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Witness:	Alicia Mueller
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Case No:	GR-2021-0108
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SPIRE MISSOURI INC.

CASE NO. GR-2021-0108

REBUTTAL TESTIMONY

OF

ALICIA MUELLER

JUNE 17, 2021

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1 **REBUTTAL TESTIMONY OF ALICIA MUELLER**

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

3 A. My name is Alicia Mueller and my business address is 700 Market Street, St. Louis,
4 Missouri 63101.

5 **Q. ARE YOU THE SAME ALICIA MUELLER WHO PREVIOUSLY FILED DIRECT**
6 **TESTIMONY IN THIS PROCEEDING?**

7 A. Yes, I submitted direct testimony on behalf of Spire Missouri Inc. (“Spire” or “Company”)
8 in this rate case.

9 **I. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. The purpose of my rebuttal testimony is to respond to the Staff’s Cost of Service Report
12 (“Staff Report” or “Report”) and Intervener testimony relating to the Revenue adjustments,
13 including weather normalization data, billing corrections, and adjustments for customer
14 growth.

15 **Q. PLEASE PROVIDE AN OVERVIEW OF THE SUBSTANTIVE DIFFERENCES**
16 **BETWEEN SPIRE’S REVENUE ADJUSTMENTS AND STAFF’S.**

17 A. Staff included a “billing corrections” revenue adjustment that results in an approximately
18 \$2 million reduction in revenue requirement. There were several errors found when
19 reviewing Staff’s billing corrections calculations, including an incorrect volumetric rate
20 and customer charges from cancelled bills being added rather than subtracted from the
21 calculation, among others.

22 **Q. DID ANY INTERVENERS INCLUDE A REVENUE ADJUSTMENT THAT SPIRE**
23 **DISAGREES WITH?**

1 A. Yes. Missouri Industrial Energy Consumers and Vicinity Energy Kansas City, Inc.
2 (collectively, “MIEC”) alleged that Spire understated income in its calculations by only
3 using 11 months of growth to annualize revenues for a 12-month period. This allegation
4 is without merit, as discussed below.

5 **II. WEATHER NORMALIZATION DATA**

6 **Q. HOW DID STAFF CALCULATE VARIABLES USED TO MAKE WEATHER**
7 **NORMALIZATION ADJUSTMENTS?**

8 A. Staff used serially-complete monthly temperature (“SCMT”) data series produced by the
9 National Climatic Data Center of the National Oceanic and Atmospheric Administration
10 (“NOAA”). (Staff Report, pages 53-60). Staff used a ranking method to calculate normal
11 weather estimates of daily normal temperatures which was used in turn to calculate weather
12 normalization adjustments.

13 **Q. DO YOU AGREE WITH STAFF’S METHOD OF CALCULATING VARIABLES**
14 **USED TO MAKE WEATHER NORMALIZATION ADJUSTMENTS?**

15 A. Yes, Staff and Spire utilized the same weather information, including the same NOAA data
16 series.

17 **Q. PLEASE EXPLAIN STAFF’S WEATHER NORMALIZATION ADJUSTMENTS.**

18 A. Staff conducted an analysis of weather normalization for the Residential, Small General
19 Service (“SGS”), and Large General Service (“LGS”) rate classes for the test year ending
20 September 30, 2020. (Staff Report, pages 53-60). For both Spire East and West, Staff
21 determined the test year was warmer than normal and resulted in an upward adjustment to
22 natural gas sales to reflect normal weather conditions. Like Spire, Staff did not perform a
23 weather normalization calculation for Large Volume Service or Transportation classes.

1 **Q. DO YOU AGREE WITH STAFF’S WEATHER NORMALIZATION**
2 **METHODOLOGY?**

3 A. Yes, Spire generally agrees with Staff’s weather normalization methodology.

4 **Q. WHY DID STAFF NOT ADJUST LARGE VOLUME SERVICE OR**
5 **TRANSPORTATION CLASSES TO ACCOUNT FOR WEATHER**
6 **NORMALIZATION ADJUSTMENTS?**

7 A. Staff reviewed the relationship between weather and gas usage for these classes and found
8 a weak correlation between weather and gas usage. Instead, the customers’ usage rates
9 were more correlated with seasonal activity and not day-to-day weather events. (Staff
10 Report, pages 60-61).

