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Exhibit No.:
Issues: Revenue Requirement
Witness: Greg R. Meyer
Type of Exhibit: Direct Testimony
Sponsoring Parties: MIEC and Vicinity
Case No.: GR-2021-0108
Date Testimony Prepared: May 12, 2021

**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

Direct Testimony and Schedule of

Greg R. Meyer

On behalf of

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

May 12, 2021



Project 11068

1 therefore, is not only a customer of Spire, but also a competitor with Spire. Vicinity is
2 one of the largest users and transporters of natural gas on the Spire system.

3 **Q PLEASE PROVIDE AN OVERVIEW OF THE RATE CASE FILED BY SPIRE.**

4 A On December 11, 2020, Spire Missouri Inc. ("Spire")¹ filed an application with the
5 Missouri Public Service Commission ("Commission") seeking to increase its base
6 margin revenues by \$111 million, or 19.5%. Spire filed the direct testimony of 12
7 witnesses supporting the proposed rate increase.

8 **Q WHAT TEST YEAR DID SPIRE UTILIZE?**

9 A Spire's test year was the 12-month period ended September 30, 2020.

10 **Q PLEASE PROVIDE THE HISTORIC RATE INCREASES SPIRE HAS**
11 **IMPLEMENTED.**

12 A Table 1 shows the different rate cases and the increase in revenues authorized by the
13 Commission.

¹Spire Missouri has two operating divisions: Spire East (formerly the Laclede Gas service territory) and Spire West (formerly the Missouri Gas Energy service territory). In this direct testimony, Spire East and Spire West also will be referred to as MOE and MOW, respectively.

TABLE 1

Historic Spire Margin Rate Increases
(\$Million)

<u>Case No.</u>	<u>Division</u>	<u>Revenue Increase</u>	<u>Effective Date</u>
GR-2009-0355	MGE	\$16.2	Feb. 20, 2010
GR-2010-0171	Laclede	\$31.4	Aug. 18, 2010
GR-2013-0171	Laclede	\$14.8	July 8, 2013
GR-2014-0007	MGE	\$7.8	May 1, 2014
GR-2017-0215	Laclede	\$18.0	March 17, 2018
GR-2017-0216	MGE	\$15.0	March 17, 2018
Total		\$103.2	

1 As can be seen from Table 1, Spire has been authorized to increase its margin rates
 2 by approximately \$103 million since the beginning of 2010.

3 **Q PLEASE DESCRIBE BOTH MIEC'S AND VICINITY'S INVOLVEMENT IN THIS RATE**
 4 **CASE.**

5 **A** In addition to this testimony, the MIEC and Vicinity will file the direct testimony of my
 6 colleague, Brian Collins. I will discuss several areas addressing the revenue
 7 requirement of Spire. Mr. Collins will file direct testimony on May 26 addressing rate
 8 design, class cost of service and revenue allocation.

1 Q HAVE YOU PERFORMED A COMPREHENSIVE REVIEW OF SPIRE'S REVENUE
2 REQUIREMENT?

3 A No. The MIEC and Vicinity are relying on the comprehensive review that the
4 Commission Staff typically performs in the course of its audit. We will review the direct
5 Staff filing and anticipate providing further support on additional issues in our rebuttal
6 testimony. Therefore, the silence on any specific issue herein should not be considered
7 an endorsement of that position by either the MIEC or Vicinity.

8 Q WHAT IS THE REVENUE REQUIREMENT IMPACT FROM THE ADJUSTMENTS
9 YOU ARE PROPOSING?

10 A Table 2 lists each adjustment I am sponsoring and the value of that adjustment. In
11 total, I am recommending that Spire's revenue requirement be decreased by
12 \$5.4 million.²

Issue Description	Value (\$Million)
Research & Development Funding	\$1.0
Revenues	\$3.6
Uncollectibles	(\$0.7)
Insurance Premiums/Injuries & Damages Expense	\$1.5
Total Reduced Spire Revenue Requirement	\$5.4

²Total adjustments include both Spire East and West operating divisions.

2

See 1

3

See 1

4

Exhibit No.:
Issue: Overview/Policy
Witness: Scott Carter
Type of Exhibit: Direct Testimony
Sponsoring Party: Spire Missouri Inc.
Case Nos. GR-2021-0108
Date Prepared: December 11, 2020

SPIRE MISSOURI INC.

GR-2021-0108

DIRECT TESTIMONY

OF

SCOTT CARTER

DECEMBER 2020

1 of a performance-based rate regulation methodology pursuant to VA Code section
2 56-235.6.

3 **Q. PLEASE DESCRIBE SPIRE MISSOURI'S OPERATIONS.**

4 A. Simply put, Spire Missouri is a natural gas distribution Company serving nearly 1.2
5 million homes and businesses across the state. But the way I see it, we deliver so
6 much more than natural gas. We deliver an affordable, reliable energy source to
7 millions of people—saving them money while they warm their homes and grow
8 their businesses—which, in turn, moves our communities forward. That's why,
9 when we created Spire Missouri, we combined two companies with a long and
10 exceptional history of service: Laclede Gas Company, which served communities
11 in eastern Missouri, and Missouri Gas Energy, which served communities in
12 western Missouri. The combined company is the largest natural gas provider in the
13 state by customer count, giving us the ability to bring our energy to even more
14 homes and businesses throughout the state. Spire Missouri is a subsidiary of Spire
15 Inc., a Missouri-based energy holding company.

16
17 **DELIVERING VALUE FOR COMMUNITIES**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

19 A. The purpose of my testimony is to explain to the Commission the overall purpose
20 and policy underlying the Company's proposals in this case, including the request
21 for rate relief. While a general rate case is a vehicle for reviewing rates for
22 customers, it is also an opportunity to discuss and adjust the nature of services our
23 customers receive. So, my testimony will continue as it began—with the belief that

1 energy exists to help people, and how, at Spire Missouri, we're bringing that belief
2 to life by listening to our customers, striving to serve them even better and
3 committing to doing our part to protect the planet for future generations. In that
4 context, I'll also cover the value our product brings to the lives of those we serve
5 and the reasoning behind the rate requests made in this case. In addition, I'll
6 provide the Commission an overview of the important work we have been doing as
7 a company in order to continue to enhance the safety, reliability, and environmental
8 impact of our system since our last general rate case, GR-2017-0215 and GR-2017-
9 0216.

10 **Q. PLEASE DESCRIBE SPIRE MISSOURI'S CORE VALUES AS A**
11 **NATURAL GAS UTILITY.**

12 **A.** The cornerstone of the modern natural gas utility has always been safe, reliable and
13 affordable service. Spire Missouri shares this philosophy. But our values also
14 expand beyond these cornerstones. Our values are safety, inclusion and integrity.
15 These values define who we are, how we operate and how we treat one another
16 both inside and outside the Company. In our workplace, diverse perspectives are
17 welcomed and embraced, employees are given the tools they need to perform their
18 duties safely and each employee is expected to get the job done right—every time.
19 When we live these values internally, it shows outwardly, helping us create more
20 safe and inclusive neighborhoods and cities where people look out for each other
21 and strive to do the right thing.

