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

STATEMENT OF POSITIONS OF THE MISSOURI OFFICE OF THE PUBLIC COUNSEL

COMES NOW the Office of the Public Counsel ("OPC") and for its *Statement of Positions*, states as follows:

The OPC files this *Statement of Position*s pursuant to order number 4(c) in the *Order Setting Procedural Schedule* issued by the Commission on February 3, 2021, which states:

> Each party shall file a simple and concise statement summarizing its position on each disputed issue. Position statements shall track the list of issues. Any position statement shall set forth any order requested, cite any law authorizing that relief, and allege facts relevant under the law with citations to any pre-filed testimony in support.

To best comply with this order, the OPC has adopted the issues included in the *List of Issues* in the order as filed and has appended to each issue or sub-issue contained in the *List of Issues* a single sentence statement or series of statements that, taken together, summarize the OPC's position on each issue or sub-issue. In addition, there follows each single sentence statement summarizing the OPC's position a paragraph

or paragraphs laying out the facts relevant under the law with citations to any pre-filed testimony in support. With this in mind, the OPC's positions in this case are as follows:

1. **Cost of Capital Issues**:

    a. **Capital Structure**:

        i. **The proper, just, and reasonable capital structure that should be used for the purpose of setting Spire Missouri's allowed rate of return consists of 47.37% common equity, 45.35% long-term debt, and 7.28% short-term debt:**
        This is the capital structure put forth in the testimony of OPC witness Mr. David Murray. Murray, *Direct,* pg. 3, lns. 8 – 25 and Schedule DM-D-12. This capital structure is guided by that of Spire Inc.'s actively managed capital structure. Murray, *Direct,* pg. 41, lns. 1 – 25; Murray, *Rebuttal*, pg. 8, ln. 3 – pg. 9, ln. 6.

        ii. **Spire Missouri's current capital structure is targeted to what the Commission has previously ordered**:
        In response to Staff Data Request No. 0115, Spire Missouri stated it targets a capital structure to be consistent with what the Commission approved in Case No. GR-2017-0215 and GR-2017-0216. This admission by the Company invalidates the idea that Spire Missouri's capital structure is independently managed. Spire has effectively placed the burden of managing its capital structure on the Commission, thereby foregoing the responsibility to manage its capital structure to balance the lowest reasonable cost for ratepayers against the ability to maintain reasonably sound credit quality.

        iii. **Because it is only targeting what the Commission previously allowed, Spire's proposed (and Staff's supported) capital structure risks the "perpetual" or "static" capital structure**:
        Spire is requesting a capital structure that is consistent with what the Commission approved in Spire's last rate case. Spire's current capital structure is consistent with what the Commission approved in Spire's last rate case, because the Company actively

targeted what the Commission approved in Spire's last rate case. Murray, *Direct,* pg. 40, lns. 15 – 25; Murray, *Rebuttal,* pg. 3, lns. 1 – 7. The Commission's Staff ("Staff") supports the Company's requested capital structure effectively on the basis that nothing has changed since the last rate case. While some of the facts cited by the Commission in the Report & Order in the 2017 cases may not have changed, the interpretation and/or the relevance of these facts for determining an appropriate authorized capital structure have. Murray, *Rebuttal,* pg. 4, ln. 12 – pg. 7 ln. 11. Based on these facts, if the Commission does not take action, Spire's customers will become locked into the "perpetual" or "static" capital structure. Spire will under no circumstances be held responsible for managing its capital structure to balance the lowest reasonable cost for ratepayers against the ability to maintain reasonably sound credit quality, because it has a Commission approved capital structure that benefits its shareholders to the detriment of its customers.

iv. **Spire Inc. is actively managing its own capital structure and taking advantage of Spire Missouri's more equity rich capital structure to the detriment of Spire Missouri customers**:

Spire Inc. actively manages its consolidated capital structure to achieve the lowest reasonable cost while maintaining a stable investment grade credit rating. Murray, *Direct,* pg. 41, lns. 1 – 25. ** ____

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Spire Inc.'s higher financial and business risk. Murray *Direct,* pg. 42, lns. 1 – 10; Murray *Surrebuttal,* pg. 18, ln. 9 – pg. 19, ln. 4. Mr. Murray's recommended capital structure corrects the absence of the proper relationship between Spire Missouri's low business risk, but higher common equity ratio than its riskier parent company, Spire Inc. Murray *Surrebuttal,* pg. 8, ln. 14 – pg. 9, ln. 8.

v. **<u>Specific capital structure ratio percentages</u>**:
Mr. Murray's specific capital structure ratio percentages are based on a 5-quarter average (September 30, 2019 through September 30, 2020) of Spire Inc.'s common equity ratios that capture the average for the entire test year. Murray *Direct,* Schedules DM-D-10-2 and DM-D-11. Mr. Murray recommends assigning 50% of Spire Inc.'s preferred equity to its common equity balances and the other 50% to its long-term debt balances, which is consistent with adjustment made by rating agencies. Murray, *Direct,* pg. 43, lns. 1 – 16. An alternative approach suggested by Mr. Murray is to assign the preferred stock cost of 5.9% to 4.25% of the capital structure as shown on Mr. Murray's Schedule DM-R-1 in his rebuttal testimony. Murray *Rebuttal,* pg. 14, lns. 1 – 8 and Schedule DM-R-1. Mr. Murray also recommends the Commission include a short-term debt ratio of 7.28% in the authorized capital structure. Murray *Direct,* pg. 39, lns. 12 – 19, pg. 54, lns. 10 – 15 and Schedules DM-D-10-1 through DM-D-10-2; Murray *Surrebuttal,* pg. 11, ln. 12 – pg. 15, ln. 9.

vi. **<u>Short-term debt should be included in Spire's capital structure</u>**:
The authorized capital structure should include a 7.28% short-term debt ratio. Spire Inc. and Spire Missouri consistently use a significant proportion of short-term debt to support its assets. Murray *Direct*, pg. 54, lns. 1 – 9 and Schedules DM-D-9 – DM-D-10; Murray *Surrebuttal,* pg. 11, ln. 12 – pg. 15, ln. 23. Mr. Murray determined Spire Inc.'s and Spire Missouri's capital structures over the period of the test year contained an average short-term debt ratio of 10.04% and 10.34%, respectively. Murray *Direct,* Schedule DM-D-10. After adjusting the short-term debt balances for construction work in progress ("CWIP") balances (CWIP is capitalized at the short-term debt rate so it is unfair to the utility to also include this proportion in the authorized ROR), Mr.

Murray determined that Spire Inc.'s and Spire Missouri's average short-term debt ratios were 7.07% and 7.28%, respectively. *Id*. Mr. Murray also determined that the average CWIP adjusted short-term debt ratio since Spire Missouri's 2017 rate case (December 31, 2017 through December 31, 2020) was 7.05%. Murray, *Surrebutttal*, pg. 14, lns. 18-22. Mr. Murray highlights that not capturing the very low cost of short-term debt in the authorized ROR also results in higher than necessary ISRS surcharges. *Id.,* pg. 15, lns. 18-23.

b. **<u>Return on Common Equity ("ROE")</u>**:

i. **<u>The proper, just, and reasonable ROE that should be apply to Spire Missouri's authorized common equity ratio is 9.25%.</u>**

Public Counsel witness David Murray used cost of equity models and assumptions consistent with those investors use. Murray *Direct,* pg. 23, ln. 1 – pg. 26, ln. 11; Murray *Surrebuttal*, pg. 31, lns. 10 – 14. His cost of equity estimates are corroborated by those investors use to value utility stocks (Murray *Direct,* pg. 24, lns. 1 – 2; Murray *Rebuttal,* pg. 11, lns. 8 – 10), Spire Inc.'s internal cost of common equity estimates (Murray *Rebuttal,* pg. 11, lns. 6 – 8; *Id.,* pg. 24, ln. 4 – pg. 25, ln. 4, pg. 27, ln. 4; Murray *Surrebuttal,* pg. 33, lns. 1 – 26), and logical tests of reasonableness, such as actual security transactions executed by Spire Inc. and Spire Missouri (Murray *Direct*, pg. 37, ln. 18 – pg. 38, ln. 2; Murray *Rebuttal,* pg. 9, ln. 7 – pg. 10, ln. 1, pg. 11, lns. 10 – 13). While Mr. Murray's cost-of-equity estimates are approximately 225 basis points (i.e. 2.25%) below the allowed return on equity he recommends that the Commission use, Mr. Murray provides evidence that investors do not expect commissions, including this Commission, to set allowed returns on equity at parity with utilities' costs of equity. Murray *Direct,* pg. 24, lns. 1 – 2; Murray *Surrebuttal,* pg. 29, lns. 7 – 17, pg. 31, ln. 3 – pg. 32, ln. 5. However, investors do expect commissions to gradually reduce their allowed returns on equity because of a sustained period of low long-term interest rates. Murray *Surrebuttal,* pg. 31, lns. 10 – 14. Low long-term rates have caused utility valuation levels, as measured by price-to-earnings (P/E) ratios, to sustain higher levels after a brief contraction during the spring of 2020 when the Covid-19 pandemic caused instability in the capital markets.

