

Exhibit No: _____
Issue: **Rate Design,
Revenue
Requirement
COVID,
Rate Case Expense,
Rate consolidation,
Customer Charge,
Tariffs,
Direct Filing
Depreciation Study**
Witness: **Scott A. Weitzel**
Type of Exhibit: **Surrebuttal
Testimony**
Sponsoring Party: **Spire Missouri Inc.**
Case No.: **GR-2021-0108**
Date Testimony Prepared: **July 14, 2021**

SPIRE MISSOURI INC.
CASE NO. GR-2021-0108
SURREBUTTAL TESTIMONY
OF
SCOTT A. WEITZEL
JULY 14, 2021

TABLE OF CONTENTS

SURREBUTTAL TESTIMONY OF SCOTT WEITZEL	1
I.PURPOSE OF TESTIMONY	2
II.RATE SCHEDULES AND RATE DESIGN	3
III.VEHICLE AND INTERRUPTIBLE SCHEDULES	4
IV.LARGE VOLUME RATE SCHEDULE.....	5
V.RATE SWITCHING.....	6
VI.SPIRE’S SEASONAL RATE SCHEDULE	7
VII.RESIDENTIAL CUSTOMER CHOICE.....	8
VIII.RATE CONSOLIDATION	9
XI.CUSTOMER CHARGE	10
X.RETENTION OPTION	11
XI.CONSERVATION ADJUSTMENT	12
XII.PGA CONSOLIDATION.....	13
XIII.GSIP (Crowe).....	14
XIV.ISRS	15
XV.TARIFF AMENDMENTS.....	16
XVI.CURTAILMENT	17
XVII.RESALE.....	18
XVIII.CUSTOMER’S LIABILITY	19
XIX. ESTIMATION PROCEDURE.....	20
XX.CHAPTER 13 RULES.....	21
XXI.RATE CASE EXPENSE	22
XXII.COVID-19 PANDEMIC& BAD DEBT AND UNCOLLECTIBLES.....	23

XXIII.RNA	24
XXIV.WNAR.....	25
XXV. RNG.....	26
XXVI.DEPRECIATION STUDY.....	27

1 **SURREBUTTAL TESTIMONY OF SCOTT 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. Louis,
4 Missouri, 63101.

5 **Q. ARE YOU THE SAME SCOTT A. WEITZEL WHO FILED DIRECT AND**
6 **REBUTTAL TESTIMONY IN THIS CASE?**

7 A. Yes, I am.

8 **I. PURPOSE OF TESTIMONY**

9 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

10 A. The purpose of my testimony is to respond to the rebuttal testimony of the Staff of the Missouri
11 Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”) and
12 Vicinity/MIEC (“MIEC”).

13 **RATE DESIGN**

14 **II. VEHICLE AND INTERRUPTIBLE SCHEDULES**

15 **Q. ARE SPIRE AND STAFF ALIGNED IN THE ELIMINATION OF THE VEHICULAR**
16 **FUEL AND INTERRUPTIBLE RATE SCHEDULES?**

17 A. Yes. Staff supports removal of the Interruptible rate schedule for Spire East and does not
18 oppose the elimination of the Vehicular Fuel tariff. Staff recommends direct, one-on-one
19 communication to inform the customers of the transition to the appropriate rate schedules
20 including education on the rate structure and determinants of the schedule under which they
21 will be receiving service going forward. (Lange Rebuttal, pg. 2.) Spire agrees with Ms.
22 Lange’s recommendation on customer communication to those whose rate schedules are being
23 eliminated in this proceeding.

1 **III. RATE SWITCHING**

2 **Q. PLEASE DISCUSS STAFF’S POSITION ON RATE SWITCHING AND CUSTOMER**
3 **CLASSIFICATION ADJUSTMENTS FOR SPIRE.**

4 A. In Staff witness Robin Kliethermes’ Rebuttal Testimony, Ms. Kliethermes takes issue that
5 Spire has identified some Small General Service (“SGS”) and Large General Service (“LGS”)
6 customers to be moved into the same rate class that the Company moved the customer to in
7 the last rate case. Ms. Kliethermes assert that the Company has a cyclical issue of rate
8 switching between the SGS and LGS classes (Kliethermes Rebuttal, pgs. 18-20). However,
9 the current SGS and LGS tariffs provide for annual review and reclassification of the SGS
10 and LGS classes. The Company follows the tariff and performs this exercise no later than
11 December 31 each year. *See* P.S.C. MO. No. 7, Sheets 3 and 4 and P.S.C. MO. No 8, Sheets
12 3 and 4.

13
14 **Q. STAFF WITNESS ROBIN KLIETHERMES RECOMMENDS THAT THE**
15 **COMPANY’S RATE SWITCHING ADJUSTMENT BE REJECTED FOR**
16 **CUSTOMERS ANTICIPATING TO SWITCH UPON THE IMPLEMENTATION OF**
17 **RATES IN THIS CASE, DO YOU AGREE? (Kliethermes Rebuttal pg. 20.)**

18 A. No. Spire agrees that rate switching occurs but does not agree that Spire made this adjustment
19 for “expected” rate switching. Please see the tariff provision referenced in the previous Q&A.
20 The Company made this adjustment during December 2020. This adjustment was during the
21 true up period and accounted for known and measurable changes in customer classes and
22 revenue. Reports were provided to Staff supporting this.

23 **Q. DO YOU AGREE WITH STAFF’S POSITION?**

24 A. No. There is an annual review of SGS and LGS customers to determine which class is
25 appropriate based on the prior year’s use, so considering which class these customers were in

1 during the last rate case does not seem relevant. It is possible for a customer to switch between
2 SGS and LGS every year based upon this annual review.

3
4 **IV. SPIRE'S SEASONAL RATE SCHEDULE**

5 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO THE SEASONAL TARIFF IN**
6 **RESPONSE TO MS. KLIETHERMES STATEMENT THAT THE PROPOSED RATE**
7 **TARIFF SHEET ELIMINATES THE COMPANY'S INTRASTATE**
8 **TRANSPORTATION TARIFF, WHICH SERVES THE CITY OF WHEATON AND**
9 **WITHOUT THAT PROVISION THE COMPANY IS UNABLE TO PROVIDE**
10 **SERVICE TO THIS CUSTOMER? (Kliethermes Rebuttal, pg. 18.)**

11 **A.** Yes. Spire has made changes to ensure that the customer continues to receive service from the
12 Company. This is a legacy issue left over from Spire's acquisition. Spire believes the City of
13 Wheaton for all purposes can be treated like a commercial customer. Spire is not using
14 intrastate pipelines to provide service to the City of Wheaton, instead it is using Spire's
15 distribution lines to drop gas to them. Spire wants to ensure that the City of Wheaton still
16 receives the gas supply it needs and is willing to work with Staff to make sure they are not
17 stranded. Because the city of Wheaton is not in the Company's certificated area, the Company
18 will continue with the legacy rate class, as suggested by Staff during a recent meeting.

19 **Q. DOES THE COMPANY'S PROPOSAL FOR A SEASONAL SERVICE TARIFF**
20 **ONLY APPLY TO THE PGA OR DOES IT IMPACT A CUSTOMER'S NON-GAS**
21 **RATE SCHEDULE? (Kliethermes Rebuttal, pg. 17-18.)**

22 **A.** As stated in the Company's direct case, Spire would calculate a separate PGA tariff excluding
23 transportation/capacity costs, like the current Interruptible PGA rate. (Selinger's Direct, pg.

