Exhibit No.:	_______________
Issue(s):	Subsidized Natural Gas Expansion/ Multi-Family Pilot/Energy Efficiency/ Rate Design/Low Income Programs
Witness/Type of Exhibit:	Marke/Rebuttal
Sponsoring Party:	Public Counsel
Case No.:	GR-2021-0108

REBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

SPIRE MISSOURI, INC.

CASE NO. GR-2021-0108

June 17, 2021

**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 General Rate Increase for	)	Case No. GR-2021-0108
Natural Gas Service Provided in the	)	
Company's Missouri Service Areas	)	

AFFIDAVIT OF GEOFF MARKE

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Chief Economist for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Geoff Marke
Chief Economist

Subscribed and sworn to me this 17th day of June 2021.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121

Tiffany Hildebrand
Notary Public

My commission expires August 8, 2023.

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REBUTTAL TESTIMONY

OF

GEOFF MARKE

SPIRE MISSOURI, INC.

CASE NO. GR-2021-0108

I. INTRODUCTION

Q. Please state your name, title, and business address.

A. Geoff Marke, PhD, Chief Economist, Office of the Public Counsel (OPC or Public Counsel), P.O. Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same Dr. Marke that filed direct testimony revenue requirement in GR-2021-0108?

A. I am.

Q. What is the purpose of your rebuttal testimony?

I am responding to the direct testimony of other parties' witnesses on select topics. The following is a list of those topics and the witnesses:

- Subsidized Natural Gas Expansion
  - Spire Inc. ("Spire") witnesses Scott A. Weitzel, Wesley E. Selinger and Michelle Antrainer
- Multi-Family
  - Spire witness Wesley E. Selinger
- Energy Efficiency
  - Spire witness Shaylyn Dean
- Rate Design
  - Spire witness Wesley E. Selinger
  - Consumer Council of Missouri ("CCM") witness Jacqueline A. Hutchinson
  - Missouri Public Service Commission Staff ("Staff") witnesses Sarah L.K. Lange and Robin Kliethermes.

- Low Income Programs
  - Spire witness Trisha E. Lavin
  - National Housing Trust ("NHT") witness Roger Colton
  - CCM witness Jacqueline A. Hutchinson
  - Legal Services of Eastern Missouri ("LSEM") witness Jennifer Heggemann

My silence regarding any issue should not be construed as an endorsement of, agreement with, or consent to any other party's filed position.

II. SUBSIDIZED NATURAL GAS EXPANSION

Q. Is a request for increased subsidized natural gas expansion a consistent theme throughout Spire's rate case?

A. Yes. Requests for risk allocated ratepayer-funded subsidies include:

- Technology (combined heat and power);
- Subsidized commercial expansion (Grow Missouri);
- Subsidized residential expansion (Multi-Family Construction and tariff line extension);
- Incentive compensation (premised, in part, on successful implementation of subsidized expansion); and even
- Increased energy efficiency incentives (especially to new construction)

These requests can all be seen as a means to a path dependent ends: that is, increasing customers, expanding service territory, and escalating rate base.

Q. Why is Spire proposing so many subsidized natural gas expansion programs?

A. Spire argues that increasing its customer base and distribution investment will ultimately result in cost savings for all customers (i.e., more customers to share the costs) and "economic development."

Q. Is that a bad thing?

A. As tempting as it may be for the Commission to support proposals that purport to lower customer bills and improve Missouri's economic development as the Company's cursory proposals claim, a healthy degree of skepticism is warranted in considering the totality of these asks. It also helps to consider who bears the risks and rewards inherent in these transactions. Additionally, it is important to note that calling something "economic development" does not make it so.

Q. Let's start with the rewards. Who benefits from Spire's proposal?

A. Clearly, it would be a good thing for the participants, Spire shareholders, and Spire management (especially if Spire's incentive compensation proposal is approved). Importantly, these rewards are also realized quickly and with no, or minimal, risk. The participant immediately benefits from the subsidy in the form of discounted service, shareholders benefit from increased revenue certainty and increased rate base, and management profits if their proposed incentive compensation is tied to the promotion of these subsidies being adopted.

Ideally, the proposed subsidies designed to increase natural gas consumption will result in benefits for non-participants *if* the various proposals culminate in increased revenues to offset the up-front subsidies; thus resulting in a downward pressure on rates that could effectively benefit all customers (including non-participants). This is what is known as "load building." Additionally, non-participants benefits are neither realized quickly nor guaranteed to materialize at all.

Q. How about the risks? Who bears the risks in these proposals?

A. Although not explicitly stated, Spire's implied recommendation is that captive ratepayers should bear all of the risks for these transactions and that management, investors, and subsidized participants refrain from being forced to have any "skin-in-the-game." [1]

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[1] Mathematical statistician and risk analyst Nassim Taleb would characterize Spire's position in this proposal as a "Robert Rubin Trade." That is a payoff in a skewed domain where the benefits are visible (and rewarded with compensation) and the detriment is rare (and/or unpunished owing to absence of skin in the game). Such a trade has been generalized to any outcome where the penalty is weak and the victims are abstract and distributed (say taxpayers or ratepayers). Taleb is highly critical of such an asymmetric outcome as the premise of his 2018 book *Skin in the Game: Hidden Asymmetries in Daily Life* and is quoted as follows:

> "If you have no skin in the game, you shouldn't be in the game."

