

*Exhibit No.:*  
*Issue(s):* *Excess Facilities,  
General Service Revenue,  
Compliance, Meters*  
*Witness:* *Sarah L.K. Lange*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *GR-2022-0179*  
*Date Testimony Prepared:* *August 31, 2022*

**MISSOURI PUBLIC SERVICE COMMISSION**  
**INDUSTRY ANALYSIS DIVISION**  
**TARIFF/RATE DESIGN DEPARTMENT**

**DIRECT TESTIMONY**  
**Revenue Requirement**

**OF**

**SARAH L.K. LANGE**

**SPIRE MISSOURI, INC., d/b/a Spire**  
**CASE NO. GR-2022-0179**

*Jefferson City, Missouri*  
*August 2022*

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SARAH L.K. LANGE  
SPIRE MISSOURI, INC., d/b/a Spire  
CASE NO. GR-2022-0179**

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1           3. As discussed herein under the heading, “Hold Harmless Agreements for CCN  
2 Areas,” customers should be held harmless from the revenue requirements associated with Spire  
3 Missouri’s expansion initiatives;

4           4. As discussed under the heading, “Compliance with Prior Rate Case,” Spire Missouri  
5 failed to comply with all commitments made in GR-2021-0108 to occur in this proceeding. In  
6 this proceeding, the Commission should order Spire Missouri to comply in any subsequent  
7 general rate proceeding with commitments made by Spire Missouri which it failed to perform  
8 in this rate proceeding;

9           5. As discussed under the heading, “Meters,” the Commission should order Spire  
10 Missouri to retain information that will facilitate each of the following scenarios:

11                   (1) identification of the meter model, type, or cost within a billing system,  
12 so that a customer charge could potentially vary with the cost of the size of meter  
13 installed;

14                   (2) identification of the meter model, type, or cost, by rate code, so that costs  
15 can be assigned or more precisely allocated in future class cost of service studies;  
16 and

17                   (3) association of the meter with rate codes or customers within its billing  
18 system or some other system, so that aggregated data could be used to establish class  
19 level coincident or system level coincident demand measurement; and

20           6. As discussed under the heading, “Meters,” the Commission should order Spire to  
21 review and update its Continuing Property Records to accurately reflect the state of the Spire  
22 East system with regard to meters.

1 **GENERAL SERVICE ACCURACY ISSUES**

2 Q. Why is it important that a utility be able to accurately report to the Staff the  
3 months in which gas was sold?

4 A. As discussed in the direct testimonies of Staff witnesses Nancy L. Harris and  
5 Hari K. Poudel, PhD, Staff performs an analysis to determine the relationship between gas sales  
6 and weather, and uses that relationship to adjust gas sales by month to the level that would have  
7 occurred if weather conditions had been “normal” throughout the studied period. Additionally,  
8 under some rate schedules, gas is billed differently for varying levels of consumption. If the  
9 information provided to Staff fails to accurately reflect the month when gas was sold, the  
10 reliability of the weather adjustment is undermined. If multiple months of gas sales are  
11 consolidated and are rebilled in a different month, the accuracy of the monthly sales volumes  
12 are undermined, as is the rate at which gas was sold to the customer, and the annual revenues  
13 computed by Staff in a rate case. All of these factors undermine the accuracy of the calculation  
14 of current revenues – a key component of the revenue requirement calculation – and the  
15 accuracy of the establishment of the billing determinants – a key component of preparing rates  
16 for promulgation in the tariff.

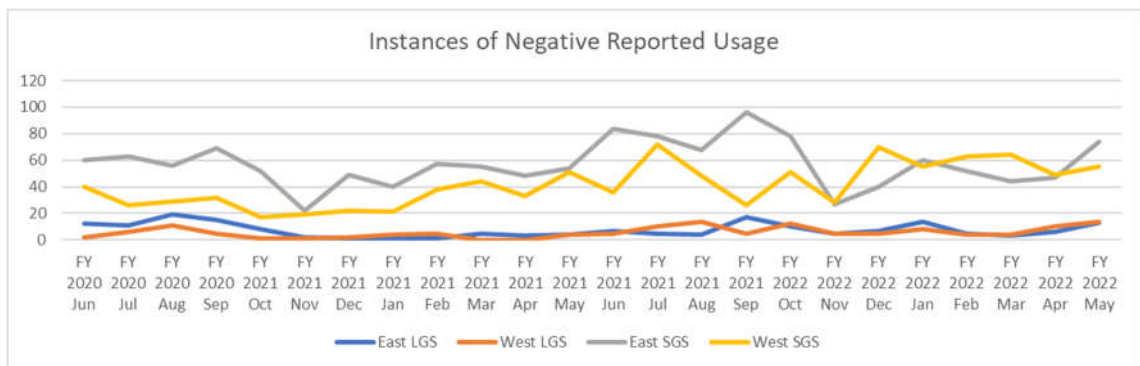
17 Q. Explain what is meant by “negative usage.”

18 A. From time to time, a customer may raise concerns about bills the customer  
19 believes are inaccurate, or a utility may identify bills that appear inaccurate, and review various  
20 data sources. From time to time, this may result in corrections of prior period bills, or an  
21 adjustment to the current period’s bills. If more usage is removed from a current period than  
22 was billed in the current period, the level of Ccf on a customer’s bill may be less than zero.

1 Q. Is Staff concerned with the level of apparent billing errors or rebills at  
2 Spire Missouri and, if so, illustrate the basis of Staff's concerns?