11 **Q. DO YOU AGREE WITH STAFF’S DECISION TO NOT MAKE WEATHER**
12 **ADJUSTMENTS FOR LARGE VOLUME SERVICE AND TRANSPORTATION**
13 **CLASSES?**

14 A. Yes. The Company agrees that customer usage rates for its large volume customers are
15 typically unassociated with day-to-day weather events. That is because these customers
16 typically base their usage on business needs so their usage is not strongly correlated with
17 weather as it would be for the Residential class.

18 **Q. ARE STAFF AND SPIRE UTILIZING THE 1991-2020 NOAA 30-YEAR NORMAL**
19 **HEATING DEGREE DAYS (“HDD”) DATA?**

20 A. No, Staff and Spire are using the 1981-2010 NOAA 30-year normal HDD data because the
21 1991-2020 data was not published until May 2021, after Spire filed its direct case.

22 **Q. WHAT IS THE IMPACT OF USING THE 1981-2010 DATA RATHER THAN THE**
23 **1991-2020 DATA?**

1 A. As one would expect, the 1991-2020 data series shows warmer weather as compared to the
2 earlier data set, with normal HDD down 1% in the Kansas City region and down 2% in the
3 St. Louis region. Accordingly, if the 1991-2020 data were used, it would offset at least
4 some of the weather normalization adjustment calculated by the Company and Staff.

5 **Q. IS SPIRE ADVOCATING FOR USING THE 1991-2020 DATA?**

6 A. Spire would like to work with Staff on this new data set. This change from NOAA occurred
7 within the true-up period.

8 **III. STAFF'S BILLING CORRECTIONS REVENUE ADJUSTMENT**

9 **Q. DID STAFF INCLUDE A BILLING CORRECTIONS REVENUE ADJUSTMENT?**

10 A. Yes, Staff included a billing corrections revenue adjustment that results in an
11 approximately \$2 million reduction in revenue requirement.

12 **Q. DO YOU AGREE WITH STAFF'S ADJUSTMENTS FOR BILLING**
13 **CORRECTIONS?**

14 A. No. There were several issues found when reviewing the transportation portion of this
15 adjustment that offset approximately \$1.87 million of Staff's approximately \$2 million
16 adjustment.

17 **Q. PLEASE PROVIDE DETAILS ABOUT THOSE ISSUES.**

18 A. First, in Staff's Spire East calculation, the customer charge was added rather than
19 subtracted for all cancelled bills, this amounted to a nearly \$469 thousand offset to Staff's
20 adjustment.

21 Second, in Staff's Spire West calculation, there were several sizable issues discovered:

- 22 • The customer charge was added rather than subtracted for all cancelled bills, resulting
23 in an approximately \$100 thousand offset.

- 1 • The April-October block 2 volumetric rate was 0.0288 in Staff’s file, but the tariff rate
2 is 0.0228, resulting in a \$609 thousand offset.
- 3 • Staff’s calculation also classified 6 months of the year as “summer” and 6 months as
4 “winter,” whereas the tariff splits the year into 5 months at winter rates and 7 months
5 at summer rates. This results in a nearly \$375 thousand offset to Staff’s adjustment.
- 6 • Additionally, there are a few transportation customers on contracted rates rather than
7 typical tariff rates. Adjusting these customers to contracted rates results in a \$235
8 thousand offset.
- 9 • There were three accounts identified in Staff’s file that have incorrect meter counts that
10 caused inflated customer charges in Staff’s calculation, which results in an
11 approximately \$83 thousand offset.

12 **Q. HAS SPIRE DISCUSSED THESE BILLING ADJUSTMENTS WITH STAFF?**

13 A. Yes, Spire discussed billing adjustments with Staff and Staff mentioned the adjustments
14 could be due to Electronic Gas Measurement Equipment (“EGM”) and secondary customer
15 charges. Spire will investigate.