1 27.) However, Spire has clarified to Staff that this is only a seasonal PGA rate and it will not
2 impact a customer's non-gas rate schedule.

3 **Q. OPC WITNESS GEOFF MARKE OPPOSES A SUMMER INCLINING BLOCK**
4 **RATE SCHEDULE BECAUSE OF CONCERN THAT LIMITED-INCOME**
5 **CUSTOMERS WOULD FALL OFF IN THE SUMMER AND THAT OUTWEIGHS**
6 **THE PURPORTED BENEFITS TO PRICE INDUCED CONSERVATION AND**
7 **LINKS TO HIS DISLIKE OF THE RECOMMENDATION FOR A \$95**
8 **RECONNECTION CHARGE, WHICH HE BELIEVES WILL INCREASE LIMITED**
9 **INCOME CUSTOMERS BILLS. (Marke Rebuttal, pg. 13.) HOW DO YOU**
10 **RESPOND?**

11 A. Spire also feels there is no value in having inclining summer block rates and supports OPC's
12 position on this issue. Summer inclining blocks only impact a small percentage of overall
13 customers. Spire witness Julie Trachsel is responding to the Limited-Income Programs both
14 in her Rebuttal Testimony and Surrebuttal Testimony. Spire witness Shelly Antrainer
15 discusses the reconnection charges in the testimony she has filed.

16 **IV. RESIDENTIAL CUSTOMER CHOICE**

17 **Q. MS. LANGE OPPOSES THE FIRST OPTION FOR "CUSTOMER CHOICE" THAT**
18 **SPIRE PRESENTED IN ITS DIRECT TESTIMONY THAT INCLUDED A \$15.00**
19 **CHARGE BECAUSE: 1) IT DOES NOT PROVIDE A MEANINGFULLY LOWER**
20 **CUSTOMER CHARGE TO ENCOURAGE RETENTION; 2) IT DOES NOT**
21 **CONTAIN A "SAFETY VALVE" FEATURE TO PROTECT PARTICIPATING**
22 **CUSTOMERS; AND 3) IT DOES NOT REQUIRE A DEMONSTRATION OF PRIOR**

1 **REVENUES TO PROTECT NON-PARTICIPATING CUSTOMERS, DO YOU**
2 **AGREE WITH STAFF’S CONCERNS? (Lange Rebuttal, pg. 25.)**

3 A. No . A \$15 charge is a meaningful reduction to current customer charges of \$20 and \$22. This
4 could be a \$5 or \$7 reduction per month for a customer, or approximately 30% reduction of
5 the customer charge. Spire is asking for a \$3.28 a month increase in this case and many people
6 at the public hearings, including intervenors feel that increase is meaningful. The safety valve
7 is that this is a pilot program limited to 5,000 customers. The increased volumetric charge
8 also keeps revenue comparable to the standard residential rate design. Again, since this is a
9 small pilot program, non-participating customers are insulated.

10 **Q. LIKELIKE, MS. LANGE OPPOSES THE SECOND OPTION FOR “CUSTOMER**
11 **CHOICE” WHICH PROVIDED FOR A \$40.50 CUSTOMER CHARGE BECAUSE**
12 **CUSTOMERS USING THIS OPTION WOULD SELF-SELECT IN A MANNER**
13 **THAT WOULD BE DILUTIVE TO SPIRE’S RESIDENTIAL REVENUES, RAISING**
14 **THE REVENUE RESPONSIBILITY FOR OTHER PARTICIPANTS IN A FUTURE**
15 **CASE. MS. LANGE ALSO DISAPPROVES OF THIS OPTION BECAUSE SPIRE**
16 **DID NOT PRESENT EVIDENCE AS TO WHETHER SIGNIFICANT REVENUE**
17 **STREAMS WERE ANTICIPATED FROM CUSTOMERS WHO WOULD SELF-**
18 **SELECT INTO THIS PROGRAM IN ASSESSING CIAC FOR RECENT FACILITIES**
19 **EXTENSIONS. (Lange Rebuttal, pgs. 25-26.) HOW DO YOU RESPOND?**

20 A. I disagree with Ms. Lange’s conclusion that customers using more than approximately 750
21 Ccf of gas in a year would be financially advantaged to opt into this rate. I further disagree
22 with her example that suggests that customers who choose this option would not cover the
23 costs that the customer directly caused, and remaining customers would have to make up the

1 difference. As a reminder, this customer choice billing program is a pilot that is limited to
2 5,000 customers.

3 **V. RATE CONSOLIDATION**

4 **Q. DO YOU AGREE WITH MS. KLIETHERMES' ASERERTION THAT THE RATE**
5 **IMPACT OF CONSOLIDATION ON CERTAIN RATE CLASSES DOES NOT**
6 **MAKE CONSOLIDATION A REASONABLE OPTION AT THIS TIME?**
7 **(Kliethermes Rebuttal, pg. 23.)**

8 A. No. Rate consolidation, or movement towards rate consolidation, has been achieved for
9 other Missouri utilities, and Spire has presented a case where a rate consolidation is
10 practical and reasonable and will be helpful for its customers.

11 **Q. DO YOU AGREE WITH STAFF'S POSITION THAT THE SLIGHT CHANGES**
12 **TO CLASS RATE STRUCTURES WILL ALIGN THE CLASS RATE**
13 **STRUCTURE ACROSS THE RATE DISTRICTS TO FACILITATE POTENTIAL**
14 **CONSOLIDATION IN THE FUTURE, IF AND WHEN APPROPRIATE?**

15 A. Potentially. In its last case, Spire began moving to one Spire. Spire has furthered that effort
16 in this case by proposing a single cost of service, class cost of service, consolidated tariffs
17 and rules and regulations. Spire's proposal for a \$22.00 customer charge is logical in this
18 case because it will bring parity to the rates and is consistent with Staff's acknowledgement
19 of moving closer towards rate consolidation. In fact, Staff's direct CCOS alternative
20 customer charge recommendation is just a \$0.50 difference than the Company's direct
21 filing. (Staff's CCOS Report, page 25.)

1 **VI. CUSTOMER CHARGE**

2 **Q. DO YOU AGREE WITH OPC’S DEFAULT PROPOSAL OF RETAINING THE**
3 **CUSTOMER CHARGE FOR SPIRE WEST AT \$20.00 AND DECREASING SPIRE**
4 **EAST’S CUSTOMER CHARGE BY \$2.00 BASED ON STAFF’S CLASS COST OF**
5 **SERVICE STUDY AND CUSTOMER CHARGE CALCULATION? (Marke Rebuttal,**
6 **pg. 13.)**

7 A. No. Spire believes the appropriate customer charge is \$22.00 for all its residential customers.
8 Spire notes that Staff’s alternative proposal is a customer charge of \$22.50 if the Commission
9 orders alignment of Spire East and Spire West residential rate schedules at Staff’s
10 recommended residential revenue requirements. (Staff’s CCOS Report, page 25.) Spire
11 witness Timothy Lyons also addresses this issue in his Surrebuttal Testimony. Spire West
12 rates are going up more than the east side of the state. It would make logical sense for some
13 of this increase to fall on the customer charge so the winter heating impact is mitigated by
14 receiving some of that revenue over the duration of the year.

