

Exhibit No.:

Issue(s): *Report on Class Cost of Service; Overview of The Staff's Filing; Policy*

Witness: *Jamie S. Myers*

Sponsoring Party: *MoPSC Staff*

Type of Exhibit: *Direct Testimony*

Case Nos.: *GR-2017-0215*

GR-2017-0216

Date Testimony Prepared: *September 22, 2017*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

DIRECT TESTIMONY

OF

JAMIE S. MYERS

**SPIRE MISSOURI INC. d/b/a SPIRE
LACLEDE GAS COMPANY and MISSOURI GAS ENERGY
GENERAL RATE CASE**

**CASE NOS. GR-2017-0215
and GR-2017-0216**

*Jefferson City, Missouri
September 2017*

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1 **DIRECT TESTIMONY**

2 **OF**

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4 **SPIRE MISSOURI INC. d/b/a SPIRE**
5 **LACLEDE GAS COMPANY and MISSOURI GAS ENERGY**
6 **GENERAL RATE CASE**

7 **CASE NOS. GR-2017-0215 & GR-2017-0216**

8 Q. Please state your name and business address.

9 A. My name is Jamie S. Myers. My business address is 200 Madison Street,
10 Jefferson City, MO 65101.

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

12 A. I am employed by the Missouri Public Service Commission (“Commission”) as
13 Commission Staff Deputy Director.

14 Q. Have you provided your educational background and work experience in this file?

15 A. Yes. My educational and work experience is included in my Direct Testimony
16 filed on September 8, 2017, in this case with Staff’s Direct Cost of Service Report.

17 **EXECUTIVE SUMMARY**

18 Q. What is the purpose of this direct testimony?

19 A. The purpose of this testimony is to sponsor Staff’s Class Cost-of-Service/Rate
20 Design Report (“CCOS Report”), which is filed concurrently with this direct testimony.

21 **CLASS COST-OF-SERVICE STUDY**

22 Q. Did Staff perform a CCOS Study in this case?

23 A. Yes. Staff performed a separate CCOS Study for Spire Missouri’s LAC and
24 MGE divisions. Staff’s CCOS Studies are designed to determine what rate of return is produced

1 by each customer class on that class's currently tariffed rates, for recovery of any newly
2 determined revenue requirement amount. Staff's recommended interclass revenue responsibility
3 shifts are designed to reasonably bring each class closer to producing the system-average rate of
4 return used in determining Staff's recommended revenue requirement. Staff's recommended
5 intra-class shifts will, where appropriate, redesign the rates that collect a particular class's
6 revenues to better align that class's method of recovering revenue with the cost-causation for that
7 class as indicated by the CCOS Studies.

8 **CCOS REPORT**

9 Q. What are Staff's rate design recommendations in these cases?

10 A. Staff's rate design recommendations in these cases are:

- 11 • Consolidate LAC's three Commercial & Industrial General Service classes into
12 one General Service Class with one customer charge level and a flat volumetric
13 rate per therm;
- 14 • Consolidate MGE's Small and Large General Service classes into one General
15 Service Class with one customer charge level and a flat volumetric rate per ccf,
16 retaining the use of ccf for volumetric rates;
- 17 • Set a Residential customer charge for MGE of \$20 with a flat rate of \$0.1359 per
18 ccf, and set a Residential customer charge for LAC of \$26.00 with a flat rate of
19 \$0.16338 per therm;
- 20 • Eliminate the Residential, C1, C2, and C3 Seasonal Air Conditioning customer
21 classes for LAC¹;
- 22 • Remove tariff language that allows MGE to reduce rates at its sole discretion as
23 found on MGE's Tariff Sheet No. 43.
- 24 • For LAC, Staff recommends that any increase resulting from this case up to the
25 amount of Staff's currently recommended revenue requirement be determined as
26 an equal percent increase applicable to each class; however, the portions of that
27 increase that would be applicable to the Large Volume Transport and Interruptible

¹ MGE does not have seasonal air conditioning classes.

classes should be applied to the General Service class in addition to the portion applicable to the General Service class. Any increase beyond Staff’s currently recommended revenue requirement should be applied as an equal percentage to all rate schedules after the above-described adjustments are made.

- For MGE, Staff recommends that \$700,000 of revenue responsibility be shifted to the Large Volume class from the Residential class, prior to the application of any increase resulting from this case on an equal percentage basis.

Q. Does Staff have a rate recommendation for LAC?

A. Yes. Incorporating Staff’s rate design and interclass shifts as described above for

the LAC division results in the below rates:

Rate Design Recommendation (LAC)	Customer Charge	Volumetric
Residential	\$ 26.00	\$ 0.16338
General Service	\$ 48.52	\$ 0.14048
Large Volume, LV Transport, Interruptible	No Increase based on current Revenue Requirement	
Unmetered Lighting Service , General L.P. and Vehicular Fuel	Equal % increase to each rate element	

Q. Does Staff have a rate recommendation for MGE?

A. Yes. Incorporating Staff’s rate design and interclass shifts as described above for

the MGE division results in the below rates:

Rate Design Recommendation (MGE)	Customer Charge	Volumetric
Residential	\$ 20.00	\$ 0.13859
General Service	\$ 37.50	\$ 0.11606
Large Volume	Equal % increase to each rate element	
Unmetered Lighting Service	Equal % increase to each rate element	

Q. Did Staff prepare any alternative rate design proposals?

A. Yes. To provide the Commission with information on inclining block rates, Staff

prepared an inclining block Residential rate design for both MGE and LAC as shown in the table

1 below, with the volumetric charge per ccf and therm to increase for usage beyond 50 ccf and
2 50 therm, respectively.

3

Rates - Incline Option	Customer Charge	First Block	Second Block
Residential (MGE)	\$ 20.00	\$ 0.12473	\$ 0.15149
Residential (LAC)	\$ 26.00	\$ 0.14704	\$ 0.17824

4

5 **ORGANIZATION OF CCOS REPORT**

6 Q. How is Staff's CCOS Report organized?

7 A. The CCOS Report is organized by topic as follows:

8 I. Executive Summary

9 II. Class Cost-of-Service and Rate Design Overview

10 III. Staff's Class Cost-of-Service Studies

11 IV. Rate Design

12 V. Lost and Unaccounted for ("L&U") Gas Applicable to Large
13 Transportation Customers

14 VI. Tariff Changes

15 VII. LAC/MGE Natural Gas Energy Efficiency Collaboratives

16 **TARIFFS**

17 Q. Does Staff's CCOS Report address any issues other than Staff's Class Cost of
18 Service Studies and Rate Design recommendations?

19 A. Yes, the CCOS Report also addresses Staff's recommendations regarding certain
20 tariff issues for LAC and MGE.

21 Q. Does this conclude your direct testimony?

22 A. Yes.