Contrast this with how the free market is supposed to operate:

If a propane retailer wanted to expand its customer base it would need to have "skin-in-the-game" in the form of up-front capital (for advertising, storage and transportation) and real-world risk that its expansion may not materialize in actual financial gain due to demands of a competitive market. Both the risks and the rewards accompanying that expansion are borne by the propane retailer and its investors. Just like every other competitive business, the profit-and-loss incentives of the market guide capital investments and production onto the proper paths.

Not so for a natural monopoly who merely needs to gain Commission approval to shift risk onto nonparticipating ratepayers. Because of ratepayers' default captive status, they will absorb the cost increase through raised rates in this case by first deviating from the regulatory principles of cost-causation and second by unnecessarily increasing build-out of rate base (greater return on profit). Whether or not the subsidized participants cover their costs is a secondary concern for Spire when it gets the immediate reward of expanding service, increasing customer numbers, and further solidifying natural gas's role into the future.

Q. What about economic development?

A. By Spire's own admission, their expansion programs are not "economic" and need Commission approval to deviate from accepted norms.

Q. Are there other actors to consider in terms of "risk"?

A. Yes. Spire is a natural monopoly but it is also a competitive fuel. Consider for a moment the three primary regulated utility types the PSC regulates and their respective "competition" in providing service:

As referenced in this footnote, Robert Rubin was the former Secretary of the Treasury and former Director of Citigroup. He "collected more than $120 million in compensation from Citibank in the decade preceding the banking crash of 2008. When the bank, literally insolvent, was rescued by the taxpayer, he didn't write any check—he invoked uncertainty as an excuse. Heads he wins, tails he shouts 'Black Swan'."

Taleb, N. N. (2018).*Skin in the game: Hidden asymmetries in daily life:* New York*: Random House.*

Regulated Utility	Legitimate competition least (top) to greatest (bottom)
Water	Bottled water
Electricity	Distributed generation (rooftop solar)
Natural Gas	Electricity, propane, fuel oil, kerosene, fire wood

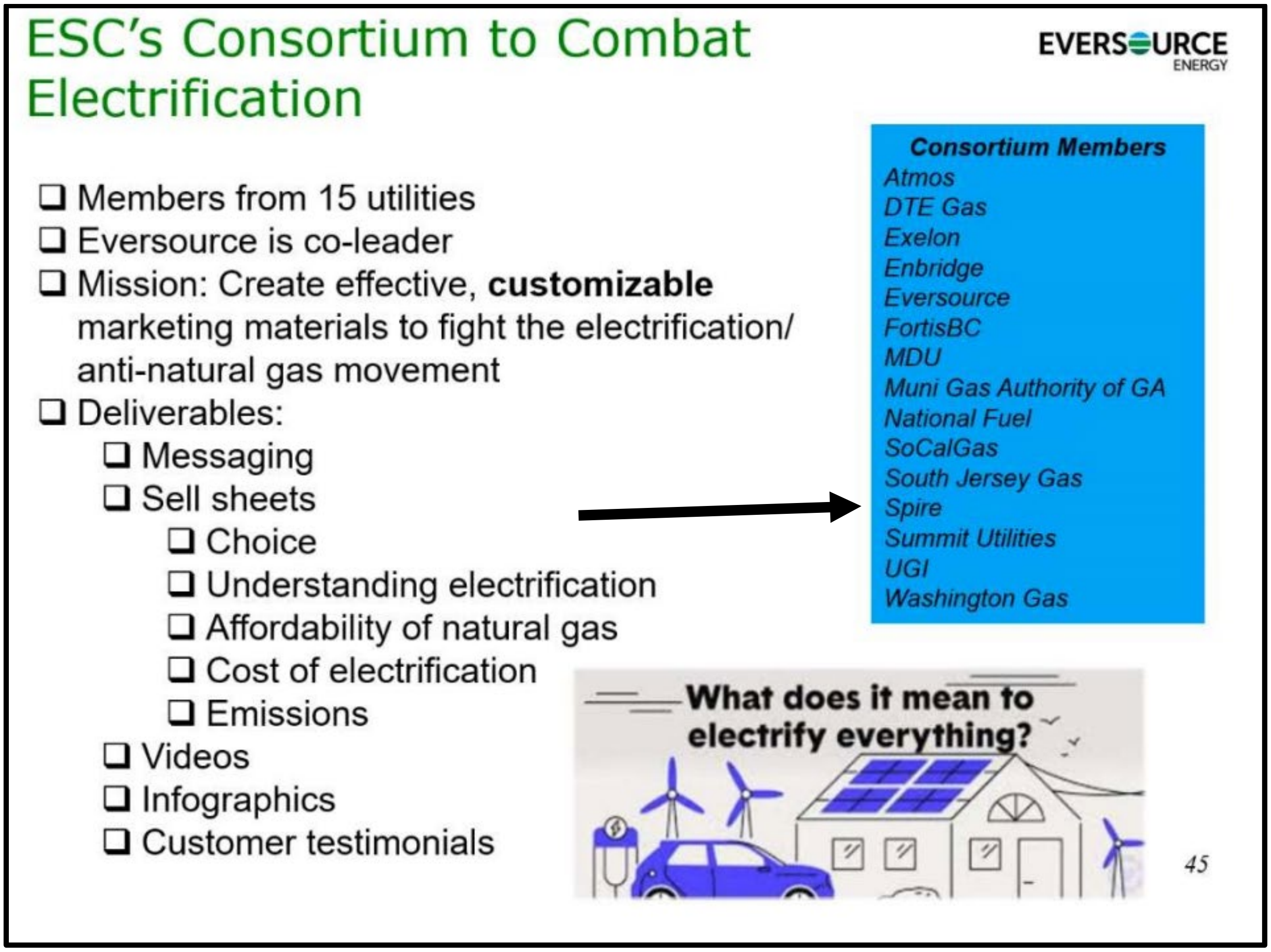
Each utility technically has a *degree* of competition from an unregulated or quasi-regulated actor; however, regulated utilities have the competitive advantage of serving captive customers. That is, they effectively have a considerable buffer to legitimate competition.