1 Q. CAN YOU COMMENT ON THE IMPORTANCE OF SAFETY AS A CORE
2 VALUE FOR SPIRE MISSOURI?

3 A. Of course. The natural gas industry is built on safety at its core. The industry
4 moves a huge volume of energy every year with very few incidents. As I
5 mentioned, at Spire, safety is one of our three values. That means we expect the
6 highest level of safety for our customers and communities, and that every employee
7 goes home safely at the end of every day. Safety is a value for us because a value
8 is foundational. It doesn't change. It's woven into the fabric of who you are. For
9 example, every employee has the right and responsibility to stop work for any issue
10 they consider unsafe. Management reviews each safety-related event in detail to
11 ensure our processes, procedures and training serve to reduce safety risks. While
12 safety is a value that we instill and reinforce daily, we also see the fruits of those
13 efforts. I am very proud to say that our OSHA DART rate is now less than half of
14 what it was in 2017. And facility damages per thousand locates has improved by
15 nearly 15% since 2017. Couple those metrics with a substantial reduction in system
16 leaks and customer outages, driven largely by our ISRS replacement program, and
17 it's easy to see how we're living our value of safety: protecting employees,
18 customers and our planet as we continue to see improvements across the board.
19 With that said, we're just getting started. We'll keep exploring how to deliver
20 natural gas in a way that's safe, reliable and environmentally friendly—because
21 that's what you do when you truly value something.

22

1 **Q. CAN YOU COMMENT ON SPIRE MISSOURI’S RELIABILITY?**

2 A. Natural gas is always there, serving as the go-to fuel for critical facilities such as
3 hospitals where life sustaining services require an extremely high level of
4 reliability. We are so proud of that record—and of being a partner the community
5 can depend on. Residential customers also expect that we will be there when they
6 turn on their heat or their cooktop. And they have good reason to. The reliability
7 of Spire Missouri’s system is 99.9%. This means the average customer would not
8 experience an outage in their lifetime. Simply put, natural gas is one of the most
9 reliable fuel sources in America. To ensure that reliability, Spire Missouri focuses
10 on the entire product stream, from the upstream supply, through our distribution
11 system, to the burner tip, to ensure that reliability for our customers. As we
12 modernize our distribution systems, they also become inherently safer, greener,
13 more efficient and more reliable.

14 **Q. THAT LEVEL OF RELIABILITY SOUNDS EXPENSIVE. IS IT?**

15 A. No. If you were to put the cost of natural gas in terms of energy equivalence to
16 gasoline, our average residential customer pays the equivalent of approximately
17 \$1.20 per gallon. This price covers the production, interstate transport and
18 distribution costs, all at 99.9% reliability. Spire Missouri has had to adapt to the
19 changing production and transmission landscape to keep these costs low and the
20 supply reliable. Given the proliferation of natural gas in shale formations, natural
21 gas has experienced a renaissance of availability and price stability. This has
22 caused a dramatic and challenging impact to the flow dynamics on the interstate

1 natural gas pipelines in the United States. As supply shifted from the Gulf of
2 Mexico to the Rockies and mid-continent, and then to the Appalachian basins, Spire
3 had to reposition its assets to ensure access to those new and prolific supply basins
4 and to avoid compromising reliability as the pressure profiles on our traditional
5 interstate pipelines changed as a result of the changing flow dynamics, because our
6 goal is to deliver the best price and quality to our customers. So, we continued to
7 innovate throughout the process. Most recently, this was accomplished largely
8 through de-contracting traditional interstate pipeline contracts and anchoring new
9 projects to increase our supply diversity and supply reliability. The result has been
10 a major improvement in the diversity of our supply, reliability of our interstate
11 pipeline contracts, and pressure profiles across our distribution system that will
12 allow us to continue to serve the growing demand on our system well into the future
13 while avoiding costly system reinforcements.

14 **Q. HOW HAVE THESE CHANGES IMPACTED RATES?**

15 A. Through all these changes, Spire Missouri has maintained a low and stable cost
16 structure for our customers. In fact, when you consider the total costs of the
17 business (e.g. capital improvements, operating costs, interstate transportation,
18 inflation, fuel), the average residential bill will remain lower than it was 15 years
19 ago, even after our requested increase in this case. Today, the average Spire
20 Missouri residential customer pays approximately \$765 per year for natural gas
21 service and fuel. That's a little over \$2 per day to have natural gas there for them
22 whenever they need it. As mentioned, that equates to about \$1.20 per gallon for

1 gasoline, but you don't need drive to a store to buy it—it's delivered right to your
2 home!

3 **Q. HOW DO THESE COSTS COMPARE TO DELIVERED ELECTRICITY?**

4 A. The costs of production and transmission of electricity is vastly different from that
5 of natural gas. However, as a competitive fuel, natural gas needs to maintain
6 advantages to electricity in order to remain relevant. We know our customers have
7 a choice about the energy they use. Customers can choose not to use natural gas.
8 That is generally not true for electricity. So, we're diligent about staying in touch
9 with their wants and needs, and always striving to do what's right for them. And
10 that means doing what we can to help them enjoy the value natural gas brings to
11 their lives—without worrying about their monthly bill. A great example of our
12 value is the natural gas stove. With its precise temperature control, natural gas is
13 the preferred fuel source for the vast majority of professional chefs, and a sought-
14 after addition to any home kitchen. But for the stove to truly add value, it also has
15 to be cost effective. Now, cost comparisons can depend on your assumptions, but
16 to simplify the comparison the average residential customer in Spire Missouri's
17 service territory will save approximately \$800 per year by using natural gas to heat
18 their home, heat their water and cook their food. And with the efficiency of natural
19 gas, 91% makes it directly to homes. In comparison, by the time electricity is
20 generated and transported, only 36% of the original energy makes it to homes. That
21 means customers pay for 64% of energy they never use directly. Because of its
22 efficiency, residential natural gas usage accounts for just 4% of the total US

1 greenhouse gas emission. In short, smart direct use of natural gas saves energy,
2 saves money and benefits the environment.

3 **CUSTOMER ENGAGEMENT**

4 **Q. CAN YOU DISCUSS SOME WAYS THAT SPIRE MISSOURI SUPPORTS**
5 **ITS CUSTOMERS AND COMMUNITIES?**

6 A. Yes. We live and work in the communities we serve. We're invested in their well-
7 being, and we want to do right by our friends and neighbors. Though we've always
8 given to our communities, in 2017 we formalized the process, creating a robust
9 Corporate Social Responsibility (CSR) program. Last year, we contributed over
10 \$1.5 million in Missouri to support charitable organizations that advance our
11 customers, our community and the environment. While so much good is done
12 through our CSR program, my favorite part is watching employees do what they do
13 best—serve others. Through what we call “Spire Serves,” the company supports
14 employees giving to the organizations they care about most. The Company also
15 provides employees with matching gifts and Dollars for Doers, with the program
16 doubling in size since its founding. With all that said, our support goes beyond
17 philanthropic activities. We also have a team of professionals dedicated to working
18 with customers and community agencies to ensure those in need receive all the
19 federal, state and local support available to them. In the last two years, this program
20 has grown, with our team supporting more local families than ever before in 2020.
21 I'll end with DollarHelp—our program that makes it possible for our customers and
22 employees to support one another through collective action. When customers add

1 just a dollar to their monthly natural gas bill, they're able to help thousands of
2 families in need keep their natural gas on. In our mission, we promise to advance
3 communities and enrich lives. It's bold and it's ambitious, but we believe in our
4 ability to make a difference.