Murray *Direct,* pg. 8, ln. 11 – pg. 12, ln. 8. However long-term interest rates and utility bond yields have recently plummeted to even lower levels than prior to the pandemic. Murray *Direct,* pg. 10, lns. 1 – 9. Although local natural gas distribution utility companies' ("LDC") P/E ratios declined to below electric utility's P/E ratios during 2020, they have since rebounded and only trade at a slight discount. Murray *Surrebuttal,* pg. 22, lns. 1 – 5. Mr. Murray's multi-stage DCF cost of equity ("COE") estimates capture the changes in Spire Inc.'s and the LDC industry's valuation levels because it incorporates their stock prices into the estimates, which he estimated Spire Inc.'s COE to be in the range of 7.37% to 7.68%, 7.7% to 7.9% for the broad LDC proxy group and 7.4% to 7.7% for the pure-play LDC proxy group. Murray *Direct,* pg. 30, lns. 13 – 19 and Schedules DM-D-3 through DM-D-5. However, Mr. Murray determined that based on his analysis of investors' views of the LDC industry, it is likely that investors are factoring in lower perpetual growth rates for the LDC industry due to de-carbonization movements. Murray *Direct*, pg. 12, ln. 9 – pg. 18, ln. 20. This would cause Mr. Murray's multi-stage DCF COE estimates to be even lower. Murray *Direct,* pg. 27, lns. 10 – 22. Mr. Murray also estimated the LDC industry's COE using the Capital Asset Pricing Model ("CAPM") and a Bond Yield Plus Risk Premium method estimating the COE using Spire Missouri's own bond yields and Moody's utility bond yields. Murray *Direct,* pg. 33, ln. 20 – pg. 38, ln. 6. Based on these results, Mr. Murray determined that his multi-stage DCF COE estimates were likely too high. *Id.* at pg. 38, lns. 4 – 6; Murray *Surrebuttal,* pg. 30, ln. 22 – pg. 31, ln. 2. Mr. Murray used these estimates to form the basis for the low-end of his COE estimate of 6.5%.

Mr. Murray recognized the Commission's zone of reasonableness standard and its last authorized ROE of 9.25% for The Empire District Electric Company in Case No. ER-2019-0374 in recommending a 9.25% ROE also be authorized for Spire Missouri. Murray *Direct,* pg. 4, ln. 1 – pg. 5, ln. 23. Mr. Murray recognized the contraction of the LDC industry's stock prices relative to the electric utility industry by recommending 9.5% for the high-end of his range. Murray *Direct,* pg. 55, lns. 2 – 4. However, due to Mr. Murray's opinion, which is corroborated by evidence from professional utility equity analysts, that Spire Missouri's COE is not much higher than 7%, Mr. Murray

determined an allowed ROE that is 225 basis points over the COE is reasonable based on current circumstances. Murray *Surrebuttal,* pg. 39, lns. 4 – 7.

c. **Long-term Debt**:

i. **The proper, just, and reasonable cost of long-term debt that should be apply to Spire Missouri's authorized long-term debt ratio is 4.12%.**
This is based on Spire Missouri's embedded cost of debt as of the test year, September 30, 2020. Murray, *Direct*, Schedule DM-D-12.

d. **Short-term Debt**:

i. **The proper, just, and reasonable cost of short-term debt that should be apply to Spire Missouri's authorized short-term debt ratio is 0.20%.**
This is based on Spire Missouri's cost of short-term debt for the 3-months ended December 31, 2020. Murray, *Direct*, Schedule DM-D-12.

2. **COVID-19 Accounting Authority Order ("AAO")**:

a. **What is the appropriate amount of Spire Missouri's COVID-19 AAO the Commission should approve for recovery in Spire Missouri rates?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

b. Should the unamortized balance of the COVID-19 AAO be included in rate base?
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

3. Pension and OPEBs -- What level of pension contributions should be included in rates?
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

4. Lobbying:

a. **Should lobbying costs be included in Spire East's and Spire West's cost of service?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

b. **What lobbying costs should be removed from rates?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

5. **Dues and Donations -- What organization dues and donations should be removed from Spire East's and Spire West's cost of service?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

6. **PSC Assessment -- What is the proper methodology that should be used for the Missouri Public Service Commission ("PSC") assessment?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

7. **Credit Card Processing Fees**:

a. **Should an amount be included in Spire East's and Spire West's base rates to account for fees incurred when customers pay by credit card?**

i. **The Commission should not include an amount in base rates to account for fees incurred when customers pay by credit card:**
"[I]t is [. . .] unfair to force half of the customers, some of which are in the poverty income bracket and underbanked/unbanked, to pay for customers that often receive more benefits of paying by credit card than the free options offered to customers." Conner, *Direct*, pg. 9 lns. 5 – 6.

b. **If yes, what is an appropriate amount to include in Spire East's and Spire West's base rates for credit card fees?**

i. **There is no appropriate amount:**
See above.

8. **<u>Cash Working Capital – What is the appropriate expense lag days for measuring Spire's income tax lag for purposes of cash working capital?</u>**

   a. **<u>The appropriate expense lag for measuring Spire's income tax lag for purpose of cash working capital is a negative 365 days:</u>**
   The appropriate expense lag for measuring Spire's income tax lag for purpose of cash working capital is "a negative 365 days (i.e. one full year)." Riley, *Direct*, pg. 9 ln. 13.

   b. **<u>The purpose of cash working capital is to cover the day-to-day expenses of a utility:</u>**
   "Cash Working Capital (CWC) is a rate base component that represents a measurement of the amount of funds, on average, required for the payment of a utility's day-to-day expenses[.]" Riley, *Direct*, pg. 8 lns. 5 – 7. In order to calculate CWC, one must first measure the time "lag" experienced by the utility for both revenue and expenses. *Id.* ln. 10. "The 'lag' is the amount of time, usually in days, that it takes <u>revenues</u> to come in from the customer or the time it takes for the utility to pay out an <u>expense</u>." *Id.* lns. 10 – 12 (emphasis in original). "[E]ach <u>expense</u> component of the CWC calculation has a different payment schedule based on when the individual expense needs to be paid." *Id.* lns. 14 – 16 (emphasis in original).

   c. **<u>Spire and Staff both propose a 38 day expense lag based on quarterly tax payments</u>**:
   "Spire witness Timothy Lyons and Staff witness Antonija Nieto both cite Internal Revenue Code requiring quarterly tax payments as the basis of the 38 day expense lag component." Riley, *Surrebuttal*, pg. 9 lns. 16 – 18. Both Company and Staff are effectively arguing that the Company needs to make income tax payments each quarter and thus need CWC to cover the difference between when those quarterly payments are made and when the company collects the revenue to pay them from customers. This would be a compelling argument *if the company actually paid income taxes*. Riley, *Surrebuttal*, pg. 10 lns. 1 – 2, 4.

   d. **<u>Spire does not make quarterly income tax payments, because it has no income tax liability</u>**:
   "Spire Inc.'s state and federal income tax returns, the Company's annual report filed with the Commission, and the public 10-K reports all indicate that both the parent company and Spire Missouri have not been

required to pay income tax in at least the last three years." Riley, *Direct*, pg. 9 lns. 4 – 6. Further, Spire has "millions in NOLC to offset any near future tax liability." Riley, *Surrebuttal*, pg. 10 lns. 6 – 7. As such, neither the Company nor Staff have made any real effort to dispute the contention that it does not pay quarterly income taxes. *Id.*, pg. 11 lns. 1 – 2; Riley, *Rebuttal*, pg. 4 lns. 12 – 15.

e. **<u>Because Spire does not make quarterly payments, including revenue for the company to cover those quarterly payments on a day-to-day basis is wrong</u>**:
CWC is meant to cover the day-to-day expenses incurred because of the time difference between when expense must be paid and when revenue is collected. If the expense is not paid, then it is clearly wrong to include revenue to cover the cost of paying that expense. Riley, *Rebuttal*, pg. 4 lns. 9 – 10.

f. **<u>The appropriate correction is to treat the expense lag as a negative 365 days to reflect the fact that the revenue is collected but never spent</u>**:
"[I]ncome tax has to be included in Spire's revenue requirement due to the normalization rules established by the Internal Revenue Service ("IRS")." Riley, *Direct*, pg. 9 lns. 17 – 19. It is therefore "necessary to include income taxes in the CWC calculation because income taxes are already an expense item built into the Company's revenue requirement." *Id.* at lns. 16 – 17. However, while "[h]aving the ratepayer pay for taxes is part of the regulatory process[,]" also "trying to recognize a need for funds within the CWC calculations to pay those taxes when there is no actual disbursement" is just plain wrong. *Id.* at pg. 10, lns. 12 – 14. "The CWC calculations must therefore be made to recognize both the inflow of income tax payments made by Spire's customers and the lack of outflow for those same funds made by Spire." *Id.* at lns. 15 – 17. "The only real way to accomplish this is to calculate the CWC as if there is no outflow each and every day of the year, *i.e.* apply a negative 365 day expense lag." *Id.* at lns. 17 – 18.