3 A. Yes. The presence of negative usage indicates that reported sales for a prior  
4 period included inaccuracies, and the inclusion of negative usage in the current period creates  
5 an inaccuracy. These inaccuracies impede the reliability of weather normalization and revenue  
6 calculation. The number of instances of negative usage in the past 24 months for non-residential  
7 customer by rate schedule, are provided below, as are the number of customers for whom Spire  
8 Missouri records negative usage.<sup>1</sup> The instances are also depicted over time.

	East LGS	West LGS	East SGS	West SGS
Instances	178	137	1,373	989
Customers	145	120	1,202	880



12 Q. Are customers actually flowing gas back onto the system?

13 A. No. Negative usage in this format is likely indicative of a customer requesting  
14 a rebill, or some other action within the Spire Missouri billing department. In other words,  
15 where we see negative usage in these reports, it is indicative not only that usage in the month  
16 showing negative usage is unreliable, but also that one or more prior months includes usage  
17

<sup>1</sup> Staff requested individual customer usage for only non-residential customers.

1 that Spire Missouri has since determined was erroneous. We do not know how many instances  
2 there are where a current month's usage was high enough that an adjustment to a prior period's  
3 usage did not result in a negative that would be flagged in this analysis.

4 Q. Are there other concerns with the Spire usage data?

5 A. Yes. For Spire West, all non-residential, non-transport customers with annual  
6 net consumption of less than 10,000 Ccf should be served on the Small General Service (SGS)  
7 class, and any changes to the existing tariff language that Spire believes necessary to require  
8 this placement should be made.<sup>2</sup>

9 Staff recommends that all non-residential non-transport customers with annual net  
10 consumption in excess of 10,000 Ccf, but which did not use more than 30,000 Ccf in a single  
11 billing cycle be placed in the LGS class, to be effectuated by enforcement of existing tariff  
12 language.<sup>3</sup>

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<sup>2</sup> Staff's review of the existing tariff language indicates that this appears to be an existing requirement. The first sentence of the Availability section, found on Sheet No. 3, states

To natural gas service supplied at one point of delivery to commercial customers and industrial customers whose natural gas requirements at a single address or location do not exceed 10,000 Ccf\* in any one year.

The internal asterisk refers to the following language

\* Annual consumption for purposes of the "Availability" section in Sheet Nos. 3 and 4 shall be based on the twelve months ended for the most recent fiscal year, except for new customers not connected to the company's system during such period, in which case, the company shall use estimated consumption, if the customer has not been connected to the company's system for a full twelve months, or consumption for the first twelve month period in which the customer was connected to the company's system. Such rate schedule shall be used for billing such customer until annual consumption is re-determined by the company, which redetermination shall be made no later than December 31, 2019 and each December 31st thereafter. If such re-determined usage shows that the customer should receive service under a different rate schedule, the customer shall receive service under that new rate schedule until usage is again re-determined.

<sup>3</sup> The LGS Availability provision on current Sheet No. 4 provides,

To natural gas service supplied at one point of delivery to commercial customers and industrial customers whose natural gas requirements at a single address or location are greater than 10,000 Ccf\* in any one year and does not exceed 30,000 Ccf in any one month. Upon application and approval by the company, this rate is also applicable to commercial and industrial customers whose natural gas requirements at a single address or location exceeds 30,000 Ccf in any one month of a twelve-month billing period.

1 Continued compliance with the tariff availability requirements is essential to ensure that  
2 customers are served on the proper tariff, and that customer usage is properly recorded under  
3 the proper service level.

4 Q. How many customers were on the SGS rate schedule as of June 1, 2022, that  
5 used in excess of 10,000 Ccf in the prior 12 months?

6 A. At Spire East SGS, 283 customers, and at Spire West, 223 customers are served  
7 on the SGS rate schedule when they apparently do not qualify to be on that schedule.

8 **HOLD HARMLESS AGREEMENTS FOR CCN AREAS**

9 Q. In Spire Missouri's most recent general rate case, GR-2021-0108, did Spire  
10 Missouri agree to hold customers harmless from the revenue requirement associated with  
11 certain infrastructure related to expansions of its system in a series of Certificate of  
12 Convenience and Necessity ("CCN") cases?

13 A. Yes. Spire agreed to a provision titled "CERTIFICATE OF CONVENIENCE  
14 AND NECESSITY DISALLOWANCE," which stated, in item 43, "The Signatories agree that  
15 the Company's revenue requirement reflects an adjustment to plant investment related to the  
16 Company's service area expansions in Case Nos. GA-2020-0105, GA-2019-0226 and  
17 GA-2019-0210. The Company's plant records will specifically identify all investment related  
18 to the Company's expansion in these areas and be subject to review in Spire's next rate case."<sup>4</sup>

19 Q. Could you reiterate Staff's position in GR-2021-0108 on plant held for  
20 future use in connection with Spire West's efforts to expand its distribution infrastructure in  
21 southern Missouri?

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<sup>4</sup> Page 15 of July 30, 2021, Partial Stipulation and Agreement.



1 A. Yes. The relevant Staff Cost of Service Report section is reproduced below:

2 **B. Certificates of Convenience and Necessity (Spire West)**

3 Since Spire's last rate case the Commission has approved a total of  
4 seven<sup>5</sup> Certificates of Convenience and Necessity (CCNs) for Spire  
5 Missouri West. The revenue requirement associated with each approved  
6 CCN was subject to review in the Company's next general rate  
7 proceeding. During the test period in this case, Spire had completed four  
8 of the seven CCN extensions.<sup>6</sup> Staff reviewed the actual costs of the four  
9 completed extensions. The table below shows a summary of the four  
10 completed extensions.

