

*Exhibit No.:*  
*Issue(s):* Revenue, Billing  
Determinants  
*Witness:* Robin Kliethermes  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal Testimony  
*Case No.:* GR-2021-0108  
*Date Testimony Prepared:* July 14, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**TARIFF/RATE DESIGN DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**ROBIN KLIETHERMES**

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

**SPIRE EAST and SPIRE WEST  
GENERAL RATE CASE**

**CASE NO. GR-2021-0108**

*Jefferson City, Missouri  
July 2021*



1 **Response to Company Revenue Adjustments**

2 Q. Do you agree with Mr. Weitzel that a reduction in annual average usage  
3 from 805 Ccf in GR-2017-0215 to annual average of 768 Ccf in this case justifies a  
4 conservation adjustment?<sup>1</sup>

5 A. No. Based on Schedule SAW – R1 attached to Mr. Weitzel’s rebuttal testimony,  
6 the Company appears to base its conservation calculation on a percent change in actual usage  
7 between time periods. Therefore, the Company is assuming that any change in Ccf was due to  
8 conservation and fails to recognize any change in usage due to weather.

9 Q. Did the Company provide any workpapers supporting this calculation?

10 A. Other than Schedule SAW – R1, no.

11 Q. Did the Company also calculate a weather normalization adjustment in this case?

12 A. Yes.

13 Q. Did the Company remove any effects of weather prior to calculating its proposed  
14 conservation adjustment?

15 A. No. Schedule SAW – R1 as it appears compares the difference between  
16 average annual actual usage per customer from the current rate case to average annual usage  
17 per customer from the prior rate case GR-2017-0215. The Company’s limited support for this  
18 adjustment does not define whether the annual average usage per customer from the prior case  
19 is weather normalized or not. However, by using the average annual actual usage per customer  
20 from the current rate case the Company appears to assume that the change in average usage  
21 between rate cases is entirely due to conservation and that weather had no impact on usage since  
22 the last rate case.

---

<sup>1</sup> Page 21, lines 6 through 13 of Scott Weitzel’s rebuttal testimony.

1 Q. Does the Company have a Weather Normalization Adjustment Rider (WNAR")  
2 that measures the impact of weather on usage?

3 A. Yes. The WNAR took effect upon the effective date of rates in the  
4 Company's last rate case GR-2017-0215.

5 Q. Does the Company's proposed conservation adjustment only apply to the  
6 Residential rate class?

7 A. It is unclear. In the Company's updated rate case workpaper provided in  
8 March 2021, the Company appeared to make an approximately \$2 million adjustment to  
9 reduce only Residential class revenue. However, it appears from Mr. Weitzel's Schedule  
10 SAW-R1 that the Company now proposes to reduce Residential class revenues by  
11 approximately \$1.57 million and all other classes by approximately \$550,000. Neither  
12 Mr. Weitzel's testimony nor Schedule SAW-R1 explain how the Company calculated the  
13 approximately \$2 million adjustment to the Residential class revenue in the March 2021  
14 workpaper compared to the adjustment Spire now proposes. Since the entirety of the  
15 Company's workpaper(s) supporting its proposed adjustment to usage due to conservation is  
16 Schedule SAW-R1, Staff is unsure how the Company's calculation for conservation in March  
17 has changed to the Company's current proposal.

18 Q. What is Staff's recommendation regarding the Company's proposed  
19 conservation adjustment?

20 A. As stated in my rebuttal testimony, Staff recommends the Commission reject the  
21 Company's proposed conservation adjustment, because the Company has not provided  
22 adequate support for the adjustment, the Company erroneously double counts the impacts of  
23 weather, and the adjustment is not necessary given the proposed Rate Normalization  
24 Adjustment ("RNA") in this case.

1 Q. On pages 4 and 5 of her rebuttal testimony, Ms. Mueller describes Spire’s issues  
2 with Staff’s calculation of revenue for the Spire East and Spire West Transportation rate classes.