9. **<u>Severance Expenses -- Should Spire East's and Spire West's severance expense be included in cost of service?</u>**

   a. **<u>No severance expenses should be included in either the costs of service for Spire Missouri East or Spire Missouri West:</u>**

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10. **<u>Red Tag and One-Time Energy Affordability Programs -- Should the unamortized balance of Red Tag and one-time Energy Affordability (Spire West only) programs be included in rate base?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

11. **<u>Insurance Expense -- What amount of Insurance expense should be included in Spire East's and Spire West's cost of service in FERC account 925?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

12. **<u>Injuries and Damages:</u>**

    a. **<u>The amount of costs included in the injuries and damages account sponsored by Missouri Industrial Energy Consumers and Vicinity Energy Kansas City Inc. should be accepted less any costs (i.e. legal, insurance deductible) remaining due to the McGaughy litigation:</u>**
    "Spire, Inc. should be responsible for all costs caused by the Ms. McGaughy matter." Schallenberg, *Rebuttal*, pg. 10 lns. 23 – 24. Spire has provided several arguments to rebut this position. Marke,

Surrebuttal, pg. 23 ln. 22 – pg. 24 ln. 7. However, the arguments presented by the Company are quickly dismissed. *See*, *Id*. at pg. 24 ln. 8 – pg. 25 ln. 18. The amount in question here is effectively just a rounding error in the Company's cost of service, and the Company should not be pursuing recovery of this amount. *Id*. at pg. 25 ln. 8 – 9. "[I]t is incumbent upon the Commission to hold the Company accountable for the costs it alone caused and not pass along past or any future discriminatory transgressions despite [Spire's] argument that future 'meritorious' lawsuits won't financially be as bad." *Id*. at lns. 15 – 18.

13. <u>Incentive Compensation:</u>

a. <u>Should the costs of Spire's Annual Incentive Plan ("AIP") be included in base rates?</u>

i. <u>No costs from the Spire's annual incentive plan should be included in Spire Missouri's cost of service:</u>

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b. **<u>Should the two new metrics Spire implemented in the fall of 2018 be included in base rates?</u>**

i. **<u>No costs from the new metrics should be included in Spire Missouri's costs of service as the financial benefits achieved by meeting these metrics will offset these one-time costs:</u>**

"A properly designed incentive plan is based upon the premise that the plan will create greater value for the Company than the plan will incur costs." Schallenberg, *Rebuttal*, pg. 21 lns. 14 – 22. "Thus the AIP should already pay for itself at an established range of earnings, and the further inclusion of any incentive plan costs in base rates would be a double recovery." *Id*. "It would be a double recovery because the Company is already recovering once by retention of the performance plan results and is now seeking to recover again through the inclusion of the plan's cost in base rates." *Id*. "If the plans are not producing a net value then the plan needs to be modified or terminated." *Id*.

14. **<u>Property Tax:</u>**

a. **<u>What is the appropriate level of Missouri property tax to be included in rates?</u>**

The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

b. **<u>What is the appropriate level of Kansas property tax to be included in rates for Spire West?</u>**

The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

c. **<u>Should the Commission discontinue the Missouri property tax tracker?</u>**

The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

d. **<u>Should the Commission discontinue the Kansas property tax tracker?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

15. **<u>Capitalized Overheads:</u>**

a. **<u>Spire Missouri should be ordered to cease all of its capitalization of general overheads that do not have a definite relationship to Company's construction program:</u>**
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b. **<u>The Commission should order a tracker to ensure that Spire Missouri's general overhead are not allowed to be over-recovered:</u>**
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16. **Net Operating Loss ("NOL") Carryforward:**

a. **Spire's claimed NOL should not be included as an offset to reduce the amount of accumulated deferred income taxes ("ADIT") used to reduce rate base:**
Spire and Staff are effectively arguing that an NOL deferred asset should be included in rate base because the available tax deductions created by such an asset cannot offset Spire's income tax liability and thus no "free" cash is generated by the ADIT. Riley, *Rebuttal*, pg. 2 lns. 4 – 15. This argument is flawed because it fails to take into account the fact that "there is free cash generated due to the inclusion of income taxes in the revenue requirement that are not being paid to the taxing authorities (ironically due to the existence of the same NOL)." *Id*. lns 18 – 20. Therefore, "[t]he NOL should be excluded from the rate base calculation and should not be considered when amortizing excess ADIT balances." Riley, *Direct*, pg. 11 lns 15 – 16.

b. **Spire is receiving "free" cash in the form of income tax expense that is collected and never remitted, which needs to be taken into consideration in this equation:**
Spire has not paid income taxes over the last three years and there is no indication that it will pay over the coming three years. Riley, *Surrebuttal*, pg. 5 lns. 1 – 3. Despite this fact, the Company still gets to include income tax expense in its revenue requirement as though it were making regular payments to the IRS. *Id*. at pg. 4 lns. 13 – 15. This is necessary to comply with IRS normalization rules. *Id*. at lns 4 – 6. This income tax expense, which is included in Spire's revenue requirement and thus collected from customers but never remitted to a taxing authority, is therefore creating a source of "free" money for the utility that has not been taken into account by either Staff or Spire. *Id*. at pg. 2 lns. 2 – 19.

c. **If the Commission does allow Spire's NOL to be included as an offset to ADIT, then it should also order a tracker or regulatory liability to account for the unspent income tax expense:**

Eliminating the NOL would be the best solution to account to the free money generated for the Company due to the income tax expense that is collected but never remitted. Riley, *Surrebuttal*, pg. 9 ln 3.In the alternative, "[t]he Commission could establish a regulatory liability for three years' worth of income tax expense to recognize the interest free use of the normalized expense." *Id*. at lns 9 – 10. This tracker could then be used to offset the NOL in the future. *Id*. at lns 6 – 7.

17. **City Earnings Tax:**

a. **What level of city earnings tax should be included in Spire East's and Spire West's cost of service?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

b. **Should the City Earning Tax be included in the effective tax rate calculation?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

18. **Gross Receipts Tax (GRT):**

a. **Spire improperly applied the ordered ISRS refund in a manner that excluded gross receipts tax and this should be reflected in its revenue requirement:**

i. **The ISRS refund was incorrectly placed below the GRT calculation line on customer's bills:**
"Litigated issues from prior Spire ISRS cases resulted in a $15 million refund being ordered back to the Company customers." Riley, *Direct*, pg. 13 lns. 3 – 5. "Spire administered the refund during the July/August 2020 billing cycle." *Id*. Unfortunately, "the Company['s] billing software has incorrectly placed the ISRS court ordered refund below the gross receipts tax calculation line." *Id*. at lns. 10 – 14. "This has caused the Company to short change the ratepayer for the amount of gross receipts tax that should have been refunded based on amount of the ISRS refund amount." *Id*.

ii. **<u>Spire reaped a considerable benefit by incorrectly applying the ISRS refund after the GRT calculation:</u>**
Most major jurisdictions define gross receipts as the aggregate of sales made **<u>less</u>** refunds. Riley, *Direct*, pg. 13 lns. 18 – 23. This means that the taxes Spire paid to the individual jurisdictions with a GRT would have been calculated with $15 million less in sales. Therefore, Spire did, in essence, "receive the gross receipt tax refund from the taxing authorities due to the $15 million reduction in the calculations." *Id*. at pg. 17 lns. 14 – 15. However, because the Company still calculated the GRT on customer bills *before* applying the refund, it collected a GRT from customers as though it did *not* have $15 million less in sales due to the refund. *Id*. at lns. 15 – 16. Thus Spire collected more from customers for the GRT then it actually paid, and thus reaped a considerable benefit. *Id*. at lns. 16 – 17.

iii. **<u>The Commission should make an adjustment to Spire's revenue requirement to account for the windfall the Company received:</u>**
The Commission should order an adjustment to Spire's allowable return to account for the windfall the Company reaped when it failed to include the ISRS refund above the GRT calculation on company bills. Riley, *Surrebuttal*, pg. 18 lns. 11 – 17.

b. **<u>Spire is improperly including the amount of gross receipts tax in the calculation of gross receipts tax:</u>**

i. **<u>Spire is improperly grossing-up its gross receipts tax by including GRT in the calculation of GRT:</u>**
Spire's billing software is currently programmed to calculate a gross-up on GRT amounts. Riley, *Direct*, pg. 13 lns. 14 – 16. "[A] gross-up is an additional amount of money added to a payment to cover the taxes that will be owed on that payment." *Id*. at pg. 15 lns. 2 – 3. It effectively means that you are paying tax on a tax. Spire has acknowledged that it is doing this on purpose. Riley, *Surrebuttal*, pg. 14 lns. 14 – 15. This is incorrect. Using the city ordinances for St Louis County as an example, it can clearly be seen that the GRT is to be applied to "the aggregate amount of all sales and charges of the commodities or services" *Id*. at pg. 16 ln. 20 – pg. 17 ln. 25. "It should be clear that gross receipts tax is not a commodity and it is not a service." *Id*. at pg. 17 lns. 25 – 27.