11 [CONFIDENTIAL TABLE OMITTED]

12 The line extension for Case No. GA-2019-0210 is the only line extension  
13 where the Company intends to only serve one customer. As shown in the  
14 table above, the level of capacity installed for line extensions in Case  
15 Nos. GA-2020-0235, GA-2020-0105 and GA-2019-0226 far exceeds the  
16 level of capacity currently utilized by the customer(s) served on the  
17 extension, due to the Company's future expectations for growth on the  
18 line. However, the Company's plans for additional customers to take  
19 service from the new main extensions have not materialized to date. Staff  
20 will review new customer growth from the line extensions through the  
21 true-up period ending May 31, 2021.

22 Without the expected customer growth, three of the Company's four  
23 completed line extensions are not cost effective at this time. Staff  
24 recommends an "excess capacity" adjustment based on the percentage of  
25 capacity utilized at this time. The adjustment will result in a reduction  
26 to the plant and depreciation reserve balances. As part of Staff's  
27 recommendation, the amount of the Company's current plant and  
28 depreciation reserve balances that are deemed to be excess capacity  
29 should be moved into the "plant held for future use" account (Account  
30 No. 105) for possible recovery in a future case.

31 *Staff Expert/Witness: Robin Kliethermes*

32 Q. Is the end result of this position reflected in Staff's case in the current case,

33 GR-2022-0179?

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<sup>5</sup> GA-2019-0210, GA-2019-0214, GA-2019-0226, GA-2020-0105, GA-2020-0235, GA-2020-0236, GA-2021-0010.

<sup>6</sup> The costs associated with a project are not recoverable in the Company's revenue requirement until the project is completed and in service.

1           A.     Yes. Spire Missouri has removed the plant associated with this expansion from  
2 plant in service to plant held for future use as of April 2022, and it remains off of the regulated  
3 books, so further adjustment in this case is not necessary. Auditing Staff plans to pull plant and  
4 reserve through May 31, 2022, into the accounting schedules. Because the plant and reserve  
5 for this has been pulled out of plant and reserve in April 2022, no additional adjustment has  
6 been proposed in this case.

7     **COMPLIANCE WITH PRIOR RATE CASE**

8           Q.     In the last rate case, Case No. GR-2021-0108, did Spire Missouri agree to file  
9 a Class Cost of Service (CCOS) study in the next general rate case for Spire East and for  
10 Spire West, separately?

11          A.     Yes. However, in response to Staff Data Request (DR) No. 0240, Spire Missouri  
12 stated that “Since Spire’s GR-2021-0108 case was so recent, Spire did not file a new cost of  
13 service study. During the GR-2021-0108 case, we used Staff’s Class Cost of Service study and  
14 will be using the study from the rate case that the parties agreed to use.”<sup>7</sup>

15          Q.     Did the parties agree to use a study from that rate case?  
16  
17

18     *continued on next page*

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<sup>7</sup> Spire Missouri GR-2022-0179 Response to Data Request 0240 Question: Description: Please fully explain Spire’s compliance with the provision from the July 30, 2021, Partial Stipulation and Agreement “COST OF SERVICE STUDIES 26. The Signatories agree that Spire will file a Cost of Service (“COS”) study and Class Cost of Service (“CCOS”) study in the next general rate case for Spire East and for Spire West, separately. The Company is not prohibited from also filing consolidated COS and CCOS studies in the Company’s next general rate case proceeding.” Sarah Lange (sarah.lange@psc.mo.gov) Response: Since Spire’s GR-2021-0108 case was so recent, Spire did not file a new cost of service study. During the GR-2021-0108 case, we used Staff’s Class Cost of Service study and will be using the study from the rate case that the parties agreed to use. Signed by: Michelle Antrainer

1 A. No. The most closely related provisions did not indicate agreement to any  
2 particular study.<sup>8</sup>

3 Q. Are there additional commitments related to the areas you address with which  
4 Spire Missouri failed to fully comply?

5 A. Yes. Spire Missouri agreed to a provision in item 24, stating “The Signatories  
6 agree that the Company will undertake an evaluation of the estimated usage used to calculate  
7 the rates for the Unmetered Gas Light Class prior to filing its next general rate case.”<sup>9</sup>

8 Q. Has Spire Missouri provided this information?

9 A. I have been unable to locate this information in Spire Missouri’s direct filing.  
10 Spire Missouri’s response to DR No. 0229 stated,

11 The company performed a usage test at an operations service center to  
12 determine a benchmark for the three common types of gas lights. The test results  
13 are summarized below:

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<sup>8</sup> Page 13 of July 30, 2021, Partial Stipulation and Agreement included, “CLASS REVENUE REQUIREMENTS 37. The Signatories agree that for Spire East the Residential (“RES”), Small General Service (“SGS”), Large General Service (“LGS”) and Large Volume Service (“LVS”) rate schedules shall receive an equal percent increase to each class. 38. The Signatories agree that for Spire West the Residential, Small General Service, Large General Service and Large Volume Service rate schedules shall receive an equal percent increase to each rate class, net of the allocation to transportation customers as referenced in paragraph 39.”

Page 14-15 of July 30, 2021, Partial Stipulation and Agreement included, “SPIRE EAST NON-RESIDENTIAL, NON-TRANSPORTATION RATE DESIGN 40. The signatories agree that the billing determinants for Interruptible Class customers shall be moved to the LGS class determinants, and that the billing determinants for Vehicular Fuel Class customers shall be moved to the SGS class determinants. The rates for the classes shall receive a uniform increase and will be adjusted to Ccf from Therms.

