

Exhibit No. 126

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Witness: Nancy L. Harris
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

AMENDED REBUTTAL TESTIMONY

OF

NANCY L. HARRIS

**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*

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8 Q. Please state your name and business address.

9 A. My name is Nancy L. Harris. My business address is 200 Madison Street,
10 Jefferson City, MO 65101.

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

12 A. I am employed by the Missouri Public Service Commission (“Commission”) as
13 an Auditor in the Tariff and Rate Design Department of the Industry Analysis Division.

14 **EXECUTIVE SUMMARY**

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

16 A. The purpose of my testimony is to provide Staff’s position on Spire’s proposed
17 tariff changes to the Economic Development Rider, the Negotiated Gas Service Rider, and
18 various customer billing Miscellaneous Charges.

19 **ECONOMIC DEVELOPMENT RIDER**

20 Q. What tariff changes has Spire Missouri (Spire) proposed to the Economic
21 Development Rider (EDR)?

22 A. Spire has proposed decreasing all minimum gas usage requirements to
23 participate in the rider to one-third of the current level. Spire has also proposed increasing

1 the EDR average discount rate from 20% to 40%, with the annual discount rate limit increasing
2 from 30% to 50%.

3 Q. What justifications did Spire provide for the proposed changes to the EDR?

4 A. In his supplemental testimony, page 10, lines 217-224, Scott Weitzel stated that
5 Spire's modifications to its EDR tariff are to encourage customer participation in the EDR and
6 to model Spire's EDR after Ameren Missouri's Economic Development Incentive Rider (EDI)
7 for electric utilities. Spire currently has no participants in the EDR and has received few
8 applications for it.

9 Q. How does Spire's proposed EDR compare to Ameren Missouri's EDI?

10 A. Ameren Missouri's EDI is statutory, complying with §393.1640, RSMo. This
11 statute only applies to electric utilities.¹ It sets two expiration dates. If the utility receives a
12 Commission order pursuant to subsection 5 of §393.1400, RSMo, the discount may continue
13 until December 31, 2028. If the utility does not receive this order, the discount expiration date
14 is December 31, 2023. Ameren Missouri's EDI tariff states that discounts may continue after
15 this final date per agreement with a customer, however, the Company will provide discounts
16 under Ameren Missouri's Economic Development and Retention Rider (EDRR), which has
17 discount levels that are less than Spire's current EDR tariff. Spire proposed in its EDR to offer
18 incentives at the higher level of Ameren Missouri's EDI without an expiration date.

19 Q. Is it possible that the level of annual usage required to participate in Spire's EDR
20 limits customer participation more so than the discount levels of the currently effective rider?

21 A. Yes. However, a decrease to 100,000 Ccf is an unreasonably low floor. For
22 example, of the existing non-Transportation non-Residential customers at Spire West, 235

¹ There is no statute regarding economic development for gas utilities.

1 customers have annual usage greater than Spire's proposed level, as well as the majority of
2 transportation customers. A well-designed EDR would cause a customer to select Spire as its
3 service provider, but not promote free ridership, and that level could likely be found somewhere
4 between the proposed 100,000 Ccf level and the existing 300,000 Ccf (30,000 dekatherm as
5 currently contained in the Spire tariff).

6 Q. Do you agree with Spire's changes to its EDR tariff?

7 A. In part. Staff agrees that the unit of measure should be converted from Dth to
8 Ccf and a more reasonable qualifying usage level could be offered.

9 Q. What are Staff's recommendations regarding Spire's EDR?

10 A. Staff recommends the following:

11 1. Staff recommends that the Commission adopt Spire's proposal to convert
12 all units of measure in the EDR tariff from Dth to Ccf if the Commission approves Spire's
13 proposal to convert units of measure from Dth to Ccf in this rate case.

14 2. Staff recommends that the Commission reject Spire's proposal to
15 increase the current discount levels. The only support Spire provides for offering higher
16 discounts to customers is that the proposed discounts are similar to economic development
17 riders offered by electric utilities. Spire ignores the statute authorizing electric utilities to offer
18 such incentive levels. The incentive levels provided on Ameren Missouri's EDI tariff only exist
19 because of the statute stated above.

20 3. Staff recommends that the Commission reject Spire's proposal to
21 decrease the annual level of usage requirements from 300,000 Ccf to 100,000 Ccf for new and
22 retention customers and from 150,000 Ccf to 50,000 Ccf for expansion customers.

1 4. Staff recommends the tariff be clarified to limit total dollar amount of
2 discounts to one percent (1%) of jurisdictional non-gas revenues. Spire's current EDR limits
3 the total dollar amount of incentives to one percent (1%) of the Company's jurisdictional gross
4 revenues. However, revenues received for purchased gas are not eligible for EDR discounts and
5 therefore should not be included in gross revenues as it is listed in the EDR tariff.

6 5. If the Commission finds that it is reasonable to offer a higher level of
7 discounts, then Staff recommends that the Company draft a separate Economic Development
8 Rider tariff limited to customers initiating or expanding service in areas of Spire's service
9 territory that have under-utilized infrastructure and sufficient pipeline capacity. This will
10 enhance Spire's system utilization while encouraging industrial development within the
11 Company's service area.