The competition listed above, with one notable exception in electricity (more on this later), bears the risk that their expansion and discounts will not cover the costs. Approving Spire's various uneconomic subsidized natural gas expansion proposals in the manner proposed (i.e., risk borne by *captive* ratepayers and not *voluntary* investors) would be distorting the free market and effectively penalizing those non-regulated industries.

Q. Are there other reasons Spire wants to double-down on subsidized distribution investment?

A. There has been a considerable amount of press and trade literature devoted to the electrification of services based on environmental concerns. In May, *E&E News* published an article titled: "Leaked docs: Gas industry secretly fights electrification". The article speaks about a "Consortium to Combat Electrification" run by the Energy Solutions Center, a trade group based in Washington. Figure 1 contains an overview of the members, including Spire, and messages from one slide discussed in the article.

Figure 1: Energy Solutions Center "Consortium to Combat Electrification" Members (emphasis added)[2]



Q. Did you issue discovery on this consortium to Spire?

A. Yes. Per Spire's response, the Company is effectively paying dues to the Electrification Consortium and the Energy Solutions Center as shown in Figures 2 and 3:

[2] Storrow, B. (2021) Leaked docs: Gas industry secretly fights electrification. E&E News. ENERGY TRANSITIONS: Leaked docs: Gas industry secretly fights electrification -- Monday, May 3, 2021 -- www.eenews.net

Figure 2: Spire Electrification Consortium costs:

Operating Unit	Date	Invoice #	Amount	Project	Task	Cost Center	Description
Spire Missouri	17-Aug-20	31005	7,500.00	9498	949801	10405 Business Development	Electrification Consortium (one time fee)

PO #	Operating Unit	Trading Partner	Supplier Site Name	Supplier #	Invoice Date	Invoice #	Invoice Amount	Type	Terms Date
120014291	Spire Missouri Inc.	ENERGY SOLUTIONS CENTER	400 N CAPITOL S	2525	17-AUG-2020	31005	7,500.00	Standard	17-AUG-2020

Figure 3: Spire Energy Solutions Center costs (10/1/19 – 5/31/21):

Operating Unit	Date	Invoice #	Amount	Project	Task	Cost Center	Description
Spire Missouri	17-Aug-20	31005	7,500.00	9498	949801	10405 Business Development	Electrification Consortium (one time fee)
Spire Missouri	18-Jul-20	30979	2,500.00	9498	949801	10406 Business Development	GFEN/National Accounts Consortium (2020)
Spire Missouri Inc.	30-Jan-20	30683	26,910.00	9498	949801	10405 Business Development	2020 Corporate Membership Dues
Spire Missouri Inc.	1-Jan-21	31058	13,455.00	9498	949801	10405 Business Development	2021 Corporate Membership Dues

Q. Is this a concern?

A. It is not entirely clear if these costs are being charged above or below the line. If the former, I would recommend a disallowance of these membership costs as they are unrelated to the cost of service. I may update this recommendation based on Spire's response to discovery in surrebuttal testimony.

The accounting treatment of membership costs aside, the fact that Spire is anxious about its long-term viability is not my immediate concern (the existential threat of the stranded costs of its distribution system not withstanding). Spire is behaving like a rational actor and the natural gas industry is reacting accordingly. However, it is imperative that captive customers be held harmless in this potential fight absent explicit statutory directive suggesting otherwise.

I am aware of no Missouri statute that favors one fuel mix over the other and no policy directive to double-down on natural gas distribution expansion investment or statutory edict to electrify everything to meet carbon goals. Moreover, regulating as if these utilities are operating in a vacuum and incentivizing build-out of both services (gas and electric) would be an exercise in madness for captive customers (especially those using both services—e.g., Kansas City and St. Louis respectively) with each utility subsidy effectively canceling the other out. These actions would also unfairly put non-regulated heating fuels at a competitive disadvantage.