"There is no way to interpret that GRT should somehow be calculated and then added to gross receipts and calculated again." *Id*.

ii. **<u>Spire should cease this practice and the amount over collected should be accounted for its revenue requirement:</u>**

"The Commission should direct Spire to recalculate the gross receipts tax for each billing since the effective date of the last tariffs." Riley, *Surrebuttal*, pg. 19 lns. 13 – 18. "This was an overpayment to the taxing authorities and should be spread out to lessen the harm to the municipality's funding." *Id*. "That total overcharge should be included as a regulatory liability and reduce rate base until the overcharge is completely returned over the next three years." *Id*. "This was a clear error by the utility and the customer should be compensated for the economic loss." *Id*.

19. **<u>Corporate Allocations/Affiliated Transactions:</u>**

a. **<u>Spire Missouri is currently paying a disproportionally large portion of the cost for the operation of Spire Inc., while Spire Inc</u>. pays relatively nothing:**

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b. **<u>Spire Missouri has designed and operates a cost assignment system that purposely omits any indirect cost assignment to its par</u>ent company, Spire, Inc.:**

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c. **<u>Because Spire Missouri is providing services to Spire Inc. without compensation, it is non-compliant with the affiliate transaction rule requirements</u>**

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d. **<u>Spire Missouri is non-compliant with the restructuring conditions established in the order approving the unanimous stipulation and agreement entered into in case GM-2001-342:</u>**
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e. **<u>The Commission should not include $65,733,945 in Spire Missouri's combined revenue requirement so as to redress the improper subsidization of Spire's affiliates:</u>**
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20. <u>What billing determinants and revenue should be ordered in this case?</u>

a. **<u>Should a weather normalization and days adjustment be applied to the Residential, Small General Service and the Large General Services Classes?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

b. **<u>Should a weather normalization factor be applied to Spire East and Spire West Large Customer's and Interruptible monthly usage?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

c. **<u>Should customer growth adjustments be applied to the Residential class?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

d. **<u>Should a growth adjustment for Spire East's and Spire West's Small General Service and Large General Service rate classes be applied?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

e. **<u>Should an adjustment be made for customers switching rate classes during the test period?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

f. **<u>Should an adjustment to billed usage be made for non-residential customers who the Company has estimated will switch rate classes based on new rates approved in this case?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

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g. **<u>Should an adjustment to billed usage be made for conservation as proposed by the Company</u>**?
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

21. **<u>Propane Facilities -- Should Spire's propane assets, revenues, and expenses remain in its cost of service?</u>**

a. **<u>Spire's propane assets, revenues, and expenses should remain in its cost of service:</u>**
Staff has "recommended that the propane assets be included in the Company's cost of service because they could still serve the Company's Spire East customers in an emergency." Marke, *Surrebuttal*, pg. 26 lns 19 – 20. Spire responded by arguing "that the system is no longer is service because Spire's STL pipeline will be used to meet peak demand." *Id*. at lns. 22 – 23. However, "Five days after rebuttal testimony was filed, on June 22, a three-judge panel for the U.S. Court of Appeals for the D.C. Circuit on Tuesday vacated a federal order granting the $287 million STL gas pipeline license to operate." *Id*. at pg. 27 lns. 3 – 9. "The court ruled in favor of the Environmental Defense Fund, finding that the Federal Energy Regulatory Commission ("FERC") 'ignored record evidence of self-dealing and failed to seriously and thoroughly conduct the interest-balancing required by its own Certificate Policy Statement' in its 2018 order allowing the Spire STL pipeline project to move forward." *Id.* Given this ruling, "[i]t would be imprudent and irresponsible to retire the fully depreciated propane storage assets . . . ." *Id*. at pg. 28 lns. 15 – 19. The propane storage facilities should instead "be included in the Company's cost of service until they can be reexamined in the Company's next rate case." *Id*.

22. **<u>Research and Development Allowance -- Should an allowance of $1 million for research and development costs be included in Spire's cost of service?</u>**

a. **<u>Spire should not be permitted to recover $1 million in unspecified research and development costs in its cost of service:</u>**
Spire provides no specific context for what research and development they are currently undertaking or planning on taking in the future. Marke, Surrebuttal, pg. 29 lns 13 – 18. Spire is effectively asking for a $1 million ratepayer funded check "to do something." *Id.* There are no

explicit benefits to customers, only costs in this proposal. *Id.* The Commission should reject this proposal out-of-hand. *Id.*

23. <u>Rate Case Expense:</u>

a. <u>Expense associated with this rate case should not be recovered from ratepayers:</u>

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24. <u>Depreciation:</u>

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a. **<u>Spire East and Spire West should move to consolidated depreciation rates:</u>**

No party has filed testimony objecting to the consolidation of depreciation rates for the Spire East and Spire West service territories. *See*, *e.g.*, Robinett *Direct*, pg. 1 ln 19.

b. **<u>Spire East should maintain its currently ordered depreciation rates and Spire West should adopt Spire East depreciation rates, both subject to specific modifications</u>**:

Spire West "failed to receive historical data during a previous sale of the utility's assets." Robinett *Direct*, pg. 2 lns 16 – 17. Spire West's "resulting limited historical mortality data, only available since 1994, has been problematic in performing a statistically valid actuarial analysis in this case and the Company's most recent rate cases." *Id*. lns 17 – 20. It therefore makes more sense for the West to simply adopt the East's rates.

c. **<u>Account 376.2 mains – cast iron should be modified to have a depreciation rate of 35.87% in order to reflect errors arising from Spire's Infrastructure System Replacement Surcharge ("ISRS") work</u>**:

Spire is in the process of replacing almost all of its cast iron mains pursuant to replacement program required by Commission rule. Robinett *Direct*, pg. 3 ln 22 – pg. 4 ln 5. "Once the cast iron replacement program was implemented by the utility, the cast iron mains sub-account should have been considered a holding account in which little to no additions would be expected." *Id*. at pg. 4 lns 6 – 8. "When a utility begins replacing and retiring the cast iron mains, the associated plant in service balances should be decreasing with every retirement that occurs[.]" *Id*. at lns 8 – 9. However, that is not what is occurring. "[D]espite plant being continuously removed from service under Spire Missouri East's [ISRS], the plant-in-service is actually growing in amount on Spire's balance sheet." *Id*. at pg. 3 lns. 20 – 22. This is because the plant-in-service is being driven up by "joint encapsulations that were being capitalized on cast iron mains to allow for existing mains to continue to operate while new infrastructure was being installed in the adjacent areas." *Id*. at pg. 4 lns. 13 – 15. Because of the large number of joint encapsulations being capitalized, "[t]he vast majority of the asset values in the account no longer are expected to last 80 years as the cast iron pipe with these joint encapsulations are expected to last 10 years or

less." *Id*. at pg. 4 lns. 16 – 18. Because "the latest update to the ISRS legislation included a sunset provision set for 2029, these accounts should be changed using a remaining life technique for this account of 8 years with a net salvage percentage of -188% based on the average of the last 10 years of cost of removal experience." *Id*. at 18 – 21. This results in a deprecation rate of 35.87% based on the legislatively mandated sunset provision and workpapers of the depreciation study provided by Spire. *Id*. at lns 21 – 23.

d. **Account 376.3 mains – plastic should be modified to have a depreciation rate of 1.87% in order to reflect errors arising from Spire's Infrastructure System Replacement Surcharge ("ISRS") work**:
"Staff direct testimony shows that it is currently recommending a 60 year life for plastic mains." Robinett, S*urrebuttal*, pg. 3 lns. 19 – 20. Spire's consultant's depreciation study recommends the same. *Id*. lns. 20 – 21. This represents a significant decrease from the past four general rate cases. *Id*. at pg. 4 lns. 3 – 15. The reason for this decrease is the fact that the ISRS work has resulted in an accelerated retirement of plastic due to the retirement of new plastic patches. *Id*. at lns 18 – 20. The OPC had earlier pointed out this problem and made recommendations to address it, but those recommendations were not implemented. *Id*. at pg. 4 ln. 20 – pg. 5 ln. 30. This error in depreciable life caused by the early retirement of large amounts of healthy plastic pipes should be corrected. This should be done by implementing "a 75 average service life, which is consistent with the September 30, 2012 and 2016 depreciation studies performed by Mr. Spanos on behalf of Spire Missouri East." *Id*. at pg. 6 lns. 12 – 14. Utilizing the -40% net salvage (which is consistent with the current depreciation study that has seen an increase in cost of removal) and 75-year average service life, this would result in a depreciation rate of 1.87% for Account 376.3 Mains – Plastic. *Id*. lns 14 – 18.