15
16 **VII. RETENTION OPTION**

17 **Q. DO YOU AGREE WITH OPC WITNESS MARKE’S SUPPORT OF STAFF’S**
18 **PROPOSED RESIDENTIAL RETENTION OPTIONAL RATE BECAUSE IT GIVES**
19 **CUSTOMERS MORE OPTIONS IN HOW THEY WOULD LIKE TO BE PRICED**
20 **FOR THEIR SERVICE?**

21 A. No. I do not agree. Staff’s proposal would give customers an option to pay approximately
22 \$5.00 per month, which Staff claims is sized to cover only the costs that Spire would not incur
23 if that customer ceased receipt of service reflecting estimates of the cost of rendering a bill,
24 mailing a bill, processing payment and a small allocation of customer service expense. (Staff’s

1 CCOS Report, pg. 27.) Staff purports that this proposal is meant to address the “attrition
2 issue” at Spire. Additionally, Spire does not agree that attrition is as significant as suggested
3 by Staff. The Company has a slight growth factor on the east side of the state and was
4 discussed in my Rebuttal Testimony. The Company has agreed to work with Staff to discuss
5 internal recordkeeping information regarding system growing and attrition, as this case
6 progresses.

7 **Q. WHAT ISSUES DO YOU FIND WITH STAFF’S PROPOSED RETENTION RATE?**

8 A. There are several. The objective of this rate option is to retain customers who use a “minimal
9 amount of gas” however there is not a cap or limit on annual usage. This proposal could drive
10 tens of thousands of customers to this rate because of the lower customer charge. The
11 Company also has no way of managing the customer billing system to account for 108 months
12 of service in the prior 10 years or have been equipped to receive gas service for 15 or more
13 years. It is not possible or practicable to identify specific assets on our books that serve
14 particular customers. Staff discusses a safety net, but that is on a forward perspective and does
15 not address loss of revenue for that month or previous months. Additionally, Spire would be
16 required to undertake substantial programming to implement this safety net. There are a
17 couple other concerns the Company has that were not addressed in workpapers or testimony.
18 A safety valve is mentioned, but it is unknown what the revenue impact of customers moving
19 to this rate would be. It is also unknown how frequently customers are allowed to move on
20 and off the rate. These are both important factors for consideration. The Company’s customer
21 choice pilot program has parameters for participation, one important parameter being that it
22 is a pilot, and in some cases address similar items as the Staff’s proposed retention option.

1 **Q. DO YOU AGREE WITH STAFF’S ASSERTION THAT THE AMOUNT OF SPIRE’S**
2 **CUSTOMER CHARGE INFLUENCES CUSTOMER ATTRITION RATES?**

3 A. No, the Company does not believe that the size of the customer charge has any significant
4 influence on customer attrition. Instead, other factors have a greater impact on attrition
5 including an overall decline in population in specific communities and customers replacing
6 their one natural gas appliance with an electric appliance. Staff proposes implementing a
7 lower customer charge for residential customers using less than 25 Ccf per month. The
8 Company believes this rate option will disincentivize customers from adding additional
9 natural gas equipment and ultimately result in the customer leaving Spire’s system, when/if
10 their single appliance is in need of replacement, resulting in distribution costs spread among
11 fewer customers.

12 **Q. IS THE COMPANY EXPERIENCING ISSUES WITH CUSTOMER RETENTION?**

13 A. No. There is customer growth on the east side of the Company’s service territory, so there is
14 no attrition issues or need for a retention rate at this point in time.

15 **VIII. CONSERVATION ADJUSTMENT**

16 **Q. STAFF WITNESS ROBIN KLIETHERMES OPPOSES THE COMPANY’S**
17 **CONSERVATION ADJUSTMENT BECAUSE STAFF’S ALTERNATIVE TO**
18 **SPIRE’S RNA PROPOSAL WOULD ACCCOUNT FOR CHANGES IN USAGE**
19 **DUE TO CONSERVATION AND ENERGY EFFICIENCY, IF THE**
20 **COMMISSION ADOPTS IT. DO YOU AGREE WITH STAFF’S PROPOSED**
21 **ALTERNATIVE RNA? (Kliethermes Rebuttal, pg. 5-7.)**

22 A. I do not agree with Staff’s alternative proposal. In order to get to a baseline for the RNA,
23 it is appropriate to account for conservation and this adjustment achieves that purpose to

1 get to the correct baseline in the test year. Each year the Company loses millions of
2 dollars because of consumer conservation.

3 **Q. DID SPIRE PROVIDE TESTIMONY AND WORKPAPERS IN RELATION TO**
4 **ITS CONSERVATION ADJUSTMENT?**

5 A. Yes. I provided Rebuttal Testimony on this subject, including Schedule SAW-R1, which
6 was an adjustment to the true-up. Spire has seen a decrease in its load and billing
7 determinants for more than a decade because customers are installing new appliances
8 including furnaces, hot water heaters, dryers, and insulation. The residential load was
9 805 Therms (East) in the last rate case and now that number is at 768 Therms. This
10 reduction allows an adjustment to revenue to reflect the loss of revenue that Spire will
11 continue to see as customers make more moves to conserve their energy use.

12 **IX. PGA CONSOLIDATION**

13 **Q. IS SPIRE'S PROPOSAL TO HAVE ONE COMBINED PGA DIFFERENT FROM**
14 **AMEREN'S PGA CONSOLIDATION, AS ALLEGED BY STAFF WITNESS**
15 **DAVID SOMMERER? (Sommerer Rebuttal, pg. 3-4.)**

16 A. No. I think it's beneficial to learn from other utilities and have similar tariff programs where
17 applicable. Combining the current two PGAs of Spire East and Spire West is appropriate.
18 This is similar to what other gas utilities have accomplished and the Commission has
19 approved.

20 **Q. DO YOU AGREE WITH MR. SOMMERER'S ASSERTION THAT A COMBINED**
21 **PGA RATE DILUTES ACCOUNTABILITY AND THE ABILITY TO EVALUATE**
22 **PRUDENCE BECAUSE IT SPREADS THE EFFECTS OF KEY GAS DECISIONS**

1 A. No. Spire is proposing to lower the Tier 1 floor to \$2.00/MMBtus because it takes into
 2 consideration the actual price of gas settled over the past 3 years since our last rate case
 3 and not future projections. Please see below for recent historical NYMEX settlement
 4 prices:

7/1/2021	3.6170
6/1/2021	2.9840
5/1/2021	2.9250
4/1/2021	2.5860
3/1/2021	2.8540
2/1/2021	2.7600
1/1/2021	2.4670
12/1/2020	2.8960
11/1/2020	2.9960
10/1/2020	2.1010
9/1/2020	2.5790
8/1/2020	1.8540
7/1/2020	1.4950
6/1/2020	1.7220
5/1/2020	1.7940
4/1/2020	1.6340
3/1/2020	1.8210
2/1/2020	1.8770
1/1/2020	2.1580
12/1/2019	2.4700
11/1/2019	2.5970
10/1/2019	2.4280
9/1/2019	2.2510
8/1/2019	2.1410
7/1/2019	2.2910
6/1/2019	2.6330
5/1/2019	2.5660
4/1/2019	2.7130
3/1/2019	2.8550
2/1/2019	2.9500
1/1/2019	3.6420
12/1/2018	4.7150
11/1/2018	3.1850
10/1/2018	3.0210
9/1/2018	2.8950
8/1/2018	2.8220
7/1/2018	2.9960
6/1/2018	2.8750
5/1/2018	2.8210
4/1/2018	2.6910
3/1/2018	2.6390
2/1/2018	3.6310
1/1/2018	2.7380
12/1/2017	3.0740
11/1/2017	2.7520
10/1/2017	2.9740
9/1/2017	2.9610
8/1/2017	2.9690
7/1/2017	3.0670
6/1/2017	3.2360