Q. Have there not been electrification cases before this Commission?

A. There have and my position in those cases is the same as it is in this. I have advocated for encouraging competition, argued against regressive subsidies and recommended skin-in-the-game from shareholders for value-added services. To my knowledge, Spire Missouri (and the propane industry) has also been an intervener in many of those cases and has neither filed testimony nor objected to any agreed-to stipulations the OPC may have entered into.

Q. Have there not been economic development subsidy cases before this Commission?

A. There have and my position has been premised on the economic feasibility or statutory directive for a given subsidy. Neither of which are present in the proposals Spire has put forward in this docket.

Q. What do you recommend?

A. The Commission is the economic regulator of the investor-owned utilities in Missouri. As such, the Commission is charged with ensuring the rules of the regulatory game are played correctly and fairly. Otherwise, market distortions can/will occur and result in suboptimal outcomes (expensive utility bills) and inhibit economic growth. Unmitigated expansion of a regulated service needs to be viewed holistically, in accordance with codified rules (specifically, the promotional practice rules), and not in a regulatory vacuum. As such, the Commission should not pick winners and losers. It should strive to emulate the free market in setting rates and tariffed offerings for the captive customers the PSC is charged with protecting.

Regulation was never intended to provide utilities with guaranteed or risk-free returns on their investments or safety from market competition. If it were then the cost of utility debt should approach the yield on Treasury bonds or the utilities should operate as state-run enterprises.

If Spire wants to offer uneconomic subsidies for expansive build-out in the hope of greater profits, then let them do so by requiring them to have skin-in-the-game by using the profits they earn. Just like every other corporation does.

The Commission should reject the following ratepayer subsidized proposals:

- Growing Missouri Tariff Program[3]
- 5-Year Multi-family Pilot Program[4]
- Incentive Compensation[5]
- Combined Heat and Power[6]
- Expanded natural gas line extension tariff[7]

Q. To be clear, are you categorical against any natural gas tariff programs that encourage line extension or economic development?

A. No. I support the tariffs that are currently in place.

III. MULTI-FAMILY PILOT

Q. What does Spire's proposed multi-family pilot subsidy consist of?

A. Spire proposes a five-year multi-family developer "pilot" with a budget of $10 million dollars in venting and piping incentives that will be rate-based. The program will be targeted at developments that consist of at least four attached multi-family units with costs capped at the unit level of $1,500 each. Spire proposes to cap costs at $2 million a year with the ability to rollover any unspent funds into the next year.

Q. What is Spire's rationale for this proposal?

A. Spire justifies its proposal by pointing out that any of the expenditures would pay for itself in six years' time assuming Spire's proposed residential customer charge of $22 is approved by the Commission (72 months x $22 = $1,584). The additional customers and subsequent

[3] See also the rebuttal testimony of OPC witness John A. Robinett
[4] To be discussed in greater detail in the next subsection.
[5] See also the rebuttal testimony of OPC witness Robert E. Schallenberg
[6] It is not entirely clear whether subsidized CHP is still a live issue in this case. The Company provided very little testimony on the topic, which amounted to adopting the previously rejected position of the Missouri Division of Energy from Spire's last rate case, but raising the previous proposed budget an additional $1.1 million without explanation. The Company's response to OPC DR-2026 (see GM-1) indicates the proposal has been withdrawn based on discussions with Staff; however, Spire witness Weitzel's supplemental direct testimony (which appears to be filed after said discussion) references CHP and the discussion with Staff but makes no positive affirmation that the CHP proposal has been withdrawn.
[7] The Company's proposed tariffs include language for an expanded line extension tariff; however, there is no supporting testimony for this change. As such, it should be dismissed out-of-hand by the Commission for that reason alone. See also the rebuttal testimony of OPC witness Lena M. Mantle

revenues would provide greater revenue requirement certainty for the Company and the possibility for overall downward pressure in rates.

Q. Do you support this proposal?

A. No. For many of the same reasons I articulated above. Ratepayers should not be in the business of deviating from the promotional practice rules. Furthermore, Mr. Selinger's cost-benefit analysis does not account for any free ridership assumptions nor does the proposed tariff include any provisions to minimize such a likely outcome. In fact, Mr. Selinger's argument that natural gas "benefits" to customers are realized through both costs and environmental emission reductions further supports the likely free ridership outcome at play (i.e., ratepayers would be funding projects that would occur regardless of the subsidy). Additionally, comparing the costs for a $2,100 residential line extension to a $1,500 per unit (minimum of four units total ($6,000)), multi-family subsidy or utilizing existing pre-subsidy cost-effective projects as the basis for analysis will result in "apples to oranges" comparisons.

It is also unclear what happens to the unused funds after year five. The tariff allows for "roll-over" year-over-year but is silent on what happens to the funds after the termination of the pilot in year five.

