

Exhibit No.:  
Issues: Cost of Service; Rate Design  
Witness: Brian C. Collins  
Type of Exhibit: Direct Testimony  
Sponsoring Parties: MIEC and Vicinity  
Case No.: GR-2022-0179  
Date Testimony Prepared: September 9, 2022

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

---

**In the Matter of Spire Missouri Inc.'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**  
)  
)

Direct Testimony of

**Brian C. Collins**

On behalf of

**Missouri Industrial Energy Consumers  
and Vicinity Energy Kansas City, Inc.**

September 9, 2022



Project 11293

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

<b>In the Matter of Spire Missouri Inc.'s Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas</b>	) ) ) ) ) ) )	<b>Case No. GR-2022-0179</b>
---	---------------------------------	------------------------------

STATE OF MISSOURI        )  
  )  
COUNTY OF ST. LOUIS    )        **SS**

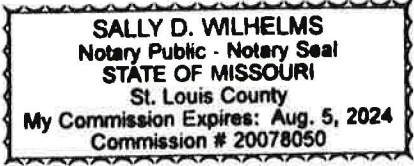
**Affidavit of Brian C. Collins**

Brian C. Collins, being first duly sworn, on his oath states:

- 1. My name is Brian C. Collins. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Missouri Industrial Energy Consumers and Vicinity Energy Kansas City, Inc. in this proceeding on their behalf.
  
- 2. Attached hereto and made a part hereof for all purposes is my direct testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. GR-2022-0179.
  
- 3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.

  
\_\_\_\_\_  
Brian C. Collins

Subscribed and sworn to before me this 9<sup>th</sup> day of September, 2022.



  
\_\_\_\_\_  
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

---

In the Matter of Spire Missouri Inc.'s Request )  
for Authority to Implement a General Rate )  
Increase for Natural Gas Service Provided in ) Case No. GR-2022-0179  
the Company's Missouri Service Areas )  
)

---

**Table of Contents to the  
Direct Testimony of Brian C. Collins**

	<u>Page</u>
I. Introduction .....	1
II. Summary of Company Proposal .....	2
Qualifications of Brian C. Collins .....	Appendix A

Brian C. Collins  
Table of Contents

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**In the Matter of Spire Missouri Inc.'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**

**Direct Testimony of Brian C. Collins**

**I. Introduction**

**Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140,  
Chesterfield, MO 63017.

**Q WHAT IS YOUR OCCUPATION?**

A I am a consultant in the field of public utility regulation and a Managing Principal with  
the firm of Brubaker & Associates, Inc., energy, economic and regulatory consultants.

**Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

A This information is included in Appendix A to this testimony.

**Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

A This testimony is presented on behalf of the Missouri Industrial Energy Consumers  
("MIEC") and Vicinity Energy Kansas City, Inc. ("Vicinity"). The MIEC is a non-profit  
corporation that represents the interests of industrial customers in matters involving  
utility issues. Those interests include the interests of large industrial consumers of

**Brian C. Collins  
Page 1**

1 Spire Missouri Inc. (“Spire” or “Company”). Vicinity is a “heating company” and a  
2 “public utility” as those terms are defined in Sections 386.020(20) and 386.020(43).  
3 Vicinity, therefore, is not only a customer of Spire, but also a competitor with Spire.  
4 Vicinity is one of the largest users and transporters of natural gas on the Spire system.

5 **Q WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

6 A My testimony addresses the Company’s allocation of any allowed gas distribution rate  
7 increase to classes as a result of this rate case.

8 My silence on any aspect of the Company’s filing should not be construed as  
9 an endorsement of, or tacit agreement with, the Company’s position.

10 **Q PLEASE PROVIDE A BRIEF SUMMARY OF YOUR CONCLUSIONS AND**  
11 **RECOMMENDATIONS IN THIS PROCEEDING.**

12 A My conclusions and recommendations are summarized as follows:

- 13 1. I agree with the Company’s proposed class revenue allocation which is  
14 based on a stipulation in the Company’s last rate case in GR-2021-0108.
- 15 2. Since this rate case is considered by the Company as an update to the  
16 Company’s revenue requirement approved in the last rate case, the  
17 Company has kept the class revenue allocation as agreed upon in the  
18 stipulation in the last rate case and approved by the Commission.
- 19 3. That being said, I reserve the right to respond to other parties’ proposals  
20 concerning class cost of service and class revenue allocation in my rebuttal  
21 testimony.