e. The Commission should order a 5% depreciation rate for account 381.1 Smart Meters and 382.1 Smart Meter Instillations:
All parties agreed to and the Commission ultimately ordered a 5% depreciation rate for account 381.1 Smart Meters and 382.1 Smart Meter Instillations in Spire's requested depreciation authority order case (GO-2020-0416). Robinett, *Direct*, pg. 8 lns. 8 – 15. There has not been sufficient history data to change the rates since they where first put into effect. *Id*. at lns. 10 – 11. The Commission should therefore maintain the same rates. *Id*. at lns 8 – 9.

f. **<u>The Commission should continue use of the 7% depreciation rate and/or 15 year amortization rate for account 391.5 EMIS</u>**:
Staff has recommended the continued use of the 7% depreciation rate for account 391.5 EMIS because "[t]he depreciation study as provided by the Company does not provide the evidence for a shortened average life for these assets." Buttig, *Surrebuttal*, pg. 7 lns. 1 – 2, 20 – 22. The OPC has similarly noted excessive problems with Spire's depreciation study. *See* Robinett, *Direct*, pg. 23 lns. 1 – 12. The OPC therefore also supports Staff's position on this account.

g. <u>The Commission should not approve general plant amortization for Spire:</u>
Spire has only requested general plant amortization in rebuttal testimony. Robinett, S*urrebuttal*, pg. 9 lns. 15 – 16. Regardless of this fact, the Commission should not approve it. *Id*. pg. 10 ln 3. "General Plant Amortization threatens the ability to perform any sort of prudence review of plant added into these accounts because it fails to track retirement units and original costs." *Id.* at lns. 5 – 6. The reasons for this are explained at length by OPC witness John Robinett. *Id*. at pg. 10 ln. 7 – pg. 11 ln. 19. Ultimately though, "[d]enying Spire's proposed change, and continuing the Company's current methodology, is in the public interest because it enables the Commission, Staff, and OPC to conduct prudence reviews after the fact." *Id.* at pg. 12 lns. 3 – 5.

h. **<u>If the Commission nevertheless approve general plant amortization, it should only do so under certain conditions</u>**:
Should the Commission nevertheless approve general plant amortization, it should "order Spire to continue specifying the original cost and associated retirement units for all additions to the accounts where General Plant Amortization accounting treatment will occur." *Id*. at pg. 12 lns. 11 – 13. "Additionally, Spire should be placed under a standing order to treat all general plant that exceeds the amortization period as retired for ratemaking purposes." *Id.* at pg. 12 lns. 13 – 15. Further, Spire should be ordered to immediately "retire all plant in each requested account that exceeds the amortization period." *Id.* at pg. 12 ln. 19.

25. <u>Should the revenue requirement reflect a disallowance of costs and expenses associated with all investment related to CCN Case Nos. GA-</u>

2020-0105, GA-2019-0226 and GA-2019-0210 in excess of the capacities assumed in the economic modeling in the underlying CCN?
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

26. **Ultrasonic Meter infrastructure:**

a. **Spire should not be permitted to recover the cost of ultrasonic meters installed to replace diaphragm meters:**

i. **Spire is prematurely retiring diaphragm meters thereby forcing customers to pay for two meters at once:**
Spire is prematurely retiring their existing operational diaphragm meters with 35-year depreciation lives on an approximate ten-year rolling basis based on the Company's interpretation of the Commission gas meter rule 20 CSR 4240-10.030(19). Marke, *Surrebuttal*, pg. 4 ln 6 – pg. 5 ln. 19. The Company's unique interpretation of these rules has allowed it to increase its rate base beyond what it should be at great costs to customers. *Id.* Moreover, Spire's repeated failure to update its meter depreciation schedules to assume a 10-year operational life means that it has been earning a larger return on it meter investments than it should have. *Id.* As a result, Spire's customers are effectively paying for the costs (including profits) of two meters despite only using one at a given time. *Id.*

ii. **Moving from diaphragm meters to ultrasonic meters is not necessary:**
Spire has conducted no cost-benefit studies, issued no request-for-proposals, failed to consider any alternative options and omitted these investments in their case-in-chief (direct filing). Marke, *Direct*, pg. 2 ln 17 – pg. 3 ln 5. Spire has put forward that diaphragm meter technology is obsolete; however, this statement runs counter to its own vendors website, alternative meter vendor website inventories, and alternative meter vendor email confirmations. Marke, *Direct*, pg. 3 ln 9 – pg. 4 ln 9; Marke *Surrebuttal* pg. 8 ln 4 – pg. 10 ln 4. Spire's espoused customer benefits from meters include increased safety, accuracy, reliability and hourly gas usage readings. Marke, *Surrebuttal*, pg. 11 lns. 1 – 8. The safety benefits are overstated and the unique safety feature "remote shut-offs" is not unique to ultrasonic

meters and not a function on any ultrasonic meters currently seeking recovery. *Id.* pg. 11 ln. 9 – pg. 14 ln. 20. The Company was unable to substainate their empirical claim that ultrasonic meters are 20% more accurate than diaphragm meters. *Id.* pg. 14 ln. 21 – pg. 15 ln. 3. The Company's reliability argument is undercut by Spire's ten-year replace and retire interpretation of the Commission's meter testing rule. *Id.* pg. 15 lns. 4 – 19. The value of knowing one's natural gas consumption on a more real-time basis as opposed to consumption on a monthly basis needs to be contrasted with the costs for such a service. Marke, *Direct*, pg. 6 lns. 5 – 14.

iii. **Ultrasonic meters will not be able to provide any real benefits when compared to electric AMI meters (whose benefits are suspect to begin with)**:
Additional investment in network technology will be necessary to make these ultrasonic meters function as fully-capable AMI investments. Marke Direct, pg. 5 ln 20 – pg. 6 ln. 4. Natural gas AMI meters do not produce the same espoused benefits as electric AMI meters. *Id.* at pg. 5 lns 1-19. Several State Commissions around the country have rejected electric AMI investments for failing to persuasively make the case for electric AMI investment—Spire has made no attempt at making a case for natural gas AMI investments which are more limited than their electric counterparts. *Id.* at pg. 7 lns 3-8.

iv. **Spire has no real strategy for conducting the replacements**:
OPC raised objections to AMI deployment as soon as we were made aware of Spire's intent and publically challenged the Company to engage stakeholders on this issue before further capital investment were made eight months ago—Spire did not engage OPC. Marke, *Direct*, pg. 7 ln 12 – pg. 8 ln 11; GM-4. The Company's stated meter strategy is literally to "create a series of plans" that they have still not yet created. Marke, *Surrebuttal*, pg. 16 lns 10 – 12; GM-2.

b. If the Commission does permit Spire to recover the cost of ultrasonic meters, it should order an adjustment to the plant accounts related to Spire's existing diaphragm meters to address the massive reserve deficiency that has already been

created and which will grow worse with further diaphragm meter retirements:

In response to Staff data request, Spire acknowledged that "For some time, there has been a disconnect between the asset depreciation and the practical life of a meter." Robinett, *Surrebuttal*, pg. 14 lns 12 – 13. This is, again, related to the fact that Spire is prematurely retiring their existing operational diaphragm meters with 35-year depreciation lives on an approximate ten-year rolling basis based on the Company's interpretation of the Commission gas meter rule 20 CSR 4240-10.030(19). Marke, *Surrebuttal*, pg. 4 ln 6 – pg. 5 ln. 19. Spire has thus created this problem by how it managed its meters and inventory; has known about it "for years;" and "has apparently done nothing to attempt to rectify this problem." Robinett, *Surrebuttal*, pg. 15 lns 9 – 12. Spire's customers should therefore not have to pay for the resulting massive under recovery that has occurred due to this behavior. *Id*. at lns 12 – 13. In order to rectify this, the Commission should cap the existing diaphragm meter accounts and order the creation of "a regulatory asset for the remaining uncollected balance. *Id*. at pg. 17 lns 11 – 12. Spire should not be permitted to recover this asset given its "admitted knowledge and lack of action to alleviate the issue." *Id*. at pg. 18 lns 6 – 7. If the Commission does decide to allow some recovery of the asset, the Commission should "not grant rate base treatment so Spire gets recovery of the investment but not a return on investment, and set up the amortization period for 20 years to minimize the impact on customers' bills." *Id*. at pg. 18 lns. 10 – 12.