Q. Are there any other concerns worth pointing out to the Commission?

A. Yes. Three additional items are worth flagging. First, as a sound principle regarding any future Spire pilot, I would recommend the terms be set at three-years in length to coincide with their current ISRS requirements and for administrative ease. Second, Spire's proposed "pilot" is void of any learning elements beyond the implied "is the subsidy big enough." As such, I fail to see how this tariff offering can be characterized as a "pilot." Third, I have serious concerns that the $1,500 per unit piping and venting subsidy will also be supplemented with generous energy efficiency subsidies for new gas appliances. On a related note, I have this same concern with residential new construction. The Company's energy efficiency program should not be a conduit to circumvent the Commission's promotional practice rules.

IV. ENERGY EFFICIENCY

Q. What changes is Spire proposing to its energy efficiency programs?

A. Spire witness Shaylyn Dean proposes the following incentive increases:

	Current	Proposed	% Increase
Gas Furnaces	$200 (92-95% AFUE) $300 (96% < AFUE)	$400 (92-95% AFUE) $500 (96% < AFUE)	+ 100% + 66.6%
Smart Thermostats	$25	$75	+ 200%
C&I Custom Payback	Two-Year Payback	One-Year Payback	
C&I Audit + measure incentive(s)	75% of audit costs up to $600-$750 50% of audit costs up to $375-$500	75% of audit costs up to $900 (no square footage) 50% of Audit cost up to $750	+ 50% +100%

Additionally, in Spire witness Scott Weitzel's supplemental direct testimony he proposes that any unspent annual low-income multi-family funds be redirected to the overall energy efficiency budget moving forward.

Q. Do you agree that incentives should be increased for the aforementioned residential measures?

A. No. Three immediate objections come to mind in looking at Mr. Dean's proposal. First, there is no cost-benefit ratio or analysis included to justify this increase. Second, the net result of this action would be that fewer customers would participate in the programs, as there is a finite amount of money in the budget from which to operate. With more money going out per measure—there will be fewer measures overall, even if the 20% variance in the budget is sought and granted in a given year. Third, these are very large increases. Spire's energy efficiency team has produced impressive results year-over-year since the last rate case. I question the logic of doubling the incentive amount when the current levels appear to be effective in accomplishing the intended outcomes.

Q. Do you agree that incentives should be increased for the aforementioned commercial measures and audit?

A. At this point no. I am more sympathetic to Mr. Dean's rationale for this increase, which essentially amounts to "Ameren does it." However, there is still no cost benefit justification to support this recommendation and I suspect no such agreed-to, transparent calculation could be produced. Therein lies the problem for ratepayer funded energy efficiency measures on the gas-side. The avoided cost component will always be smaller than on the electric side because of the difference in the two utilities' operations, deliveries, and usage.

Q. Do you agree that unspent low-income multi-family funds be redirected to the overall energy efficiency budget moving forward?

A. No. I would recommend directing those funds out to the Community Action Agencies operating in Spire's service territory for weatherization or to the Company's low-income bill assistance programs. The intent behind the low-income multi-family budget was to provide additional support for customers who are otherwise struggling. I recognize there is a very real hurdle in spending down the low-income multi-family funds for a variety of reasons (COVID-19, co-delivery with electric utility, split-incentive problem, etc…). As such, if there are unspent funds meant for low-income households, I believe it is most appropriate to redirect them to similarly targeted services that Spire supports.

V. RATE DESIGN

Q. Does OPC support any interclass revenue shifts?

A. OPC is still examining the class cost of services studies submitted in this case, along with the various proposed revenue requirements. As such, I am not offering any position as it pertains to inter or intra-class revenue allocation/shifts. As a default recommendation related to any revenue increase, OPC would support an equal percentage increase (or decrease) to each customer class; however, we reserve the right to amend this recommendation in surrebuttal based on rebuttal testimony.

Q. Does OPC support any changes to the residential charge?

A. I will provide a recommendation based on further examination of the class cost of service studies and stakeholder comments from rebuttal in surrebuttal testimony. As a default answer, I recommend that Spire West retain its customer charge at $20.00 and decrease Spire East's charge $2.00 to match Spire West. This default recommendation is based on considerations of customer impacts and Staff's CCOS-produced customer charge calculation. As a general policy position, I have advocated for more customer control when it comes to managing utility bills. A lower customer charge provides the opportunity for that increased control.

Residential Summer Inclining Block Rates

Q. Do you support the continued use of the summer inclining block rate schedule?

A. No. My concern surrounding low-incomers customers dropping off Spire's system on a seasonal basis outweighs any purported benefits attributable to price-induced conservation. Given the cost-prohibitive adjustments proposed by Spire for reconnection charges ($95), I fear that a small segment of customers would be more inclined to drop off Spire in the summer for immediate bill relief only to be surprised with a much larger reconnection fee in the fall. Furthermore, there is no empirical cost-basis support for this rate design.

Residential Retention Optional Schedule

Q. Does OPC support Staff's proposed residential retention optional rate?

A. Yes. As a general rule I am in favor of giving customers more options in how they would like to be priced for their service. Staff's design is well thought-out and should appeal to a number of customers who would otherwise likely drop off and find themselves with a cost prohibitive reconnection fee ($95 as proposed by Spire in this case).