3 Q. Do you agree with Ms. Mueller?

4 A. Partially. I do not agree with all of Ms. Mueller’s criticisms.

5 Q. What issues does Staff agree need to be corrected?

6 A. First, Staff agrees that it inadvertently transposed the rate for the second  
7 volumetric rate block applicable to the billing months of April – October for Spire West in its  
8 revenue calculation. Staff corrected this. Staff also agrees that the classification of “summer”  
9 and “winter” months for purposes of billing should be five months classified as “winter” and  
10 seven months classified as “summer”.<sup>2</sup> However, through additional Staff data requests Staff  
11 discovered that the Company’s interpretation of “billing month” may not be the same as Staff’s.  
12 Staff is working with the Company to clarify the discrepancy in interpretations and to determine  
13 the correct calculation.

14 Q. What issues does Staff not agree need to be corrected?

15 A. First, for Spire East and Spire West, Ms. Mueller mentions an error of adding a  
16 customer charge for cancelled bills. However, Staff removed all cancelled bills prior to its final  
17 revenue determination. It is unclear from Ms. Mueller’s testimony whether she is reviewing  
18 Staff’s final step in its revenue calculation or the first step prior to the cancelled bills being  
19 removed. Staff does not agree that this is an error that impacts its final revenue determination  
20 for the Spire East and Spire West Transportation rate class.

21 Second, Ms. Mueller mentions that there are customers on contracted rates;  
22 however, at no time during the course of this case has the Company provided any customer

---

<sup>2</sup> The classification of summer and winter only impact Spire West. Spire East does not have seasonal differentiated rates for its Transportation customers.

1 contracts or mentioned that customers in the Spire West rate district are served on contracted  
2 rates. Since Staff is reliant on the Company for information regarding its customers and billing,  
3 Staff is concerned that this information was not provided as part of the Company's direct filed  
4 workpapers. In response to Ms. Mueller's testimony, Staff filed additional data requests  
5 requesting the customer contracts.

6           Lastly, Ms. Mueller mentions three accounts that were identified to have an  
7 incorrect number of meters listed per customer account. Ms. Mueller did not file workpapers  
8 with her rebuttal testimony, so Staff filed additional data requests to determine the error if any.  
9 Staff relies on the Company to provide the number of meters per customer account. In response  
10 to Staff DR. 0166, the Company initially responded that it did not have the number of meters  
11 per customer account. Based on the Company's response Staff raised concerns, because the  
12 Spire West tariff contains a provision for charging an additional meter charge for customers  
13 with more than one meter. Eventually the Company provided a list of meter counts per  
14 Transportation customer account. If there was an error in the number of meters per customer  
15 account provided to Staff, then Staff should have been notified or the Company could have filed  
16 a supplemental DR response. Based upon, Ms. Mueller's rebuttal testimony Staff submitted  
17 additional data requests.

18 **Response to Excess Capacity**

19           Q.     Do you agree with Spire witness Michelle Antrainer that the Commission should  
20 reject Staff's proposed excess capacity adjustment, because Spire did not anticipate growth  
21 within the first three years of the CCNs the Commission approved in case numbers  
22 GA-2019-0210, GA-2020-0105, and GA-2020-0235? 3

---

<sup>3</sup> Page 4, lines 9 through 18 of Spire witness Michelle Antrainer's rebuttal testimony.

1           A.     No. In the Company's CCN applications in Case Nos. GA-2019-0210,  
2 GA-2020-0105, and GA-2020-0235 the Company justified the construction cost of extensions  
3 capable of capacity in excess of that required by the immediate customer because of expected  
4 future growth. Staff maintains its direct filed position, which is that until the expected growth  
5 materializes, the excess construction cost should be removed from revenue requirement.

6           **Response to MIEC and Vicinity**

7           Q.     What two issues does MIEC/ Vicinity witness Brian C. Collins raise in rebuttal  
8 testimony regarding Staff's Class Cost of Service ("CCOS") study?

