

*Exhibit No.:*  
*Issue(s):* Carbon Neutral Offering  
*Witness:* Saeid R. Dindarloo, PhD  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* GR-2021-0108  
*Date Testimony Prepared:* June 17, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**ENGINEERING ANALYSIS DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**SAEID R. DINDARLOO, PhD**

**SPIRE MISSOURI INC., d/b/a SPIRE  
SPIRE EAST and SPIRE WEST  
GENERAL RATE CASE**

**CASE NO. GR-2021-0108**

*Jefferson City, Missouri  
June 2021*

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **SAEID R. DINDARLOO, PhD**

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

5 **SPIRE EAST and SPIRE WEST**  
6 **GENERAL RATE CASE**

7 **CASE NO. GR-2021-0108**

8 Q. Please state your name and business address.

9 A. My name is Saeid R. Dindarloo, and my business address is Missouri Public  
10 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

11 Q. By whom are you employed and in what capacity?

12 A. I am employed by the Missouri Public Service Commission (“Commission”)  
13 as an Associate Engineer in the Engineering Analysis Department of the Industry  
14 Analysis Division.

15 Q. Please describe your educational background and relevant work experience.

16 A. I have obtained Bachelor of Science and Master of Science degrees, both in  
17 Mining Engineering, from Amirkabir University of Technology (formerly, Tehran  
18 Polytechnic). I have also received a PhD degree in Mining Engineering from  
19 Missouri University of Science and Technology. I was employed by Missouri University  
20 of Science and Technology from 2012 to 2017; Missouri Department of Social Services  
21 from 2017 to 2018; Missouri Department of Natural Resources from 2018 to 2020;  
22 and Missouri Public Service Commission since 2020. My credentials are attached as  
23 Schedule SRD-r1.

1 Q. What is the purpose of your rebuttal testimony?

2 A. The purpose of my rebuttal testimony is to respond to the direct and  
3 supplemental direct testimonies of Mr. Scott A. Weitzel regarding the Company's proposed  
4 voluntary carbon neutral offering initiative ("Program"). Specifically, I will address the lack of  
5 need for the program, the proposed scope, and participation costs.

6 Q. Please describe the scope of the Program.

7 A. The proposed voluntary Program aims at eliminating the Company's  
8 customers' average carbon footprint of approximately 4 tons of CO<sub>2</sub> per year per customer,  
9 by carbon sequestration, through planting certain tree species (e.g., walnut, oak, etc.) in the  
10 Company's service areas in Missouri. According to Mr. Weitzel's direct testimony, the  
11 proposed Program "...will be verified by i-Tree ... a software suite from the USDA Forest  
12 Service that provides urban and rural forestry analysis and benefits assessment tools."  
13 Primarily, the Company has offered the Program to be initiated through a partnership with  
14 Forest ReLeaf of Missouri (ReLeaf) to use the customer charges collected under the Program  
15 to plant trees in Missouri to offset a customer's approximate annual natural gas carbon  
16 footprint over the 30-year life of the trees. However, in the accompanied specimen  
17 tariff, without presenting specific details, the Company proposes other supplementary programs  
18 (e.g., financial carbon offsets, land restoration, etc.). Mr. Weitzel, in his Direct and  
19 Supplemental Direct Testimonies, included only a list of possible additional programs with no  
20 plan for administrating them or preliminary cost estimates.

21 Q. What is your recommendation?

22 A. First, the customers in Spire's service territory do not need their gas utility to  
23 offer the proposed Program in order to offset their carbon usage. Also, the proposed Program

1 as discussed in Mr. Weitzel’s testimony and the proposed tariff are poorly designed and unclear.  
2 Staff recommends the Commission reject the Program. If the Company wants to pursue a  
3 voluntary carbon offset program it could offer the program as an unregulated service.

4 Q. What other options do customers have to offset their carbon usage?

5 A. There are other options, in which customers can participate individually without  
6 the Program. Examples of such options include *Native Energy*<sup>1</sup>. Although partnership of the  
7 Company with ReLeaf may be effective from an environmental perspective, it is not necessary  
8 for the provision of gas utility service.