VI. LOW-INCOME PROGRAMS

Q. Can you please summarize the number of low-income recommendations?

A. Yes. Parties and their respective recommendations are as follows:

Spire

- Change the name of "Low-Income Energy Affordability Program" to "Payment Partner Program";
- Allocate a portion of the administrative fees to the Community Action Agencies for enhanced website enrollment/marketing;
- Expand eligibility from 185% Federal Poverty Level ("FPL") to 200% FPL;
- Combine Spire East ($900K) and Spire West ($750K) Programs into one Spire Missouri at a total amount of $1.7M; and
- Increase the Fixed Charge Assistance Program ("FCAP") monthly bill credit to $35 (currently at $20 for customer 185% FPL or $30 for customers 135% FPL)

National Housing Trust

- Continue Customer Arrearage Program, remove funding cap through the end of calendar year 2022, and offer long-term deferred payment plans of at *least* 12 months;
- Enhance the Fixed Charge Assistance Program ("FCAP") by targeting extremely poor, using an Express Lane Eligibility criteria, engaging in grassroots outreach and removing funding caps through the end of calendar year 2022;
- Continue energy efficiency expenditures and target customers in arrears for weatherization upgrades; and
- Build on data collection by including census tract/zip code inputs that can be reported publically in a transparent manner.

Consumer Council:

- Elimination of reconnection, collection trip, and late fee charges;
- Increased funding of Spire's Affordability Program; and
- Medical Registry Program

LSEM:

- Spire should adopt a pilot program modeled after Maryland's Critical Medical Needs Program

All parties that filed direct testimony on this subject (minus the Company) agree that a rate increase is unwarranted given the current economic condition for many households.

Spire

Q. What is your response to Spire's low income recommendations?

A. I support Spire's requests with four modifications:

The first modification is that Spire should be required to meet with interested stakeholders from this case on its low income program twice a year to report on progress to date concerning enrollment, historic participation, and current and projected budget levels.

The second modification would be to set the FCAB at $35 for households at or below 135% FPL and $25 for households at or below 200%. This is consistent with Spire's overall request to increase the amount and expand the eligibility threshold but my demarcation still maintains an emphasis on helping those households most in need.

The third modification would be to increase the budget by $350K to $2M in total.

The fourth modification would be for Spire shareholders to contribute half of the total funds for the Payment Partner Program. This would result in a reduced overall revenue requirement (-$650K) with annual funding shared equally between ratepayer and shareholder at $1M each. This recommendation would be in line with shareholder contributions from the other large investor-owned utilities in the State of Missouri including Evergy, Ameren Missouri and Missouri American Water.

National Housing Trust

Q. What is your response to National Housing Trust's low-income recommendations?

A. I am in support of the general spirit of Mr. Colton's recommendations; however, we defer on the overall scope and size of modifications.

Q. What were the three regulatory principles Mr. Colton identified as it pertains to low-income programs as it relates to the current COVID-19 economic recession?

A. Mr. Colton articulated the following principles:

1. Spire has an obligation to provide service within a least-cost framework
2. Spire should take reasonable actions to mitigate the costs of customers impacted by the COVID-19 pandemic
3. Spire should operate in an efficient manner measured by how much money is collected *and* how much effort is spent collecting said revenue

Q. Do you agree?

A. Yes.

Q. Mr. Colton spends a considerable amount of time discussing the strong correlation between a customer's inability-to-pay and the utility's inability-to-collect. Do you agree?

A. Yes.

Q. Mr. Colton argues that too often this correlation is treated as self-evident and dismissed as a social problem beyond the scope of the utility. Do you agree?

A. I do.

Q. Do you agree that Michigan, Maryland and Pennsylvania utility data represent reasonable proxies for Spire customers' payment difficulties?

A. They are reasonable substitutes in the absence of Spire specific data.

Q. Do you agree with Mr. Colton's recommendation to suspend late payment fees until the end of 2022?

A. I do. The argument against late fees is as follows:

- Do not recover actual costs incurred by the utility (not cost based);
- Are punitive in nature; and
- Disproportionately affects those customers already struggling financially

Q. Are there any benefits to late fees?

A. The two arguments supporting the continued use of late fees include: 1.) greater revenue assurance (late fees offset the revenue requirement assuming the Company is not over-earning); and 2.) late fees should (theoretically) encourage timely payments.

Q. Do you believe late fees work as intended?

A. No. I have not seen any evidence to support that late payment fees are an appropriate deterrent to non-payment and believe that any additional fee added to an already struggling customer balance will increase the likelihood of disconnection. I believe the threat of disconnection is the primary deterrent to incentivize timely payments and that Spire should be doing everything in its power to provide an *affordable* service not increasing additional punitive charges that make it easier for customers to fall off.

Q. Do you know of any Commissions that ordered the discontinuance of late fees?

A. The Kentucky Public Service Commission ruled against their continued use in Case No. 2020-00141.[8] I am also aware that many State Commissions ordered suspending late fees throughout the COVID-19 pandemic.

Q. What do you recommend?

A. Spire has spent a considerable amount of energy examining its cost of service for a future that is seemingly going to be operating at a more competitive level. As such, it is incumbent upon Spire to provide the most affordable service to differentiate itself from its competitors. The elimination of late fees would be a step in the right direction on that front.