9           A.     In general, Mr. Collins takes issue with Staff's allocation of income taxes and  
10 Staff's allocation of costs related to gas storage and inventory to transportation customers.<sup>4</sup>

11          Q.     Does Staff have changes to its CCOS study based on Mr. Collins concerns?

12          A.     Yes. Staff generally agrees with Mr. Collins that the allocation of income taxes  
13 should be allocated to the rate classes in a manner more similar to the classes' share of  
14 rate base rather than test year level of revenue contribution in excess of assigned and allocated  
15 costs.<sup>5</sup> Staff inadvertently did not update the income tax allocator at the time of its direct filing,  
16 thus Staff's CCOS study has been updated to reflect the allocation of additional income taxes  
17 to the rate classes based on the classes' share of net plant investment. However, since the filing  
18 of its updated CCOS study, Staff became aware of two other issues. The first issue that Staff  
19 became aware of is an issue involving transportation revenues. The second issue that Staff  
20 became aware of is a concern with the allocation of mains. Combined, these issues provide

---

<sup>4</sup> Page 2, lines 5 through 10, of MIEC and Vicinity witness Brian C. Collins rebuttal testimony.

<sup>5</sup> Consistent with footnote 4 on page 7 of the Staff CCOS study, many CCOS studies allocate income tax responsibility in proportion to test year revenue recovery. A justification for reliance on test year levels of revenue contribution in excess of assigned and allocated costs and expenses is the matching principle of aligning expenses and revenues during the period reviewed.

1 further support for Staff's recommended moderation of shifts to revenue requirement described  
2 in my updated direct testimony.

3 Q. What is the issue with Transportation revenues?

4 A. As mentioned above, Staff inadvertently transposed the rate for the second  
5 volumetric rate block for Spire West. The result is a decrease to Transportation revenue.

6 Q. What is the concern with the allocation of distribution mains?

7 A. Since daily demand data per rate schedule is limited in this case, the allocators  
8 used by the Company and Staff to allocate cost related to distribution mains disproportionately  
9 weights the number of customers per rate class and does not appropriately weight class usage.

10 Q. What alternative to the Company's mains allocation did Staff review?

11 A. Consistent with the Ameren Gas rate case, File No GR-2019-0077, Staff  
12 reviewed the use of an Average and Excess ("A&E") allocator for mains. While this is  
13 generally a more reasonable allocator than Spire's mains allocation, it depends on accurate  
14 coincident<sup>6</sup> and non-coincident<sup>7</sup> demand data. Staff developed an allocator for study purposes  
15 based on imputed demand data, as actual daily demand data is unavailable at this time for Spire.  
16 However, Spire indicated that possibly by the time of its next rate case, daily demand data could  
17 be available. Below are the results of Staff's CCOS study updated for the change in the  
18 allocation of income taxes, known changes to Transportation revenues, and if the expenses and  
19 investments related to distribution mains were allocated to the rate classes using an  
20 A&E allocation.

---

<sup>6</sup> Coincident demand is a rate class's demand at the time the system is peaking and is generally measured over a day for natural gas.

<sup>7</sup> Non-coincident demand is a rate class's demand regardless of when the distribution system is peaking and is generally measured over a day for natural gas.



