

Exhibit No.:
Issue(s): Revenue; Weather
Normalization
Witness: Joel McNutt
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2021-0108
Date Testimony Prepared: June 17, 2021

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

JOEL McNUTT

**SPIRE MISSOURI INC., d/b/a SPIRE
SPIRE EAST and SPIRE WEST
GENERAL RATE CASE**

CASE NO. GR-2021-0108

*Jefferson City, Missouri
June 2021*

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **JOEL McNUTT**

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

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

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8 Q. Please state your name and business address.

9 A. My name is Joel McNutt, and my business address is Missouri Public Service
10 Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

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

12 A. I am employed by the Missouri Public Service Commission (“Commission”) as
13 an Economics Analyst for the Tariff and Rate Design Unit, of the Industry Analysis Division
14 of the Commission Staff.

15 Q. Are you the same Joel McNutt who has previously filed testimony in Staff’s
16 Revenue Requirement Cost of Service Report in this case?

17 A. Yes

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

19 A. The purpose of my rebuttal testimony is to respond to Spire Missouri witness
20 Alicia Mueller concerning Spire’s methodology for calculating the change in usage due to
21 weather normalization.

22 Q. Did you review Ms. Mueller’s direct testimony?

23 A. Yes

24 Q. How did Spire calculate the change in usage associated with normal weather?

1 A. Ms. Mueller stated in her direct testimony¹ that Spire used a regression analysis
2 that analyzed the statistical relationship between temperature and volumes over the test year.

3 The process and results of this analysis are described accordingly:

4 [O]utput from the regression analysis was used to calculate a normal
5 monthly use per bill for the residential class and each general service rate
6 class. The use per bill amounts for each month of the test year were then
7 multiplied by the number of actual bills in each test year month to
8 calculate normalized volume adjustments. These adjustments were then
9 applied to the current rate design to calculate the adjustment to net
10 revenues for each rate class.

11 Q. Did Staff also perform a weather normalization adjustment in this rate case?

12 A. Yes.

13 Q. How did Staff calculate its weather normalization adjustment?

14 A. Staff's weather normalization calculation is generally consistent with the
15 Company's calculation except that Staff's regression model includes usage and heating degree
16 days (HDD) per each of the Company's 18 billing cycles per month. As mentioned above the
17 Company's regression analysis averages the HDDs over the billing month to create an average
18 billing cycle HDD value.

19 Q. Was there a large degree of variance between Staff's weather normalization
20 analysis results for the test year as compared to the Company's?

21 A. A comparison of the Company's weather normalization analysis to Staff's
22 weather normalization analysis revealed no significant variance between the two studies. As
23 stated in Spire Witness Alicia Mueller's direct testimony, Spire's weather normalization
24 analysis determined the test year to be 2% warmer than normal weather.² The results from

¹ Direct Testimony of Alicia Mueller, p.5, Line 8..

² Ms. Mueller's direct testimony refers to Spire Missouri and does not specifically refer to Spire East and Spire West.

1 Staff's weather normalization analysis were similar to the Company's direct filed testimony.
2 Staff's weather normalization analysis also found the test year to have slightly warmer than
3 normal weather. Staff made an adjustment to increase the natural gas usage for the weather
4 normalized customer classes as highlighted in the chart below.

<i>Normal Weather Adjustment for Test Year</i>	<u>Spire East</u>	<u>Spire West</u>
Residential	0.81%	2.33%
Small General Service	0.82%	2.45%
Large General Service	0.45%	2.00%

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10 Further, as shown below a comparison of Staff's regression results for the coefficient
11 and Spire's regression results for the coefficient are very similar to one another, indicating that
12 both models produced similar results.

X-Coefficients Comparison in Regression Model

<i>Customer Classes</i>	<u>Staff (East)</u>	<u>Spire (East)</u>
Residential	0.146396	0.148621908
Small General Service	0.392039	0.394902218
Large General Service	3.972265	3.994049094
	<u>Staff (West)</u>	<u>Spire (West)</u>
Residential	0.129856	0.13033644
Small General Service	0.357565	0.357341868
Large General Service	2.82119	2.784140785

13 Q. Did Staff's weather regression analysis and Spire's weather regression analysis
14 yield similar revenue results when applied?

Rebuttal Testimony of
Joel McNutt

1 A. Yes. The difference between Spire’s direct filed weather normalization
2 adjustment and Staff’s weather normalization adjustment is approximately \$53,000.³

3 Q. Should the weather normalization model be updated for the update period or
4 true-up period in this case?

5 A. No. The normal usage per customer should not change significantly from the
6 test year to the update period or true-up period. The level of the weather normalization
7 adjustment to actual usage may change due to different actual weather in a new time period,
8 but normal usage per customer as determined by the regression analysis should not change
9 significantly.

10 Q. Are you aware of any changes the Company has made to its direct filed weather
11 regression model?

12 A. No. However, based on an updated revenue requirement spreadsheet provided
13 by Spire in mid-March, it appears that the Company’s weather normalization adjustment has
14 changed from approximately \$3 million to approximately (\$700,000). Staff witness Robin
15 Kliethermes addresses this concern and other changes in revenue in her rebuttal testimony.

16 Q. Does this conclude your rebuttal testimony?

17 A. Yes.

³ Staff’s combined Spire East and Spire West weather normalization revenue adjustment is \$2,962,825 and Spire’s combined weather normalization revenue adjustment was \$3,015,957.

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 Natural Gas)
Service Provided in the Company's)
Missouri Service Areas)

Case No. GR-2021-0108

AFFIDAVIT OF JOEL McNUTT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

~~COMES NOW JOEL McNUTT~~ and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Joel McNutt*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




JOEL McNUTT

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 16th day of June 2021.

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



Notary Public