SPIRE WEST NON-RESIDENTIAL, NON-TRANSPORTATION RATE DESIGN 41. The signatories agree to the following determinants for the indicated classes constituting the General Service Group, to be used to develop rates with the following objectives: a) Increase the SGS, LGS, and LVS customer charges by the approximate Group-average increase, except that values may be modified to \$0.25 or even-dollar values; b) LGS charges shall be uniform by season and block, with the initial value for all blocks to be set to the current winter Block 1 value, to be increased by approximately 109.5%; c) The SGS charge for up to 5,000 Ccf/Month will be set approximately 15%-20% higher than the LGS charge; The SGS charge for usage in excess of 5,000 Ccf/Month will be set 25% higher than the SGS charge for usage up to 5,000 Ccf/Month. 15 d) The LVS volumetric charges will be increased 125% of the value used to adjust the LGS rates (for example, if the LGS flat rate is 109.5% of the current winter rate, the LVS volumetric rates will be increased by 136.9%), and the second block will begin at 36,000 Ccf/Month instead of 30,000 Ccf/Month. An example reflecting a target revenue for the General Service Group of \$40,192,527 is provided below:”

<sup>9</sup> Page 9 of July 30, 2021, Partial Stipulation and Agreement.

1 Two inverted mantle lights 43 cubic feet in a 24-hour period  
2 Single burner open flame light 72 cubic feet in a 24-hour period  
3 Boulevard lights (three upright mantles) 104 cubic feet in a 24-hour period.

4 Q. What action should the Commission take in this proceeding regarding these  
5 commitments?

6 A. The Commission should order Spire Missouri to comply in any subsequent  
7 general rate proceeding with commitments made by Spire Missouri, which it failed to perform  
8 in this proceeding.

9 **METERS**

10 Q. Are you aware that Spire Missouri is developing plans to install new meters on  
11 a large scale?

12 A. Yes.

13 Q. Are there concerns with Spire Missouri's ability to maintain adequate records of  
14 the number and value of which meters are in use? Have you raised those concerns with the  
15 Company?

16 A. Yes. In the CCOS Report (pages 36 – 38) from the last case, GR-2021-0108,  
17 I raised concerns with the impact of underutilized infrastructure on the residential customer  
18 charge calculation in the CCOS related to presumed customer attrition, particularly in the  
19 Spire East service territory. In that case, I noted that Spire Missouri did not have accessible  
20 records to track the changes in the system over time, and that it is reasonable to conclude that  
21 neighborhoods are built with gas service installed at homes or businesses, but over time,  
22 customers cease taking gas service in favor of all-electric energy. Meanwhile and elsewhere,

1 new neighborhoods are being built out with gas services in place. This process leaves an  
2 ever-expanding patchwork of costly infrastructure in-ground and underutilized.

3 Q. Have you reviewed the quantities of meters currently reflected in the Spire East  
4 continuing property record (CPR)?

5 A. Yes. The table provided below summarizes the quantities of meters and  
6 installations by size, as well as providing average cost valuations by size and size group.

7

Meter Size	Meter Count	Meter Cost	Install Count	Install Cost	\$/Meter (Includes Installations \$)				\$/Installation (Includes Single Meter)				
					Total Cost	By Size	By Size Group	Number of Meters per Group	By Size	By Size Group	Number of Installations per Group		
Smart 250	104,940	20,122,150	52,076	4,633,274	24,755,424	\$ 236	\$ 236	811,890	\$ 281	\$ 281	667,317		
150	2,824	24,374	2,809	39,775	64,149	\$ 23	\$ 146		\$ 23	\$ 157			
175	85,820	3,923,840	86,363	4,983,182	8,907,022	\$ 104			\$ 103				
225	618,306	43,876,338	526,069	50,213,704	94,090,042	\$ 152			\$ 166				
300	387	33,346	386	6,647	39,994	\$ 103			\$ 103				
325	1	74			74	\$ 74							
375	31,631	6,391,340	27,633	5,921,916	12,313,256	\$ 389			\$ 416				
450	3	79	3	83	162	\$ 54			\$ 54				
600	565	357,020	121	43,538	400,558	\$ 709			\$ 992				
750	5,345	2,960,944	4,674	532,816	3,493,759	\$ 654			\$ 668				
1000	3,407	2,415,662	3,425	947,528	3,363,190	\$ 987		\$ 986	\$ 510		38,782		
1250	1,166	456,889	1,170	203,043	659,932	\$ 566	\$ 565						
1750	968	504,382	971	234,113	738,494	\$ 763	\$ 762						
2500	373	202,682	399	90,582	293,264	\$ 786	\$ 770						
2599	25	15,321			15,321	\$ 613							
Other Meters	5,335	11,276,720	1,701	7,298,700	18,575,421	\$ 3,482	\$ 3,482	5,335		\$ 6,405		\$ 6,405	1,701

8

9 Q. What does this table indicate?

10 A. This table indicates that Spire Missouri's records for plant in service include the  
11 rate base for 811,890 meters that would be expected for Residential and some SGS customers,  
12 around 44,000 meters that would be expected for Large General Service (LGS) and other large  
13 customer locations, and around 5,000 meters that would be expected for very large customer  
14 locations.

15 Q. How many customers does Spire East currently have, and how do those counts  
16 compare to the number of meters in the Spire East continuing property records?

1           A.     Spire East has approximately 660,000 active customers across all rate schedules.  
2     There are approximately 618,000 residential active customers, approximately 36,000 active  
3     SGS customers, and approximately 5,000 large customers.