5
 6 **Q. MS. CROWE OPPOSES BLENDING THE SPIRE EAST ANNUAL BENCHMARK**
 7 **PRICE TO INCLUDE SPIRE WEST, DO YOU AGREE WITH HER**
 8 **OPPOSITION?**

1 A. No. I do not agree with her reasoning for the opposition of Spire’s proposal. Staff is
2 opposed to Spire’s proposal to combine the GSIP tariff for Spire East and West because
3 they have different gas supply portfolios and because Spire includes Spire STL Pipeline in
4 its Annual Benchmark Price, which is currently being reviewed in the Spire 2019/2020
5 Actual Cost Adjustment (“ACA”). The current benchmarks are outdated. Staff further cites
6 a possibility that the Company’s proposed GSIP will show an artificial “savings” such that
7 the Company will be awarded an incentive at the same time its customers’ total gas costs
8 increase. Any artificial savings may indirectly be happening right now since the Company
9 has not been allowed to change the benchmark to update to actual flowing gas and pipeline
10 capacity. The GSIP needs to be updated to Spire’s actual supply portfolio so this doesn’t
11 happen. (Crow Rebuttal pg. 5-6). Spire supports combining the GSIP and believes it needs
12 to be modified to account for current market conditions. Gas markets continue to be
13 volatile, as demonstrated by Winter Storm Uri in February 2021.

14
15 **XI. DIRECT FILING**

16 **Q. HOW DO YOU RESPOND TO PARTIES ASSERTIONS THAT THE COMPANY’S**
17 **DIRECT CASE WAS INCOMPLETE?**

18 A. I disagree with allegations regarding the requirements of a direct filing. Unfortunately, one
19 of the major themes of Staff’s rebuttal testimony is that Spire did not provide supporting
20 documentation in its filed Direct Testimony to support its proposals, and therefore the
21 proposals should be rejected. Other parties make similar vague suggestions. In reality, the
22 Company’s direct case was filed in compliance with the Commission’s minimum filing
23 requirements (*See* 20 CSR 4240-3.030), and appropriately laid out its case in its direct
24 testimony, supporting schedules, which included twelve witnesses, and a complete set of

1 tariff sheets. After some initial discovery and a meeting with Staff to discuss certain issues,
2 Spire agreed to supplement its direct case and obtained Commission approval to do so. I
3 filed Supplemental Direct Testimony to further explain our position regarding tariffs, yet
4 Staff still recommends rejecting them largely due to their allegations of insufficiency.
5 Staff's allegations of the requirements of a direct filing go against the nature of the general
6 rate case procedure and discount the benefits of discovery in a case.

7 General rate cases are extremely complex and detailed, include three rounds of testimony,
8 and take eleven months to complete. Commission Rule 20 C.S.R. 4240-2.130 (7)(A), states
9 that "direct testimony shall include all testimony and exhibits asserting and explaining that
10 party's entire case-in-chief." This Commission Rule goes on to state, "(C) Where only the
11 moving party files direct testimony, rebuttal testimony shall include all testimony which
12 explains why a party rejects, disagrees or proposes an alternative to the moving party's
13 direct case; and (D) Surrebuttal testimony shall be limited to material which is responsive
14 to matters raised in another party's rebuttal testimony." This rule describes a process that
15 begins very broadly and narrows down as the process moves through multiple rounds of
16 testimony. It is unrealistic for the Company to provide extensive support for each of its
17 positions before knowing which positions will be challenged. Additionally, in order to
18 provide the specificity that Staff seems to require in a direct case, Spire would have had to
19 incur additional expense to acquire experts and to use Company resources, which would
20 likely be questioned by Staff and other intervenors as not prudent or reasonably related to
21 the case. Those costs are easier to justify as the case progresses because Spire knows the
22 issues the other parties are interested in or challenging and can expend resources
23 accordingly.

1 Staff fails to mention the numerous teleconferences Spire has had with technical staff and
2 the nearly 1200 data requests Spire has responded to throughout the case since the
3 discovery process began.

4 XII. TARIFFS

5 **Q. DO YOU AGREE WITH MS. KLIETHERMES' RECOMMENDATION THAT**
6 **SPIRE'S PROPOSED TARIFF FILING SHOULD BE REJECTED?**

7 A. No. Spire filed a complete proposed set of tariff sheets and rules and regulations with its
8 direct filing. Many of the changes to the Rules and Regulations were made to update to
9 the practices the Company uses when interacting with its customers. Other changes were
10 made to make the Rules and Regulations more consistent with Commission Rule 20 CSR
11 4240-13 ("Chapter 13"). The Company is required to adhere to Chapter 13 and wants to
12 make its Rules and Regulations easier to understand for the customers and more
13 reflective of Chapter 13 requirements.

14 **Q. DOES MS. KLIETHERMES CITE SPECIFIC CONCERNS RELATING TO**
15 **SPIRE'S PROPOSED TARIFF CHANGES BEYOND THE GENERAL**
16 **RECOMMENDATION TO REJECT THEM?**

17 A. Yes. In Ms. Kliethermes' Rebuttal Testimony she specifically addresses Rendering and
18 Payment of Bills (R-6.3), Resale (R-8), Customer's Liability (R-9), Curtailment (R-17)
19 and Estimation Procedure (R-25). I will address each one of these below.

20 **Q. WHAT IS HER CONCERN WITH THE RENDERING AND PAYMENT OF**
21 **BILLS (R-6.3)?**

22 A. Ms. Kliethermes disagrees with Spire's proposal to include "property" to the list of taxes
23 including occupation, gross receipts, franchise and sales tax on the customer's bill.

24 **Q. WHAT IS YOUR RESPONSE TO THIS CONCERN?**

1 A. Spire has agreed to withdraw its request to include property tax in that portion of its bill.

2 **Q. MS. KLIETHERMES’ ASSERTS THAT NEITHER MISSOURI LAW NOR**
3 **COMMISSION RULE ALLOWS THE COMPANY TO MODIFY ITS RESALE**
4 **TARIFF TO ALLOW THE COMPANY TO SELL GAS TO CUSTOMERS WHO**
5 **INTEND TO RESELL THE GAS TO TENANTS AT NO MARK-UP. HOW DO**
6 **YOU RESPOND?**

7 A. Spire makes every effort to avoid sub-metering situation. However, there are some multi-
8 family installation applications where it is impractical for the company to separately meter
9 each unit, but tenants still want access to the benefits of gas service. In those limited
10 instances, we believe it is appropriate to allow a landlord to sub-meter, as long as there is
11 no cost mark-up and all relevant safety regulations are followed. Spire proposed to change
12 “shall” to “may” and added a subsection to the exception so that it included “gas resold or
13 sub-metered at no mark-up, with the prior express consent of the Company. The Company
14 is not aware of any statute or regulation prohibiting the Company’s proposal to modify its
15 tariff in this manner, nor has Ms. Kliethermes cited any.

