

Exhibit No.:  
Issues: COVID-19 Accounting Authority Order  
Witness: Greg R. Meyer  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Missouri Industrial Energy Consumers  
Case No.: GU-2020-0376  
Date Testimony Prepared: September 15, 2020

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

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**In the Matter of Spire Missouri Inc.'s  
Verified Application for an Accounting  
Authority Order Related to COVID-19  
Impacts**

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**Case No. GU-2020-0376**

Rebuttal Testimony of

**Greg R. Meyer**

On behalf of

**Missouri Industrial Energy Consumers**

September 15, 2020



Project 10976

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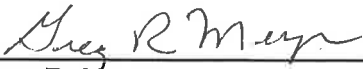
**Case No. GU-2020-0376**

STATE OF MISSOURI     )  
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COUNTY OF ST. LOUIS    )

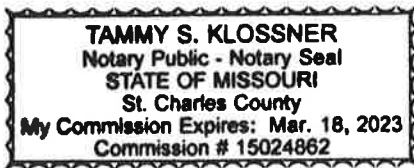
**Affidavit of Greg R. Meyer**

Greg R. Meyer, being first duly sworn, on his oath states:

1. My name is Greg R. Meyer. 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 Missouri Industrial Energy Consumers in this proceeding on their behalf.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. GU-2020-0376.
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.

  
\_\_\_\_\_  
Greg R. Meyer

Subscribed and sworn to before me this 15<sup>th</sup> day of September, 2020.



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





1 **Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

2 A. The purpose of my testimony is to support the Stipulation and Agreement (“S&A”) filed  
3 with the Commission on September 11, 2020, and subsequently amended on  
4 September 15. My testimony will discuss why the S&A is reasonable and will provide  
5 background on each issue. My testimony will also discuss how the provisions of the  
6 S&A are similar to the positions taken in my testimony in EU-2020-0350, Evergy’s  
7 COVID-19 Accounting Authority Order (“AAO”) request. My silence on any particular  
8 issue in this testimony should not be construed as acceptance of that position.

9 **Q PLEASE LIST THE VARIOUS ISSUES THAT WERE AGREED TO IN THE S&A.**

- 10 A The S&A authorizes Spire to track and defer into a regulatory asset/liability the following  
11 incremental costs and savings directly related to COVID-19 (“pandemic”):
- 12 1) New or incremental operating and maintenance expenses related to protecting  
13 employees and customers.
  - 14 2) Increased bad debt expense due to COVID-19 to the extent bad debt expense  
15 exceeds levels included in the cost of service.
  - 16 3) Costs associated with any new customer assistance programs that will aid  
17 customers with payment of natural gas bills during the pandemic.
  - 18 4) Increased field employee overtime from Spire field operations caused by the  
19 pandemic that exceeds the total amount of overtime expense included in cost of  
20 service.
  - 21 5) Lost revenues included in rates related only to late payment fees, reconnection  
22 charges, and disconnection charges. As discussed later, lost revenues related to  
23 reduced customer usage are expressly not subject to deferral.
  - 24 6) Specific cost savings to be deferred during the period of the AAO.
  - 25 7) No deferral of lost revenues from reduced customer usage.
  - 26 8) Carrying costs will be addressed in Spire’s next general rate case.

27 In addition to the above expense/revenue agreements, the Parties have agreed  
28 to begin recording the effects of the AAO on March 1, 2020, and running through

1 March 31, 2021, with the possibility of extension/renewal. In addition, Spire has agreed  
2 to track and defer all expenses/revenues separately for Spire East and Spire West  
3 operations. Finally, Spire has agreed to specific quarterly reporting<sup>1</sup> requirements until  
4 the update or true-up period in Spire's next general rate case.

## 5 **Operating and Maintenance Expenses**

6 **Q PLEASE DESCRIBE THE TYPES OF OPERATING AND MAINTENANCE**  
7 **EXPENSES THE S&A HAS INCLUDED FOR DEFERRAL.**

8 A The S&A includes the following operating and maintenance expenses for deferral:

- 9 1) Additional cleaning of facilities and vehicles;
- 10 2) Personal protective equipment (i.e., masks, gloves, sanitizing sprays); and
- 11 3) Technology upgrades and equipment directly related to enabling employees to  
12 work from home. Such costs shall only include company costs and will not extend  
13 to costs normally incurred by the employee including internet connectivity at the  
14 home.