## 22 **II. Summary of Company Proposal**

23 **Q PLEASE SUMMARIZE THE COMPANY’S REQUEST IN THIS PROCEEDING.**

24 A The Company requests an increase of \$151.9 million on a total Company basis:  
25 \$77.95 million for Spire West and \$73.93 million for Spire East.

**Brian C. Collins**  
**Page 2**

1           The test year in the last rate case in Case No. GR-2021-0108 was  
2           September 30, 2020, adjusted for known and measurable rate base and expense items  
3           through May 31, 2021. The Company's revenue requirement in this rate case will be  
4           based on a test year ending September 30, 2020, adjusted for known and measurable  
5           rate base and expense items through May 31, 2021, with a true-up period through  
6           September 30, 2022.<sup>1</sup>

7   **Q       WHAT IS THE DRIVER OF THE CURRENT REQUESTED INCREASE BY SPIRE?**

8   A       The Company explains that the main reason this rate case was filed by Spire was the  
9           assignment of payroll costs that historically have been capitalized are now required to  
10          be expensed. The Office of Public Counsel's ("OPC") position on this issue was  
11          adopted by the Commission in the last Spire rate case, but no adjustment was  
12          recognized in the Commission ordered revenue requirement. In the period between  
13          the time rates were effective in the last Spire rate case and the current rate case, Spire's  
14          rates did not reflect recovery of the greater expense levels ordered by the Commission.

15   **Q       DOES THE COMPANY VIEW ITS FILING AS AN UPDATE OF THE REVENUE**  
16          **REQUIREMENT APPROVED BY THE COMMISSION IN THE LAST RATE CASE?**

17   A       Yes.

---

<sup>1</sup>Order Establishing Procedural Schedule, Establishing Test Year, and Other Procedural Requirements, Case No. GR-2022-0179, May 18, 2022.

1 **Q DID THE COMPANY FILE A CLASS COST OF SERVICE (“CCOS”) STUDY IN THIS**  
2 **PROCEEDING USED TO ESTABLISH RATES?**

3 A No. Because the Company views the case as an update to its revenue requirement  
4 only, it apparently did not file a CCOS study.

5 **Q HOW DOES THE COMPANY PROPOSE TO ALLOCATE ITS REVENUE**  
6 **REQUIREMENT IN THIS PROCEEDING USED TO ESTABLISH RATES?**

7 A Because this is an update of the revenue requirement for the payroll expense issue,  
8 the Company proposes to allocate costs to classes per the stipulation in the last  
9 agreement.

10 Spire witness Scott Weitzel states the following at page 14 of his direct  
11 testimony:

12 The revenue increase will be allocated among the customer classes in  
13 accordance with the cost of service methodology agreed upon and  
14 approved in Case No. GR-2021-0108. The proposed rate increase by  
15 customer class is set forth in the minimum filing requirements.

16 **Q DID THE STIPULATION ACTUALLY SELECT A SPECIFIC CLASS COST OF**  
17 **SERVICE ALLOCATION METHODOLOGY TO BASE THE COMPANY’S RATES**  
18 **ON?**

19 A No, it did not.

20 **Q WHAT DID THE STIPULATION SPECIFICALLY SAY REGARDING CLASS COST**  
21 **OF SERVICE AND REVENUE ALLOCATION?**

22 A Paragraphs 36-38 of the Company’s Partial Stipulation signed on July 30, 2021  
23 mandated the class revenue allocation agreed to by the parties. The Commission

1 approved this Partial Stipulation in an order on September 15, 2021, with an effective  
 2 date of September 25, 2021.

3 **Q HAVE YOU REVIEWED SPIRE’S PROPOSED CLASS REVENUE ALLOCATION IN**  
 4 **THIS RATE CASE?**

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.

**TABLE 1**  
**Spire West Proposed Class Revenue Allocation**

<u>Line</u>	<u>Rate Class</u>	<u>Total MO Normalized Revenue</u> <u>(1)</u>	<u>Rate Class Adjustment</u> <u>(2)</u>	<u>Increase</u> <u>(3)</u>	<u>% Increase</u> <u>(4)</u>	<u>Proposed Revenue</u> <u>(5)</u>
1	Residential Service	\$ 218,414,816		\$ 65,563,703	30.0%	\$ 283,978,518
2	Small General Service	\$ 21,843,542		\$ 6,556,989	30.0%	\$ 28,400,531
3	Large General Service	\$ 16,535,406	\$ 1,974,188	\$ 5,556,205	33.6%	\$ 24,065,800
4	Large Volume Service	\$ 508,640		\$ 152,684	30.0%	\$ 661,324
5	Unmetered Gaslight	\$ 1,575		\$ 473	30.0%	\$ 2,048
6	Large General Service (Transport)	\$ 1,974,188	\$ (1,974,188)	\$ -	--	\$ -
7	Large Volume Service (Transport)	\$ 16,396,314		\$ 115,473	0.7%	\$ 16,511,787
8	<b>Total</b>	<b>\$ 275,674,482</b>		<b>\$ 77,945,526</b>	<b>28.3%</b>	<b>\$ 353,620,008</b>