16 **Q. MS. KLIETHERMES OPPOSES THE CHANGES TO CUSTOMER LIABILITY**
17 **SECTION AND ASSERTS THAT THE CURRENT TARIFF PROVISIONS**
18 **ALREADY IDENTIFY FACILITES OWNED BY THE CUSTOMER AND**
19 **THOSE OWNED BY THE UTILITY AND THIS ADDITIONAL LANGUAGE**
20 **WOULD RESERVE COMPANY LIABILITY EVEN IF APPROPRIATE SYSTEM**
21 **CONDITIONS WERE NOT MAINTAINED BY THE UTILITY.**

22 A. Spire’s proposed change attempts to make clear to the customer the responsibility in the
23 appropriately labeled section of its Rules and Regulations, rather than having the customer

1 look back and forth at definitions of service lines, etc. and who is responsible for what
2 aspect of the system. The section may be repetitive as Ms. Kliethermes suggests, but Spire
3 believes it is important for the Rules and Regulations to be user friendly and as clear as
4 possible.

5 **Q. MS. KLIETHERMES ASSERTS THAT A COURT OF COMPETENT**
6 **JURISDICTION SHOULD RETAIN JURISDICTION OVER DETERMINATIONS**
7 **OF LIABILITY, INCLUDING BUT NOT LIMITED TO, WHETHER THE**
8 **UTILITY MAINTAINED SYSTEM CONDITIONS. DO YOU AGREE WITH THIS**
9 **ASSERTION?**

10 **A.** Spire respects the court's authority and believes Staff's focus is too much on the last of
11 the additional language and ignores all that comes before. Spire's language, in full,
12 states, "The Customer shall be solely responsible for the operation, maintenance, and
13 repair of his piping and appliances beyond the meter outlet, and Company shall have no
14 liability to Customer or any third party arising out of or relating thereto." This does not
15 remove a court's authority, it serves to clarify customer liability in a succinct manner.

16 **Q. STAFF DOES NOT SUPPORT THE PROPOSED CHANGES TO SPIRE'S**
17 **CURTAILMENT PROVISIONS BECAUSE SPIRE DID NOT DEFINE**
18 **SEASONAL, INDUSTRIAL CUSTOMERS OR WHETHER TRANSPORTATION**
19 **CUSTOMERS IS ALSO AN INDUSTRIAL CUSTOMER AND THEREFORE THE**
20 **CHANGE IS UNCLEAR AND IMPLIES THAT TRANSPORTATION**
21 **CUSTOMERS ARE CURTAILED AFTER FIRM SERVICE SALES**
22 **CUSTOMERS. HOW DO YOU RESPOND?**

1 A. Spire has spoken to Staff about this concern and has attempted to clarify its
2 position. Firm service sales customers will not be curtailed before transportation
3 customers are curtailed. Spire is dropping a “firm” transportation option and the tariff
4 may not have been properly updated at filing. Spire is willing to provide clarifying
5 language to address this concern.

6 **Q. MS. KLIETHERMES IS CONCERNED THAT THE PROPOSED USAGE**
7 **ESTIMATING PROCEDURE ONLY RELIES ON HISTORICAL USAGE FOR**
8 **THE LOCATION FOR AN UNKNOWN TIME PERIOD AND DOES NOT**
9 **FACTOR WEATHER. HOW DO YOU RESPOND? (Kliethermes Rebuttal, pg.**
10 **11.)**

11 A. Spire’s proposal removed a lengthy first paragraph in an effort to simplify the explanation
12 for its customers. Spire also removed a static formula that was difficult to understand
13 and apply to the customers. The proposed language relies on historical data at the address,
14 which likely would include any fluctuation in weather. Spire is willing to include a period
15 of time for the historical usage. Additionally, Commission Rule 13.020 (2)(C) 1 allows
16 the Commission to approve an estimating procedure, which is what Spire is attempting to
17 do in this case. Rather than make suggestions to address Staff’s concerns, Staff simply
18 recommends rejecting the proposed language.

19 **Q. OPC WITNESS MANTLE ASSERTS THAT SPIRE’S PROPOSAL TO MODIFY**
20 **ITS ESTIMATING PROCEDURE DOES NOT MEET 20 CSR 4240-13.020(2)(C)**
21 **AND THAT IT SEEMS SPIRE INTENTIONALLY MADE THE TARIFF**
22 **LANGUAGE VAGUE BECAUSE IT IS LOOKING AT OTHER**

1 **METHODOLOGIES AND WANTS TO USE WHATEVER METHODOLOGY IT**
2 **DEVELOPS. IS THIS ACCURATE? (Mantle Rebuttal, pgs. 5-7.)**

3 A. No. Spire is attempting to use historical information and provide a customer estimation
4 process that is clear to its customers and easy for them to understand. Additionally, the
5 proposed change will help Spire call centers in addressing customer questions about
6 estimated bills.

7 **Q. OPC WITNESS MANTLE RECOMMENDS THE COMMISSION DOCUMENT**
8 **ITS CURRENT PRACTICE IN ITS TARIFF AND THAT THIS TARIFF**
9 **UPDATE COULD BE MADE OUTSIDE A RATE CASE. HOW DO YOU**
10 **RESPOND?**

11 A. Spire agrees that it could be filed outside of a rate case, but Spire filed these proposed
12 changes to effect one Spire Missouri and to address these concerns and bring its Rules and
13 Regulation into closer compliance with Chapter 13 of the Commission’s Rules.

14 **Q. IS SPIRE ADDRESSING MS. KLIETHERMES’S RECOMMENDATION TO**
15 **REVIEW THE PROPOSED TARIFF SHEETS AND MAKE APPROPRIATE**
16 **CHANGES TO ACCURATELY REFLECT RULE AND SHEET**
17 **NUMBER REFERENCES? (Kliethermes’ Rebuttal, pg. 16.)**

18 A. Yes. Spire appreciates Staff’s recommendation and has made the recommended changes
19 to verify correct references are included throughout. We have reviewed the updated tariff
20 sheets and rules and regulations and only found four tariff sheets and two pages of rules
21 and regulations with reference errors. The Company can easily resolve those issues in
22 formatting final compliance tariffs.

23

XIII. Line Extension

1
2 **Q. STAFF WITNESS LANGE DOES NOT SUPPORT SPIRE’S PROPOSED**
3 **CHANGES TO “ESTIMATED COST OF CUSTOMER EXTENSION” BECAUSE**
4 **SPIRE’S PROPOSAL PROVIDES VERY LITTLE GUIDANCE IN REDUCING**
5 **THE HURDLE FOR INCREASING THE SIZE AND COST OF ITS**
6 **DISTRIBUTION SYSTEM WITHOUT SIGNIFICANT CONTRIBUTIONS FROM**
7 **CONNECTING CUSTOMERS AND IS THEREFORE POOR REGULATORY**
8 **POLICY. HOW DO YOU RESPOND? (Lange Rebuttal pg. 11-12.)**

9 A. Spire proposed to delete references to overhead construction costs and to replace it with
10 language related to variable direct costs. Spire seeks to include, “variable indirect costs
11 include vehicle and equipment charges, materials handling charges, and other costs that
12 increase due to increased construction activity.” Ms. Lange recognized that a well-
13 designed facility extension policy does rely on an analysis of the imposition of marginal
14 costs. Ms. Lange’s broad reference to poor regulatory policy seems misplaced.

