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Issue(s): *Transportation,*
Human Needs
Transport Program
Witness: *Michael L. Stahlman*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *GR-2022-0179*
Date Testimony Prepared: *October 7, 2022*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

SPIRE MISSOURI, INC., d/b/a SPIRE

CASE NO. GR-2022-0179

Jefferson City, Missouri
October 2022

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MICHAEL L. STAHLMAN**

4 **SPIRE MISSOURI, INC., d/b/a SPIRE**

5 **CASE NO. GR-2022-0179**

6 Q. Please state your name and business address.

7 A. My name is Michael L. Stahlman, and my business address is Missouri Public
8 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

9 Q. Are you the same Michael L. Stahlman that filed direct testimony in this case?

10 A. Yes.

11 Q. What is the purpose of your testimony?

12 A. I will respond to Spire Missouri witnesses Kristina Embry and
13 Scott A. Weitzel's proposed changes to the transportation tariff sheets.

14 Q. Are other Staff witnesses discussing the changes to the transportation
15 tariff sheets?

16 A. Yes, Staff witness Anne Crowe will discuss Spire Missouri's proposed
17 changes to the Operational Flow Order provisions, while my testimony will focus on Spire
18 Missouri's proposed change in the transportation threshold provisions and the proposed
19 "Human Needs Transport Program".

20 Q. Please summarize your testimony.

21 A. Staff recommends maintaining the current rate structure for the transportation
22 classes and recommends the Commission reject the Human Needs Transport Program.

1 **Transportation Threshold Provisions**

2 Q. Does Staff recommend that the Commission approve Spire Missouri's proposed
3 eligibility threshold for transportation customers?

4 A. Not at this time. While Staff is generally not opposed to moving towards a
5 consistent rate structure between Spire East and Spire West transportation customer tariff
6 sheets, Staff is concerned that the proposed threshold would impact roughly 64 percent of
7 current Spire West transportation customers and potentially double the number of Spire East
8 transportation customers.¹ Such a large migration of customers would affect not only the
9 revenues and billing determinates of these classes but could also impact the average
10 characteristics of customers in the class that would impact how costs are allocated to the class.
11 In other words, Staff could not be certain that the rates would reflect cost causation or a
12 reasonable opportunity to recover the revenue requirement for these classes.

13 Q. Did Spire Missouri include any adjustments to its revenues to account for the
14 switching of customers due to the aligning the transportation threshold provisions?

15 A. No.² Again, Staff is concerned that by not accounting for this customer
16 migration, the resulting rates would not reflect cost causation.

17 **Human Needs Transport Program**

18 Q. Spire witness Embry also discusses the Human Needs Transport Program.³
19 Does Staff recommend the Commission approve the Human Needs Transport Program?

20 A. No.

¹ These calculations are based on the numbers provided in the Direct Testimony of Kristina Embry, p. 15 ll. 16-23.

² Spire Missouri's response to Staff Data Request No. 0311.

³ Direct Testimony of Kristina Embry, p. 17 ll. 4 – 20.

1 Q. Is Staff opposed to additional protections being provided for customers that
2 operate and provide services to protect basic human needs?

3 A. No. However, transportation customers are subject to certain risks that are
4 not applicable to general service customers including periods of curtailment and service
5 interruptions. While Staff understands the reasons for proposing this program, Staff
6 does not think it is appropriate to have Spire Missouri's captive customers mitigate the risks of
7 customers who choose to become transport customers. As stated on Spire Missouri's
8 proposed tariff Sheet no. 16.2:

9 F. Incremental Gas Supply Costs:

10 So as to ensure that this aggregation program will not have any negative
11 impact on the Company or its other customers, and that the charges for
12 the service produce revenues sufficient to recover all incremental costs
13 of the service, charges for this service shall be adjusted, as necessary, to
14 fully recover the incremental cost of providing the service, to the extent
15 such costs are not otherwise recovered through other provisions of this
16 tariff. Any under collection shall be recovered over a period of twelve
17 (12) months. **Payments for capacity made available by the Company
18 under Section E shall not be considered capacity release revenues,
19 and shall be credited to the Deferred Purchase Gas Cost Account,
20 provided that the Company may seek to recover, through an Actual
21 Cost Adjustment, any losses in such revenues that the Company
22 experiences as a result of making such capacity available, and
23 provided further that the Company shall not be required to absorb
24 the cost of any pipeline capacity formerly reserved to satisfy the
25 requirements of the transport customers prior to the onset of the
26 program. [Emphasis added.]**

