

Exhibit No.:
Issue: WNA Adjustment Issue
Witness: Scott A. Weitzel
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Spire Missouri Inc.
Case Nos. GO-2019-0058; GO-2019-0059
Date Testimony
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Spire Missouri Inc.

GO-2019-0058; GO-2019-0059

REBUTTAL TESTIMONY

OF

SCOTT A. WEITZEL

December 2018

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1 **REBUTTAL TESTIMONY OF SCOTT A. WEITZEL**

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

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

5 **Q. ARE YOU THE SAME SCOTT A. WEITZEL WHO PREVIOUSLY FILED**
6 **DIRECT TESTIMONY IN THESE CASES?**

7 A. Yes. I previously filed direct testimony in these cases on behalf of Spire Missouri,
8 Inc. (“Spire” or “Company”).

9 **PURPOSE OF TESTIMONY**

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

11 A. The purpose of my rebuttal testimony is to respond to the direct testimony filed by
12 Staff witnesses Michael L. Stahlman and Seoung Joun Won and OPC witness Lena
13 M. Mantle.

14 **OVERVIEW**

15 **Q. DO YOU HAVE AN OVERALL RESPONSE TO THE DIRECT**
16 **TESTIMONY OF THESE WITNESSES?**

17 A. Yes. I think it’s important to note that while Staff witness Stahlman briefly
18 addresses the issue of what the Company’s Weather Normalization Adjustment
19 (“WNA”) tariff actually says (or does not say) regarding the use of the Staff’s
20 ranking method to calculate WNA adjustments, most of the testimony of these
21 witnesses is focused on explaining what the ranking method is and why, in their
22 view at least, it provides for a more accurate calculation of WNA adjustments. I
23 think the degree to which these witnesses feel the need to describe the ranking

1 method – rather than just refer to language in the tariff – is a good illustration of
2 the Company’s point that the tariff doesn’t even mention let alone describe and
3 mandate the use of the ranking method to calculate WNA adjustments. If it did,
4 there would be no need for these witnesses to describe in such detail what the
5 ranking method is and how it works.

6 **Q. DO YOU AGREE WITH THESE WITNESSES THAT USE OF THE**
7 **RANKING METHOD RESULTS IN GREATER ACCURACY OR LESS**
8 **VOLATILITY IN THE CALCULATION OF WNA ADJUSTMENTS?**

9 A. Not necessarily. It is my understanding that Staff believes there will be relatively
10 little difference overall in the magnitude of WNA adjustments using the updated
11 ranking method versus Staff’s daily normal weather as determined in the most
12 recent rate case. Given this often-stated belief on the part of the Staff, I don’t
13 understand the basis for any assertion that the use of the ranking method would
14 materially enhance the accuracy or materially reduce the volatility of the typical
15 WNA adjustment. Given this express belief, for those same reasons, I do not
16 believe the examples provided by Staff witnesses to establish the superiority of the
17 WNA adjustment in this regard eliminates the possibility that use of the ranking
18 method could produce materially significant results. In any event, regardless of
19 any assumption as to the merits of using the ranking method or not, the fact remains
20 that such use is not authorized by the specific terms of the Company’s WNA tariff.

21 **Q. IS THE COMPANY PURSUING THIS ISSUE PRIMARY BECAUSE IT IS**
22 **CONCERNED THAT THERE MIGHT BE A DETRIMENTAL FINANCIAL**

1 **IMPACT ON THE COMPANY AS A RESULT OF RE-APPLYING STAFF’S**
 2 **RANKING METHOD EACH TIME THERE IS A WNAR ADJUSTMENT?**

3 A. No, the Company is pursuing this issue because it firmly believes that its approach
 4 is the one specified in its approved tariff and because it wants to ensure that the
 5 WNAR operates in an appropriate manner for both the Company and its customers.
 6 In fact, as shown below, inputting the historical weather normalization data that
 7 was determined in the rate cases into Staff’s model, without any re-ranking as
 8 suggested by the Company, would result in the Company recovering nearly
 9 \$867,000 *less* for the first two months of its fiscal year (October and November)
 10 for Spire East and Spire West combined. Clearly, the Company is not pursuing
 11 this issue to advance its own financial interests.