4           Q.     Do you expect the number of active customers and the number of meters to  
5     exactly match?

6           A.     No. It is possible for a “customer” to have more than one meter in certain  
7     circumstances. It is also common for a house or business to be for sale or for rent, or for a  
8     building of any sort to sit empty for some amount of time. However, this level of discrepancy  
9     seems obviously in excess of a normal level of temporarily inactive meters, in that Spire’s CPR  
10    reflects 190,000 (24%) more meters than active customers.

11          Q.     Did Staff ask Spire Missouri about its plans for meter replacements for inactive  
12    customers?

13          A.     Yes. Staff sent DR No. 0291, which asked: “Meter replacement plan for inactive  
14    customers,” that requested:

15                   Please describe, separately for Spire East and Spire West, Spire’s plans  
16                   for meter replacement under its meter replacement program for  
17                   structures that (1) have an indoor meter in place, but are currently vacant  
18                   and service has been discontinued, (2) have an indoor meter in place, and  
19                   are occupied though service has been discontinued, (3) have an outdoor  
20                   meter and are currently vacant and service has been discontinued,  
21                   (4) have an outdoor meter and are occupied though service has been  
22                   discontinued. Please clarify current practices, and future plans, and  
23                   identify any distinctions due to the age of the meter, to the extent  
24                   applicable[?]

25          Q.     How did Spire Missouri answer DR No. 0291?

26          A.     Spire Missouri’s response to DR No. 0291 was,

27                   The Company reads the meter on regular billing intervals when the  
28                   customer is inactive, but the meter has not been removed and locked off.

1 In Spire Missouri East, this will make this population a more active  
2 program because of the need to transition off the current network by  
3 April 2025. When a customer is inactive, it is usually not readily known  
4 if the premise is vacant or not. Once a premise is inactive for a full  
5 heating season our approach will change as we would desire to change  
6 the meter at the time an inactive customer requests service to be initiated.  
7 Inside Meters: If a customer has been inactive for a full heating season,  
8 Spire will try to contact the owner and get access to remove the meter. If  
9 access cannot be gained, the service line will be shut-off. The meter will  
10 be replaced when a customer requests service to this address be initiated  
11 in the future. This is primarily a Spire Missouri East program as there  
12 are very few inside meters in Spire Missouri West. **Outside Meters**: If a  
13 customer has been inactive for a full heating season, the meter will be  
14 removed and the riser locked off. If site conditions warrant, a request to  
15 abandon the service line could be created. A new meter would be  
16 installed at the time a customer requests service in the future. Regardless  
17 of meter location, a customer that has been inactive for less than a full  
18 heating season will not be targeted so that the meter can be replaced or  
19 updated when the customer requests a turn on. [Emphasis added.]

20 Q. Going forward, is there information that you recommend the Commission order  
21 Spire Missouri retain related to its meter replacement program, to the extent it continues now  
22 or in the future?

23 A. Yes. It is important that Spire Missouri retain (1) identification of the meter  
24 model, type, or cost within a billing system, so that a customer charge could potentially vary  
25 with the cost of size of meter installed, (2) identification of the meter model, type, or cost, by  
26 rate code, so that costs can be assigned or more precisely allocated in future class cost of service  
27 studies, and (3) association of the meter with rate codes or customers within its billing system  
28 or some other system, so that aggregated data could be used to establish class level coincident  
29 or system level coincident demand measurement. This information will facilitate improvement  
30 of current ratemaking and billing practices, and will be necessary for potential rate structure  
31 modernization.

1 Spire Missouri's response to DR No. 0292 indicated,

2 The Company maintains a record of the specific meter type and size  
3 within the billing system for each customer. Meters are in asset groups  
4 that are aggregated and assigned a cost in the financial asset system based  
5 on vintage. Multiple meter types and kinds are within a single asset  
6 group, and that relationship is not currently stored in the billing system.  
7 Every active customer has an assigned rate that is easily associated with  
8 the meter that is installed at that location. 1. Every meter ties to a  
9 financial asset group and vintage. This information is complicated and  
10 not currently stored in the billing system. However, the information is  
11 available and could be derived from data currently stored within Spire  
12 systems. It should be noted that the "cost" of a new meter is not  
13 determined until the full year of installations and associated labor costs  
14 to install are collected. 2. The answer is the same as the response to part  
15 one with the addition of the rate from the billing system. The constituents  
16 of this calculation are currently available, but they are not currently setup  
17 to perform this calculation on demand. 3. Spire is currently collecting all  
18 usage in a database that is an extension of the current billing system.  
19 Spire believes that such analysis could be performed, contingent on the  
20 evaluation of the specific analysis requested.<sup>10</sup>

21 Q. Is retention of this information necessary for evaluation of the cost-justification  
22 of rate structures Spire Missouri has indicated it will request in future proceedings?

23 A. Yes. Please see the attached article, Schedule SLKL-d2. Spire President and  
24 CEO Suzanne Sitherwood was paraphrased by *SNL Market Intelligence* as stating its

25 larger ambition to rethink how it interacts with its 1.7 million  
26 customers across Alabama, Mississippi and Missouri. Empowered by  
27 technology, Spire will personalize the services it offers customers and  
28 the way it charges for them. This will require challenging traditional  
29 ratemaking and redefining long-standing customer classifications,  
30 executives told S&P Global Commodity Insights on the sidelines of the  
31 American Gas Association's Financial Forum in Miami Beach, Fla., in  
32 May.

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<sup>10</sup> DR No. 0292 "Meter associations in record keeping: Please describe the record keeping Spire maintains as part of its meter replacement process that will facilitate each of the following scenarios (1) identification of the meter model, type, or cost within a billing system so that a customer charge could potentially vary with the cost of size of meter installed, (2) identification of the meter model, type, or cost, by rate code, so that costs can be assigned or more precisely allocated in future class cost of service studies, (3) association of the meter with rate codes or customers within its billing system or some other system so that aggregated data could be used to establish class level coincident or system level coincident demand measurement."