Source: Spire's response to MIEC Data Request 1-3, Case No. GR-2022-0179.

**TABLE 2**  
**Spire East Proposed Class Revenue Allocation**

<u>Line</u>	<u>Rate Class</u>	<u>Total MO Normalized Revenue</u> <u>(1)</u>	<u>Rate Class Adjustment</u> <u>(2)</u>	<u>Increase</u> <u>(3)</u>	<u>% Increase</u> <u>(4)</u>	<u>Proposed Revenue</u> <u>(5)</u>
1	Residential Service	\$ 294,409,143		\$ 61,146,538	20.8%	\$ 355,555,681
2	Small General Service	\$ 31,203,095	\$ (202)	\$ 6,480,645	20.8%	\$ 37,683,538
3	Large General Service	\$ 29,242,535		\$ 6,073,452	20.8%	\$ 35,315,986
4	Large Volume Service	\$ 1,071,983		\$ 222,643	20.8%	\$ 1,294,626
5	Unmetered Gaslight	\$ 45,591		\$ 9,469	20.8%	\$ 55,060
6	General LP	\$ 13,235		\$ 2,749	20.8%	\$ 15,984
7	Large Volume Transportation	\$ 14,902,508		\$ (702)	0.0%	\$ 14,901,806
8	<b>Total</b>	<b>\$ 370,888,090</b>		<b>\$ 73,934,793</b>	<b>19.9%</b>	<b>\$ 444,822,681</b>

Source: Spire's response to MIEC Data Request 1-3, Case No. GR-2022-0179.

**Brian C. Collins**  
**Page 5**



1 Q DO YOU SUPPORT THE COMPANY'S PROPOSED CLASS REVENUE  
2 ALLOCATION?

3 A Yes. I support Spire's proposed class revenue allocation for Spire West and Spire  
4 East. The revenue allocation is based on and consistent with the Partial Stipulation  
5 from the last Spire rate case approved by the Commission and would increase the  
6 Spire West Transportation Service class's revenue requirement by approximately  
7 \$115,000. The Spire East Transportation Service rate class would receive  
8 approximately no increase.

9 If the Spire West overall revenue requirement is decreased and approved by  
10 the Commission from the Company's filed position, the approximate \$115,000 increase  
11 for the Spire West Transportation Service class should be proportionally decreased  
12 consistent with the overall Spire decreased revenue requirement.<sup>2</sup>

13 Q DO YOU ANTICIPATE THAT THE STAFF AND OTHER PARTIES WILL SUBMIT A  
14 CCOS STUDY?

15 A Yes.

16 Q DID YOU HAVE CONCERNS WITH STAFF'S CCOS STUDY IN THE LAST RATE  
17 CASE?

18 A Yes. I had several concerns with the Staff's CCOS study in the last rate case which I  
19 summarized in my rebuttal testimony in the last case. These concerns are as follows:

20 1. Staff erred in its allocation of Income Taxes to customer classes in both  
21 Spire East and Spire West.

---

<sup>2</sup>Staff's Accounting Schedules filed in its direct testimony on August 31, 2022, propose a revenue requirement increase for Spire West of \$25.0-\$30.0 million. This revenue requirement increase is considerably less than the level proposed by Spire -- \$78 million. Therefore, the \$115,000 increase for the Spire West Transportation Service class would be significantly reduced.

- 1           2. Staff's allocation of Spire East's underground storage costs to the  
2           Transportation class is inappropriate.
- 3           3. Staff's allocation of gas inventory costs to the Transportation class in both  
4           Spire East and Spire West is inappropriate.
- 5           4. Staff's allocation of propane inventory costs to the Transportation class in  
6           Spire East is inappropriate.

7           In this case, I will again review the gas storage and income tax allocators in the  
8           Staff's class cost of service and rate design direct testimony.