5 **Q. WHAT STEPS HAS SPIRE TAKEN TO DETERMINE HOW TO BETTER**
6 **SERVE ITS CUSTOMERS?**

7 A. Better serving our customers starts with knowing them, listening to their needs and
8 establishing our priorities based on what they tell us. Without engaging customers
9 in establishing their priorities and expectations, we risk focusing on the wrong
10 things. To address true customer interest and expectations, Spire Missouri directly
11 engaged our customers to understand them and their needs better. We set up a
12 series of focus groups and listening labs across our service territories, spanning a
13 diverse subset of customers from all ages and backgrounds. We also engaged in
14 quantitative analysis of customer opinions through representative online surveys of
15 customers. From these efforts, we were able to determine what mattered most to
16 our customers, and from there, explore ways how we as a company, can better meet
17 the needs of all customers going forward. We called this the Fresh Perspectives
18 program.

19 **Q. WHAT DID YOU LEARN FROM THIS EXPERIENCE?**

20 A. While many of our customers take safety, reliability and affordability for granted
21 (and we are proud they can), customer expectations continue to evolve. As a
22 competitive and 100% optional fuel, we are committed to meeting those evolving

1 expectations to remain their preferred energy provider. While customers care about
2 those traditional service cornerstones, our research finds that they are more focused
3 on how we serve them, on the environment, and on our communities. We live in a
4 world where packages show up on the same day, delivery drivers can be tracked by
5 the minute, and an advertisement shows up for exactly what you need—before you
6 even think of it. What we learned is that exceptions aren't made for utilities. The
7 expectations are the same. And it's up to us to innovate and adapt, giving our
8 customers the service they expect and deserve. For Spire Missouri, this means
9 innovating to provide more self-service options, shorter appointment windows and
10 better transparency into their energy usage—all options we're currently exploring
11 and advancing. As always, customer needs will drive us to keep exploring,
12 innovating and looking to what's next.

13 **Q. HOW ARE YOU DOING THAT?**

14 A. I'll provide a few examples. We have created "How To" videos to help customers
15 access LIHEAP funds. We have added greater account access through interactive
16 telephone IVR access. Since our last rate case we've also launched My Account, a
17 24/7 online account portal used by nearly 700,000 customers. For ease of service
18 we also offer autopay, paperless billing and pay by text option. Of course, we
19 continue to offer traditional services for those who may prefer human interaction,
20 paper bills, etc. We've also begun offering two-hour appointment windows, which
21 have been very popular with customers. The only certainty in the area of evolving
22 customer expectations is they will continue to change, and Spire will continue to
23 engage and adapt to meet them.

1 **Q. WHAT ELSE IS IMPORTANT TO SPIRE MISSOURI'S CUSTOMERS?**

2 A. We found through our engagement that customers are very concerned with the
3 environment, and Spire Missouri's efforts to operate in an environmentally
4 conscientious manner. This is an area where we have a natural advantage. Our
5 customers have been consistently reducing their usage by around 1% per year over
6 the past 30 years. These efficiencies not only save customers money, but also
7 conserve natural resources and yield environmental benefits. According to a recent
8 AGA study, natural gas achieves 91% delivery efficiency from production through
9 end use. That study also finds that residential use of natural gas accounts for just
10 4% of the total greenhouse gas emission in the US. But, what we've found is that
11 our customers expect more because they care. And this perfectly aligns with our
12 goal to use our energy for the good of others and our planet. Fortunately, we have
13 a great environmental story to tell. Our pipeline replacement program that not only
14 improves system safety and reliability, but also serves as our greatest opportunity
15 to reduce greenhouse gases. In fact, we've reduced methane emissions by more
16 than 39% since 2005, and project a nearly 54% reduction by 2025. We're proud to
17 be one of the first natural gas utilities in the nation to commit to carbon neutrality
18 by mid-century, and we're well on our way to achieving that goal.

19 **Q. HOW DOES THIS CASE FIT INTO CUSTOMERS' ENVIRONMENTAL**
20 **EXPECTATIONS FOR SPIRE MISSOURI?**

21 A. In this case we are also providing options for customers to reduce their
22 environmental impact by providing a choice to use renewable natural gas. The

1 natural gas industry was driving lower emissions long before climate change
2 became a hot topic, and we will continue to focus in this area. It's what our
3 customers want, and it's the right thing to do. The Company is well positioned to
4 continue building on previous improvements and solidifying the benefits of natural
5 gas for Missouri, all while serving as responsible environmental stewards.

6 **Q. HAS YOUR CUSTOMER RESEARCH REVEALED ANYTHING ELSE?**

7 Yes. Our studies found that one of the top interests of our customers is to assist
8 limited income and vulnerable populations. Spire Missouri has led in this area for
9 years, but we can still do more. As previously mentioned, we have a team dedicated
10 to helping our customers connect with federal, state and local programs and
11 agencies to secure support for which they are eligible. We find that many of our
12 eligible customers are not aware of support options, and this means they don't
13 receive help when they need it most. When we heard this, we took action and
14 proactively reached out to customers in need throughout the year. In addition, we
15 hosted a series of virtual webinars in 2020, ultimately helping families receive \$1
16 million in energy assistance. Through our DollarHelp program, made possible by
17 the generosity of our customers, we're able to help thousands more throughout our
18 communities, with the program steadily bringing in \$1 million dollars annually.
19 And, in a particularly difficult year for families throughout Missouri, we worked
20 with the Commission and intervenors to ensure additional relief options are
21 available. Most of our customers are fortunate to have the means to pay their bills,
22 but we will remain focused on ensuring resources are available for those struggling
23 with energy affordability. Spire Missouri witness Scott Weitzel will further

1 elaborate on many of the specific changes we are proposing to respond to our
2 customers' needs.

3 **Q. SINCE ITS LAST RATE CASE, THE COMPANY HAS COMPLETED ITS**
4 **REBRANDING TO SPIRE MISSOURI. WHAT DID CUSTOMERS SAY**
5 **ABOUT THAT?**

6 A. Our engagement with customers showed that today, Missourians across the state
7 know us simply as "Spire". From our branded trucks to our bright orange uniforms,
8 we are more visible than ever in the state. We now have consistency across the
9 state in what our customers see visually. But behind the scenes, we make decisions
10 as one company, and use our combined scale to bring the best possible service and
11 value to customers in every aspect of our business. We're now ready to take the
12 next step towards coming together as one company in Missouri, which is why
13 we've filed one set of tariffs in this case.

14 **Q. DO YOU EXPECT YOUR DIRECT CUSTOMER ENGAGEMENT TO**
15 **CONTINUE?**

16 A. Yes. While the recent health restrictions have limited our ability to have these face-
17 to-face conversations, we know our customers' expectations will continue to
18 evolve. We will maintain a way to gauge that evolution and respond. We may or
19 may not use the same vehicle for engagement, but we will continue to seek to
20 understand the needs of our customers and develop responsive products, services,
21 communications, and engagement channels.