Surrebuttal Testimony of  
Robin Kliethermes

1

Spire East	Residential	Small General Service	Large General Service	Large Volume	LV Transport
Net Expenses	\$173,691,522	\$23,559,701	\$22,337,623	\$707,522	\$11,214,114
Return on Ratebase	\$76,804,176	\$10,884,668	\$12,396,086	\$355,633	\$8,148,449
Income Tax	\$13,566,367	\$1,882,063	\$2,037,555	\$56,887	\$1,305,468
Total Cost of Service	\$264,062,065	\$36,326,432	\$36,771,264	\$1,120,042	\$20,668,031
Current Rate Revenue	\$275,230,887	\$28,914,036	\$26,342,570	\$988,833	\$14,530,530
\$ Change to Match Exactly	-\$11,168,822	\$7,412,396	\$10,428,694	\$131,209	\$6,137,501
% Change to Match Exactly	-4.06%	25.64%	39.59%	13.27%	42.24%
Equal Percentage Increase	\$10,279,862	\$1,079,938	\$983,894	\$36,933	\$542,715
Rate Revenue with Equal Increase	\$285,510,749	\$29,993,974	\$27,326,464	\$1,025,766	\$15,073,245
\$ Change to Match Exactly, after Equal Increase	-\$21,448,684	\$6,332,458	\$9,444,800	\$94,276	\$5,594,786
% Change to Match Exactly, after Equal Increase	-7.79%	21.90%	35.85%	9.53%	38.50%
\$ Change Recommended Step 1	-\$11,168,822			\$0	\$0
\$ Change Recommended Step 2		\$7,412,396	\$10,428,694		
\$ Change Recommended Step 3		\$6,298,560			
Recommended Class Revenue Responsibility	\$264,062,065	\$42,624,992	\$36,771,264	\$988,833	\$14,530,530
% Change Recommended	-4.06%	47.42%	39.59%	0.00%	0.00%

2

3

Spire East	Interruptible Sales	General L.P. Gas	Unmetered Gas Light	Vehicular Fuel
Net Expenses	\$345,068	\$7,915	\$10,570	\$22,941
Return on Ratebase	\$177,251	\$3,185	\$4,439	\$16,903
Income Tax	\$28,788	\$585	\$846	\$2,861
Total Cost of Service	\$551,107	\$11,685	\$15,855	\$42,705
Current Rate Revenue	\$536,574	\$12,220	\$42,462	\$24,746
\$ Change to Match Exactly	\$14,533	-\$535	-\$26,607	\$17,959
% Change to Match Exactly	2.71%	-4.37%	-62.66%	72.58%
Equal Percentage Increase	\$20,041	\$456	\$1,586	\$924
Rate Revenue with Equal Increase	\$556,615	\$12,676	\$44,048	\$25,670
\$ Change to Match Exactly, after Equal Increase	-\$5,508	-\$991	-\$28,193	\$17,035
% Change to Match Exactly, after Equal Increase	-1.03%	-8.11%	-66.39%	68.84%
\$ Change Recommended Step 1	\$0			\$0
\$ Change Recommended Step 2		-\$535	-\$26,607	
\$ Change Recommended Step 3		\$2,662		
Recommended Class Revenue Responsibility	\$536,574	\$14,347	\$15,855	\$24,746
% Change Recommended	0.00%	17.41%	-62.66%	0.00%

4

Surrebuttal Testimony of  
Robin Kliethermes

1

Spire West	Residential	General Services & LV	Transportation	Unmetered Gas Light
<b>Net Expenses</b>	\$126,208,521	\$27,402,814	\$18,447,667	\$1,018
<b>Return on Ratebase</b>	\$52,538,396	\$14,098,897	\$14,776,162	\$305
<b>Income Tax</b>	\$13,931,341	\$3,627,485	\$3,638,344	\$78
<b>Total Cost of Service</b>	\$192,678,258	\$45,129,196	\$36,862,173	\$1,401
<b>Current Rate Revenue</b>	\$176,854,541	\$31,596,294	\$17,881,408	\$1,271
<b>\$ Change to Match Exactly</b>	\$15,823,717	\$13,532,902	\$18,980,765	\$130
<b>% Change to Match Exactly</b>	8.95%	42.83%	106.15%	10.21%
<b>Equal Percentage Increase</b>	\$37,770,414	\$6,747,947	\$3,818,891	\$271
<b>Rate Revenue with Equal Increase</b>	\$214,624,955	\$38,344,241	\$21,700,299	\$1,542
<b>\$ Change to Match Exactly, after Equal Increase</b>	-\$21,946,696	\$6,784,955	\$15,161,874	-\$142
<b>% Change to Match Exactly, after Equal Increase</b>	-12.41%	21.47%	84.79%	-11.14%
<b>\$ Change Recommended Step 1</b>			\$0	
<b>\$ Change Recommended Step 2</b>	\$41,010,430	\$7,326,799		\$295
<b>\$ Change Recommended Step 3</b>	-\$500,000		\$500,000	
<b>Recommended Class Revenue Responsibility</b>	\$217,364,971	\$38,923,093	\$18,381,408	\$1,566
<b>% Change Recommended</b>	22.91%	23.19%	2.80%	23.19%