9 Q. Are similar programs offered by regulated Companies in Missouri?

10 A. No other Missouri regulated gas utility offers a voluntary carbon offset program.  
11 Ameren Missouri offers a Pure Power Program to its electric customers. The Pure Power  
12 Program is similar in that Ameren Missouri purchases renewable energy credits and retires them  
13 on behalf of participating customers. However, the Pure Power Program pilot tariff is not  
14 available to new enrollees after April 1, 2020 and expires on June 30, 2022.

15 Q. If the Commission finds the Program should be offered as a regulated program,  
16 do you have recommendations?

17 A. Yes. The following modifications are recommended to provide additional clarity  
18 to the Program: (i) The initial customer participation cost should be itemized, and included in  
19 the tariff; (ii) the proposed program should be limited to collaboration with ReLeaf in the form  
20 of planting trees as discussed in the direct testimony of Mr. Weitzel-- supplemental programs  
21 should be removed from the tariff; (iii) the program’s participation and withdrawal terms and  
22 conditions should be clearly established and included in the specimen tariff; (iv) potential future

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<sup>1</sup> [NativeEnergy - Carbon Offset Providers | Programs & Projects for Emission Reduction](https://native.eco/) (https://native.eco/).

1 cost increases should be removed from the program because such future cost increases as  
2 proposed by the Company are not justifiable at this time.

3 The Company would also need to make any requests for future program cost  
4 adjustments in its future general rate cases.

5 Staff has revised the Company's proposed specimen tariff accordingly and attached it  
6 to this testimony, labeled as Schedule SRD-r2.

7 Q. What participation cost has the Company proposed for this Program?

8 A. According to Mr. Weitzel's testimonies and the Company's accompanying  
9 specimen tariff, the proposed initial Program's participation cost is \$4 per month per customer,  
10 which could increase to \$6 and \$10 in 2023 and 2024, respectively.

11 Q. Has the Company provided detailed cost calculations and reasonable  
12 justifications for both the initial participation costs and the mentioned cost increases in the  
13 following years?

14 A. Cost calculations and details were not initially provided in the direct  
15 testimony of Mr. Weitzel. However, in response to Staff's Data Request No. 0276, the  
16 Company submitted additional information on March 15, 2021. For the proposed initial  
17 \$4/month participation cost, the Company has referenced the Program administrator's  
18 (ReLeaf of Missouri) initial cost estimate for planting trees as \$3.25 per month per customer,  
19 plus 20% administrative and marketing costs (\$0.65), for a total of \$3.90 (rounded to \$4) per  
20 month per customer.

21 Q. What is the cost justification for the administrative and marketing costs?

22 A. The Company has not elaborated on their justification for the proposed  
23 20% administrative and marketing costs. It is not clear whether the proposed 20% cost is

1 reasonable and comparable to other similar programs offered by regulated gas utilities in the  
2 region. In particular, initiation of the Program does not need running extensive marketing  
3 campaigns. In addition, the administrative portion of the additional 20% cost might already be  
4 included in ReLeaf's estimated cost of \$3.25 per month, as Spire's response to Staff Data  
5 Request No. 276 indicates that "Spire has not requested the detailed estimate from ReLeaf."  
6 Also, the reason(s) for arbitrarily rounding up the calculated estimated \$3.90 per month  
7 program participation cost to \$4 per month is not mentioned in the Company's responses to  
8 Staff data requests.

9 Q. Does the Company have a role in the administration of the program?

10 A. No. The Company plans to contract with ReLeaf who will initially administer  
11 the program. ReLeaf is a nonprofit community-assisted tree nursery in the region.