Spire Missouri East & West 2018				
	October	November	WNA	
Rate Case Normal	\$ 491,013.48	\$ (5,857,839.86)	\$ (5,366,826.38)	-16%
Re Rank 2018-Staff	\$ 180,145.94	\$ (4,679,135.62)	\$ (4,498,989.68)	-19%
		Variance	\$ 867,836.70	

12
 13 **RESPONSE TO STAFF WITNESS STAHLMAN**

14 **Q. DOES STAFF WITNESS STAHLMAN EXPLAIN IN HIS DIRECT**
 15 **TESTIMONY HOW THE WNA TARIFF AUTHORIZES THE RE-USE OF**
 16 **THE RANKING METHOD EACH TIME A WNAR ADJUSTMENT IS**
 17 **MADE?**

18 A. Not in my opinion. To support his position that re-application of the ranking
 19 method is not only authorized, but mandated, each time a WNA adjustment is
 20 calculated, Mr. Stahlman cites the very same tariff language I referenced in my

1 direct testimony to support my contention that it is not. Specifically, he cites the
2 provision in the tariff which defines the Normal Heating Degree Days (“NHHD’s”)
3 to be used in the WNA calculation as the “total normal heating degree days based
4 upon Staff’s daily normal weather *as determined in the most recent rate case.*” See
5 Original Tariff Sheet No. 13 (*emphasis supplied*).

6 **Q. HOW DOES MR. STALHMAN SQUARE THIS LANGUAGE WITH HIS**
7 **POSITION THAT IT MANDATES THAT STAFF’S RANKING METHOD**
8 **BE RE-APPLIED WITH EACH WNA ADJUSTMENT?**

9 A. He doesn’t. He simply takes the position that by saying that WNA adjustments
10 would be based on the total NHHD’s derived from Staff’s daily normal “**as**
11 **determined** in the rate case”, this tariff provision means that Staff’s ranking
12 method is to be re-applied each time a WNA calculation is made, even though the
13 tariff doesn’t even mention that method.

14 **Q. WHAT IS THE MERRIAM-WEBSTER DEFINITION FOR THE WORD**
15 **DETERMINE?**

16 A. This authoritative dictionary defines the word “determine” as follows:

17 Definition of determine for transitive verb: 1. a) to fix conclusively or
18 authoritatively. b) law: to decide by judicial sentence. c) to settle or decide
19 by choice of alternatives or possibilities. d) resolve. 2. a) to fix the form,
20 position, or character of beforehand: ordain. b) to bring about as a result:
21 regulate. 3. a) to fix the boundaries of. b) to limit in extent or scope. C) to
22 put or set an end to: terminate. 4. To find out or come to a decision about
23 by investigation, reasoning, or calculation. Definition of determine for
24 intransitive verb. 1. To come to a decision. 2. To come to an end or become
25 void.
26

1 **Q. DOES THIS DEFINITION GIVE SUPPORT TO STAFF’S POSITION**
2 **THAT THE WORDS “AS DETERMINED” IN THE TARIFF SUPPORTS**
3 **THE USE OF AN ONGOING AND UPDATED METHADODOLOGY?**

4 A. No. Looking at the plain and ordinary definition of “determine”, one sees words
5 like “fix”, “resolve”, “to limit in extent or scope”, “to put or set an end to”, “to
6 come to a decision”, and “to come to an end or become void”. Consistent with that
7 meaning, the Company is using Staff’s daily normal weather as determined in the
8 most recent rate case. It is also consistent with the other uses of the word that I
9 reference at pages 7-8 of my Direct Testimony. Conversely, I do not believe the
10 word “determined” can be defined as meaning something that will be changed or
11 re-determined for current weather in 2018, 2019, 2020, etc. as Staff is proposing.

12 **Q. DOES MR. STALHMAN EXPLAIN WHY THIS TARIFF LANGUAGE DID**
13 **NOT INCLUDE THE WORD “METHOD” AFTER THE WORDS “BASED**
14 **UPON STAFF’S DAILY NORMAL WEATHER” IF THE TARIFF WAS, IN**
15 **FACT, INTENDED TO RQUIRE USE OF STAFF’S RANKING METHOD**
16 **EACH TIME A WNA ADJUSTMENT IS MADE?**

17 A. Yes. At the bottom of page 2 of his direct testimony, Mr. Stahlman states that the
18 word “method” was not included in the tariff language because it might have
19 implied that “Spire would need to recalculate normal weather by rolling the 30-year
20 period [used to derive normal weather] forward to the current period.” Mr.
21 Stahlman goes on to explain why updating or re-calculating normal weather would
22 have created various problems, including requiring the need to adjust the
23 coefficients used in the tariff.

1 **Q. ISN'T THIS THE VERY SAME POINT THAT THE COMPANY IS**
2 **MAKING THOUGH?**

3 A. Absolutely. I agree with Mr. Stalman that by not including the word “method” in
4 this language, the tariff was intended to establish the 30-year normal as a data point
5 that was determined and fixed in the rate case rather than something to be updated
6 and recalculated with each WNAR adjustment. But the same exact thing is true
7 regarding whether the tariff requires that Staff’s ranking method be updated and re-
8 applied with each WNAR adjustment. In other words, if the absence of the word
9 “method” was meant to imply that the 30 year normal *as determined in the rate*
10 *case* would remain fixed for purposes of calculating the WNAR adjustments, then
11 the absence of any reference in the tariff to Staff’s ranking method should also be
12 construed to mean that that the output of the ranking method *as determined in the*
13 *rate case* was to remain fixed and not updated and reapplied in calculating such
14 adjustments. As a matter of simple logic, Staff cannot have it both ways on this
15 point.