22

1 Q. CAN YOU PROVIDE A SUMMARY OF THE RELIEF REQUESTED IN
2 THIS CASE COMPARED TO THE PREVIOUS COMMISSION
3 DECISION?

4 A. Yes. As it relates to the requested relief, I'd like to provide a simple comparison of
5 what is in this request versus what the commission approved in the prior case. The
6 details are discussed by the various witnesses in the case. But in general terms, the
7 rate relief need in this case is driven by the capital we have deployed to benefit
8 Missourians. While much of our capital is included in our ISRS program, there is
9 a large portion that is not. In addition, the change in tax law that was discussed at
10 the end of the last case, and which reduced costs in that case, has an opposite effect
11 on capital (rate base). Lower tax rates result in lower accumulated deferred income
12 taxes ("ADIT"), which is a rate base offset. In addition, the refund of excess ADIT,
13 which had been used to lower rate base, means that rate base is now higher and will
14 continue to grow as these amounts are refunded to customers. When these rate base
15 impacts (capital deployed in the system, change in tax law affecting the ADIT
16 credits and the refund of excess ADIT) are combined along with an adjustment to
17 depreciation rates, 97% of our requested relief relates to capital related needs. As
18 explained in more detail in the testimony of Wesley Selinger, Spire Missouri's filed
19 cost of capital is almost identical to what the Missouri PSC approved in our last
20 general rate case, our cost to operate the system has increased at a rate below
21 inflation, while 97% of the requested relief relates to the growth in rate base of
22 approximately \$750 million since the last commission decision and an update to
23 depreciation rates. This means our request is primarily driven by capital deployed

1 to benefit our customers through a safer, more reliable and environmentally friendly
2 system.

3 **Q. WHY ARE THESE INFRASTRUCTURE INVESTMENTS IMPORTANT?**

4 A. As I noted earlier, these infrastructure replacements help deliver a safer and more
5 reliable system, while also reducing greenhouse gas emissions. In fact, leaks per
6 thousand system miles (a common industry measure of system leaks) are less than
7 half what they were in 2017, and 63% lower than in 2016. In fiscal year 2019 alone,
8 the Company invested \$287 million to replace 359 miles of aging infrastructure,
9 resulting in a 21% reduction of leaks per thousand system miles. In addition, these
10 replacements drive investment in tax base, jobs, and comprise the foundation for
11 communities to grow with a strong natural gas backbone.

12 **Q. WHAT IS THE RELATIONSHIP BETWEEN ISRS AND THE LEVEL OF**
13 **RATE RELIEF IS SPIRE SEEKING IN THIS CASE?**

14 A. A large part of the rate relief simply reflects a rebasing of the ISRS charges that
15 customers are already paying. Of the approximately \$111 million requested cost
16 of service increase, approximately \$47 million is already included in current ISRS
17 rates. As such, our net increase request is approximately \$64 million. This
18 translates to approximately \$3.28 per month or a 5.55% increase for the average
19 residential customer. I should note that, because the Company's last rate case
20 resulted in a rate decrease, if approved by the Commission, these incremental
21 amounts would be the first base rate increases received by the Company for costs
22 other than its safety and public improvement ISRS investments since 2013. While

1 Spire Missouri has been very successful in managing its operating costs to allow
2 for this extended period of rate stability, the capital deployment included in this
3 case necessitates an overall increase in this case. The incremental increase
4 proposed, if granted, would still result in our average customer's overall bill being
5 lower than it was fifteen years ago, despite having upgraded hundreds of miles of
6 pipelines and making significant investments in customer service.

7 **Q. IS THERE FURTHER RESOLUTION RELATED TO SPIRE'S ISRS**
8 **ACTIVITY OVER THE PAST FEW YEARS?**

9 A. Yes. Over the last several years, there have been a number of challenges made to
10 Spire Missouri's use of ISRS. This has unfortunately resulted in a number of court
11 cases seeking to clarify the types of investments that do and do not qualify for ISRS.
12 Some of those decisions resulted in disqualification of certain investments from
13 inclusion in ISRS, driving a larger-than-anticipated amount of regulatory lag and
14 the need for this case. We are very pleased that all of those cases are now concluded,
15 bringing additional clarity to the program.

16 **Q. HAVE THERE BEEN ANY PERTINENT LEGISLATIVE CHANGES**
17 **SINCE THE COMPANY'S LAST GENERAL RATE CASE?**

18 A. Yes. House Bill No. 2120 was passed by the Missouri Legislature during its 2020
19 session. This legislation brings even further clarity to the type of investments that
20 qualify for inclusion in the ISRS program (replacements of gas plant that can no
21 longer be installed under currently applicable safety requirements, or any cast iron
22 or steel facilities). It also adds a provision that requires gas utilities to develop and
23 file with the Commission a pre-qualification process for contractors seeking to

1 participate in competitive bidding to install ISRS-eligible gas utility plant projects.
2 We are developing those processes now, and we look forward to additional clarity
3 surrounding this program to allow accelerated infrastructure replacement to
4 continue between general rate cases.

5 **Q. DO YOU THINK IT IS APPROPRIATE TO FILE THIS CASE DURING**
6 **THE ONGOING COVID-19 PANDEMIC?**

7 **A.** I do. It's important to remember that the rate relief we're requesting relates
8 primarily to investments made well before the outbreak of COVID-19. But more
9 importantly, the new rates we're proposing here will likely not go into effect until
10 the fall of 2021. There has been encouraging news recently about vaccine
11 availability, and we are all learning everyday how to continue operating while
12 keeping employees and customers healthy. I am optimistic that we will be in the
13 midst of a health and economic recovery by the time rates go into effect as a result
14 of this case. Regardless of the status of COVID-19 when rates take effect, our
15 obligation is the same—provide safe and reliable service at just and reasonable
16 rates. As our efforts to date have proven, we will remain committed to our efforts
17 to help our customers in need. We believe we can do both; set rates appropriately
18 while also supporting impacted customers. This should be the goal of everyone
19 involved in this case.

20 **Q. HAS SPIRE MISSOURI DONE ANYTHING TO ASSIST ITS**
21 **CUSTOMERS DURING THE PANDEMIC?**

22 **A.** Yes. From the beginning of the pandemic, the Company has been committed to
23 ensuring our community maintains access to safe, reliable natural gas. With so

1 many people struggling to make ends meet during this time, Spire Missouri has
2 consistently found new ways to help customers. Additionally, Spire Missouri has
3 been committed to ensuring its employees are safe and protected so service can
4 continue to be provided in a safe and reliable way. For our employees who could
5 do their job remotely, we encouraged them to work from home. For our employees
6 who continued to work in person, we procured personal protective equipment (PPE)
7 to keep them as safe as possible. Spire Missouri is continually analyzing its
8 response to ensure a safe work environment for all its employees, including regular
9 communication and updates to the safety policies and procedures that address the
10 pandemic. Through all of this, our employees remained highly productive, and
11 continued to deliver on our customers' expectations.

12 **Q. WHAT PROGRAMS HAS SPIRE MISSOURI INITIATED TO ASSIST**
13 **CUSTOMERS DURING THE COVID-19 PANDEMIC?**

14 A. Throughout the course of the pandemic, we have looked for innovative ways to
15 assist our customers. These include suspending disconnects, respecting customer
16 concerns about work in their homes, and following rigorous health and safety
17 protocols. We have also implemented, in cooperation with the Commission and
18 intervenors, several COVID customer assistance programs. The Company's
19 shareholders and employees have also stepped up to the plate, making
20 unprecedented donations to Dollar Help to assist those struggling during this
21 difficult time. Mr. Weitzel's testimony addresses each of these steps in greater
22 detail.