1 Under the current system, Spire Missouri Inc. and other gas  
2 utilities design rates for three customer classes: residential, commercial,  
3 and industrial. But Spire executives said these classifications no longer  
4 provide the best framework for serving customers. The executives  
5 instead want to work toward delivering services to ‘personas.’

6 Q. Do the tariffs of Spire Missouri currently reflect rates for “Commercial,” and  
7 “Industrial,” classes?

8 A. No.

9 Q. Is it necessary to have an accurate grasp on the plant used to serve existing  
10 customers under the existing Residential, SGS, LGS, Large Volume, and Transportation rate  
11 schedules necessary before attempting to refine or cross those rate schedules into various  
12 “personas?”

13 A. Yes. If the plant is not accurate, then customers can potentially be overcharged  
14 through overstated rate base whether they are named according to the rate classes above or as  
15 “personas,” or using existing rate schedules. Further, in studying the cost basis for rates, it will  
16 be necessary for rate makers to know more about the costs of infrastructure for serving each  
17 “persona,” than is currently known about the cost of broadly serving customers in each existing  
18 customer class.

19 Q. Does this conclude your direct testimony?

20 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Spire Missouri, Inc. d/b/a            )  
Spire's Request for Authority to Implement        )  
a General Rate Increase for Natural Gas         )  
Service Provided in the Company's                )  
Missouri Service Areas                             )

Case No. GR-2022-0179

**AFFIDAVIT OF SARAH L.K. LANGE**

STATE OF MISSOURI        )  
                                      )  
COUNTY OF COLE         )        ss.

COMES NOW SARAH L.K. LANGE and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Sarah L.K. Lange*; and that the same is true and correct according to her best knowledge and belief.

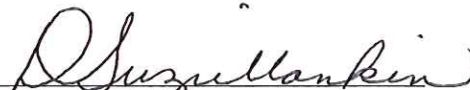
Further the Affiant sayeth not.

  
\_\_\_\_\_  
SARAH L.K. LANGE

**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 26<sup>th</sup> day of August 2022.

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

**Sarah L.K. Lange**

I received my J.D. from the University of Missouri, Columbia, in 2007, and am licensed to practice law in the State of Missouri. I received my B.S. in Historic Preservation from Southeast Missouri State University, and took courses in architecture and literature at Drury University. Since beginning my employment with the MoPSC I have taken courses in economics through Columbia College and courses in energy transmission through Bismarck State College, and have attended various trainings and seminars, indicated below.

I began my employment with the Commission in May 2006 as an intern in what was then known as the General Counsel's Office. I was hired as a Legal Counsel in September 2007, and was promoted to Associate Counsel in 2009, and Senior Counsel in 2011. During that time my duties consisted of leading major rate case litigation and settlement, and presenting Staff's position to the Commission, and providing legal advice and assistance primarily in the areas of depreciation, cost of service, class cost of service, rate design, tariff issues, resource planning, accounting authority orders, construction audits, rulemakings and workshops, fuel adjustment clauses, document management and retention, and customer complaints.

In July 2013 I was hired as a Regulatory Economist III in what is now known as the Tariff/ Rate Design Department. In this position my duties include providing analysis and recommendations in the areas of RTO and ISO transmission, rate design, class cost of service, tariff compliance and design, and regulatory adjustment mechanisms and tariff design. I also continue to provide legal advice and assistance regarding generating station and environmental control construction audits and electric utility regulatory depreciation.

I have also participated before the Commission under the name Sarah L. Kliethermes.

**Presentations**

*Midwest Energy Policy Series – Impact of ToU Rates on Energy Efficiency* (August 14, 2020)

*Billing Determinants Lunch and Learn* (March 27, 2019)

*Support for Low Income and Income Eligible Customers, Cost-Reflective Tariff Training, in cooperation with U.S.A.I.D. and NARUC, Addis Ababa, Ethiopia* (February 23-26, 2016)

*Fundamentals of Ratemaking at the MoPSC* (October 8, 2014)

*Ratemaking Basics* (Sept. 14, 2012)

Participant in Missouri's Comprehensive Statewide Energy Plan working group on Energy Pricing and Rate Setting Processes.

**Relevant Trainings and Seminars**

*Regional Training on Integrated Distribution System Planning for Midwest/MISO Region*  
(October 13-15, 2020)

*“Fundamentals of Utility Law”* Scott Hempling lecture series (January – April, 2019)

*Today's U.S. Electric Power Industry, the Smart Grid, ISO Markets & Wholesale Power Transactions* (July 29-30, 2014)

*MISO Markets & Settlements* training for OMS and ERSC Commissioners & Staff (January 27–28, 2014)

*Validating Settlement Charges in New SPP Integrated Marketplace* (July 22, 2013)

PSC Transmission Training (May 14 – 16, 2013)

Grid School (March 4–7, 2013)

Specialized Technical Training - Electric Transmission (April 18–19, 2012)

*The New Energy Markets: Technologies, Differentials and Dependencies* (June 16, 2011)

Mid-American Regulatory Conference Annual Meeting (June 5–8, 2011)

*Renewable Energy Finance Forum* (Sept. 29–Oct 3, 2010)

*Utility Basics* (Oct. 14–19, 2007)