15 **Q IS IT REASONABLE TO ALLOW DEFERRAL OF THE EXPENSES DESCRIBED**  
16 **ABOVE?**

17 A Yes. These increased expenses relate truly to the pandemic and would not be a cost  
18 normally built into customer rates.

19 **Q WHAT WAS YOUR POSITION IN THE EVERGY CASE REGARDING THESE**  
20 **EXPENSES?**

21 A My testimony in the Evergy case supported the deferral of cleaning supplies, personal  
22 protective equipment and technology upgrades. In the area of technology upgrades,

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<sup>1</sup>Quarterly Reports to be provided 45 days after the end of each quarter.

1 my Evergy testimony also opposed deferral of costs normally incurred by the employee  
2 including internet connectivity at the home.

3 **Q DOES THE S&A INCLUDE DEFERRAL OF ANY COSTS NOT SPECIFICALLY**  
4 **IDENTIFIED?**

5 A No. The S&A only allows deferral of specific costs identified therein. Unlike the Evergy  
6 request, there is no blanket request to defer unidentified expenses at some future date.  
7 I opposed Evergy's request for blanket authorization to defer unidentified costs and  
8 believe that the S&A is reasonable for this reason.

9 **Bad Debt Expense**

10 **Q PLEASE DESCRIBE WHAT ARE BAD DEBT EXPENSES.**

11 A Bad debt expenses also known as uncollectibles are those amounts billed to customers  
12 that go uncollected by the utility. Due to the financial implications of the pandemic,  
13 including increased unemployment, bad debt expenses are increasing.

14 **Q PLEASE DESCRIBE WHY YOU SUPPORT THE DEFERRAL OF BAD DEBT**  
15 **EXPENSES IN THE S&A.**

16 A On March 16, 2020, Spire filed with the Commission an Application for a temporary  
17 variance from the Commission rules and the Company's tariff provisions relating to late  
18 payment fees and disconnection rules. On March 18, 2020, the Commission granted  
19 Spire's variance request. One consequence of suspending disconnections will be  
20 increased bad debt expenses. Given Spire's willingness to allow customers to receive

1 service during the pandemic, regardless of the arrearage amount, it is only fair to allow  
2 the deferral of any increase in bad debt expenses.

3 **Q DOES THE S&A PROVIDE ANY SPECIFICS ABOUT THE DEFERRAL OF BAD**  
4 **DEBT EXPENSES?**

5 A Yes. The amount of bad debt expense that can be deferred must exceed the level built  
6 into customer rates from Spire's last general rate case. This provision assures that  
7 Spire customers will not pay twice for recovery of bad debt expenses.

8 **Q WAS THE BAD DEBT POSITION INCLUDED IN THE S&A SIMILAR TO YOUR**  
9 **POSITION IN THE EVERGY AAO CASE?**

10 A Yes. I believe the S&A reflects my exact position in the Evergy AAO case.

### 11 **Customer Assistance Programs**

12 **Q PLEASE DISCUSS THE CUSTOMER ASSISTANCE PROGRAMS.**

13 A Spire requested to defer costs related to new customer assistance programs  
14 implemented to help customers with the payment of natural gas bills during the  
15 pandemic. One such program discussed in the S&A is the COVID-19 Customer  
16 Arrearage Payment Plan. This plan allows customers to have their arrearage balance  
17 reduced through customers making current payments towards their arrearage  
18 balances.



1 Q ARE THERE ANY RESTRICTIONS TO THE COSTS ASSOCIATED WITH THE  
2 CUSTOMER ASSISTANCE PROGRAMS?

3 A Yes. The MIEC would be opposed to any deferral of funds donated to the customer  
4 assistance programs that represent charitable donations on behalf of Spire or any of  
5 its affiliates to an agency to assist customers with the payment of its natural gas bills.  
6 At this time, I am aware that Spire has made such charitable donations to DollarHelp  
7 to assist customers in the form of bill credits.

8 Q WAS THE DEFERRAL OF CUSTOMER ASSISTANCE PROGRAM COSTS IN THE  
9 S&A SIMILAR TO YOUR POSITION IN THE EVERGY AAO CASE?