27. Automated Meter Reading Opt-out Tariff:

a. **The Commission should not order the rates for AMI opt-out offered by Spire and should instead order the rates and conditions recommended by OPC witness Dr. Geoff Marke:**

Missouri utilities are a outlier when compared to national trends for AMI opt-out fees. Marke, *Surrebuttal*, pg. 21 ln 3. "No state commission has approved fees as high as $185 that Spire is requesting and no state commission has approved monthly fees as high as $40 that Spire is requesting except Missouri." *Id*. at lns 4 – 5. "Missouri regulators and stakeholders have clearly been given a different cost of service estimate compared to every other utility in the US when it comes to both one-time AMI opt-out fees and reoccurring monthly fees." *Id*. at pg. 22 lns 6 – 9. Instead, the Commission should order the following:

- Customers should be notified at least two weeks in advance of replacement;
- Customer consent should be obtained prior to installation of a new meter for any non-planned replacements (*e.g.* a "dig right" employee visit affords an opportunity);
- The one-time opt-out fee should be set at $50 if the customer fails to notify the Company prior to the installation date that they want to opt-out;
- Monthly fees of opt-out customers should be set at $5; alternatively
- Customers should be allowed to self-report their usage on a monthly basis with a $10 annual charge for meter reading verification

Id. at lns. 11 – 18. "Adoption of the aforementioned recommendations would place Spire roughly in the middle relative to other approved state commission opt-out policies." *Id*. at lns 19 – 20.

28. <u>Gas Supply Incentive Plan ("GSIP"):</u>

a. <u>Should Spire East continue its current GSIP mechanism?</u>

i. <u>Spire should be ordered to discontinue its GSIP as it is unnecessary and effectively amounts to free payments made to the Company:</u>

"The GSIP was developed around 2002 to encourage gas distribution companies to actively seek the lowest priced natural gas in its market area." Riley, *Direct*, pg. 4 lns. 15 – 16. "The early part of the century was a volatile time for natural gas prices and the GSIP was an attempt to incentivize Laclede to lessen the volatility." *Id*. at lns 16 – 18. However, this is no longer necessary because "the current natural gas market lacks volatility." *Id*. at pg. 5 lns. 19 – 20. "With the current federal administration's attitude towards fossil fuels, the price of natural gas should remain elevated." Robinett, *Surrebuttal*, pg. 21 lns 5 – 7. Moreover, the current GSIP system "should provide Spire ample opportunity to purchase below the benchmark allowing [Spire] to collect a bonus." *Id*. at lns. 7 – 8. "Spire has set this tariff up to make it nearly automatic for them to collect a $3 million windfall without the customer seeing any benefit." *Id*. at lns 16 – 18.

b. **Should Spire East's GSIP be expanded to include Spire West's gas supply portfolio?**

   i. **Spire East's GSIP should not be expanded to include Spire West's gas supply portfolio:**
   Spire East customers are not benefitting from the present GSIP so expanding it to the West will not benefit anyone. *Id.* at pg. 21 ln 4 – 5.

c. **If the Spire East GSIP continues or is expanded to include Spire West, what modifications, if any, should be made?**

   i. **No modifications should be made:**
   "Tier 2 pricing at $3.00 would not benefit the Company very often, but lower the threshold to $2.00, and expect average pricing to return to pre-pandemic levels, and the Company will reliably generate incentive payments each month without having to do anything." Riley, *Direct*, at pg. 6 ln 3 – 6.

29. **Purchased Gas Adjustment ("PGA"):**

a. **Should the Company consolidate its Spire East and Spire West Purchased Gas Adjustment (PGA) clauses into one PGA clause:**

   i. **The Company's PGA clause should not be consolidated:**
   "The two systems are essentially separate and distinct by location and physical characteristics." Riley, *Direct*, at pg. 3 ln. 4 – 11. "As much as Spire testifies that these two entities are one corporation in one state, the fact of the matter is that Spire East will be getting the bulk of its natural gas from the STL Pipeline and the eastern half of the country while Spire West will be relying on natural gas from Texas and Oklahoma." *Id.* "Any combination of the two territories would result in a cross-subsidization of . . . gas prices . . . ." *Id.*

b. **Should the Company institute seasonal PGA rates that develop separate rates for customers who consume comparatively more natural gas in the summer?**
   The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

30. Rate adjustment mechanism to account for weather, conservation, or both:

a. **The Commission should not approve a mechanism to account for fluctuations in revenue due to weather, conservation, or both:** Spire failed to file direct testimony stating why it was necessary for the Commission to grant it either a WNAR or a RNA. Mantle, *Direct*, pg. 2 lns. 18 – 19. Instead, the Company is apparently operating under the assumption that, "once the Commission grants Spire an interim rate adjustment mechanism under this statute, Spire need not ever again explain to the Commission why it should approve a rate adjustment mechanism to account for fluctuations in revenues due to weather or conservation." *Id.* at lns. 20 – 24. This is not a correct interpretation of the law. Section 386.266 grants the Commission the "power to **approve, modify, or reject**" (emphasis added) such a mechanism, meaning the Commission clearly has discretion regarding in the approval of such a mechanism.

In rebuttal, Spire did attempt to provide a flimsy excuse for the mechanism it proposed, but the rationale put forward is inherently flawed. Mantle, *Surrebuttal*, pg. 5 ln. 20 – pg. 9 ln. 14. Spire offered no evidence that an adjustment mechanism is necessary for Spire to meet either its revenue requirement or to incentivize conservation. *Id.*, pg. 5 lns. 4 – 9. In fact, Spire's inaction regarding a recent change to its WNAR shows Spire's need for the revenues collected through this mechanism is not great enough for Spire to make sure that it is actually collecting the revenues the Commission has said that it could through this mechanism. Mantle, *Direct*, pg. 4 ln. 18 – pg. 5 ln. 5. "Based on the sparse testimony provided by Spire, the Commission should discontinue the current WNAR and not replace it with another mechanism." Mantle, *Surrebuttal*, pg. 9 lns. 10 – 11.

b. **If the Commission does approve a mechanism to account for fluctuations in revenue due to weather, conservation, or both, then it should continue the existing WNAR with slight modifications:** "The current WNAR is an excellent interim rate mechanism to capture fluctuations due to weather and conservation." Mantle, *Direct*, pg. 5 lns. 23 – 24. OPC witness Ms. Lena Mantle provides extensive testimony as to the WNAR's functionality and efficacy in her direct testimony. Mantle, *Direct*, pg. 6 ln. 1 – pg. 13 ln. 11. The paltry list of "issues and

anomalies" expressed by Spire are not failures of the WNAR, but rather, are simple operator errors caused by a lack of knowledge about the mechanism. Mantle, *Rebuttal,* pg. 19 ln. 17 – pg. 27 ln. 17; Stahlman, *Rebuttal*, pg. 4 lns. 13 – 14 ("I do agree Ms. Mantle's characterization that the six issues identified are not really issues with the WNAR"). The issues identified by Staff are not really issues with the current WNAR either. Mantle, *Surrebuttal*, pg. 13 ln. 8 – pg. 16 ln. 5.

Notwithstanding the preceding, there are six modifications that should be made to Spire's existing WNAR. First, the interest rate included should be Spire's short-term interest rate to be compliant with section 389.266. Mantle, *Direct*, pg. 11 lns. 18 – 23. Second, the β coefficients measuring response to weather should be updated consistent with the weather normalization of usage in this case. *Id*. pg. 12 lns. 1 – 16. Third, the volumetric rates should be updated consistent with the rates in this case. *Id*. pg. 12 ln. 20 – pg. 13 ln. 11. Fourth, the WNAR should be changed to require an annual filing instead of semi-annual filings. *Id*. pg. 14 lns. 1 – 16. Fifth, the tariff change filings be done with a 60 day effective date. Mantle, *Surrebuttal*, pg. 14 lns. 1 – 15. Finally, the tariff sheets should be simplified. Mantle, *Direct*, Schedule LMM-D-3.

c. **The Commission should not approve the Rate Normalization Adjustment ("RNA") mechanism proposed by Spire**:
In the *Amended Report and Order* issued in Spire's last general rate case (GR-2017-0215), the Commission found it did not have the statutory authority to order Spire's proffered rate stabilization mechanism. The RNA mechanism proposed by Spire in this case is similar in that "they both would change customers' bills not based on weather or conservation, but based on a comparison of the actual revenues billed to a predetermined amount." Mantle, *Surrebuttal*, pg. 12 lns. 19 – 20. Consequently, "[t]he Commission should find in this case, as it did in Spire's last rate case, that a mechanism that adjusts rates for all changes, not just weather and/or conservation, is not consistent with state statute." *Id*. at lns. 21 – 23. The proposed RNA is not designed to account for weather, conservation, or both, but rather, is a mechanism "that insulates Spire from fluctuations in the Block 2 portions of the revenue requirement of Spire's residential and small commercial customer classes" and thereby "removes from Spire all risk of it recovering this portion of its revenue requirement that are subject to volumetric recovery for these two classes." Mantle, *Rebuttal*, pg. 14 lns. 3 – 7.