9           It should be noted that if a corrected Staff CCOS study addressing my concerns  
10          had been used in the last rate case to set rates, the Transportation customer classes  
11          in both Spire East and Spire West would have received a rate decrease. I would  
12          contend that the same result would occur in this rate case if Staff's CCOS study is  
13          prepared consistent with the last rate case.

14    **Q       DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

15    **A       Yes, it does.**

## Qualifications of Brian C. Collins

1    **Q     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A     Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140,  
3            Chesterfield, MO 63017.

4    **Q     WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5    A     I am a consultant in the field of public utility regulation and a Managing Principal with  
6            the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory  
7            consultants.

8    **Q     PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK  
9            EXPERIENCE.**

10   A     I graduated from Southern Illinois University Carbondale with a Bachelor of Science  
11            degree in Electrical Engineering. I also graduated from the University of Illinois at  
12            Springfield with a Master of Business Administration degree. Prior to joining BAI, I was  
13            employed by the Illinois Commerce Commission and City Water Light & Power  
14            ("CWLP") in Springfield, Illinois.

15            My responsibilities at the Illinois Commerce Commission included the review of  
16            the prudence of utilities' fuel costs in fuel adjustment reconciliation cases before the  
17            Commission as well as the review of utilities' requests for certificates of public  
18            convenience and necessity for new electric transmission lines. My responsibilities at  
19            CWLP included generation and transmission system planning. While at CWLP, I  
20            completed several thermal and voltage studies in support of CWLP's operating and  
21            planning decisions. I also performed duties for CWLP's Operations Department,

**Brian C. Collins  
Appendix A  
Page 1**

1 including calculating CWLP's monthly cost of production. I also determined CWLP's  
2 allocation of wholesale purchased power costs to retail and wholesale customers for  
3 use in the monthly fuel adjustment.

4 In June 2001, I joined BAI as a Consultant. Since that time, I have participated  
5 in the analysis of various utility rate and other matters in several states and before the  
6 Federal Energy Regulatory Commission ("FERC"). I have filed or presented testimony  
7 before the Arkansas Public Service Commission, the California Public Utilities  
8 Commission, the Colorado Public Utilities Commission, the Delaware Public Service  
9 Commission, the Public Service Commission of the District of Columbia, the Florida  
10 Public Service Commission, the Georgia Public Service Commission, the Guam Public  
11 Utilities Commission, the Idaho Public Utilities Commission, the Illinois Commerce  
12 Commission, the Indiana Utility Regulatory Commission, the Kentucky Public Service  
13 Commission, the Public Utilities Board of Manitoba, the Minnesota Public Utilities  
14 Commission, the Mississippi Public Service Commission, the Missouri Public Service  
15 Commission, the Montana Public Service Commission, the North Carolina Utilities  
16 Commission, the North Dakota Public Service Commission, the Public Utilities  
17 Commission of Ohio, the Oklahoma Corporation Commission, the Oregon Public Utility  
18 Commission, the Rhode Island Public Utilities Commission, the Public Service  
19 Commission of Utah, the Virginia State Corporation Commission, the Washington  
20 Utilities and Transportation Commission, the Public Service Commission of Wisconsin,  
21 and the Wyoming Public Service Commission. I have also assisted in the analysis of  
22 transmission line routes proposed in certificate of convenience and necessity  
23 proceedings before the Public Utility Commission of Texas.

**Brian C. Collins**  
**Appendix A**  
**Page 2**

1           In 2009, I completed the University of Wisconsin – Madison High Voltage Direct  
2           Current (“HVDC”) Transmission Course for Planners that was sponsored by the  
3           Midwest Independent Transmission System Operator, Inc. (“MISO”).

4           BAI was formed in April 1995. BAI and its predecessor firm have participated  
5           in more than 700 regulatory proceedings in forty states and Canada.

6           BAI provides consulting services in the economic, technical, accounting, and  
7           financial aspects of public utility rates and in the acquisition of utility and energy  
8           services through RFPs and negotiations, in both regulated and unregulated markets.  
9           Our clients include large industrial and institutional customers, some utilities and, on  
10          occasion, state regulatory agencies. We also prepare special studies and reports,  
11          forecasts, surveys and siting studies, and present seminars on utility-related issues.

12          In general, we are engaged in energy and regulatory consulting, economic  
13          analysis and contract negotiation. In addition to our main office in St. Louis, the firm  
14          also has branch offices in Corpus Christi, Texas; Detroit, Michigan; Louisville, Kentucky  
15          and Phoenix, Arizona.