16 **Q. ARE THERE ADDITIONAL REASONS WHY THE COMMISSION**
17 **SHOULD NOT ACCEPT STAFF’S EXPANSIVE VIEW OF WHAT THIS**
18 **TARIFF PROVISION MEANS?**

19 A. Yes. As the primary author of the WNA tariff, Staff had a special obligation to
20 clearly state in its proposed tariff language that its ranking method was to be
21 reapplied in making each WNA adjustment if that was indeed the intent. This is
22 especially true given the fact that the tariff language was not even offered as part
23 of Staff’s testimony in the rate cases, was first introduced on the last day of the

1 main evidentiary hearings, and that Staff never informed the Company either then
2 or in subsequent discussions that the tariff was intended to require such a result.
3 Simply put, neither the Commission nor any party should be put in a position where
4 it is deemed to have agreed to the use of a method or approved a policy outcome
5 based on such oblique tariff language.

6 **Q. OVER THE COURSE OF THE DEVELOPMENT OF THE WNA TARIFF,**
7 **WERE ANY OTHER MATERIALS PROVIDED BY STAFF THAT**
8 **WOULD HAVE INDICATED THE TARIFF WAS INTENDED TO**
9 **REQUIRE RE-APPLICATION OF THE RANKING METHOD EACH**
10 **TIME AN WNAR ADJUSTMENT IS MADE?**

11 A. No. In his rebuttal testimony, Mr. Stalman attached weatherization adjustment
12 tariffs that had been approved in Kentucky and Virginia, but neither of these tariffs
13 mention anything about applying some kind a ranking method when adjustments
14 under the mechanism are made. In fact, the Virginia tariff did provide that rather
15 than remaining fixed, the slopes used to calculate adjustments under the adjustment
16 mechanisms would be revised every 36 months. Mr. Stalman came back in his
17 surrebuttal testimony in the rate case, however, to clarify that he did not even agree
18 that such an update should be made every three years, let alone with each
19 adjustment filing.

20 **RESPONSE TO OTHER WITNESSES**

21 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS IN RESPONSE TO**
22 **THE DIRECT TESTIMONY OF STAFF WITNESS WON AND OPC**
23 **WITNESS MANTLE.**

1 A. Since neither of them directly address how the specific tariff language at issue in
2 these cases authorizes the reapplication of Staff’s ranking method, I really only
3 have two observations. First, both Dr. Won and Ms. Mantle devote a significant
4 portion of their testimony describing the operation of a ranking method that, as I’ve
5 previously pointed out, is not even mentioned in the tariff. Their need to provide
6 such explanations simply illustrates how barren the tariff is of any authorizing
7 language for the method. Second, like Mr. Stahlman, they attempt to show how the
8 ranking method will produce superior results. That would be no justification,
9 however, for imposing a method that the parties to the WNA never agreed to and
10 that the Commission never knowingly considered and approved. These claims of
11 greater accuracy are also, as I mentioned before, inconsistent with representations
12 that have been made to the Company regarding the immaterial nature of the
13 differences between using and not using the ranking method when calculating
14 WNAR adjustments. And for parties like Staff and OPC who are usually so insistent
15 on following historic test year principles and equally resistant to any form of single
16 issue ratemaking that is not specifically authorized by law, I believe such an answer
17 should be a result they can support as well.

18 **SUMMARY OF TESTIMONY**

19 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

20 A. This case can really be broken down to one decision point. Should the Commission
21 interpret the tariff to mean that the WNA should be Re-calculated using Staff’s
22 ranking methodology, which was not referenced in the four corners of the tariff,
23 and which would result in the need to recalculate the daily normal HDDs – an

1 exercise that would also impact billing determinants and revenues from those set
2 by the Commission's order in our last rate cases. Or should the Commission leave
3 the HDDs, billing determinants and revenues in place as established by
4 Commission order in those proceedings as advocated by the Company? I believe
5 the answer is clear – the Commission should leave test year determinants at the
6 levels they approved in Case Nos. GR-2017-0215 and GR-2017-0216.

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

8 **A.** Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Spire Missouri Inc.'s)
WNAR Adjustment Issue) File No. GO-2019-0058;
) File No. GO-2019-0059
)

A F F I D A V I T

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Scott A. Weitzel, of lawful age, being first duly sworn, deposes and states:

1. My name is Scott A. Weitzel. I am Director, Regulatory Affairs-Missouri for Spire Missouri Inc. My business address is 700 Market St., St Louis, Missouri, 63101.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony on behalf of Spire Missouri Inc. for the above referenced case.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Scott A. Weitzel

Subscribed and sworn to before me this ____ day of _____ 2018.

Notary Public