Given the current economic uncertainty (especially as it pertains to renters) I support suspending late fees through the end of April 2022 at which point I would recommend that the late fees be lowered to match the short term debt recommendation made by OPC witness Dave Murray, which is 0.2% annual. Such an amount would more accurately reflect the cost of service, minimize the punitive amount and still incentivize timely payments.

[8] See GM-2.

Q. Do you support Mr. Colton's recommendation to remove Spire's Customer Arrearage Payment Plan cost cap through the end of calendar year 2022?

A. No. Mr. Colton may not be aware of the existence of Spire's COVID-19 payment arrearage plan that was created in direct response to the COVID-19 challenges his testimony speaks to. The combination of these two programs as well as increased federal funding to address utility bad debt should be enough to address arrearage concerns in the near future.

Q. Do you support Mr. Colton's recommendation to extend payment plans indefinitely?

A. No. In Case No. GU-2020-0376 all parties stipulated to an 18-month payment plan to account for the effects of COVID-19. Given the current improved economic conditions and decreased infection rates, I do not believe an indefinite extension of a payment plan is warranted.

Q. Do you support Mr. Colton's recommendation to remove the funding caps for the Fixed Charge Assistance Program ("FCAP")?

A. No. Consistent with my earlier recommendation I recommend a modest increase to $2M total shared 50/50 between ratepayers and shareholders. Removing the funding caps in its entirety would effectively result in a flat percentage discount for low-income customers and be considerably more than $2 million. Mr. Colton does not provide any estimated dollar amount for this subsidy. Absent an estimated amount and better-articulated rationale for such a large discount, I cannot support his position.

Q. Do you support Mr. Colton's recommendation to create an "Express Lane Eligibility" for income-eligible customers to minimize paperwork and grassroots outreach to increase enrollment?

A. In part. I support the recommendation put forward by Legal Services of Eastern Missouri who recommended that Spire adopt the Maryland model as a pilot program. I will be speaking on that topic at length later in this testimony.

Q. Do you support Mr. Colton's recommendations to continue funding Spire's energy efficiency programs and target households in arrearages?

A. I do. The current framework surrounding Spire's energy efficiency budget should remain as is. As to targeting weatherization activities at households currently in arrearage, I would recommend the following no-cost action:

When Spire's customer service representatives ("CSR") receive calls from customers struggling to pay bills, the CSR will ask for consent from that customer to forward their contact information to the relevant Community Action Agency ("CAA") so that a representative from a CAA may contact them about weatherizing their home free of charge if eligible.

Multiple CAA's in two separate utility sponsored weatherization meetings (Evergy and Liberty) have articulated this simple request this past year to relevant stakeholders. I believe adoption of this simple action will result in considerably more homes being weatherized and is in line with Mr. Colton's more general recommendation.

Q. Do you support Mr. Colton's recommendations regarding data collection and reporting?

A. In part. Mr. Colton recommends that the data recording recommendations from Case No. GU-2020-0376 be maintained, updated on a monthly basis, include zip code or census tracking information and be made public. I believe Case No. AW-2020-0148 is the proper venue for this recommendation.

However, I do believe data collection and reporting should be explored in greater detail in conjunction with Spire's low income programs. This key element is absent from Spire's current programs. In fact, I would argue that not only do we not have a good barometer for success, we have not even articulated what our goals for these programs are. Traditionally in a rate case, we identify/negotiate a pool of money, throw it out to overworked non-profit resources, and pull back if we believe we are close to overspending. Based on the volume of direct testimony on low-income program(s) one can reasonably conclude that no one is satisfied with the current model. To that end, I recommend that Spire contract for an independent third party feasibility study that effectively examines the business case for scaling up energy assistance programs. A neutral third-party consultant could help facilitate discussion, receive feedback, articulate goals, utilize and rely on existing customer and external data, and design a program(s) to achieve agreed to outcomes in a cost-effective manner. The study would also include an evaluation of the current energy assistance programs against the Company's primary and other appropriate secondary data. Additionally, the study could identify reasonable objectives to measure success as well as whether we are targeting the right customers in order to produce clear, measurable societal benefits that could be a framework for future program design.

I would recommend the costs of the study and facilitation not exceed $150K annually (with a rollover provision if necessary), include input from interested stakeholders regarding Key Performance Indicators and include a final presentation of the findings and recommendations to the Commission at an Agenda meeting at the conclusion of the report.[9]

Consumer Council

Q. Ms. Hutchinson recommends eliminating the reconnection, collection trip and late fee charges. Do you agree?

A. In part. I have already opined on late fee adjustments and those recommendations move close to Ms. Hutchinson's proposal. As it pertains to reconnection and collection trips, there is a much stronger argument that such fees need to be maintained to reflect the realized costs caused by those customers. That being said, my recommendation is to keep these fees at their current cost level. Spire's tariff sheets support combining reconnection and disconnection fees together for a total cost of $95 (previously $62.00) but provide no support in testimony to substantiate this increase.