d. **<u>If the Commission does approve the RNA mechanism proposed by Spire, it should do so subject to the following modifications/conditions:</u>**
First, the Commission should adopt the "block breaks" proposed by Staff, which are "50 Ccf for the residential class and a beginning block break of 200 and an ending block break of 500 Ccf for the small general service class." Mantle, *Rebuttal*, pg. 29 lns. 8 – 9. This would shift less risk onto customers (by guaranteeing Spire less revenue) and would be less likely to result in double recovery due rate switching. *Id.* at pg. 30 lns. 8 – 19. Further, the RNA rate should modified to only be charged to the second block usage. *Id.* at pg. 17 ln. 23. This will prevent customers with low usage, *i.e.* non-weather sensitive customers with little room for conservation, being charged more because other customers were more weather-sensitive or conserved energy. *Id.* at lns. 19 – 21. In addition, the normalized Rate Case Block Usage used in the calculation of the RNA rate should be adjusted annually for the removal of the usage of any customer that has switched to the LGS class each year. *Id.* at pg. 18 lns. 10 – 12. This will prevent double recovery by the Company from large SGS customers that switch to the LGS class. *Id.* at lns 1 – 8. Finally, the tariff sheet adopted should be substantially similar to the one included as a schedule to the testimony of Ms. Lena Mantle. LMM-S-1 in order to rectify a number of minor drafting errors.

31. **<u>Economic Development Rider ("EDR") – What if any changes should the Commission approve to the EDR?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

32. **<u>Negotiated Gas Service Rider ("NGSR") – What if any changes should the Commission approve to the NGSR tariff?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

33. **<u>Miscellaneous Charges -- Is the Company proposing to increase certain miscellaneous charges in this case?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

34. Cash-Out Balancing -- Should cash-out balancing of transportation customers, similar to what is currently used in Spire West, be made applicable to both Spire East and Spire West?

The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

35. Proposed Carbon Neutral Initiative program:

a. **The Commission should not approve this program as it requires Spire to be a cost-inefficient middleman and leaves the Company with unfettered discretion to change the program terms at will:**

This program effectively allows customers to work with "Forest Re-Leaf of Missouri ("ReLeaf") who will plant a tree to offset the customer's approximate annual natural gas carbon footprint over the life of the tree." Mantle, *Rebuttal*, pg. 10 lns. 10 – 12. The cost is $4 a month, with Spire acting as an intermediary who takes a 20% cut of the charge to cover administration and marketing. *Id.* at lns. 12 – 14. "The monthly fee could change, at Spire's discretion, increasing to as much as $10 a month in 2024 and what the payment is funding could change to investing in a variety of other projects." *Id.* at lns. 14 – 16.

The problem with this program is not with the tree planting, but with the 20% share that Spire takes for doing what could just as easily be accomplished by "putting a link on its website to direct interested customers to ReLeaf." *Id.* at lns 23 – 24. Further, changes to the program "can be made at the will and discretion of Spire." *Id.* at pg. 11 ln. 15. This is completely unnecessary. "If Spire wants to contribute to funding and marketing of ReLeaf, it may do so from its earnings, not its customers." *Id.* at pg. 11 lns. 4 – 5. "This is especially true if Spire intends to promote itself or support its public image using this proposed Carbon Neutral Initiative." *Id.* at pg. 12 lns. 6 – 7. "It would be immensely insincere for a utility to promote itself as charitable 'good actor' based on the donations of others while the utility itself spends not a dime." *Id.* at lns 7 – 9.

36. Proposed Renewable Natural Gas ("RNG") program:

a. **The Commission should not approve Spire's RNG program and should instead wait until rules are promulgated in accordance with section 386.895:**

The Missouri Legislature passed HB 734 in the 2021 legislative session that has now been signed into law. Mantle, *Rebuttal*, pg. 7 ln. 24. The newly enacted section 386.895.2 requires the Public Service Commission to "adopt rules for gas corporations to offer a voluntary renewable natural gas program." "The appropriate time for Spire to request Commission approval of such a program is after such a rule is effective, not before the rule is written." Mantle, *Rebuttal*, pg. 8 lns. 3 – 5.

37. <u>Renewable Natural Gas (RNG) Procurement:</u>

a. **<u>the Commission should not allow Spire to procure any of its gas supply from renewable sources unless the total cost of the renewable gas is comparable to the non-renewable natural gas Spire is purchasing for its customers</u>**:
"Spire is proposing the Commission allow it to procure up to 5% of its gas supply through RNG resources and pass the increased cost of this RNG directly to its customers through the purchased gas adjustment." Mantle, *Surrebuttal*, pg. 1 lns. 12 – 15. This is a very problematic request, because the "amount of RNG currently being produced is limited and the amount that could be produced is limited." Mantle, *Rebuttal*, pg. 8 lns. 15 – 16. Spire "did not provide any information on the cost or availability of RNG in 3 Missouri in its direct testimony." *Id.* at pg. 9 lns. 2 – 3. "[A]n EPA study published in fall of 2016 that determined a cost range of $7/mmbtu (very large-scale) to $25/mmbtu (small-scale) for projects upgrading biogas to RNG for pipeline injection." *Id.* at lns 5 – 7. "It is likely these costs have increased due to increases in state mandates for gas utilities to purchase RNG." *Id.* at lns 7 – 8. Non-RNG gas, meanwhile, is around $3/mmbtu. *Id.* at lns 8 – 9. As such, "[a]llowing Spire to procure up to 5% of its gas supply with no information on the cost and availability of RNG could have a significant impact on customer's bills despite Spire's assertion that the impact would be negligible." *Id.* at lns 10 – 12.

The problem with this request grows even more serious when the purchased gas adjustment ("PGA") is considered. "If the Commission allowed Spire to purchase RNG and pass the costs through the [PGA], then Spire has no skin in the game." *Id.* at lns. 16 – 17. Spire could purchase RNG at whatever price is chose and then pass those costs on to its customers through the PGA without any risk whatsoever. "Any and all purchases of RNG up to 5% of Spire's total gas supply could not be shown to be imprudent regardless of the cost if the Commission

approves the language Spire is proposing in its PGA tariff sheet." *Id*. at lns. 20 – 22. This could result in a tremendous increase to customer bills with no effective recourse for those customers. The Commission should therefore not approve Spire request. If the Commission nevertheless does choose to allow Spire to procure up to 5% of its gas supply through RNG resources, then the Commission should also order that Spire "shoulder the cost for RNG that is above the annual weighted cost of gas without RNG." *Id*. at pg. 8 lns. 24 – 25.

38. **Rate Schedule Elimination -- Should the Vehicular Fuel, Interruptible, and Large Volume (LV) rate schedules be eliminated as Spire proposes?**

The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

39. **Seasonal Rate Schedule -- Should a Seasonal Tariff rate schedule as Spire proposes be promulgated?**

The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

40. **Multifamily Developer Subsidy:**

a. **The Commission should reject this program as an unnecessary promotional practice:**

Ratepayers should not be in the business of funding utility companies' promotional practice proxy battles. Marke, *Rebuttal*, pg. 10 lns. 4 – 26. "[Spire]'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." *Id*. "In fact, [Spire]'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)." *Id*. "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.' *Id*. "It is also unclear what happens to the unused funds after year five." *Id*. "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." *Id*.

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There are three additional items that should be considered by the Commission. First, the terms of any pilot project that is approved needs to be set at three-years in length to coincide with their current ISRS requirements and for administrative ease. *Id.* Second, any proposed pilot should require structured learning elements beyond the implied "is the subsidy big enough." *Id.* Absent such learning elements, there is no value in the so called "pilot." *Id.* Finally, the commission should consider the possibility that the $1,500 per unit piping and venting subsidy will also be supplemented with generous energy efficiency subsidies for new gas appliances. *Id.* Measures should be taken to amend the program to avoid this potential outcome.

41. <u>Facilities Extension Tariff -- What changes should be made to the Facilities Extension Tariff provisions?</u>

a. <u>The Commission should not order a change to Spire's current Facilities Extension Tariff:</u>

Spire is proposing to change the language of its current tariff sheet R-15.2. Mantle, *Rebuttal*, pg. 4 ln 3. The changes Spire wish to make would permit a tariff sheet that "does not describe the parameters that need to be met to receive service at no costs." *Id.* at lns 15 – 16. "This provision allows Spire to act discriminatorily and in a manner that is likely to increase costs to its customers." *Id.* at lns 23 – 24. "Therefore, the Commission should not allow this provision in Spire's tariff sheets." *Id.* at lns 24 – 25.