10 A Yes. I would also note that would include the charitable donation exclusion I previously  
11 described.

## 12 **Increased Field Overtime**

13 Q PLEASE DESCRIBE THE INCREASED FIELD OVERTIME EXPENSE DEFERRAL.

14 A In its direct testimony, Spire describes a COVID-19 Leave program that it implemented  
15 to include paid leave for employees directly impacted by the pandemic. As a result of  
16 that program and other reasons, Spire has incurred an increase in field overtime hours.

17 Q WHY DO YOU BELIEVE THE OVERTIME HOURS SHOULD BE DEFERRED?

18 A Clearly, the pandemic and the availability of employees has caused an increase in field  
19 operations overtime hours. Therefore, I find it reasonable to recognize deferral of field  
20 operations overtime hours.

1 Q ARE THERE ANY RESTRICTIONS ON THE FIELD OPERATIONS OVERTIME  
2 HOURS?

3 A Yes. The amount of overtime hours deferred will be the amount which exceeds the  
4 level of overtime hours included in Spire's last general rate case. Again, this provision  
5 protects customers from having to pay twice for overtime hours.

6 Q WAS THE OVERTIME HOUR PROVISION INCLUDED IN THE EVERGY AAO  
7 REQUEST?

8 A No. Evergy did not seek a deferral for this amount in either its application or direct  
9 testimony.

10 **Lost Revenues - Late Fees,**  
11 **Disconnection Charges and Reconnection Charges**

12 Q PLEASE DESCRIBE WHY YOU SUPPORT THE DEFERRAL OF LOST REVENUES  
13 ASSOCIATED WITH LATE FEES, RECONNECTION CHARGES AND  
14 DISCONNECTION CHARGES.

15 A As previously discussed, Spire requested Commission approval to discontinue the  
16 application of late fees on customer bills for a specified time period. In addition, Spire  
17 requested to temporarily suspend disconnections and agreed to reconnect customers  
18 without a charge. Given those actions of Spire, the deferral of those revenues as  
19 contained in the S&A is an appropriate solution.

20 Q ARE THERE ANY RESTRICTIONS ON THE DEFERRAL OF LOST REVENUES?

21 A Yes. The amount of lost revenues that can be deferred must not exceed the level of  
22 revenues built into rates in Spire's last general rate case.

1 Q DID THE S&A REFLECT YOUR POSITION IN THE EVERGY AAO CASE?

2 A Yes. The S&A reflects exactly my position in the Evergy AAO case.

3 **Cost Savings**

4 Q PLEASE DESCRIBE THE COST SAVINGS THAT WILL BE TRACKED/DEFERRED  
5 RESULTING FROM THE S&A.

6 A The following cost savings were agreed to be deferred in the S&A:

7 1) Travel expense (hotel, airfare, meals, entertainment);

8 2) Training expense;

9 3) Office supplies;

10 4) Utility service provided to facilities leased or owned by Spire;

11 5) Staff reductions;

12 6) Reduced employee compensation and benefit;

13 7) Any taxable net operating loss that is carried back to previous tax years per the  
14 CARES Act; and

15 8) Any direct federal or state assistance Spire or Spire, Inc. receives related to  
16 COVID-19 relief.

17 Q WHY SHOULD COST SAVINGS BE DEFERRED AS PART OF THE S&A IN SPIRE'S  
18 AAO CASE?

19 A To the extent that increased expenses are being deferred, it is only fair to customers  
20 to also track and defer cost savings. Simply deferring increased expenses would be a  
21 detriment to customers and represent only one aspect of the effects from the pandemic.  
22 In Case No. EC-2019-0200, the Commission recognized that the deferral of savings,  
23 as well as costs, is appropriate.

1 **Q ARE THERE ANY RESTRICTIONS TO THE TRACKING OF COST SAVINGS?**

2 A Yes. The tracking of cost savings should be maintained and recorded as a separate  
3 regulatory liability from the deferred cost regulatory asset. Also, the limit on cost  
4 savings cannot exceed the amount of expense associated with each cost savings that  
5 was included in Spire's last general rate case. Cost savings are to be reported  
6 separately for Spire East and West operations.

7 **Q IS THERE ANY PROVISION FOR OTHER COST SAVINGS TO BE IDENTIFIED FOR**  
8 **TRACKING/DEFERRAL PURPOSES?**

9 A No. Similar to the expense deferral restriction, only those costs savings identified  
10 above will be subject to tracking/deferral.