12 Q. Did the Company provide justification for increasing the participation cost in  
13 2023 and 2024?

14 A. No. The Company has not presented future plans for the Program that  
15 would necessitate the participation cost to increase by 50% after the first year, plus another  
16 67% increase in the following year. In response to Staff's data request, the Company mentioned  
17 that the costs "Could" increase by 50% and 67% in the next two years, due to inflation and cost  
18 of materials, but has not provided any justification for such sharp increases other than  
19 discussing ReLeaf Missouri's initial estimate of \$7.50, which was originally offered by  
20 ReLeaf to the Company and included a wide range of tree species.<sup>2</sup> Per the Company's  
21 recommendation, and ReLeaf's confirmation, planting highest-rated carbon sequestration tree

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<sup>2</sup> The Company's response to Staff's Data Request No. 0276 submitted on 03/15/2021.

1 species would decrease the cost to \$3.25. Therefore, if the Company considers planting only  
2 “lower-cost” species in the future, the participation cost will not need to be increased so sharply.

3           Because the basis and rationale for such significant increases in Program costs are not  
4 known by the Company at this time, Staff recommends that any future cost adjustments be  
5 requested in future general rate cases so that the Commission would have sufficient information  
6 to determine the appropriateness of such costs. In other words, at this time, Spire has not  
7 provided enough evidence that it should have the right to increase costs in future years, outside  
8 of making such requests in a future general rate case.

9           Q.     Does this conclude your Rebuttal testimony?

10          A.     Yes it does.

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   | ) | Case No. GR-2021-0108 |
| General Rate Increase for Natural Gas        | ) |                       |
| Service Provided in the Company's            | ) |                       |
| Missouri Service Areas                       | ) |                       |

**AFFIDAVIT OF SAEID R. DINDARLOO, PhD**

STATE OF MISSOURI     )  
   )  
 COUNTY OF COLE         )     ss.

COMES NOW SAEID R. DINDARLOO, PhD and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Saeid R. Dindarloo, PhD*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

SAEID R. DINDARLOO, PhD

**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 17<sup>th</sup> day of June 2021.

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

Notary Public



## **Saeid R. Dindarloo, PhD**

I am employed by the Missouri Public Service Commission as an Associate Engineer in the Engineering Analysis Department of the Industry Analysis Division. I mainly review and provide recommendations for electric and gas rate cases (and other cases) as subject matter expert (SME).

### **Educational Background and Work Experience**

I have obtained Bachelor of Science and Master of Science degrees, both in Mining Engineering, from Amirkabir University of Technology (formerly, Tehran Polytechnic). I have also received a PhD degree in Mining Engineering from Missouri University of Science and Technology. I was employed by Missouri University of Science and Technology from 2012 to 2017; Missouri Department of Social Services from 2017 to 2018; Missouri Department of Natural Resources from 2018 to 2020; and Missouri Public Service Commission since 2020.

### **Case Participation**

| Case/Tracking No. | Utility Type | Type Of Case  | Designation |
|-------------------|--------------|---------------|-------------|
| EA-2020-0371      | Electric     | CCN           | Staff       |
| EO-2021-0308      | Electric     | Other         | SME         |
| EO-2021-0327      | Electric     | Other         | SME         |
| EO-2021-0330      | Electric     | Other         | SME         |
| EO-2021-0344      | Electric     | Other         | Staff       |
| EO-2021-0345      | Electric     | Other         | Staff       |
| EO-2021-0346      | Electric     | Other         | Staff       |
| EO-2021-0347      | Electric     | Other         | Staff       |
| EO-2021-0348      | Electric     | Other         | Staff       |
| EO-2021-0352      | Electric     | Other         | SME         |
| EO-2021-0380      | Electric     | Other         | SME         |
| EO-2021-0383      | Electric     | Other         | SME         |
| EO-2021-0404      | Electric     | Other         | SME         |
| EO-2021-0405      | Electric     | Other         | SME         |
| ER-2021-0312      | Electric     | Rate Case     | Staff       |
| EW-2021-0267      | Electric     | Working Group | Staff       |
| GR-2021-0108      | Gas          | Rate Case     | SME         |

Spire Missouri Inc. d/b/a/ Spire

For: Spire Missouri

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**VOLUNTARY CARBON NEUTRAL INITIATIVE OFFERING**  
**(CNI)**

**A. Purpose:**

This Carbon Neutral Initiative (CNI) is a voluntary carbon offset program established to assist Spire's customers' efforts to participate in environmental sustainability and to meet the customers' desire to protect the environment. Because our customers have told us that the environment is important to them, Spire has decided to offer a voluntary carbon offset program for natural gas usage.

