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Witness: Francisco A. Del Pozo
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

DIRECT TESTIMONY

OF

FRANCISCO A. DEL POZO

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

CASE NO. GR-2022-0179

Jefferson City, Missouri
September 2022

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DIRECT TESTIMONY OF
FRANCISCO A. DEL POZO
SPIRE MISSOURI, INC., d/b/a Spire
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DIRECT TESTIMONY OF
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CASE NO. GR-2022-0179

EXECUTIVE SUMMARY

Q. Please state your name and business address.

A. My name is Francisco Del Pozo, and my business address is 200 Madison Street, Jefferson City, MO 65102.

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

A. I am employed by the Missouri Public Service Commission (“Commission”) as an Economist for the Tariff/Rate Design Department, in the Industry Analysis Division.

Q. Please describe your educational and work background.

A. I have a Master of Science degree in Agricultural Economics awarded at Kansas State University, Bachelor of Science in Forestry Engineering from La Molina National University, and several specialized trainings on macro and micro economic analysis. In my previous professional experiences, I worked as an Economist and Risk Management Specialist for two agencies of the United States Department of Agriculture.

Q. Have you previously filed testimony before the Commission?

A. Yes. I filed testimony in the most recent general rate cases of Evergy Missouri Metro and Evergy Missouri West.¹

Q. What areas will you be addressing in this testimony?

¹ Case Nos. ER-2022-0129 and ER-2022-0130 respectively.

1 A. I will address Staff’s recommended class-level revenue requirements for
2 Spire West, and Staff’s recommended rate design implementation for Spire West. Staff witness
3 Sarah L.K. Lange will provide similar information for Spire East. I will also address
4 impediments to the study of class costs of service in this case, and how to improve these areas
5 going forward.

6 Q. Will you address the Purchased Gas Adjustment (“PGA”) rates or the rate
7 structures for transportation customers?

8 A. No. The PGA revenue requirement is adjusted through a separate process.
9 Transportation rate schedules in this case were addressed in the Revenue Requirement Direct
10 Testimony of Staff witness Michael I. Stahlman.

11 **CLASS REVENUE REQUIREMENTS**

12 Q. Are you providing a Class Cost of Service Study in this case?

13 A. No. This is discussed in greater detail below. The information necessary to
14 conduct a meaningful Class Cost of Service Study is not fully available in this case, primarily
15 due to the limited passage of time since significant rate schedule modifications were made in
16 the recent Spire rate case, GR-2021-0108.

17 Q. How should the revenue requirement increase determined in this case be
18 allocated to the classes of Spire West?

19 A. The Commission should implement the revenue requirement increase for Spire
20 West as an equal percentage adjustment to each rate element of each rate schedule.

21 Q. Is this result reasonable?

1 A. Yes. Interclass and intraclass movements were made in Spire Missouri's
2 last rate case, and too little time has elapsed to effectuate those movements in the billing
3 determinants and allocators that would apply to this case.² Further, as discussed below and
4 in the testimony of Staff witness Sarah L.K. Lange, a Class Cost of Service (CCOS) in this case
5 would be of limited reliability.

6 Q. Is this result practical?

7 A. Yes. Intraclass stability of relative rate component values minimizes the impact
8 of any inaccuracies in the billing determinants that exist due to the recent rate structure
9 reconfigurations. It also moderates the impact on customers of successive rate increases.

10 **AREAS REQUIRING FURTHER STUDY FOR FUTURE CCOS RELIABILITY**

11 Q. Are there barriers to the conduct of a reasonable CCOS in this case?

12 A. Yes. This case was filed in immediate succession to the last Spire Missouri rate
13 case, GR-2021-0108. In that case issues arose with the availability of daily demands for all
14 classes. That issue has not been resolved. Also in that case, classes were restructured, and the
15 test period in this case does not fully capture resulting customer movements. In this case,
16 concerns have arisen with the accuracy of the time period to which usage was billed as well as
17 the accuracy of the meter plant accounts. The testimony of Staff witness Sarah L.K. Lange
18 provides more context the issues of daily demand data, class restructuring, revenue accuracy,
19 and meter account accuracy which lead to the Staff recommendations for future CCOS for

² "Billing Determinants" refers to the units of sales to customers, consisting of the number of customer charges applicable to each rate schedule, the Ccf of sales, by month and block, to each rate schedule, and, for certain classes, the demand determinants applicable to each month for applicable rate schedules.

"Allocators" refers to the mathematical calculations made to prorate a given cost or expense to the studied classes in a class cost of service study. Several allocators typically relied upon for a gas class cost of service study incorporate the number of customers taking service on a given rate schedule into this calculation.

1 Spire Missouri. My understanding is that the issues that she raises are also applicable to Spire
2 Missouri West.

3 Q. Going forward, is further information necessary to address the class
4 restructuring issue?

5 A. Unless significant rate design or rate structure changes are made in this or a
6 future case, and so long as Spire Missouri diligently applies the customer eligibility provisions
7 of its tariff, this issue should resolve with the passage of time. This is one of the reasons Staff
8 recommends an equal percent adjustment to all rate elements in this case.

9 **CONCLUSION**

10 Q. Could you summarize your recommendations?

11 A. I recommend that the Commission order that Spire implement revenue
12 requirement increases as an equal percent adjustment to each rate element of each rate schedule
13 of Spire West.

14 Q. Does this conclude your direct testimony?

15 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI


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

AFFIDAVIT OF FRANCISCO A. DEL POZO

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW FRANCISCO A. DEL POZO and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Francisco A. Del Pozo*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



FRANCISCO A. DEL POZO

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 9th day of September 2022.

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



Notary Public