11 **Q IS THE S&A SIMILAR TO WHAT YOU PROPOSED IN THE EVERGY AAO CASE?**

12 A No. In the Evergy AAO case, I proposed that a mechanism exist to identify either new  
13 expenses or cost savings to be included for deferral. In the current S&A, there is no  
14 mechanism to defer non-specified expenses or cost savings. I believe the conditions  
15 contained in the S&A provide greater customer protections than what I proposed in the  
16 Evergy AAO case. In this case, the Parties have agreed on a specific set of expenses  
17 and cost savings for deferral. There will be no future requests to expand the list since  
18 everyone has agreed to the costs/savings that will be tracked for deferral purposes.  
19 There simply is no uncertainty regarding the future implications of the execution of this  
20 AAO.

1 **Deferral of Lost Revenues - Customer Usage**

2 **Q PLEASE DESCRIBE THE DEFERRAL OF LOST REVENUES FROM REDUCED**  
3 **CUSTOMER USAGE.**

4 A The S&A expressly prohibits the tracking or deferral of lost revenues associated with  
5 reduced customer usage as a result of the pandemic for the duration of the AAO accrual  
6 period.

7 **Q TO THE EXTENT THAT SPIRE IS COLLECTING ENOUGH REVENUES TO COVER**  
8 **ITS OPERATING EXPENSES INCLUDING ITS DEBT EXPENSES, WOULD THE**  
9 **RECOVERY OF LOST REVENUES SIMPLY BE A COLLECTION OF UNREALIZED**  
10 **COMPANY PROFITS?**

11 A Yes. It is encouraging that Spire has elected not to request deferral of lost profits  
12 because of the pandemic in these times of unprecedented economic hardships on  
13 Spire residential and business customers.

14 **Q DO YOU BELIEVE THE S&A RESULTS IN A FAIR RESOLUTION OF THE LOST**  
15 **REVENUE ISSUE?**

16 A Yes. Not requiring customers to restore the unrealized profits of Spire during the  
17 pandemic is the correct regulatory response. In its order in Case Nos. GU-2011-0258  
18 and ER-2014-0258, the Commission held that the deferral of lost revenues is not  
19 appropriate.

1    **Q     DOES THE S&A REGARDING LOST REVENUES REFLECT YOUR POSITION IN**  
2           **THE EVERGY AAO CASE?**

3    A     Yes. I strongly opposed the deferral of lost revenues from reduced customer usage in  
4           the Evergy AAO case. In my Evergy testimony, I expanded my arguments against  
5           deferral of lost revenues. Given that the Signatories have agreed not to reflect the  
6           deferral of lost usage revenues, I have not expended my rebuttal testimony on this  
7           subject.

8    **Carrying Charges**

9    **Q     PLEASE DESCRIBE THE ISSUE OF CARRYING CHARGES AS CONTAINED IN**  
10           **THE S&A.**

11   A     The S&A preserves the issue of carrying charges to be determined in Spire's next  
12           general rate case. I believe the issue of carrying charges is a revenue requirement  
13           issue and should be decided by the Commission in a general rate case. Therefore, the  
14           S&A reflects the correct decision regarding carrying charges.

15   **Q     DO YOU HAVE A POSITION ON CARRYING CHARGES FOR DEFERRAL OF AAO**  
16           **COSTS?**

17   A     Yes. I am opposed to the application of carrying charges to costs deferred pursuant to  
18           an AAO. An AAO is a special regulatory tool that captures expenses for possible future  
19           rate recovery. By allowing those costs to be deferred, one form of sharing between  
20           ratepayers and shareholders is to deny the rate of return being applied to the deferred  
21           asset. In this way, shareholders bear some of the costs by being allowed deferral  
22           accounting.

1 Q IS THE S&A CONSISTENT WITH YOUR EVERGY TESTIMONY?

2 A Yes it is.

3 **AAO Deferral Period**

4 Q PLEASE DESCRIBE THE AAO DEFERRAL PERIOD.

5 A The AAO deferral period in the S&A begins on March 1, 2020 and ends on March 31,  
6 2021. Furthermore, the deferral period can be extended by agreement of the Parties  
7 and subsequent Order of the Commission approving such agreement or by separate  
8 Order of the Commission.