1 **Q. ARE YOU HOPING TO LEARN ANYTHING THROUGH**
2 **PARTICIPATING IN THIS CASE?**

3 A. Of the many things I've communicated today, I sincerely hope our desire to learn
4 and grow in order to better serve our customers came through. So, the short answer
5 to the question is an emphatic "yes." While we've done our research and believe
6 what we've proposed in this case is the right approach for the people we serve, we
7 know we have a common interest: To better the lives of the people in our state. So,
8 we look forward to hearing the opinions and suggestions of the Commission, Staff,
9 and intervenors. And our commitment is to listen, engage and learn from those
10 perspectives. Because, in the end, we do believe energy exists to help people, and
11 we want to work with all stakeholders to make that belief a reality for the people of
12 Missouri.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

15

Confidential

5

5

5



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5



6

See 5

7

Exhibit No.:

Issues:

Filing Overview

Introduction of Witnesses

Fresh Perspectives

One Spire Missouri

COVID-19 Assistance

Incentive Compensation

Combined Heat and Power

Carbon Neutral Initiative

Witness:

Scott A. Weitzel

Type of Exhibit:

Direct Testimony

Sponsoring Party:

Spire Missouri Inc.

Case No:

GR-2021-0108

Testimony Date:

December 11, 2020

SPIRE MISSOURI INC.

CASE NO. GR-2021-0108

DIRECT TESTIMONY

OF

SCOTT A. WEITZEL

1 Q. PLEASE SUMMARIZE THE COMPANY'S FILING.

2 A. Since its last rate case,¹ Spire has maintained its focus to provide exceptional service to
3 its customers at affordable rates. Spire has been listening to its customers' needs and requests
4 and is implementing new initiatives to enhance service for its customers, including renewable
5 natural gas options, carbon neutral initiatives, enhanced usage information and account
6 management options, cutting-edge metering technology, and new platforms for streamlined
7 customer and field technician interactions. This rate case filing is intended to allow Spire to
8 recover its investment in these new measures in order to continue to provide excellent service at
9 affordable rates. Spire has also continued to modernize its natural gas infrastructure by investing
10 more than \$850,000,000 since its last rate case. The infrastructure replacement program is
11 primarily funded through the Infrastructure System Replacement Surcharge, § 393.1009 RSMo.
12 *et seq.* ("ISRS"). Infrastructure investments in Spire West's service area have now hit the ISRS
13 cap, and Spire must present this general rate case to the Commission in order to reset the ISRS
14 cap so it can continue to maintain these critical investments.

15 Q. WHAT ARE THE PRIMARY COMPONENTS OF THIS RATE CASE FILING?

16 A. Spire filed its last rate case three years ago, in April 2017, primarily to address costs
17 pertaining to ISRS investments. Spire's last base rate increase was in 2013. This filing requests
18 recovery of Spire's investment in infrastructure and technology, and reflects an approximate
19 \$111million overall revenue deficiency. Reducing this figure by estimated annual ISRS revenue
20 of approximately \$47 million results in an adjusted revenue deficiency of approximately \$64
21 million. Apportioning this new revenue deficiency over our nearly 1.2 million customers in
22 Missouri will result in an average increase in a typical residential bill of approximately \$3.28 and

¹ Case Nos. GR-2017-0215 and GR-2017-0216.

1 5.55% per month. Importantly, even with this increase, customer bills will remain lower than
2 they were fifteen years ago.

3 **Q. PLEASE CONTINUE WITH YOUR SUMMARY OF THE COMPANY'S FILING.**

4 A. In the Company's last rate case, Spire proposed certain modifications to its general rules
5 and regulations and tariffs to bring greater consistency to the regulatory and operational practices
6 of its operating units, formerly Laclede Gas and Missouri Gas Energy. The prior rate case was
7 the first general rate case filed since Laclede Gas Company acquired Missouri Gas Energy on
8 July 17, 2013. While the previous rate case was pending, on August 30, 2017, Laclede Gas
9 Company changed its name to Spire Missouri Inc., and now operates in its two Missouri service
10 territories as Spire Missouri East and Spire Missouri West. This rate case advances the
11 Company's ongoing efforts to lessen or eliminate the rate and tariff differences existing between
12 the legacy designations of Spire East and Spire West to create one Spire Missouri. I will discuss
13 the continued movement towards one Spire in greater detail later in my testimony.

14 **Q. PLEASE DESCRIBE THE INFRASTRUCTURE INVESTMENTS SPIRE HAS**
15 **MADE SINCE THE LAST RATE CASE.**

16 A. Spire is committed to strategic investment to improve our infrastructure and customer
17 connection systems. Since the last rate case filing, Spire has invested nearly \$1 billion dollars in
18 new distribution pipeline infrastructure. These investments help Spire to reduce leaks, improve
19 service and reliability, result in lower maintenance costs, reduce methane emissions and ensure
20 continued quality service to our customers. For example, in fiscal year 2019 alone, Spire
21 invested \$287 million to replace 359 miles of aging infrastructure, resulting in a 21% leak
22 reduction per 1,000 system miles of distribution pipelines. Over the last five years, Spire has
23 reduced leaks per 1,000 system miles by 66%. As seen in the charts below, Spire Missouri has

8

See 4

9

See 7

10

Exhibit No:
Issue: Minimum Filing Requirements
Payment Partner Program
Conversion from therms to Ccf
Witness: Trisha E. Lavin
Type of Exhibit: Direct Testimony
Sponsoring Party: Spire Missouri Inc.
Case No.: GR-2021-0108
Date Prepared: December 11, 2020

SPIRE MISSOURI INC.

File No. GR-2021-0108

DIRECT TESTIMONY

OF

TRISHA E. LAVIN

DECEMBER 11, 2020

1 A. Please refer to the table below.

SPIRE MISSOURI			
ANNUAL AGGREGATE CHANGE			
	%	\$	
Residential Class	5.55%	\$ 43,337,460	Per Year
Small General Service Class ("SGS")	7.59%	\$ 7,292,075	Per Year
Large General Service Class ("LGS")	7.03%	\$ 8,135,544	Per Year
Transportation Class	19.31%	\$ 5,796,634	Per Year
*After taking into account current ISRS revenues being recovered and impact of proposed combined PGA for SGS and LGS			

2

3 **Q. DID SPIRE ISSUE ANY PRESS RELEASES PRIOR TO OR AT THE TIME OF**
4 **THE FILING OF THIS RATE CASE?**

5 A. No.

6 **Q. WILL YOUR TESTIMONY INCLUDE A SUMMARY AND EXPLANATION OF**
7 **THE REASONS SPIRE SEEKS THE ADDITIONAL RATES?**

8 A. While I am testifying about the minimum filing requirements required by Commission
9 Rule 20 CSR 4240-3.030, Spire witnesses Scott Carter and Scott Weitzel are filing direct
10 testimony that more fully reflects the reasons for the Company's proposed rate relief. As
11 described in witness Carter's testimony, this case is primarily driven by the over \$850
12 million in capital investment the Company has made since its last general rate case. In
13 addition to investing in infrastructure, the Company has focused on enhancing its service
14 by listening to feedback received from customers, is working to provide environmentally
15 friendly programs, is improving technology associated with new ultrasonic meters, and
16 has responded diligently to the COVID-19 pandemic.

11

Exhibit No:
Issue: Revenue Requirement, Expense Adjustments, Capital Structure, Cost of Service, Rate Design, Weather/Conservation Tariff, Multifamily Pilot Program, Renewable Natural Gas Options
Witness: Wesley E. Selinger
Type of Exhibit: Direct Testimony
Sponsoring Party: Spire Missouri Inc.
Case No.: GR-2021-0108
Date Prepared: December 11, 2020

SPIRE MISSOURI INC.

