Exhibit No.:

Issue(s): CCOS

Witness: Sarah L.K. Lange
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony

Case No.: GR-2022-0179

Date Testimony Prepared: October 7, 2022

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

REBUTTAL TESTIMONY

OF

SARAH L.K. LANGE

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

Jefferson City, Missouri October 2022

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1		REBUTTAL TESTIMONY
2		OF
3		SARAH L.K. LANGE
4		SPIRE MISSOURI, INC., d/b/a SPIRE
5		CASE NO. GR-2022-0179
6	EXECUTIV	E SUMMARY
7	Q.	Please state your name and business address.
8	A.	My name is Sarah L.K. Lange, and my business address is 200 Madison Street,
9	Jefferson City	y, MO 65102.
10	Q.	Are you the same Sarah L.K. Lange who provided Revenue Requirement Direct
11	Testimony an	d Rate Design Direct Testimony in this matter?
12	A.	Yes.
13	Q.	What areas will you be addressing in this testimony?
14	A.	I will respond to the requested revenue allocation and related testimony
15	concerning c	lass cost of service (CCoS) studies of Brian Collins, on behalf of Missouri
16	Industrial End	ergy Consumers (MIEC), and Spire Missouri witness Scott Weitzel.
17	Q.	Will you address the positions of various parties concerning the rate structure or
18	rate design of	the Transportation rate schedules?
19	A.	No. Staff witness Michael Stahlman will address the rate design applicable to
20	the transporta	tion rate schedules in his Rebuttal testimony. I will address the revenue allocation
21	recommended	d for each of the transportation rate schedules.

REVENUE ALLOCATION

- Q. Please summarize the recommendations under consideration in this case.
- A. As discussed throughout my Rate Design Direct Testimony, due to the lack of data necessary to conduct a reliable Class Cost of Service (CCoS) Study, Staff recommended equal percentage increases to all rate elements of all non-transportation rate schedules. Spire requested to effectively insulate transportation schedule customers from this increase, and MIEC supports this request.
- Q. How do MIEC and Spire Missouri propose the revenue requirement increase awarded for each rate district be allocated?
- A. Mr. Collin's testimony at page 5, providing Spire Missouri's response to the indicated MIEC Data Requests as reproduced below, indicates that for Spire Missouri West the Transportation class would receive an increase of more than 29% lower than other customer classes, and for Spire Missouri East, the revenue requirement of the Transportation class would decrease.

continued on next page

5 A Yes. Spire's proposed class revenue allocation for Spire West and Spire East are 6 shown below in Table 1 and Table 2, respectively.

Spire West Proposed Class Revenue Allocation									
Line	Rate Class		Total MO Normalized Revenue (1)	Rate Class Adjustment (2)		Increase (3)	% Increase (4)	_	Proposed Revenue (5)
1	Residential Service	s	218,414,816		\$	65.563.703	30.0%	s	283,978,51
2	Small General Service	\$	21,843,542		\$	6,556,989	30.0%	\$	28,400,53
3	Large General Service	\$	16,535,406	\$ 1,974,188	\$	5,556,205	33.6%	S	24,065,80
4	Large Volume Service	\$	508,640		\$	152,684	30.0%	\$	661,32
5	Unmetered Gaslight	\$	1,575		\$	473	30.0%	S	2.04
6	Large General Service (Transport)	S	1,974,188	\$ (1,974,188)	\$	-		S	
7	Large Volume Service (Transport)	\$	16,396,314		\$	115,473	0.7%	\$	16,511,78
8	Total	\$	275,674,482		\$	77,945,526	28.3%	\$	353,620,00

	<u>Spi</u>	re Eas	Proposed Cla	ass Re	venue All	ocat	tion			
Line	Rate Class		Total MO Normalized Revenue (1)		e Class ustment (2)	_	Increase (3)	% Increase (4)	_	Proposed Revenue
1	Residential Service	s	294,409,143			\$	61,146,538	20.8%	s	355,555,6
2	Small General Service	\$	31,203,095	\$	(202)	\$	6,480,645	20.8%	\$	37,683,5
3	Large General Service	\$	29,242,535			\$	6,073,452	20.8%	\$	35,315,9
4	Large Volume Service	\$	1,071,983			\$	222,643	20.8%	\$	1,294,6
5	Unmetered Gaslight	\$	45,591			\$	9,469	20.8%	\$	55,0
6	General LP	\$	13,235			\$	2,749	20.8%	\$	15,9
7	Large Volume Transportation	\$	14,902,508			\$	(702)	0.0%	\$	14,901,8
8	Total	\$	370,888,090			\$	73,934,793	19.9%	\$	444,822,6

2

Q. Are these recommendations spelled out in Spire Missouri's testimony?

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A.