15 **Q. MS. LANGE ALSO DISPUTES SPIRE’S PROPOSAL TO CHANGE THE**
16 **AMOUNT OF SERVICE LINE THE COMPANY WILL INSTALL AT NO**
17 **DIRECT COST TO THE CONNECTING CUSTOMER FROM 175 FEET OF**
18 **MAIN AND 75 FEET OF SERVICE LINE TO 250 FEET OF MAIN AND 75 FEET**
19 **OF SERVICE LINE BECAUSE THE NUMBER THE COMPANY PROVIDED**
20 **INDICATE THAT APPROXIMATELY FIVE TO TEN CUSTOMERS PER**
21 **YEAR, ON AVERAGE WOULD BE IMPACTED BY THE CHANGE AND THAT**
22 **IS NOT REASONABLE. HOW DO YOU RESPOND? (Lange Rebuttal, pgs. 12-**
23 **15.)**

1 A. The company is not clear where the information came from for five to ten customers per
2 year that Staff referenced. Our records indicate for fiscal year 2020 that 55 customers
3 used more than 175 feet of main.

4 **Q. WHAT CHANGES DID SPIRE PROPOSE TO ITS “FREE EXTENSION”?**

5 A. Spire proposed to change the cap from \$1,000 to \$2,000 and “For any prospective
6 customer, at the Company’s discretion, the amount of main and service the Company
7 will install at no cost to the customer may be determined by the Company from an
8 analysis of the character of service requested, the estimated annual revenue to be derived
9 from the customer, the estimated annual cost of providing gas service and the estimated
10 annual return to be derived from such investment.”

11 **Q. MS. LANGE ALLEGES THAT SPIRE’S PROPOSAL FOR “FREE EXTENSIONS”**
12 **WOULD PROVIDE UNFETTERED DISCRETION TO SPIRE WHERE SPIRE**
13 **ALREADY HAS TREMENDOUS DISCRETION IN THE REQUIREMENT OF**
14 **CONTRIBUTION FROM A CONNECTING CUSTOMER. DO YOU**
15 **AGREE? (Lange Rebuttal, pgs. 16-18)**

16 A. I do not. Spire’s proposal allows Spire discretion based on its informed analysis. It allows
17 Spire to make a business decision based on specific considerations included in the proposed
18 language. These decisions are based on minimum internal rates of return. Economic
19 analyses are completed for each project to make sure the main extension is feasible holding
20 other customers harmless.

21 **XIV. RATE CASE EXPENSE**

22 **Q. OPC WITNESS AMANDA CONNER ASSERTS THAT RATE CASES ARE NO**
23 **LONGER SEPARATE EVENTS OCCURRING ON AN UNFORESEEN BASIS**

1 **AND THEREFORE A THREE-YEAR NORMALIZATION OF RATE CASE**
2 **EXPENSE IS PREFERRED OVER AMORTIZING THE COSTS OVER THREE**
3 **YEARS AS PROPOSED BY THE COMPANY. DO YOU AGREE? (Conner**
4 **Rebuttal, pg. 2-3.)**

- 5 A. No. Rate case expense should be addressed following the same methodology discussed
6 and ordered by the Commission in the last general rate case, GR-2017-0215. In that case
7 the Commission found that “Spire Missouri should receive rate recovery of 50 percent of
8 its rate case expenses except the cost of customer notices and the depreciation study,
9 which will be wholly included in rates.¹ Each rate case is unique. Issues, tariffs,
10 programs, rate design, revenue deficiency levels, and intervenors and their issues change
11 from case to case. Therefore, rate case expense changes from case to case. It is not
12 appropriate to normalize when known and measurable expenses are accounted for and
13 identified in a live rate case.

14 **XV. COVID-19 PANDEMIC& BAD DEBT AND UNCOLLECTIBLES**

- 15 **Q. GREG MEYER, WITNESS FOR MISSOURI INDUSTRIAL ENERGY**
16 **CONSUMERS (“MIEC”) AND VICINITY ENERGY KANSAS CITY, INC.**
17 **(“VICINITY”) AGREES WITH STAFF’S PROPOSAL TO EXCLUDE THE**
18 **REGULATORY ASSETS FROM RATE BASE BECAUSE THE PANDEMIC WAS**
19 **AN EXTRAORDINARY EVENT AND SPIRE SHAREHOLDERS SHOULD NOT**
20 **BE ENRICHED WITH PROFITS FROM AN EXTRAORDINARY EVENT, AND**

¹ GR-2017-0216, Amended Report and Order, pg. 55.

1 **RECOMMENDS A FIVE-YEAR AMORTIZATION OF THE COVID AAO.**

2 **HOW DO YOU RESPOND?**

3 A. The Company is following the Commission approved order approving the stipulation in
4 Case No. GU-2020-0376 which sets forth the treatment of bad debt and uncollectibles
5 related to the COVID-19 pandemic.

6 **Q. OPC WITNESS AMANDA CONNER STATES THAT THE AMOUNT OF**
7 **GRANT MONEY ALLOTTED TO MISSOURI AND ITS COUNTIES BY THE**
8 **FEDERAL GOVERNMENT SHOULD MAKE THIS RECOVERY A NON-ISSUE.**
9 **(Conner Rebuttal, pg. 2.) HOW DO YOU RESPOND?**

10 A. Spire proudly assisted its customers during the pandemic in several ways and recovery of
11 those efforts is appropriate and reasonable. A Commission approved stipulation and
12 order lays out the specifics with the COVID AAO in Case No. GU-2020-0376. The
13 Company did not take any direct government funds for the pandemic.

14 **XVI. RATE NORMALIZATION ADJUSTMENT (RNA)**

15 **Q. MR. STAHLMAN DISTINGUISHES SPIRE’S PROPOSAL FROM AMEREN’S**
16 **DELIVERY CHARGE ADJUSTMENT RIDER (DCA) BECAUSE OF THE**
17 **DIFFERENT GENERAL SERVICE RATE CLASS, BECAUSE IT WAS**
18 **DEVELOPED THROUGH ANALYSIS OF AMEREN’S CUSTOMERS IN THOSE**
19 **CLASSES, AND BECAUSE IT WAS BLOCKED BEWTEEN 101 AND 400 CCF;**
20 **HOW DO YOU RESPOND? (Stahlman Rebuttal, pg. 3.)**

21 A. Spire’s proposed RNA program was modeled after Ameren’s DCA and distinctions are
22 not uncommon between utilities. In rebuttal testimony, both myself and Spire witness
23 Timothy Lyons addressed the alternative RNA proposed by Staff. Spire developed its

1 proposed RNA using Ameren’s DCA as a model because Spire believes the utilities have
2 similar loads for residential customers. Spire continues to advocate that a break at 30 Ccf
3 for residential is a more appropriate value given historical usage. Mr. Lyons looked at
4 load profiles to support this recommendation. Spire witness Timothy Lyons will address
5 this in his Surrebuttal Testimony as well. For residential customers the ratio of 50 Ccf to
6 Ameren’s 30 Ccf can’t be that great in disparity. What I mean is that there is a 66%
7 difference in blocks that Ameren has and what Staff is proposing for Spire. Spire’s
8 residential load average is nowhere near 66% greater than Ameren’s. A block near 30 is a
9 better reflection of residential natural gas usage for Spire.

