

Exhibit No.:
Issue: 2018 ISRS Remand -
Refund Calculation
Witness: Jeremy Juliette
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case Nos.: GO-2018-0309 and
GO-2018-0310
Date Testimony Prepared: May 20, 2020

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

JEREMY JULIETTE

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

CASE NO. GO-2018-0309
Spire Missouri East Service Territory

CASE NO. GO-2018-0310
Spire Missouri West Service Territory

Jefferson City, Missouri
May 2020

1 **REBUTTAL TESTIMONY OF**

2 **JEREMY JULIETTE**

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

4 **CASE NO. GO-2018-0309**

5 **Spire Missouri East Service Territory**

6 **CASE NO. GO-2018-0310**

7 **Spire Missouri West Service Territory**

8 **INTRODUCTION**

9 Q. Please state your name and business address.

10 A. Jeremy Juliette, 615 E 13th St., Room 201, Kansas City, MO 64106.

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

12 A. I am employed by the Missouri Public Service Commission (“Commission”) as a
13 Regulatory Auditor.

14 Q. Are you the same Jeremy Juliette who contributed to Staff’s *Direct Report with*
15 *Appendices* filed on May 13, 2020 in this case?

16 A. Yes.

17 Q. What is the purpose of your rebuttal testimony?

18 A. The purpose of my rebuttal testimony is to respond to Spire Missouri’s witness,
19 Wesley E. Selinger, regarding the refund calculation amount and the differences between Staff’s
20 and Spire Missouri’s recommended amount of refund due ratepayers.

21 **REFUND CALCULATION**

22 Q. Does Staff agree with the refund amounts identified in the tables in Mr. Selinger’s
23 direct testimony beginning on page 18?

1 A. No, Staff does not agree with Mr. Selinger’s calculations. Mr. Selinger has
2 calculated a refund amount for Spire East of \$1,117,865 and for Spire West of \$3,874,438. Staff,
3 consistent with the Missouri Court of Appeals Western District Opinion (“Court Opinion”),
4 calculated a refund amount for Spire East of \$5,367,021 and for Spire West of \$10,152,221.

5 Q. What are the reasons for the differences between Staff and Spire Missouri’s
6 refund calculation amounts?

7 A. The first difference is the collection period Spire Missouri and Staff used.
8 Spire Missouri used a collection period from October 8, 2018 to May 13, 2020. Staff used a
9 collection period from October 8, 2018 to July 16, 2020. Staff used July 16, 2020 as the cutoff
10 because it is the expected effective date of implementation of rates resulting from these cases.
11 If the Commission determines an implementation date other than Staff’s recommended date of
12 July 16, 2020 should be used to determine the refund amount, Staff will need to revise its
13 recommended refund amount.

14 Q. Were there any other differences between Staff and Spire Missouri’s
15 recommended refund calculation amount?

16 A. Yes. Spire Missouri inappropriately excluded from its recommended refund
17 amount the value of the cast iron, bare steel mains, and bare steel service lines that exceeded their
18 average service life as of the time of their replacement and retirement. Staff witness Karen Lyons
19 addresses Spire Missouri’s recommendation to use the average service life of the replaced plant
20 to determine the recommended refund amount in further detail in her rebuttal testimony.

21 Q. How does this differ from what Staff did?

22 A. Staff calculated the refund amounts by adjusting all cast iron and bare steel mains
23 using the same methodology that was used to remove plastic in the most recent ISRS cases, Case

1 Nos. GO-2020-0229 and GO-2020-0230.¹ Also, consistent with the Court Opinion, Staff
2 adjusted costs for all Spire East and Spire West service line replacements, not just bare steel
3 service lines as proposed by Spire Missouri.

4 Q. Why did Staff remove all cast iron and bare steel mains in its calculation of its
5 recommended refund?

6 A. Staff's interpretation of the Court Opinion is that it considered the evidence
7 presented in the original 2018 ISRS cases. Because the Missouri Court of Appeals Western
8 District ("Court") remanded the cases for the sole purpose of providing a refund, Staff's position
9 is guided by the Court's determination that the evidence presented in the original 2018 ISRS
10 cases was insufficient to prove that either the cast iron or bare steel mains that were replaced
11 were worn out or deteriorated.

12 Q. Why did Staff remove all service lines in its calculation of its recommended
13 refund?

14 A. The Court stated in its Opinion on November 19, 2019, "The case is remanded for
15 the sole purpose of removing the cost incurred to replace cast iron and bare steel mains and
16 service lines not shown to be worn out or deteriorated from the ISRS revenue awarded to Spire."²
17 The Court did not specifically state to refund bare steel service lines. If the Court intended for
18 the refund to include only bare steel service lines the sentence would have read, ".....the cost
19 incurred to replace cast iron and bare steel mains and bare steel service lines..."

20 Q. Were there any adjustments made by Staff that were not made by Spire Missouri?

¹ Commission originally approved this methodology in Commission *Report and Order* Case No. GO-2018-0309 and GO-2018-0310, Page 16.

² WD82373 Page 14.

1 A. Yes. Staff made an adjustment for blanket work orders using an updated blanket
2 work order model provided by Spire Missouri. This methodology is consistent with that used in
3 the most recent Spire ISRS cases. Staff used this model to provide a more accurate refund
4 amount. In the original 2018 cases, Staff used the average amount of plastic in the mains and
5 service lines to disallow a portion of the blanket work orders. With the updated blanket work
6 order model available in these remand cases, Staff was able to disallow the projects listed in the
7 blanket work order that were actually ineligible instead of using an average. For example, the
8 average percentage used to disallow blanket work orders for service lines for Spire East was
9 57.98% in Case No. GO-2018-0310. With the updated blanket work order model, the percentage
10 for disallowance in this proceeding was only 12.13%.

11 Q. How does Staff's overall methodology in this case compare to Staff's
12 methodology in the concurrent 2016 and 2017 remand cases?

13 A. Staff used the same methodology to calculate its recommended refund in the
14 2018 remand cases and the 2016 and 2017 remand cases. To calculate the refund amount in the
15 2016 and 2017 remand cases, Staff reviewed all the workorder authorizations and a blanket
16 workorder analysis to calculate the refund. Staff used the same process in the 2018 remand case.
17 The only difference between the 2016/2017 remand cases and the 2018 remand cases is the type
18 of material that was removed from ISRS recovery in the adjustment. In the 2016/2017 remanded
19 cases, Staff's adjustment removed the cost of plastic facilities. In the 2018 cases, Staff made
20 adjustments to remove plastic, cast iron mains, bare steel mains, and all service lines.

21 Q. Does this conclude your testimony?

22 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Spire)
Missouri Inc. to Establish an Infrastructure) Case No. GO-2018-0309
System Replacement Surcharge in its Spire)
Missouri East Service Territory)

In the Matter of the Application of Spire)
Missouri Inc. to Establish an Infrastructure) Case No. GO-2018-0310
System Replacement Surcharge in its Spire)
Missouri West Service Territory)

AFFIDAVIT OF JEREMY JULIETTE

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COME NOW Jeremy Juliette and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Jeremy Juliette _____
Jeremy Juliette