**B. Description:****Primary Program:**

Spire will partner with Forest ReLeaf of Missouri (ReLeaf), a non-profit organization in St. Louis, Missouri, to initiate this program because ReLeaf is a catalyst for restoring and sustaining our urban forests. ReLeaf operates the only nonprofit community-assisted tree nursery in the St. Louis region. The customer charges collected under this program will allow ReLeaf to plant trees in Missouri to offset a customer's approximate annual natural gas carbon footprint over the 30-year life of the trees. The proposed tree-based carbon sequestration will be verified by i-Tree, a state-of-the-art, peer-reviewed software suite from the United States Department of Agriculture Forest Service that provides urban and rural forestry analysis and benefits assessment tools. The i-Tree tools can help strengthen forest management and advocacy efforts by quantifying forest structure and the environmental benefits that trees provide.

**Supplemental Programs:**

~~The Company will only be allowed to charge customers a monthly rate identified in customer eligibility and charges identified below. If other carbon offset or technologies become economically viable or have the potential to help environmental efforts in Missouri, then the Company can use program funds to offset customers carbon footprint by investing in:~~

- ~~-Financial carbon offsets~~
- ~~-Investing in mechanical, filtration, chemical, facility bolt on, storage, or other technologies used to sequester or eliminate carbon output~~
- ~~-Direct air capture~~
- ~~-Land restoration~~
- ~~-Algae farms or microalgae~~
- ~~-Small scale renewable natural gas~~
- ~~-Other technologies not yet identified~~

**C. Customer Eligibility and Charges:**

This program is available to residential, commercial and industrial customers.

**Residential customers:**

Can elect to participate in CNI by checking a box on their bill, or by signing-up on the Spire MyAccount portal. The monthly customer charges for customers who elect to participate will be \$43.90 per month starting on the effective date of this program. The monthly charge includes the price of the trees, planting, and ~~20% in~~ administration and marketing costs. Customers will be locked into program prices that follow the Company's fiscal year.

~~Customer charges could increase to \$6 per month in 2023, and \$10 per month in 2024 or until the Company's next general rate case due to material, inflation, or other cost increases. Any program increases will require customers to voluntarily re-enroll in the program.~~

Commercial and Industrial Customers:

Customized programs can be offered for commercial and industrial customers. Costs and program details will be filed with the Missouri Public Service Commission ~~Staff (“Staff”) and the Office of the Public Counsel (“OPC”) 30 days prior~~ to customer participation.

**D. Reporting:**

By December 31 of each year, the Company ~~proposes to~~ shall submit to Staff and OPC an annual report that includes: (i) the level of customer participation; (ii) the level of funds generated by the voluntary participants; (iii) type and amount of offset the investments made; and (iv) the amount of carbon offset resulting from program participation

**E. Terms and Conditions**

Charges for participation under this tariff shall be added to customer billings from Company for natural gas service. Customers will be able to withdraw or cancel participation in this Program at any time, without penalty, by notifying the Company. Customer charges will be used to implement this Program only. To use the charges for alternative programs, such as financial carbon offsets, the Company (i) shall seek approval from the Missouri Public Service Commission for a new tariff that will replace/change this Program, and (ii) notify all customers of any Commission-approved changes to the current program and their effective date(s).

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DATE OF ISSUE:

DATE EFFECTIVE:

ISSUED BY: Scott Weitzel, Managing Director, Regulatory & Legislative Affairs  
Spire Missouri Inc., St. Louis, MO. 63101