CASE NO. GR-2021-0108

DIRECT TESTIMONY

OF

WESLEY E. SELINGER

DECEMBER 11, 2020

I. PURPOSE OF DIRECT TESTIMONY

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE PROCEEDINGS?**

2 A. The purpose of my testimony is to support Spire's request to update its rates and charges, as
3 well as explain certain key rate adjustments and programs. First, I will address Spire's
4 revenue requirement or revenue deficiency. In order to continue to provide safe and reliable
5 natural gas service to our customers, Spire is requesting a gross revenue increase of \$111.5
6 million. However, this amount is offset by the \$47.3 million in Infrastructure System
7 Replacement Surcharge ("ISRS") revenues the Company is already collecting, making
8 Spire's net incremental revenue increase \$64.2 million. Spire's revenue deficiency is
9 supported by Schedule WES-1, which consists of sub-schedules A through H, which are
10 attached to this testimony.

11 In addition to the revenue requirement, I will be sponsoring most of the adjustments made to
12 the Company's test year ending September 30, 2020 as updated for any known and
13 measurable changes that support the revenue deficiency. I will also describe the approach
14 used to design the Company's proposed distribution rates including: (a) a brief description
15 of the current and proposed rates and rate classes for Spire; (b) development of the allocated
16 Cost of Service Study ("COSS") for Spire; and (c) development of the proposed revenue
17 targets, rate design, and bill impact analysis for each rate class for Spire. My testimony will
18 sponsor Spire's pro-forma capital structure and describe Spire's proposed Rate
19 Normalization Adjustment. I will also sponsor testimony supporting the Company's
20 proposed Multifamily Pilot program and proposed renewable natural gas options.

21 **Q. WHEN DID SPIRE LAST FILE FOR A GENERAL RATE INCREASE?**

22 A. Spire filed its most recent rate case on April 11, 2017. Spire's current rates were approved
23 by the Missouri Public Service Commission ("the Commission") on March 7, 2018.

1 Q. IN GENERAL, PLEASE EXPLAIN SPIRE'S RATE RELIEF REQUEST.

2 A. Since the true-up date of Spire's most recent general rate case, the Company has invested
3 over \$850 million towards enhancing its system infrastructure. This capital deployment is
4 the primary driver for Spire's rate relief request. Spire's net rate base has increased by
5 approximately \$750 million since its last rate case. As shown in the table below, the return
6 on and of this investment accounts for 97.16% of the Company's requested increase. Spire
7 has been consistent in its approach to financing its operations and has prudently managed
8 its cost of capital. The overall rate of return Spire is proposing in this case is .03% higher
9 than what was approved by the Commission in its last rate case. Since Spire's last rate
10 case, operation and maintenance ("O&M") expenses have increased at a compound annual
11 growth rate of 0.65%. As shown in the table below, the Company's cost of capital and
12 O&M increase, when combined with changes to taxes and revenues, accounts for less than
13 2% of the Company's rate relief request.

Rate Base Related Increase	\$ 108.31	97.16%
O&M, Tax, and Revenues	\$ 2.94	2.64%
Cost of Capital	\$ 0.22	0.20%

*In Millions

14 While a significant portion of these investments have been recognized in rates through
15 Spire's ISRS mechanism, the remaining investment is substantial and, without rate
16 recognition, Spire's ability to earn its authorized rate of return is significantly limited.

17

18 **II. SPIRE'S REVENUE DEFICIENCY**

19 Q. WHAT IS THE TEST YEAR USED TO DEVELOP THE REVENUE
20 REQUIREMENT FOR SPIRE?

1 A. Spire's proposed test year is the twelve months ending September 30, 2020, adjusted for
2 known and measurable changes.

3 **Q. WILL SPIRE BE REQUESTING THAT THE TEST YEAR BE UPDATED AND/OR**
4 **"TRUED-UP"?**

5 A. Yes. Spire is requesting the test year be updated or trued-up through May 31, 2021. This
6 is consistent with the process used in prior Spire rate cases. This approach will provide a
7 relatively current time period of actual cost experience on which to base rates, while at the
8 same time providing an opportunity for the Commission Staff and other parties to audit
9 this actual cost experience.

10 **Q. HAS THE COVID-19 PANDEMIC IMPACTED THE COMPANY'S TEST YEAR?**

11 A. Yes, it has. In response to the COVID-19 pandemic, the Company acted swiftly in March
12 of 2020 to suspend disconnections and waive late payment fees on delinquent balances.
13 These measures were necessary and were the right thing to do for our customers during a
14 situation as severe as the COVID-19 pandemic. In Case No. GU-2020-0376, the parties
15 reached an agreement that would create customer assistance programs addressing customer
16 arrearages related to the pandemic. This agreement also allowed Spire to track and/or defer
17 to a regulatory asset, revenues lost associated with the Company's actions, as well as
18 additional costs related to the pandemic, such as needed protective equipment and
19 offsetting cost reductions, such as reduced travel expenses. These deferrals, to the extent
20 they are known, occurred during the test year and will be addressed as part of this rate case.
21 As explained below, Schedule WES-1 reflects an adjustment to amortization expense
22 related to the deferral agreed to in the Unanimous Stipulation and Agreement and approved
23 by the Commission in that case.

1 Q. WHAT ITEMS DOES SPIRE PROPOSE TO UPDATE IN ITS "TRUE-UP?"

2 A. Spire will update all components of the filing including capital structure, components of
3 rate base, and revenue and expense items and adjustments. We believe this update through
4 May 31, 2021 is sufficient to establish a reasonable and representative cost of service.

5 Q. PLEASE EXPLAIN SCHEDULE WES-1 ATTACHED TO YOUR TESTIMONY.

6 A. Schedule WES-1 details Spire's revenue requirement/revenue deficiency for the test year
7 ended September 30, 2020. The schedule details rate base, rate of return, required net
8 operating income, adjusted net operating income, an estimate of the May 31, 2021 update
9 on revenue requirement and, finally, the revenue deficiency. Schedule A summarizes
10 Spire's revenue deficiency at September 30, 2020, as adjusted for known and measurable
11 changes. The total revenue deficiency shown on Schedule A is \$111.5 million. As
12 explained above, the required increase in revenue includes \$47.3 million of ISRS revenues
13 that are currently being collected by the Company resulting in a net revenue increase of
14 \$64.2 million.

15 Q. PLEASE SUMMARIZE THE DIFFERENT SUB-SCHEDULES OF SCHEDULE
16 WES-1 ATTACHED TO YOUR DIRECT TESTIMONY.

17 A. Schedule WES-1 contains the Accounting Schedules supporting the requested rate increase
18 for Spire Missouri.

19 Schedule A summarizes Spire Missouri's revenue deficiency at September 30, 2020.

20 Schedule B summarizes and supports the various rate base items and offsets.

21 Schedule C summarizes and supports plant in service.

22 Schedule D summarizes and supports reserve for depreciation.

12



Rules of Department of Commerce and Insurance

Division 4240—Public Service Commission Chapter 3—Filing and Reporting Requirements

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**Title 20—DEPARTMENT OF
COMMERCE AND INSURANCE**

**Division 4240—Public Service
Commission**

**Chapter 3—Filing and Reporting
Requirements**

20 CSR 4240-3.010 General Definitions

PURPOSE: This rule sets forth the definitions of certain terms used in rules 4 CSR 240-3.015 through 4 CSR 240-3.030, and also includes the definitions of general terms used within this chapter of the commission's rules. Definitions of additional terms used in certain utility-specific rules are found in 4 CSR 240-3.100, 4 CSR 240-3.200, 4 CSR 240-3.300, and 4 CSR 240-3.500. All definitions found in this chapter supplement those definitions found in Chapters 386, 392, and 393 of the Missouri Revised Statutes.