27 The language above indicates that Spire Missouri may reserve extra capacity to serve these
28 customers, which should already have been reserved by the customer's marketer, and also
29 recover lost revenues should an event result in Spire Missouri curtail its own captive customers
30 as a result of this program from non-transportation customers.

31 Q. Is there another avenue for transportation customers to mitigate the risk of
32 curtailment?

Rebuttal Testimony of
Michael L. Stahlman

1 A. Yes. They can become a customer on one of Spire Missouri's general service
2 customer classes.⁴

3 Q. Please briefly explain transportation service.

4 A. Transportation Service customers do not get natural gas through Spire Missouri.
5 Instead, transportation customers generally purchase natural gas through marketers who arrange
6 to transport the natural gas to Spire Missouri's distribution system. When Spire Missouri needs
7 the excess capacity to serve its own customers, as is explicitly stated in Spire's current tariff
8 sheet R-17, "All service to transportation customers is to be interrupted." If a customer is
9 unable to manage a service interruption, it should not be a transportation customer.

10 Q. Under Spire Missouri's proposed tariffs, would customers under the
11 Human Needs Transportation Program have the same priority to natural gas supplies as
12 residential customers?

13 A. Yes.⁵

14 Q. Under Spire Missouri's proposed tariffs, would customers under the Human
15 Needs Transportation Program pay the same natural gas prices as residential customers?

16 A. No. In addition to Staff not knowing what rates the contracts between the
17 customer and marketer specify, it is unclear what prices customers on the proposed Human
18 Needs Transport Program would pay Spire.

19 Q. Would a customer in Spire Missouri's general service customer class have the
20 same protections as Spire's proposed Human Needs Transportation Program?

⁴ In Spire Missouri West, the Transportation Provisions on Sheet No. 16.10 contemplate human needs receiving firm service. However, firm service was eliminated as part of the resolution of the prior case, Case No. GR-2021-0108. This language should be reviewed to ensure there is no confusion between these provisions and the curtailment language on Sheet No. R-17.

⁵ Proposed tariff sheets nos. R-17 and R-17.1

1 A. No. Per the proposed tariff sheet R-17, commercial and industrial customers
2 will be curtailed before customers enrolled in the Human Needs Transport Program.

3 Q. Are there other issues with the proposed tariff sheets?

4 A. Yes. It is unclear how some of the provisions work. On tariff sheet 16.1,
5 there are provisions discussing the recall of capacity for these customers, but other
6 language indicates Spire Missouri is separately reserving extra capacity to account for the
7 customers on the Human Needs Transport Program. Additionally, it is unclear what is meant
8 by “Adjusted Delivery Schedule” on the same tariff sheet, as it is not defined.

9 Q. Is it Staff’s recommendation that Spire Missouri should not consider human
10 needs in its curtailment policies?

11 A. No. Staff recommends that customers that cannot safely operate without natural
12 gas should not be a transportation customer.

13 **Data Consistency**

14 Q. Are there discrepancies between Spire Missouri’s responses to Staff Data
15 Request Nos. 0076 and 0076.1 for the transportation classes?

16 A. Yes. There were three months⁶ where the total energy used for the
17 transportation classes was different by a large amount between the data requests responses.
18 Staff Witness Nancy L. Harris discusses discrepancies in these data requests further and
19 provides Staff’s recommended resolution to the issue in her rebuttal testimony.

20 Q. Does this conclude your rebuttal testimony?

21 A. Yes it does.

⁶ The December 2021, April 2022, and May 2022 revenue months.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MICHAEL L. STAHLMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Michael L. Stahlman*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



MICHAEL L. STAHLMAN

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 6th day of October 2022.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public