2

3

Q. Did Staff make any changes to its CCOS study regarding the allocation of natural gas storage costs?

4

5

A. No.

6

Q. Do you agree with Mr. Collins that Transportation customers receive no benefits from the Company's storage capabilities?<sup>8</sup>

7

8

A. No. Transportation customers are customers who choose to purchase their gas requirements from a supplier other than Spire, but utilize Spire's distribution system to transport the gas to the customer's location. Spire's Transportation tariffs provide that the difference between the amount of gas delivered to the customer and the amount of gas used by the customer is balanced by the calendar month. Therefore, the Transportation customer has approximately a month to make up any imbalances that may occur in a day. For example, a Transportation customer may use more gas than nominated when the market price per Ccf is higher and use less gas than nominated on a day when the market price per Ccf is lower, making

9

10

11

12

13

14

15

<sup>8</sup> Page 8 of Mr. Collins' Rebuttal.

1 a zero net monthly imbalance. In this example, the customer is utilizing the Company's storage  
2 capabilities to lower its overall cost of gas for the month.

3 Further, the Spire East tariff currently provides a tolerance of five (5) percent  
4 before a fee will be charged for any under or over delivery of gas to the transportation customer.  
5 The specific tariff provisions are provided below.

6 **D. TERMS AND CONDITIONS (continued)**

**4.3 Monthly Balancing.** Monthly transportation gas receipts and deliveries shall be kept in balance by the Customer to the maximum extent practicable. Despite the best efforts of the Customer to keep such receipts and deliveries in balance, any imbalance which does occur shall be subject to the terms and conditions of this Section.

(a) Monthly Balancing of Over-Delivery to Customer: During any month when the quantity of gas delivered to the Customer is greater than the quantity of gas received by the Company on behalf of the Customer, the Company will sell to the Customer the quantity of gas required so that any such over-delivery imbalance at the end of the month is not greater than five (5) percent of the actual quantity of gas received by the Company during such month on behalf of the Customer.

(b) Monthly Balancing of Under-Delivery to Customer: During any month when the quantity of gas delivered to the Customer is less than the quantity of gas received by the Company on behalf of the Customer, the storage charge, as set forth above, shall be applicable to any such under-delivery imbalance which is in excess of five (5) percent of the actual quantity of gas received by the Company during such month.

7  
8 Q. Would a requirement that transportation customer deliveries are balanced daily,  
9 rather than by calendar month, address Staff's concern?

10 A. Generally, yes. However, I cannot speak to how daily balancing would work or  
11 even if it is logistically possible, but because Transportation customers are allowed a month to  
12 balance deliveries within a 5% cushion, the customers are inherently receiving benefits from  
13 the Company's ability to store gas and thus should be allocated a portion of those costs under  
14 currently approved tariffs.

15 Q. Does this conclude your testimony?

16 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Spire Missouri Inc.'s d/b/a )  
Spire Request for Authority to Implement a ) Case No. GR-2021-0108  
General Rate Increase for Natural Gas )  
Service Provided in the Company's )  
Missouri Service Areas )

**AFFIDAVIT OF ROBIN KLIETHERMES**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW ROBIN KLIETHERMES** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Robin Kliethermes*; and that the same is true and correct according to her best knowledge and belief.

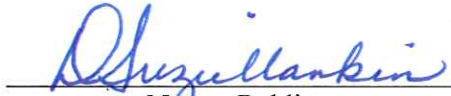
Further the Affiant sayeth not.

  
\_\_\_\_\_  
ROBIN KLIETHERMES

**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 12<sup>th</sup> day of July 2021.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
\_\_\_\_\_  
Notary Public