- (1) Applicant means any person or public utility, as defined herein, on whose behalf an application is made.
- (2) Bill means a written or electronic demand for payment for service or equipment and the taxes, assessments, and franchise fees related thereto.
- (3) Commission means the Missouri Public Service Commission as created by Chapter 386 of the *Missouri Revised Statutes*.
- (4) Commission staff means all personnel employed by the commission whether on a permanent or contractual basis who are not attorneys in the general counsel's office, who are not members of the commission's research department, or who are not law judges.
- (5) Complaint means an informal or formal complaint under 4 CSR 240-2.070.
- (6) Corporation includes a corporation, company, association, or joint stock company or association, or any other entity created by statute which is allowed to conduct business in the state of Missouri.
- (7) Customer means any person, firm, partnership, corporation, municipality, cooperative, organization, governmental agency, etc., that accepts financial and other responsibilities in exchange for services provided by one (1) or more public utilities.
- (8) Delinquent charge means a charge remaining unpaid by a monthly billed customer at least twenty-one (21) days and for at least sixteen (16) days by a quarterly billed customer from the rendition of the bill by the utility or a charge remaining unpaid after the preferred payment date selected by the customer.
- (9) Deposit means a money advance to a utility for the purpose of securing payment of delinquent charges which might accrue to the customer who made the advance.
- (10) Electric utility means an electrical corporation as defined in section 386.020(15), RSMo.
- (11) Financing means acquisition of equity or debt interests, loans, guarantees of loans, advances, sale and repurchase agreements, sale and leaseback agreements, sales on open account, conditional or installment sales contracts, or other investments or extensions of credit.
- (12) Gas utility means a gas corporation as defined in section 386.020(18), RSMo.
- (13) Guarantee means a written promise from a third party to assume liability up to a specified amount for delinquent charges which might accrue to a particular customer.
- (14) Municipality means a city, village, or town.
- (15) Person means any individual, firm, joint venture, partnership, corporation, association, county, state, municipality, political subdivision, cooperative association, or joint stock association, and includes any trustee, receiver, assignee, or personal representative of them.
- (16) Pleading means any application, complaint, petition, answer, motion, staff recommendation, or other similar written document, which is not a tariff or correspondence, and which is filed in a case. A brief is not a pleading under this definition.
- (17) Political subdivision means any township, city, town, village, and any school, road, drainage, sewer and levee district, or any other public subdivision, public corporation, or public quasi-corporation having the power to tax.
- (18) Premises means a tract of land or real estate, including buildings and other appurtenances thereon, to which utility service is provided to a customer.
- (19) Public counsel means the Office of the Public Counsel as created by the Omnibus State Reorganization Act of 1974, and includes the assistants who represent the public before the commission.
- (20) Public utility means public utility as defined in section 386.020(42), RSMo.
- (21) Regulated electrical corporation means every electrical corporation as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapter 393, RSMo.
- (22) Regulated gas corporation means every gas corporation as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapter 393, RSMo.
- (23) Regulated heating company means every heating company as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapter 393, RSMo.
- (24) Rule means all of these rules as a whole or the individual rule in which the word appears, whichever interpretation is consistent with the rational application of this chapter.
- (25) Service means service as defined in section 386.020(47), RSMo.
- (26) Sewer utility means a sewer corporation as defined in section 386.020(48), RSMo.
- (27) Steam heating utility means a heating company as defined in section 386.020(20), RSMo.
- (28) Tariff means a document published by a public utility, and approved by the commission, that sets forth the services offered by that utility and the rates, terms, and conditions for the use of those services.
- (29) Telecommunications company means a telecommunications company as defined in section 386.020(51), RSMo.
- (30) Utility company means an electric utility, a gas utility, a sewer utility, a steam heating utility, a telecommunications company, or a water utility, either individually or collectively, as those terms are defined herein.
- (31) Variance means an exemption granted by the commission from any applicable standard required pursuant to this chapter.
- (32) Water utility means a water corporation as defined in section 386.020, RSMo.

AUTHORITY: section 386.250, RSMo 2016. This rule originally filed as 4 CSR 240-3.010. Original rule filed Aug. 16, 2002, effective April 30, 2003. Amended: Filed Nov. 7, 2018,*



effective July 30, 2019. Moved to 20 CSR 4240-3.010, effective Aug. 28, 2019.

*Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996.

20 CSR 4240-3.030 Minimum Filing Requirements for Utility Company General Rate Increase Requests

PURPOSE: This rule prescribes the information which must be filed by all electric utilities, all large local exchange telecommunications companies, all large gas, water and sewer utilities, and all steam heating utilities when filing for a general company-wide increase in rates. Additional requirements regarding this subject matter are also found in 4 CSR 240-3.160 for electric utilities and 4 CSR 240-3.235 for gas utilities.

(1) This rule applies to all electric utilities; to all gas utilities with more than ten thousand (10,000) customers; to all water utilities with more than eight thousand (8,000) customers; to all sewer utilities with more than eight thousand (8,000) customers; and to all steam heating utilities with more than one hundred (100) customers.

(2) A general rate increase request is one where the company or utility files for an overall increase in revenues through a company-wide increase in rates for the utility service it provides, but shall not include requests for changes in rates made pursuant to an adjustment clause or other similar provisions contained in a utility's tariffs.

(A) With regard to any telecommunications company subject to this rule, any increase in revenues as a result of an increase in rates within a previously approved rate band for a transitionally competitive or competitive service pursuant to sections 392.500 and 392.510, RSMo will not be considered a general rate increase and thereby not be subject to these minimum filing requirements.

(3) At the time a tariff(s) is filed by any company or utility subject to this rule which contains a general rate increase request, an original or electronic copy of the following information shall be filed with the secretary of the commission and one (1) copy or electronic copy shall be provided to the Office of the Public Counsel:

(A) A letter transmitting the proposed tariff changes to the secretary of the commission of the Missouri Public Service Commission;

(B) General information concerning the filing which will be of interest to the public and suitable for publication, including:

1. The amount of dollars of the aggregate annual increase and the percentage of increase over current revenues which the tariff(s) proposes;

2. Names of the counties and communities affected;

3. The number of the customers to be affected in each general category of service and in all rate classifications within each general category of service;

4. The average change requested in dollars and percentage change from current rates for each general category of service and for all rate classifications within each general category of service;

5. The proposed annual aggregate change by general categories of service and by rate classification within each general category of service including dollar amounts and percentage of change in revenues from current rates;

6. Copies of any press releases relative to the filing issued by the company or utility prior to or at the time of the filing; and

7. A summary of the reasons for the proposed changes or a summary explanation of the reasons the additional rate is needed.

(4) For good cause shown, the commission may grant a waiver of any of the provisions of this rule.

AUTHORITY: section 386.250, RSMo 2016. * This rule originally filed as 4 CSR 240-3.030. Original rule filed Aug. 16, 2002, effective April 30, 2003. Amended: Filed Nov. 7, 2018, effective July 30, 2019. Moved to 20 CSR 4240-3.030, effective Aug. 28, 2019.

*Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996.