42. <u>Growing Missouri Tariff:</u>

a. <u>The Commission should not approve a five million dollar annual subsidy to entice uneconomic industrial and rural expansion:</u>

Spire openly admits that the revenues received from the businesses or residences targeted by this program "would not cover the expenses and return of plant investments, thus making the projects uneconomic." Robinett, *Rebuttal*, pg. 9 lns. 17 – 19. "If Spire wishes to provide service to these new prospective customers and not collect enough revenue to cover expenses and return, then Spire's shareholders should bear the burden." *Id.* pg. 10 lns. 2 – 4. Further, Commission Staff has pointed out that Spire has failed to provide sufficient tariff language to show how this program would be operated. Robinett, *Surrebuttal*, pg. 2 lns. 2 – 7. For all these reasons, the Commission should not approve this program. If the Commission does approve the Grow Missouri Program, then it

should modify the program to employ “plant held for future use” to prevent subsidization by current ratepayers. *Id*. at pg. 3 lns. 6 – 16.

43. **<u>Customer Choice Provisions – Should the “Customer Choice” provisions Spire proposes be promulgated?</u>**

   a. **<u>The Commission should order Spire’s “Customer Choice” provisions</u>**
   Customers who receive more options in how they would like to be priced for service are generally better off. Marke, *Rebuttal*, pg. 13 lns 23 – 24.

44. **<u>Residential Retention Optional Schedule – Should Staff’s recommended Residential Retention optional schedule be promulgated?</u>**

   a. **<u>The Commission should order Staff’s proposed residential Retention optional rate</u>**
   “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).” Marke, *Rebuttal*, pg. 13 lns 24 – 26.

45. **<u>Miscellaneous Tariff Issues:</u>**

   a. **<u>Should the rates resulting from this case be promulgated as one rate book or two rate books?</u>**
   The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

   b. **<u>Should the rates applicable to each class of service be consolidated across rate districts?</u>**
   The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

   c. **<u>Should Tariff Sheet No. R-6.3 add the words "property" and "(which may be combined into one line item for "taxes")" to "License, occupation, gross receipts, franchise and sales taxes; and…"?</u>**
   The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

d. **<u>Should Tariff Sheet No. R-8 change the word "shall" to "may" and add " or (2) gas resold or submetered at no mark-up, with prior express consent of the Company"?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

e. **<u>Should Tariff Sheet No. R-9 add the provision, "The Customer shall be solely responsible for the operation, maintenance, and repair of his piping and appliances beyond the meter outlet, and Company shall have no liability to Customer or any third party arising out of or relating thereto"?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

f. **<u>Should Tariff Sheet No. R-17 change steps of curtailment, move transportation customers to be curtailed after schools, and delete the provision "Step 2. All sales service to both firm sales customers and firm transportation customers with alternate fuel capabilities is to be curtailed to the extent of such alternate fuels."?</u>**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

g. **<u>Should Tariff Sheet No. R-25 delete the majority of the "Usage Estimating Procedure"?</u>**

   i. **<u>The change Spire proposes to Tariff Sheet No. R-25 should not be made:</u>**
   As explained by OPC witness Ms. Lena Mantle, "The current tariff sheet not only explains what data will be used to estimate usage for billing but also explains how the usage will be estimated." Mantle, *Rebuttal*, pg. 6 lns. 1 – 2. Spire has proposed a change that has "intentionally made the tariff language vague because it is looking at other methodologies at this time and wants to be able to use whatever methodology it later develops to estimate a customer's usage." *Id.* at lns. 16 – 18. "As a result, the customer and the Commission will not have any idea of how a Spire bill is estimated." *Id.* at lns. 18 – 20. This is bad policy. Spire should instead continue to use the existing tariff and, "[w]hen it develops and settles on a better methodology and before it implements a change, [. . .] file a revised tariff sheet for approval

by the Commission accurately documenting the new methodology." *Id.* at pg. 7 lns. 3 – 6.

h. **Should any other rules and regulations tariff sheet not specifically listed in this list of issues be changed?**

i. **The Commission should not approve changes made to Spire's rules and regulation tariff sheet that are not specifically addressed in this list of issues:**
Spire included a great many changes to its rules and regulations tariff without providing any rationale or supporting material as required. Mantle, *Rebuttal*, pg. 3 lns. 13 – 19. Because Spire has not provided support for these changes, they should not be made.

46. **Should the Intrastate Transportation tariff be eliminated?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

47. **Spire West Non-Residential Rate Design -- What appropriate steps should be taken for Spire West non-residential rate design?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

48. **Spire East Non-Residential Rate Design -- What appropriate steps should be taken for Spire East non-residential rate design?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

49. **Change from Therms to Ccf -- Should Spire East's basis for sales determinants be changed from Therms to Ccf?**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

50. **Interclass Revenue Responsibility:**

a. **The Commission should not order a revenue neutral shift between any customer classes if a rate increase is ordered.**
"The delta in revenue requirement between parties and the uncertainty surrounding true up costs that need to be included provide a large degree of uncertainty surrounding whether or not there will be an increase/decrease in rates and whether a revenue neutral shift between

rate classes is warranted if there is a rate decrease." Marke, *Surebuttal*, pg. 29 ln. 21 – pg. 30 ln. 4. "Additionally, the uncertainty surrounding overall meter numbers and proper allocation between Staff and the Company's CCOS as well as the differences between a Spire-wide CCOS compared to a Spire East and Spire West CCOS create a very confusing and opaque setting for considering cost allocation." *Id.* "As such, after factoring in the economic uncertainty surrounding all customer classes due to the COVID pandemic" it makes little sense "for any individual decrease in revenue responsibility if rates resulted in an increase in the revenue requirement." *Id.* "If overall rates result in a decrease OPC would advocate for an equal decrease across rate classes." *Id.* at pg. 30 lns. 5 – 7. "If there is an excessive rate decrease OPC would not oppose a greater decrease overall to the transportation customers." *Id.*

51. **Residential Rate design:**

a. **The Commission should order a uniform $20.00 customer charge for both Spire East and Spire West:**
A $20.00 customer charge is what is currently in place in Spire West and is only a $2.00 decrease for Spire East. Marke, *Rebuttal*, pg. 13 lns. 6 – 7. This will allow for more customer control while balancing cost recovery concerns. *Id.* at lns 9 – 11.

b. **The Commission should discontinue the summer inclining block rate:**
The serious problem of "low-incomers customers dropping off Spire's system on a seasonal basis outweighs any purported benefits attributable to price-induced conservation." Marke, *Rebuttal*, pg. 13 lns. 14 – 16. "Given the cost-prohibitive adjustments proposed by Spire for reconnection charges ($95)," It is far more likely "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." *Id.* at lns 16 – 19.

52. **Class Cost of Service – How should (1) gas storage and inventory; (2) income taxes; and (3) distribution mains be allocated among the classes:**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

53. **Low income Programs:**

a. **<u>The Commission should order the low-income program recommendations made by OPC witness Dr. Geoff Marke:</u>**

There have been numerous low-income program recommendations made in this case by several different parties. Marke, *Rebuttal*, pg. 14 ln. 2 – pg. 15 ln. 5. Dr. Marke provided considerable review and analysis of these proposals in his rebuttal testimony. *See Id.* at pg. 15 ln 6 – pg. 22 ln. 21. The Commission should ultimately adopt the following proposals as explained in Dr. Marke's rebuttal testimony:

- Change the name of Spire's "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;
- 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;
- Combine Spire East and Spire West into one Spire Missouri program;
- Increase the funding level from $1.65M to $2M;
- Require Spire shareholders and ratepayers share cost allocation at $1M each (consistent with the other large Missouri IOUs);
- Set the FCAB at $35 for households at or below 135% FPL and $25 for households at or below 200%;
- Remove late fees until suspending late fees through the end of April 2022 at which point the late fees be lowered to match the short term debt recommendation made by OPC witness Dave Murray, which is 0.2% annual.
- 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;
- Employ 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) consistent with the framework originally designed by BG&E (known currently as the Maryland Critical Needs Program).

Id. at pg. 22 ln. 24 – pg. 24 ln 3.

54. **Bad debt and uncollectibles:**
The OPC does not have a position on this issue at this time, but reserves the right to take a position on this issue in briefing.

WHEREFORE, the Office of the Public Counsel respectfully requests the Commission accept this *Statement of Positions* and rule in the OPC's favor on all issues herein addressed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel of record this nineteenth day of July, 2021.

/s/ John Clizer