**Testimony and Staff Memoranda**

<u>Company</u>	<u>Case No.</u>
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for a Certificate of Convenience and Necessity Under Section 393.170 RSMo Relating to Transmission Investments in Southeast Missouri	EA-2022-0099
The Empire District Electric Company d/b/a Liberty In the Matter of the Request of The Empire District Electric Company d/b/a Liberty for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in its Missouri Service Area	ER-2021-0312
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Adjust its Revenues for Electric Service	ER-2021-0240
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for a Certificate of Public Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage a 138 kV Transmission Line and associated facilities in Perry and Cape Girardeau Counties, Missouri	EA-2021-0087
Evergy Affiliates In the Matter of the Application of Evergy Metro, Inc. d/b/a Evergy Missouri Metro and Evergy Missouri West, Inc. d/b/a Evergy Missouri West for Approval of a Transportation Electrification Portfolio	ET-2021-0151

<u>Company</u>	<u>Case No.</u>
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Spire Missouri, Inc. In the Matter of Spire Missouri Inc.'s d/b/a Spire Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas	GR-2021-0108
Union Electric Company d/b/a Ameren Missouri In the Matter of the Request of Union Electric Company d/b/a Ameren for Approval of its Surge Protection Program	ET-2021-0082
Union Electric Company d/b/a Ameren Missouri In the Matter of the Request of Union Electric Company d/b/a Ameren Missouri to Implement the Delivery Charge Adjustment for the 1st Accumulation Period beginning September 1, 2019 and ending August 31, 2020	GT-2021-0055
The Empire District Electric Company In the Matter of The Empire District Electric Company's Tariffs Approval of a Transportation Electrification Portfolio for Electric Customers in its Missouri Service Area	ET-2020-0390
The Empire District Electric Company In the Matter of The Empire District Electric Company's Tariffs to Increase Its Revenues for Electric Service	ER-2019-0374
Union Electric Company d/b/a Ameren Missouri In the Matter of of Union Electric Company d/b/a Ameren Missouri's Tariffs to Decrease Its Revenues for Electric Service	ER-2019-0335
KCP&L Greater Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company Request for Authority to Implement Rate Adjustments Required by 4 CSR 240-20.090(8) And the Company's Approved Fuel and Purchased Power Cost Recovery Mechanism	ER-2019-0413

<u>Company</u>	<u>Case No.</u>
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Union Electric Company d/b/a Ameren Missouri In the Matter of of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Natural Gas Service	GR-2019-0077
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri Revised Tariff Sheets	ET-2019-0149
The Empire District Electric Company In the Matter of The Empire District Electric Company's Revised Economic Development Rider Tariff Sheets	ET-2019-0029
The Empire District Electric Company In the Matter of a Proceeding Under Section 393.137 (SB 564) to Adjust the Electric Rates of The Empire District Electric Company	ER-2018-0366
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Construct a Wind Generation Facility	EA-2018-0202
Kansas City Power & Light Company KCP&L Greater Missouri Operations Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2018-0145 ER-2018-0146
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of Efficient Electrification Program	ET-2018-0132
Union Electric Company d/b/a Ameren Missouri In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of 2017 Green Tariff	ET-2018-0063

<u>Company</u>	<u>Case No.</u>
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Laclede Gas Company Laclede Gas Company d/b/a Missouri Gas Energy In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service, In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenue for Gas Service.	GR-2017-0215 GR-2017-0216
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0316
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2017-0167
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Annual RESRAM Tariff Filing	ET-2017-0097
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2016-0358
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Demand Side Investment Rider Rate Adjustment And True-Up Required by 4 CSR 240-3.163(8)	ER-2016-0325
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service	ER-2016-0285



<u>Company</u>	<u>Case No.</u>
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Offer a Pilot Subscriber Solar Program and File Associated Tariff	EA-2016-0207
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2016-0179
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0156
Empire District Electric Company In the Matter of The Empire District Electric Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2016-0023
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line from Palmyra, Missouri to the Iowa Border and an Associated Substation Near Kirksville, Missouri	EA-2015-0146
Ameren Transmission Company of Illinois In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line in Marion County, Missouri and an Associated Switching Station Near Palmyra, Missouri	EA-2015-0145

<u>Company</u>	<u>Case No.</u>
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's 2nd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	EO-2015-0055
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2014-0370
Empire District Electric Company In the Matter of The Empire District Electric Company for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area	ER-2014-0351
Union Electric Company d/b/a Ameren Missouri City of O'Fallon, Missouri, and City of Ballwin, Missouri, Complainants v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0316
Union Electric Company d/b/a Ameren Missouri In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service	ER-2014-0258
Union Electric Company d/b/a Ameren Missouri Noranda Aluminum, Inc., et al., Complainants, v. Union Electric Company d/b/a Ameren Missouri, Respondent	EC-2014-0224

<u>Company</u>	<u>Case No.</u>
Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West for a Financing Order Authorizing the Financing of Extraordinary Storm Costs Through an Issuance of Securitized Utility Tariff Bonds	EF-2022-0155
Evergy Metro, Inc. dba Evergy Missouri Metro Evergy Missouri West, Inc. dba Evergy Missouri West In the Matter of Evergy Metro, Inc. dba Evergy Missouri Metro's Request for Authority to Implement a General Rate Increase for Electric Service. In the Matter of Evergy Missouri West, Inc. dba Evergy Missouri West's Request for Authority to Implement a General Rate Increase for Electric Service.	ER-2022-0129 ER-2022-0130
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Energy Transition Costs Related to the Asbury Plant	EO-2022-0193
The Empire District Electric Company d/b/a Liberty In the Matter of the Petition of The Empire District Electric Company d/b/a Liberty to Obtain a Financing Order that Authorizes the Issuance of Securitized Utility Tariff Bonds for Qualified Extraordinary Costs	EO-2022-0040
Grain Belt Express Clean Line, LLC In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line	EA-2014-0207
KCP&L Great Missouri Operations Company In the Matter of KCP&L Greater Missouri Operations Company's Application for Authority to Establish a Renewable Energy Standard Rate Adjustment Mechanism	EO-2014-0151
Kansas City Power & Light Company In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish A Demand-Side Programs Investment Mechanism	EO-2014-0095
Veolia Energy Kansas City, Inc. In the Matter of Veolia Energy Kansas City, Inc. for Authority to File Tariffs to Increase Rates	HR-2014-0066