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increase will be allocated among the customer classes in accordance with the cost of service

No. Mr. Weitzel testified at page 14 of his direct testimony that "[t]he revenue

6

methodology agreed upon and approved in Case No. GR-2021-0108. The proposed rate

increase by customer class is set forth in the minimum filing requirements."

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8

- Q. Was there a cost of service methodology agreed upon and approved in the last
- 9 rate case, and if so, what was it?

21

22

Q.

GR-2021-0108 rate case?

1	A. No methodology was agreed upon in Case No. GR-2021-0108, thus none was
2	approved in the last rate case. The parties to that case ultimately settled the revenue allocation,
3	but there was no "methodology" laid out in the stipulation nor was there a "methodology" laid
4	out in the stipulation to suggest any agreed-upon CCoS results or approaches to CCoS, nor any
5	indication of what revenue allocation the parties may consider reasonable for allocation of a
6	different revenue requirement in a different case. Neither Spire Missouri, MIEC, nor
7	Midwest Energy Consumers Group (MECG) has attempted to perform a CCoS in this case that
8	would allocate the cost of service calculated in this case to the classes as constituted in this case.
9	Rather, Spire Missouri simply applied the percentage increases agreed-to in the context of the
10	last rate case to achieve its desired revenue requirement increase in this case, and Mr. Collins
11	testified that because Transportation customers' rates were not increased in the last case, they
12	should not be increased in this case.
13	Q. Did Mr. Collins file "direct" testimony in anticipation that Staff or some other
14	party would file a CCoS study in this case?
15	A. Yes. Without conceding that Mr. Collins' testimony is proper direct testimony,
16	it appears to me that Mr. Collins' testimony at pages 6 through 7 is an attempt to preemptively
17	re-argue issues from the last rate case, GR-2021-0108.
18	Q. Did Staff base its recommendation in this case on its CCoS study from the
19	GR-2021-0108 rate case?
20	A. No.

Did Mr. Collins base his recommendation in this case on a CCoS study from the

1	A.	No. Instead, Mr. Collins based his recommendation in this case on an isolated						
2	provision of a	stipulation from the GR-2021-0108 rate case.						
3	Q.	Does the stipulation from the GR-2021-0108 rate case state anything about it						
4	being used in a future rate case?							
5	A.	Yes. The Commission issued an order approving the stipulation and						
6	incorporated its terms by reference. One of those terms was at pages 15 through 16, and							
7	provided that							
8 9 10 11		Except as otherwise expressly specified herein, none of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation						
12	Q.	Does Mr. Collins provide any reasons why his concerns with Staff's CCoS study						
13	in GR-2021-0108 is relevant to this rate case?							
14	A.	No.						
15	Q.	Are Mr. Collins' concerns with Staff's CCoS study in GR-2021-0108, at page 6,						
16	line 16, to pag	ge 7, line 13, relevant to this case?						
17	A.	No.						
18	Q.	Do you agree with Mr. Collins' criticisms of the Staff CCoS study from the						
19	GR-2021-0108 rate case?							
20	A.	No. Without conceding that Mr. Collins' testimony on this issue is relevant or						
21	proper direct	testimony, I will simply restate the lack of reasonable demand-day data that						
22	prevented reas	sonable study in this case, and note that this necessary data was also absent from						
23	the Company	study in the last case. Further, there has been significant customer movement						

Rebuttal Testimony of Sarah L.K. Lange

- 1 | from the classes as constituted in the CCoS in the last case and current class composition at
- 2 both Spire Missouri East and Spire Missouri West.

CONCLUSION

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- 4 Q. Does this conclude your rebuttal testimony?
- 5 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 O	SARAH L.K. LANGE
STATE OF MISSOURI) ss.	9
COUNTY OF COLE)	
	*
COMES NOW SARAH L.K. LANGI	and on her oath declares that she is of sound mind
and lawful age; that she contributed to the fo	egoing Rebuttal 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 ______ day of October 2022.

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

Notary Public