16 **IV. MISCELLANEOUS STAFF REVENUE ADJUSTMENTS**

17 **Q. DID STAFF MAKE OTHER MISCELLANEOUS REVENUE ADJUSTMENTS?**

18 A. Yes, Revenues and expenses related to gas costs are removed from Staff’s revenue
19 requirement calculations. (Staff Report, pages 63-64.) Staff made adjustments to remove
20 Gross Receipts Tax (“GRT”) from revenue and expense. Staff also made adjustments to
21 remove Infrastructure System Replacement Surcharge (“ISRS”) revenue not included in
22 base rates from the cost of service to derive the appropriate test year margin revenues. Staff
23 also made adjustments to remove the off-system sales (“OSS”) and capacity revenue not

1 included in base rates from the cost of service to derive the appropriate test year margin
2 revenues and related expenses. Staff eliminated unbilled revenue from its determination of
3 Spire East and Spire West revenue requirements.

4 **Q. DO YOU AGREE WITH THESE ADJUSTMENTS?**

5 A. Yes.

6 **V. MIEC'S CUSTOMER GROWTH ADJUSTMENT**

7 **Q. PLEASE SUMMARIZE MIEC'S TESTIMONY REGARDING CUSTOMER**
8 **GROWTH.**

9 A. MIEC's witness Greg R. Meyer submitted testimony regarding revenue adjustments for
10 customer growth and weather normalization. (Meyer Direct, pages 6-11). Mr. Meyer
11 identified areas where he believes Spire understated income in its calculations, resulting in
12 a \$3.6 million revenue adjustment, as compared to Spire's direct filing.

13 **Q. DO YOU AGREE WITH MR. MEYER'S FINDINGS?**

14 A. The information in Mr. Meyer's Table 4 does not match the final workpaper associated
15 with Spire's direct filing. In particular, Mr. Meyer asserts that Spire only used 11 months
16 of growth to annualize revenues for a 12-month period and could not match adjustments in
17 his Table 4 to Spire schedules. However, in the final workpaper Spire used average fiscal
18 year 2019 compared to average fiscal year 2018 customers to calculate annualized
19 Residential and SGS growth. Accordingly, Spire's customer growth adjustment was based
20 on a 12-month period, not an 11-month period as claimed by Mr. Meyer. It is not clear
21 why Mr. Meyer claims that Spire only used 11 months. Mr. Meyer's adjustment to correct
22 for this perceived error results in an approximately \$3.3 million of the \$3.6 million revenue
23 adjustments by Mr. Meyer.

1 **Q. WHAT IS THE BASIS FOR THE OTHER \$300 THOUSAND REVENUE**
2 **ADJUSTMENT BY MIEC, AS COMPARED TO SPIRE’S DIRECT FILING?**

3 A. As referenced above, Spire used average fiscal year 2019 compared to average fiscal year
4 2018 customers to calculate annualized Residential and SGS growth. The Company felt
5 that this timeframe was more appropriate than the test year because the customer numbers
6 for 2020 were inflated due to the COVID-19 pandemic. Using 2020 numbers results in a
7 customer count that is not representative of typical spring and summer months in which
8 some customers leave the system. During 2020, the Company saw a higher customer
9 number than it typically would due to the many customer protections put in place at that
10 time. Mr. Meyer used a January 2020 to January 2019 comparison for his annualization
11 adjustment.

12 **Q. ARE THERE ANY FURTHER REVENUE ADJUSTMENTS AT ISSUE IN THIS**
13 **CASE?**

14 A. Yes, Spire’s revenue adjustment for conservation, SGS/LGS rate switches, and rate
15 normalization adjustment (“RNA”) are addressed in the Rebuttal Testimony of Spire
16 witnesses Scott Weitzel’s and Eric Lobser.

17 **VI. CONCLUSION**

18 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

19 A. Yes, it does.