# Spire CEO would drop word 'ratemaking' to give gas customers more options **EXCLUSIVE**

Friday, June 24, 2022 11:04 AM CT

By [Tom DiChristopher](#)  
*Market Intelligence*

ADD TO CREATE ALERTEMAILPRINTPDFFEEDBACK + -

During a recent presentation to the financial community, [Spire Inc.](#) President and CEO Suzanne Sitherwood made an unconventional declaration for a chief executive at a regulated natural gas utility.

"My goal before I retire is to eradicate the word 'ratemaking,'" Sitherwood said. "It's just not customer-sensitive at all."



**Spire Inc. President and CEO Suzanne Sitherwood wants to break down customer classifications into "personas."**

*Source: Spire Inc.*

The goal is part of the St. Louis-based gas distributor's larger ambition to rethink how it interacts with its 1.7 million customers across Alabama, Mississippi and Missouri. Empowered by technology, Spire will personalize the services it offers customers and the way it charges for them. This will require challenging traditional ratemaking and redefining long-standing customer classifications, executives told S&P Global Commodity Insights on the sidelines of the American Gas Association's Financial Forum in Miami Beach, Fla., in May.

Under the current system, [Spire Missouri Inc.](#) and other gas utilities design rates for three customer classes: residential, commercial and industrial. But Spire executives said these classifications no longer provide the best framework for serving customers. The executives instead want to work toward delivering services to "personas."

### **Shifting from customer classes to personas**

The concept of the persona is a work in progress. At its core, however, it is a group of customers with similar needs, characteristics and interests. Rather than three customer classes, Spire might initially identify seven or eight personas, according to Scott Carter, president of Spire Missouri and COO of distribution operations for Spire Inc.

At one end of the spectrum of personas are large industrial customers, such as a multinational chemical company, Sitherwood said during a May 17 panel. At the other end are low-income customers who receive federal assistance but still struggle to pay their bills each month, the CEO said.

Spire has also explored the concept of thematic personas, such as early adopters of technology, Carter said. The company also makes distinctions among personas within the three traditional customer classes, Carter added.

"Somebody who is a fixed-income customer thinks about that energy and how they use it and the relationship with that [energy] much differently than somebody living in a more affluent part of town — certainly different from a commercial customer," Carter said in an interview. "How do we customize that experience that suits that customer's needs, instead of saying, 'Well, here we are, and we've got one offering for you?'"

### **Technology enables shift; regulatory rethink needed**

Technology has provided a starting point for the change. In Alabama, Spire has begun deploying ultrasonic meters that will provide the company with real-time information and allow [Spire Gulf Inc.](#) to update customers on their charges more than once a month, Spire COO Steve Lindsey said in an interview.

"Information is only good if you do something with it," Lindsey said. "In this situation, we're trying to say, 'All right, if you're a commercial customer, you're a dry cleaner, let's help you manage what you do. If you're low income, let us help you really understand your energy consumption.'"

The technology will provide the information necessary to design mechanisms for sending price signals tailored to the different personas, Sitherwood said. To do this, gas utilities will have to work with regulators to move past the current ratemaking vernacular and focus instead on developing and pricing services that work for a variety of customers, Sitherwood said.

These approaches could include configuring a restaurant's payments around its high-revenue periods, or designing rates that mitigate financial peril for cash-strapped customers balancing multiple expenses, Sitherwood said. "Why do we not have rate designs that allow us to marry up the way that we charge our customers with the way that they get their funding — and do it in a collaborative way? Because they need food, they need electricity, they need gas."

The company's first attempt to splice the residential customer class was a proposed pilot project during Spire Missouri's last rate case, Carter said (GR-2021-0108). The pilot would have allowed 5,000 residential customers to choose either a fixed monthly charge of \$40.50 — the average cost of residential service per month — or a billing option with a reduced customer charge and higher volumetric charges. The second option catered to customers with very low usage, according to a December 2020 regulatory filing.

### **'We have to earn our opportunity'**

Spire Missouri ultimately dropped the proposal after it encountered resistance, which is not uncommon when utilities introduce new ideas in rate cases.

The utility has experienced other regulatory obstacles recently, including a [dispute about its recovery](#) of pipeline replacement costs. In its last rate case, the Missouri Public Service Commission [did not allow](#) Spire Missouri to capitalize nonoperational overhead costs, pending an audit, and the commission included the utility's short-term debt in its capital structure, prompting the utility to [file a new rate case](#) (GR-2022-0179).

But the move toward personas will be a long-term initiative and aligns with one of Spire's [three strategic initiatives](#): innovation. Specifically, it presents a new way to understand customers at a time when competing home-heating technologies are gaining traction, according to Lindsey. While utilities still technically operate as regional monopolies, they cannot take for granted that customers will choose natural gas, Lindsey said.

"We have to earn our opportunity every day, because you can heat your water with electricity, you can cook with electricity," Lindsey said. "We have to earn your business, and so this is kind of the way we're thinking about that approach."

*S&P Global Commodity Insights produces content for distribution on S&P Capital IQ Pro.*

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