

*Exhibit No.:*  
*Issue:* WNAR Tariff  
*Witness:* Michael L. Stahlman  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case Nos.:* GO-2019-0058 and  
GO-2019-0059  
*Date Testimony Prepared:* December 20, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**TARIFF/RATE DESIGN DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**MICHAEL L. STAHLMAN**

**SPIRE MISSOURI INC. d/b/a SPIRE**  
**CASE NOS. GO-2019-0058 and GO-2019-0059**

*Jefferson City, Missouri*  
*December 2018*

1 **REBUTTAL TESTIMONY**

2 **OF**

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

5 **CASE NOS. GO-2019-0058 and GO-2019-0059**

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  
10 docket?

11 A. Yes.

12 Q. What is the purpose of your testimony?

13 A. The purpose of my testimony is respond to the Direct Testimony of Scott A.  
14 Weitzel.

15 Q. What are the reasons Mr. Weitzel cites against using the ranking method?

16 A. He states that the WNAR tariff does not mention the ranking method, the  
17 ranking method was not litigated in the rate case, the ranking method is different than other  
18 adjustments, and that the method would create unpredictable variations.<sup>1</sup>

19 Q. Do you agree with Mr. Weitzel that the WNAR tariff does not mention the  
20 ranking method?

21 A. No. Mr. Weitzel's interpretation ignores an entire clause of the tariff, "based  
22 upon Staff's daily normal weather as determined in the most recent rate case". As discussed  
23 in my Direct Testimony, Staff's ranking method is how Staff's daily normal weather was

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<sup>1</sup> Direct Testimony of Scott A. Weitzel, p. 4 l. 10 – p. 5 l. 2.

1 determined in the most recent rate case. The tariff language was written thus because Staff's  
2 ranking method requires the normal weather to be ranked consistent with the actual weather  
3 of the period. This is further discussed by Staff witness Dr. Won.

4 Mr. Weitzel continues to ignore that clause when faulting the tariff language for not  
5 being more specific.<sup>2</sup>

6 Q. Does Mr. Weitzel use a ranking method in calculating the WNAR tariff rate in  
7 this case?

8 A. Yes. Mr. Weitzel is using a ranking method, but maintaining a rank developed  
9 from 2016 actual weather rather than 2018 actual weather.

10 Q. Do you agree with Mr. Weitzel that Spire Missouri, Inc. d/b/a Spire ("Spire")  
11 did not have advanced notice of Staff's interpretation of the tariff prior to this filing?<sup>3</sup>

12 A. No. As Mr. Weitzel notes on page 7 lines 9 through 14 of his  
13 Direct Testimony, Staff discussed the use of the ranking method with the Company prior to  
14 this filing in August. Additionally, the method was also discussed, albeit briefly, during the  
15 hearing.<sup>4</sup>

16 Q. Do you agree with Mr. Weitzel's characterization of how the WNAR tariff  
17 language was developed on pages 6 through 8 of his testimony?

18 A. No. I think there is some confusion in Mr. Weitzel's testimony regarding the  
19 origins of the WNAR tariff sheets.<sup>5</sup> In the rate cases,<sup>6</sup> Spire proposed a revenue  
20 stabilization mechanism (RSM) that did not conform to the authorizing statute. In Rebuttal, I

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<sup>2</sup> Direct Testimony of Scott A. Weitzel, p. 5 l. 21 – p. 6 l. 12.

<sup>3</sup> Direct Testimony of Scott A. Weitzel, p. 7, ll. 1 – 14.

<sup>4</sup> "And the concept is, you would take the -- using Staff weather method, you would compute the normal heating degree days and subtract the actual heating degree days of the applicable weather station" (Transcript Volume 21 (Evidentiary Hearing - December 15, 2017), p. 2434).

<sup>5</sup> Specifically, p. 6 l. 13 – p. 7 l. 14.