20 CSR 4240-3.100 Definitions Pertaining Specifically to Electric Utility Rules

PURPOSE: This rule sets forth the definitions of certain terms used in rules 4 CSR 240-3.105 through 4 CSR-3.190, which are in addition to the definitions set forth in rule 4 CSR 240-3.010 of this chapter.

(1) Affiliate means any person who, directly or indirectly, controls or is controlled by or is under common control with an electric utility.

(2) Appliance or equipment means any device which consumes electric energy and any ancillary device required for its operation.

(3) Avoided costs means the incremental costs to an electric utility of electric energy

or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, that utility would generate itself or purchase from another source.

(4) Consideration shall be interpreted in its broadest sense and shall include any cash, donation, gift, allowance, rebate, discount, bonus, merchandise (new or used), property (real or personal), labor, service, conveyance, commitment, right or other thing of value.

(5) Control (including the terms "controlling," "controlled by," and "common control") means the possession, directly or indirectly, of the power to direct, or to cause the direction of the management or policies of an entity, whether such power is exercised through one (1) or more intermediary entities, or alone, or in conjunction with, or pursuant to an agreement with, one (1) or more other entities, whether such power is exercised through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, affiliated entities, contract or any other direct or indirect means. The commission shall presume that the beneficial ownership of ten percent (10%) or more of voting securities or partnership interest of an entity constitutes control for purposes of this rule. This provision, however, shall not be construed to prohibit a regulated electrical corporation from rebutting the presumption that its ownership interest in an entity confers control.

(6) Cost-effective means that the present value of life-cycle benefits is greater than the present value of life-cycle costs to the provider of an energy service.

(7) Decommissioning means those activities undertaken in connection with a nuclear generating unit's retirement from service to ensure that the final removal, disposal, entombment or other disposition of the unit and of any radioactive components and materials associated with the unit, are accomplished in compliance with all applicable laws, and to ensure that the final disposition does not pose any undue threat to the public health and safety. Decommissioning includes the removal and disposal of the structures, systems and components of a nuclear generating unit at the time of decommissioning.

(8) Decommissioning costs means all reasonable costs and expenses incurred in connection with decommissioning, including all expenses to be incurred in connection with the preparation for decommissioning, including, but not limited to, engineering and other planning expenses; and to be incurred after



the actual decommissioning occurs, including, but not limited to, physical security and radiation monitoring expenses, less proceeds of insurance, salvage or resale of machinery, construction equipment or apparatus the cost of which was charged as a decommissioning expense.

(9) Demand-side resource means any inefficient energy-related choice that can be influenced cost-effectively by a utility. The meaning of this term shall not be construed to include load-building program.

(10) Energy service means the need that is served or the benefit that is derived by the ultimate consumer's use of energy.

(11) Inefficient energy-related choice means any decision that causes the life-cycle cost of providing an energy service to be higher than it would be for an available alternative choice.

(12) Load-building program means an organized promotional effort by a utility to persuade energy-related decision makers to choose the form of energy supplied by that utility instead of other forms of energy for the provision of energy service or to persuade customers to increase their use of that utility's form of energy, either by substituting it for other forms of energy or by increasing the level or variety of energy services used. This term is not intended to include the provision of technical or engineering assistance, information about filed rates and tariffs or other forms of routine customer service.

(13) Promotional practices means any consideration offered or granted by an electric utility or its affiliate to any person for the purpose, express or implied, of inducing the person to select and use the service or use additional service of the utility or to select or install any appliance or equipment designed to use the utility service, or for the purpose of influencing the person's choice or specification of the efficiency characteristics of appliances, equipment, buildings, utilization patterns or operating procedures. The term promotional practices shall not include the following activities:

(A) Making any emergency repairs to appliances or equipment of customers;

(B) Providing appliances or equipment incidental to demonstrations of sixty (60) days or less in duration;

(C) Providing light bulbs, street or outdoor lighting service, wiring, service pipe or other service equipment or appliances, in accordance with tariffs filed with and approved by the commission;

(D) Providing appliances or equipment to an educational institution for the purpose of instructing students in the use of the appliances or equipment;

(E) Merchandising appliances or equipment at retail and, in connection therewith, the holding of inventories, making and fulfillment of reasonable warranties against defects in material and workmanship existing at the time of delivery and financing; provided that the merchandising shall not violate any prohibition contained in 4 CSR 240-14.020;

(F) Inspecting and adjusting of appliances or equipment by an electric utility;

(G) Repairing and other maintenance to appliances or equipment by an electric utility if charges are at cost or above;

(H) Providing free or below-cost energy audits or other information or analysis regarding the feasibility and cost-effectiveness of improvements in the efficiency characteristics of appliances, equipment, buildings, utilization patterns or operating procedures;

(I) Offering to present or prospective customers by an electric utility technical or engineering assistance; and

(J) Advertising or publicity by an electric utility which is under its name and on its behalf and which does not in any manner, directly or indirectly, identify, describe, refer to, mention or relate to any architect, builder, engineer, subdivider, developer or other similar person, or which mentions no less than three (3) existing projects, developments or subdivisions.

(14) Purchase means the purchase of electric energy or capacity or both from a qualifying facility by an electric utility.

(15) Qualifying facility means a cogeneration facility or a small power production facility which is a qualifying facility under Subpart B of Part 292 of the Federal Energy Regulatory Commission's (FERC) regulations.

(16) Sale means the sale of electric energy or capacity or both by an electric utility to a qualifying facility.

AUTHORITY: section 386.250, RSMo 2000. This rule originally filed as 4 CSR 240-3.100. Original rule filed Aug. 16, 2002, effective April 30, 2003. Moved to 20 CSR 4240-3.100, effective Aug. 28, 2019.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996.*

20 CSR 4240-3.130 Filing Requirements and Schedule of Fees for Applications for Approval of Electric Service Territorial Agreements and Petitions for Designation of Electric Service Areas

PURPOSE: This rule establishes requirements and schedule of fees that applications to the commission for approval of territorial agreements between electric service providers and petitions for designation of electric service areas must meet. As noted in the rule, additional requirements pertaining to such applications are set forth in 4 CSR 240-2.060(1).

(1) In addition to the requirements of 4 CSR 240-2.060(1), applications for commission approval of territorial agreements and petitions for designation of electric service areas shall include:

(A) A copy of the proposed territorial agreement and a specific designation of the requested boundaries, including maps showing the requested boundaries and a schedule of the applicable Townships, Ranges and Sections, by county. If the requested boundary cannot reliably be ascertained from the information supplied by the applicant, such applicant shall provide additional information as requested by the commission or its staff, if necessary, including the legal description of the area that is the subject of the application or petition;

(B) A list of other electric utilities that serve in the affected area(s), if any;

(C) An illustrative tariff which reflects any changes in a regulated utility's operations or certification;

(D) An explanation as to why the territorial agreement is not detrimental to the public interest or the proposed electric service area designation(s) is in the public interest; and

(E) A list of all persons and structures whose utility service would be changed by the proposed agreement at the time of filing.

(2) If any of the information required by subsections (1)(A)-(E) of this rule is unavailable at the time the application is filed, the application must be accompanied by a statement of the reasons the information is currently unavailable and a date by which it will be furnished. All required information shall be furnished prior to the granting of the authority sought.

(3) The application or petition shall be accompanied by an initial filing fee in the amount of five hundred dollars (\$500).

(4) An application for commission review of

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