Q. Ms. Hutchinson recommends increasing Spire's low income affordability program ($1,650,000) at least 50% ($2,475,000), expanding eligibility to 250% FPL and incorporating a 50% shareholder contribution. Do you agree?

A. In part. My recommendations on the budget level were smaller ($2 million) but I would not be opposed to a slightly larger amount dependent on 50% shareholder matching. However, I

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[9] See also GM-3 for a white paper that articulates many of the suggestions I briefly summarized here.

do not believe the program should extend to 250% FPL. At 250% that would extend bill assistance to families of four making up to $65,500. That seems excessive. In all honesty, I have reservations about increasing the eligibility level to 200% but given the current uncertainty surrounding the economic climate I am willing to support Spire's request.

Q. Ms. Hutchinson recommends the creation of a transparent, easily accessible medical registry for Spire customers. Do you agree?

A. Based on OPC discovery such a registry already appears to exist. However, I believe many of the concerns Ms. Hutchinson raises can be alleviated with adoption of LSEM's proposed pilot program based on the Maryland Critical Needs Program to be discussed next.

Legal Services of Eastern Missouri

Q. What is the Maryland Critical Needs Program?

A. This program was originally created as a pilot by Baltimore Gas & Electric ("BG&E") known as the BGE Critical Needs Pilot Program. It recognizes that there are vulnerable customers who may not have the capacity to research and apply for assistance, negotiate reasonable payment plans, or properly navigate the application process. Yet their circumstances make them particularly vulnerable to harm if they become disconnected. In response, the Critical Needs Program ("CNP") streamlines and expedites the processes to help customers stay connected.

The pilot's initial goal was to implement immediate access to existing resource assistance (bill payment, repair, consumer protections, etc…) to customers that seek assistance in non-traditional utility CSR venues (e.g., hospitals, public and private assistance agencies, shelters, etc…). The CNP is a voluntary program that trains customer "navigators," who work in non-traditional utility CSR venues. The navigators utilize a simple form under a "fast-track" protocol that provides an expedited process that should:

- Maintain or restore utility services
- Avoid negative impacts on residents with serious medical conditions

- Address build-up of utility bill arrears
- Provide a streamlined process to complementary services

Q. Is this still a pilot program for BG&E?

A. No. The program's success lead it to becoming a statutory requirement for utilities in Maryland and the service is now largely administered by the State's Social Service Department with additional funding through the Maryland's Fuel Fund program.

Q. Wouldn't those elements (Department of Social Service and an independent funding stream) be beyond the scope of the Commission's power in this case?

A. They would; however, I am not suggesting anything more than supporting LSEM's recommendation to model the initial pilot program that BG&E produced.

Q. Do you have any additional information to share on this topic?

A. I have had a chance to speak with BG&E representatives and they have expressed a willingness to help Spire and interested stakeholders with the mechanics behind such a program. I have also included attachments GM-4A through GM-4D, which provide more detail about the Maryland program as well as sample customer consent forms (both paper and internet). I would recommend up to $650K annually for the three-year pilot program with regular meetings from interested stakeholders to see if equivalent success can be achieved for Spire's customers as produced under the BG&E pilot.

Spire's outreach and community engagement is already one of the best in the state. Given their existing resources, and utilizing the BG&E model framework, I believe the recommendations put forward from multiple parties in direct testimony would be realized.

Q. Can you please summarize your recommendations as it pertains to the low-income testimony of the various parties?

A. My testimony supported the following positions:

- Changing the name of Spire's "Low-Income Energy Affordability Program" to "Payment Partner Program";

- Allocating a portion of the administrative fees to the Community Action Agencies for enhanced website enrollment/marketing;
- Require Spire to hold bi-annual meetings with stakeholders on progress to date and forecasts on need;
- Expand eligibility from 185% Federal Poverty Level ("FPL") to 200% FPL;
- Combining Spire East and Spire West into one Spire Missouri program;
- Increasing the funding level from $1.65M to $2M;
- Agree that shareholders and ratepayers share cost allocation at $1M each (consistent with the other large Missouri IOUs);
- Setting the FCAB at $35 for households at or below 135% FPL and $25 for households at or below 200%;
- Remove late fees;
- Direct Spire's CSR's who receive calls from customers struggling to pay bills, for consent from that customer to forward their contact information to the relevant Community Action Agency ("CAA") so that a representative from a CAA may contact them about weatherizing their home free of charge and other assistance if eligible;
- Employing the use of an independent 3rd party consultant (up to $150K) to assess the current low income programs, analyze primary and secondary data and make recommendations for programs moving forward; and

- Conduct a three-year pilot program (up to $650K annually[10]) consistent with the framework originally designed by BG&E (known currently as the Maryland Critical Needs Program).

Q. Does that conclude your testimony?

A. Yes.

[10] My recommendation to split funding of Spire's low-income program between ratepayers and shareholders resulted in a net decrease of $650K. With these further recommendations, I have effectively reallocated that amount between the 3rd party study (1 to 3 year(s)) and the piloted Critical Needs Program (3-years). Any excess funds in a given year should be carried over to the next year and/or redirected to Spire's Payment Partner Program.