10 **Q. HOW DO YOU RESPOND TO THE CORRECTIONS MR. STAHLMAN**
11 **PROPOSED TO STAFF’S ALTERNATIVE RNA THAT WERE INCLUDED IN**
12 **HIS REBUTTAL TESTIMONY? (Stahlman Rebuttal, pg. 5-6.)**

13 A. Mr. Stahlman indicates several corrections to Staff’s proposed alternative. First, he notes
14 that the SGS block was misidentified as greater than 50 Ccf and it should be Block 1b for
15 usage between 300 and 599 Ccf. Then, he proposes to delete the phrase “(as published in
16 the Wall Street Journal on the first business day of such month), minus two percentage
17 points, shall be applied to the Company’s ending monthly RNA balance” because the
18 authorizing statute requires “short-term interest” to be used and this phrase may not
19 accurately reflect how short-term interest is calculated.

20 Spire appreciates the corrections and while we believe the language that references the
21 Wall Street Journal is more specific and instructive, Spire can agree to the more generic
22 inclusion of short-term interest to alleviate Staff’s statutory concerns. Please see

1 company witness Lyons Rebuttal Testimony on RNA for proper SGS and residential
2 block rates.

3 **XVI. WNAR**

4 **Q. DO YOU AGREE WITH STAFF WITNESS MICHAEL STAHLMAN THAT THE**
5 **ANOMALIES SPIRE EXPERIENCED WITH ITS CURRENT WNAR AND THAT**
6 **MR. SELINGER REFERENCED IN HIS DIRECT TESTIMONY RESULT FROM**
7 **THE DIFFERENCE BETWEEN A CALENDAR MONTH AND A BILLING**
8 **MONTH? (Stahlman Rebuttal, pg. 3; Selinger Direct, pg 28.)**

9 A. No. Spire believes the design of its current WNAR is flawed and leads to anomalies.

10 **Q. DOES STAFF WITNESS STAHLMAN RECOMMEND CONTINUING THE**
11 **COMPANY’S CURRENT WEATHER NORMALIZATION ADJUSTMENT**
12 **RIDER?**

13 A. No. Mr. Stahlman advocates for Staff’s proposal for an alternative RNA because it
14 addresses the interplay between weather and conservation, and he notes that it is unclear
15 how much conservation would be accounted for in the WNAR. (Stahlman Rebuttal, pg.
16 4.) He also stated that the fact that the WNAR relies on third party data for weather is
17 troublesome and cited a recent situation where one of the companies stopped reporting
18 the information without warning. Staff’s alternative RNA proposal would allow it to rely
19 on information Staff possesses instead of a third party.

20 However, Mr. Stahlman offers an alternative if the Commission approves the
21 continuation of the WNAR. Mr. Stahlman supports an annual filing as proposed by OPC
22 in Lena Mantle’s rebuttal testimony, rather than semi-annual filing; and Mr. Stahlman
23 recommends that the WNAR be changed to allow 60 days to review instead of the current

1 30 days because Staff has found that it is difficult to complete its initial review and
2 received and review substitute tariffs in 10-15 days. (Stahlman Rebuttal, pg. 4-5.)

3 **Q. HOW DO YOU RESPOND TO MR. STAHLMAN’S EVALUATION OF THE**
4 **WNAR?**

5 A. Spire is advocating for an RNA in this case and agrees with Staff that this type of
6 mechanism would allow consideration for both conservation and weather to be part of the
7 analysis and should be approved in this rate case, in contrast to the current WNAR. Spire
8 agrees with Staff’s proposal for the alternative RNA, except for the block break at 30 Ccf
9 and 50 Ccf. Spire does not support the continuation of the WNAR and believes that the
10 RNA should be the next step for Missouri Public Policy. Please see Company witness
11 Lyons Rebuttal for further RNA support and specifics on block rates.

12 **XVII. RNG**

13 **Q. STAFF OPPOSES SPIRE’S PROPOSED RNG TARIFF BECAUSE OF ITS**
14 **BLENDED RATE, FAILURE TO ADDRESS GAS QUALITY, BECAUSE IT**
15 **ALLEGEDLY INCLUDES CONFUSING LANGUAGE, HAS AN UNCLEAR**
16 **SCOPE AND LACKS CONSIDERATION OF THE POTENTIAL EFFECT**
17 **RENEWABLE ENERGY INCENTIVES WOULD HAVE ON THE PROGRAM.**

18 **(Patterson Rebuttal, pg. 6). HOW DO YOU RESPOND?**

19 A. Most of these concerns are addressed in the Company’s proposed RNG tariff. In this rate
20 case an average usage will be determined. Let’s say that is 800 Ccf. If a customer selects
21 10% RNG then they will be paying for 80 Ccf a year at the RNG PGA price, and the
22 remaining actual usage will be at the normal PGA rate.

1 Currently Spire does not have any RNG facilities directly connected to its distribution
2 system. Therefore, gas quality is not a concern at the moment. If there is a future RNG
3 facility behind the Company's city gate, those gas quality specs would be addressed in an
4 interconnect agreement. For now, any RNG would be bought on the interstate pipeline
5 systems. We would be buying gas subject to specific FERC tariffs regarding gas quality
6 that are compatible to being distributed to and behind gas LDCs.

7 Renewable energy incentives are also identified in the tariff. All environmental attributes
8 (renewable energy incentives) will stay with the customer in their RNG PGA purchase. At
9 least 90% of RNG purchase revenue will be used to offset the commodity cost the
10 Company pays for renewable natural gas supply, including environmental attributes.

11 **Q. PLEASE RESPONSE TO STAFF'S ALTERNATIVE PROPOSAL THAT WOULD**
12 **REQUIRE SPIRE TO: 1) ESTABLISH A SPECIFIC RATE FOR RNG INSTEAD**
13 **OF A BLENDED RATE; 2) CLARIFY THE LEVELS OF PARTICIPATION**
14 **CUSTOMERS MAY SELECT AND THE TERMS USED TO DESCRIBE THOSE**
15 **LEVELS; 3) ESTABLISH A QUALITY STANDARD FOR RNG; 4) CLARIFY**
16 **THAT PROCUREMENT OF AN RNG PROGRAM WOULD BE SUBJECT TO**
17 **PRUDENCE AND COMPLIANCE REVIEWS IN THE APPLICABLE ACTUAL**
18 **COST ADJUSTMENT PERIOD; AND 5) SUBMIT AN RNG PROGRAM THAT**
19 **WOULD INCLUDE ESTIMATES OF POTENTIAL SUPPLY AND DEMAND, A**
20 **DESCRIPTION OF RENEWABLE ENERGY INCENTIVES THAT MAY AFFECT**
21 **THE PROPOSED RNG PROGRAM, AND IDENTIFY ANY CAPITAL**
22 **INVESTMENTS SPIRE MIGHT MAKE IN RNG INFRASTRUCTURE.**

1 A. Because of the premium cost of RNG, the Company feels that a block approach or
2 “blended” rate would lead to a minimal impact to customer bills. A specific RNG rate will
3 be posted and filed as part of the RNG PGA tariff. As set forth in my previous testimony,
4 the levels of participation are clear: 10%, 25%, 50%, or 100% of average usage. The
5 Company expects that procurement of RNG be subject to prudence and compliance review
6 in the applicable ACA period. Any renewable energy incentive would stay with the
7 customer as provided in the tariff and my response above. As part of this RNG tariff, Spire
8 is not looking to recoup any investment or capital. If the company would make an
9 investment in RNG it would be outside of this tariff and the Company would communicate
10 this type of investment with our regulators

11 Beyond these concerns, it’s important to remember that customers have told us that this
12 type of program is what they want and expect. The Company has surveys (see schedule
13 SAW-1) that demonstrate our customers’ interest in RNG. I feel we need an actual
14 voluntary RNG program to understand the true demand for RNG.