<sup>6</sup> File Nos. GR-2017-0215 and GR-2017-0216

1 had recommended against the RSM, but stated that if a mechanism was to be approved, it  
2 should be limited to weather only and provided examples of tariffs from other states. To my  
3 surprise, Spire maintained its position in Surrebuttal that the RSM did conform to the  
4 authorizing statute. The first WNAR tariff sheets were presented during the hearing which  
5 were modeled off of the example tariffs attached to my Rebuttal.<sup>7</sup> Spire was allowed by the  
6 Commission to review and respond to these first WNAR tariff sheets in true-up.<sup>8</sup> In response  
7 to the WNAR tariff sheets, Spire witness Mr. Buck submitted an affidavit with three proposed  
8 changes; however, none of the three proposed changes by Mr. Buck addressed the matter at  
9 issue in this case,<sup>9</sup> nor do I recall any request by Spire to discuss the proposed WNAR tariff  
10 between the hearing and filing of briefs. The Commission then ordered the WNAR tariff  
11 sheets to go into effect with one of Spire's proposed modifications.<sup>10</sup> Therefore, the WNAR  
12 tariff, which includes Staff's method of calculating weather normals, is an issue that has been  
13 litigated and decided by the Commission. Staff witness Dr. Won also discusses the litigation  
14 around Staff's method.

15 Q. Mr. Weitzel also claims that Staff's method is inconsistent with other  
16 adjustment mechanisms.<sup>11</sup> Do you agree?

17 A. No. First, Liberty Utilities has a WNAR tariff that is very similar to Spire's,  
18 and they used Staff's method of calculating normal weather.<sup>12</sup> Secondly, Mr. Weitzel's  
19 comparison to other non-WNAR adjustment mechanisms is entirely irrelevant. In his  
20 comparisons, Mr. Weitzel ignores a complete clause of the WNAR tariff, "based upon Staff's

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<sup>7</sup> Transcript Volume 21 (Evidentiary Hearing - December 15, 2017), starting at p. 2432, line 16.

<sup>8</sup> See "Exhibit No. 63 - Affidavit Regarding Weather Normalization Adjustment Rider" filed January 9, 2018 and "Statement of Position of Laclede Gas Company" filed January 2, 2018.

<sup>9</sup> See "Exhibit No. 63 - Affidavit Regarding Weather Normalization Adjustment Rider" filed January 9, 2018.

<sup>10</sup> Report and Order for File Nos. GR-2017-0215 and GR-2017-0216, Issued 2/21/2018.

<sup>11</sup> Direct Testimony of Scott A. Weitzel, p. 8 l. 11 – p. 10 l. 12.

<sup>12</sup> See File No. GO-2019-0060.

1 daily normal weather as determined in the most recent rate case”, that is not present in the  
2 non-WNAR tariffs.

3 Q. Mr. Wietzel also claims that Staff’s method is inconsistent with the goals of  
4 the WNAR tariff.<sup>13</sup> Do you agree?

5 A. No. First, the tariff specifies using Staff’s normal weather, so it’s unclear how  
6 the method specified by the tariff can be inconsistent with itself. Second, my direct testimony  
7 in this case demonstrated that using Spire’s method will result in errors; Mr. Wietzel provides  
8 no analysis substantiating his claims that Staff’s method would create unpredictable  
9 variations. In fact, Staff’s method should result in less variation, as shown in my  
10 direct testimony.

11 Q. Would Staff be open to examining other methods of mitigating the impacts of  
12 weather on Spire’s revenue requirement?

13 A. Yes in the context of a rate case. However, in this filing Staff is looking to  
14 enforce the terms of the Commission-ordered tariff. Staff’s interpretation of the tariff in this  
15 case is consistent with Staff’s interpretation of Liberty’s similarly designed WNAR tariff. It  
16 is inappropriate to reexamine the terms of this tariff in this context.

17 Q. Please summarize your rebuttal testimony.

18 A. Mr. Weitzel’s testimony is premised on ignoring the clause “based upon  
19 Staff’s daily normal weather as determined in the most recent rate case,” or assertions without  
20 evidence or analysis. Other parts of his testimony are attempting to re-litigate matters that  
21 were already decided in the rate case. Staff’s interpretation of the WNAR tariff is consistent  
22 with Staff’s interpretation of Liberty similarly designed WNAR tariff that had rates approved  
23 in File No. GO-2019-0060. Therefore Staff continues to recommend that the Commission

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<sup>13</sup> Direct Testimony of Scott A. Weitzel, p. 10 l. 13 – p. 11 l. 23.

Rebuttal Testimony of  
Michael L. Stahlman

1 order Spire to file the appropriate WNAR rates of \$(0.00050) and \$0.00084 for Spire  
2 Missouri East and Spire Missouri West, respectively and to use Staff's ranked method for  
3 calculating WNAR rate adjustments in future WNAR filings, to be consistent with the WNAR  
4 tariff language.

5 Q. Does this conclude your testimony?

6 A. Yes it does.

