers Council Position: Yes.

Respectfully submitted,

/s/ John B. Coffman

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties listed on the official service list on this 30th day of November 2017.

/s/ John B. Coffman