15 **Q. OPC WITNESS MANTLE RECOMMENDS THE COMMISSION NOT APPROVE**
16 **THE VOLUNTARY RNG PROGRAM PROPOSED BY SPIRE, INCLUDING**
17 **SPIRE’S REQUEST TO PROCURE UP TO 5% OF ITS GAS SUPPLY FROM**
18 **RENEWABLE SOURCES, BECAUSE THE AMOUNT OF RNG CURRENTLY**
19 **BEING PRODUCED IS LIMITED AND THE AMOUNT THAT COULD BE**
20 **PRODUCED IS LIMITED. DO YOU AGREE?**

21 A. No. RNG is being produced in Missouri and the surrounding region. Our customers are
22 telling us they want RNG. Please see Schedule SAW-SR1. Moreover, purchasing up to
23 5% of RNG into the overall PGA would have a minimal impact on the overall PGA rate.

1 **Q. MS. MANTLE ALSO CRITICIZES SPIRE’S PROPOSAL TO PASS THE COSTS**
2 **THROUGH ITS PURCHASED GAS ADJUSTMENT (“PGA”) BECAUSE ALL OF**
3 **THE RISK OF AVAILABILITY AND COST IS ON THE CUSTOMERS AND NOT**
4 **SPIRE. HOW DO YOU RESPOND?**

5 A. Gas costs are a pass through. Spire does not make any earnings or rate of return on the
6 PGA component. With this being such a small portion of the PGA portfolio, the customer
7 will be mostly insulated from RNG purchases.

8 **XVIII. DEPRECIATION STUDY**

9 **Q. OPC WITNESS JOHN ROBINETTE ASSERTS THAT SPIRE’S PROPOSED**
10 **DEPRECIATION RATES SHOULD BE REJECTED BECAUSE THEY ARE NOT**
11 **SUPPORTED BY SPIRE’S DIRECT RECORD. DID SPIRE PROVIDE ITS**
12 **DEPRECIATION STUDY IN ITS DIRECT FILING?**

13 A. Spire provided the depreciation study to the parties as a workpaper after its direct case was
14 filed, pursuant to Commission Rule 20 CSR 4240-40.090(1)(B)2. This rule requires the
15 Company to submit its depreciation study, database, and property unit catalog on certain
16 occasions upon submission of a general rate increase request. While I am not a lawyer, I
17 have been advised that this rule does not state that the depreciation study must be “filed”
18 with the direct testimony, it is only required to be submitted as part of the Company’s rate
19 case. Spire submitted its depreciation study to all parties through the workpapers along
20 with the filing of our direct case, in compliance with the Commission’s rules. Spire witness
21 John Spanos will also address the depreciation study in his Surrebuttal Testimony.

22 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

23 A. Yes, it does.



Spire

Missouri Fresh Perspectives

Jan. 2020

CONFIDENTIAL

Respondents were asked to evaluate two descriptions of potential Spire programs:

A “Carbon-Neutral”

Some utilities offer customers the opportunity to advance innovative projects that have a carbon-neutral effect on the environment. Examples of these projects include planting trees in forests, purifying local rivers and streams, or exploring renewable energy solutions.

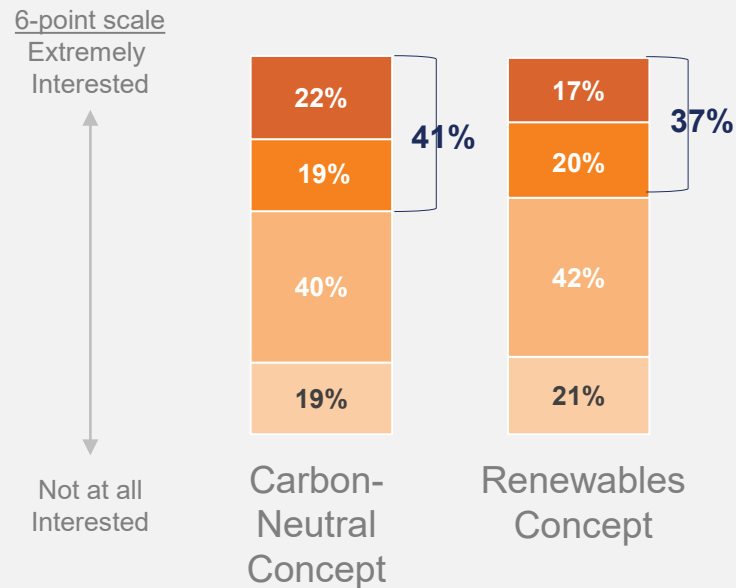
B “Renewables”

Renewable Natural Gas (RNG) offers an innovative way to produce energy from farms, landfills, and wastewater treatment plants. RNG is one initiative that allows companies to work toward the goal of being carbon neutral.

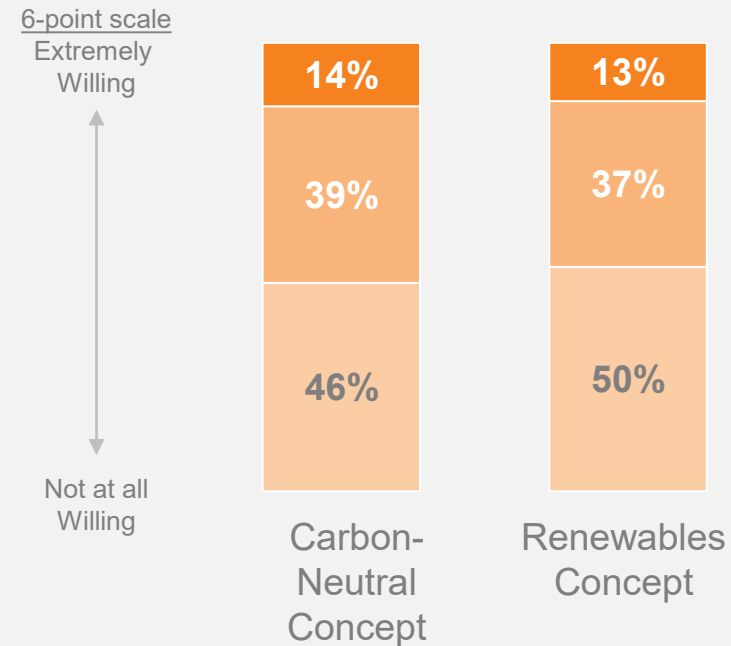
More than a third of customers show high interest in both options, and half are extremely willing or not totally unwilling to pay to advance them

Missouri

Interest in advancing program



Customer willingness to pay to advance



N=1,097

Q16: 6-point scale. How interested would you be in advancing projects like the one you just read about?

Q17: 6-point scale. How willing would you be to pay to advance projects like this?

CONFIDENTIAL

Well over half of customers are willing to pay more on their monthly bill in support of these options

Missouri

Amount Willing to Pay to Advance Renewable Natural Gas Projects

	Statewide	
	Carbon-Neutral Concept	Renewables Concept
\$0	40%	44%
\$1	21%	19%
\$2 - \$3	12% 60%	12% 56%
\$4 - \$5	19%	16%
\$6 - \$10	5%	5%
\$11+	3%	4%

CONFIDENTIAL