9 Q PLEASE EXPLAIN THE RATIONALE FOR A 13-MONTH DEFERRAL PERIOD.

10 A In discussions with Spire, it was discussed that by extending the deferral period another  
11 month beyond a 12-month period (March 1, 2020 – February 28, 2021), Spire would  
12 be outside the winter heating season. Spire expressed concerns that it still may be  
13 experiencing greater impacts from the agreed to deferrals while in the midst of its  
14 heating season. The Parties felt that extending the deferral period one more month  
15 was a reasonable concession for purposes of this S&A.

16 Q IS THE DEFERRAL PERIOD SIMILAR TO THE DEFERRAL PERIOD YOU  
17 PROPOSED IN THE EVERGY AAO CASE?

18 A While not identical, the deferral period is very similar. Specifically, in the Evergy AAO  
19 case, I proposed a 12-month period ending February 28, 2021. The S&A in this case  
20 extends the deferral by an additional 31 days to account for the expiration of the heating  
21 season.

1 Q **OVERALL, DO YOU BELIEVE THAT THE S&A IS REASONABLE?**

2 A Yes. I believe that the S&A is a reasonable solution of the issues raised in this case  
3 and should be approved by the Commission.

4 Q **DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

5 A Yes, it does.



1 **Qualifications of Greg R. Meyer**

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

3 A Greg R. Meyer. My business address is 16690 Swingley Ridge Road, Suite 140,  
4 Chesterfield, MO 63017.

5 **Q PLEASE STATE YOUR OCCUPATION.**

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

8 **Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

9 A I graduated from the University of Missouri in 1979 with a Bachelor of Science Degree  
10 in Business Administration, with a major in Accounting. Subsequent to graduation I was  
11 employed by the Missouri Public Service Commission. I was employed with the  
12 Commission from July 1, 1979 until May 31, 2008.

13 I began my employment at the Missouri Public Service Commission as a Junior  
14 Auditor. During my employment at the Commission, I was promoted to higher auditing  
15 classifications. My final position at the Commission was an Auditor V, which I held for  
16 approximately ten years.

17 As an Auditor V, I conducted audits and examinations of the accounts, books,  
18 records and reports of jurisdictional utilities. I also aided in the planning of audits and  
19 investigations, including staffing decisions, and in the development of staff positions in  
20 which the Auditing Department was assigned. I served as Lead Auditor and/or Case  
21 Supervisor as assigned. I assisted in the technical training of other auditors, which  
22 included the preparation of auditors' workpapers, oral and written testimony.

1           During my career at the Missouri Public Service Commission, I presented  
2 testimony in numerous electric, gas, telephone and water and sewer rate cases. In  
3 addition, I was involved in cases regarding service territory transfers. In the context of  
4 those cases listed above, I presented testimony on all conventional ratemaking  
5 principles related to a utility's revenue requirement. During the last three years of my  
6 employment with the Commission, I was involved in developing transmission policy for  
7 the Southwest Power Pool as a member of the Cost Allocation Working Group.

8           In June of 2008, I joined the firm of Brubaker & Associates, Inc. as a Consultant.  
9 Since joining the firm, I have presented testimony and/or testified in the state  
10 jurisdictions of Florida, Idaho, Illinois, Indiana, Maryland, Missouri, New Mexico,  
11 Washington, Wisconsin, and Wyoming. I have also appeared and presented testimony  
12 in Alberta and Nova Scotia, Canada. In addition, I have filed testimony at the Federal  
13 Energy Regulatory Commission ("FERC"). These cases involved addressing  
14 conventional ratemaking principles focusing on the utility's revenue requirement. The  
15 firm Brubaker & Associates, Inc. provides consulting services in the field of energy  
16 procurement and public utility regulation to many clients including industrial and  
17 institutional customers, some utilities and, on occasion, state regulatory agencies.

18           More specifically, we provide analysis of energy procurement options based on  
19 consideration of prices and reliability as related to the needs of the client; prepare rate,  
20 feasibility, economic, and cost of service studies relating to energy and utility services;  
21 prepare depreciation and feasibility studies relating to utility service; assist in contract  
22 negotiations for utility services, and provide technical support to legislative activities.

23           In addition to our main office in St. Louis, the firm has branch offices in Phoenix,  
24 Arizona and Corpus Christi, Texas.

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