12 6. Staff recommends that the Commission include a hard expiration date
13 for EDR discounts, similar to those in Ameren Missouri's EDI. Staff recommends the five-
14 year term customer agreements as proposed by Spire, with a hard expiration date, such as
15 December 31, 2028.

16 **NEGOTIATED GAS SERVICE RIDER**

17 Q. What change is Spire recommending to the current Negotiated Gas Service
18 Rider (NGSR)?

19 A. The current tariff language, regarding the tariff's purpose, is as follows:

20 Purpose: This tariff is designed for two purposes. First, it permits Company to meet
21 specific competitive threats, which if not responded to would result in lost margin to the
22 Company and its customers. By attempting to meet competition, Company will seek to preserve
23 or increase some contribution to the fixed costs all customers must pay for in rates. Second, the

1 tariff can be used to serve and retain or attract load customers who require a service structure
2 not found in Company's standard tariffs.

3 Spire's proposed tariff language, regarding the tariff's purpose, is as follows:²

4 Purpose: This tariff is designed for *three* purposes. First, it permits Company to meet
5 specific competitive threats, which if not responded to would result in lost margin to the
6 Company and its customers. By attempting to meet competition, Company will seek to preserve
7 or increase some contribution to the fixed costs all customers must pay for in rates. Second, the
8 tariff can be used to serve and retain or attract load customers who require a service structure
9 not found in the Company's standard tariffs. *Third, the tariff can also be used for grid*
10 *resiliency, distributed generation, and emergency back-up systems.*

11 Q. Has Spire provided appropriate support regarding the need for the additional
12 language?

13 A. No. Spire did not provide any direct testimony regarding this tariff change. Spire
14 filed supplemental direct testimony (page 16 lines 359-361) in which Mr. Weitzel stated that
15 the additional tariff language is intended to address grid resiliency, distributed generation, and
16 emergency back-up systems. In the June 9th technical conference, Spire defined grid resiliency
17 and distributed generation as Combined Heat and Power (CHP) systems. However, the
18 Company fails to explain in its supplemental direct testimony how the current tariff language
19 fails to address grid resiliency, distributed generation, and emergency back-up systems.

20 Q. Does the current tariff language already address distributed generation and
21 emergency back-up systems?

² Additions are italicized.

1 A. Yes. As provided above, the current NGSR tariff has two purposes. The first
2 purpose permits the Company to meet competitive threats. The second purpose allows the
3 Company to attract and retain load customers which require a service structure not found in the
4 Company's standard tariffs. Customers who require distributed generation or emergency back-
5 up system services may be classified as customers who require a service structure not already
6 identified in tariffs.

7 Q. Has Spire utilized the Negotiated Gas Service Rider (NGSR) and entered into
8 agreements with customers to date?

9 A. Yes. On January 1, 2021, Spire Missouri, Inc. entered into a contract with one
10 customer to provide a discounted rate under the NGSR. This is outside the test year and
11 update period, but is relevant as a true-up issue and will be addressed in Staff's true-up
12 direct testimony.

13 Q. What is Staff's recommendation regarding Spire's proposed changes to the
14 NGSR tariff?

15 A. Staff recommends that the Commission reject Spire's proposed changes to the
16 NGSR for the reasons stated above.

17 **MISCELLANEOUS CHARGES**

18 Q. Is the Company proposing to increase certain miscellaneous charges in this case?

19 A. Yes. Proposed charges are as follows:

- 20 • Reconnect charge increase:

21 (1) Residential from \$62 to \$95

22 (2) Industrial greater of \$95 or actual cost

- 23 • Meter Reading non-access charge increase:

Amended Rebuttal Testimony of
Nancy L. Harris

- 1 (1) Increase from \$10 to \$20
- 2 • Non-standard meter monthly charge \$40 (new charge):
- 3 (1) Plus \$185 one time setup charge for new meters
- 4 • Collection Trip charge increase:
- 5 (1) From \$9 to \$15
- 6 • Meter (residential) relocation charge increase:
- 7 (1) Outside from \$150 to \$200
- 8 (2) Inside from \$100 to \$200
- 9 • Relocate or extension charge increase:
- 10 (1) From \$120 to \$150
- 11 ◇ Change incremental charges to \$8 per foot over 10 feet
- 12 • Meter test fee after 1 free test per 12 months unless inaccurate over 2%:
- 13 (1) Residential from \$75 to \$80
- 14 (2) Commercial from \$125 to \$205 – In line with actual costs
- 15 • Standardization of service initiation charge – all new customers:
- 16 ◇ Increase charge from \$1200 to \$1500

17 Q. What effect will an increase in miscellaneous service charges have on
18 non-gas revenues?

19 A. If the Commission approves the Company's proposed increases in
20 miscellaneous service charges, then revenues from miscellaneous service charges will increase
21 as a result.

22 Q. Did the Company offset a portion of its revenue requirement by the amount of
23 additional revenue that will result from the proposed increase in miscellaneous service charges?

Amended Rebuttal Testimony of
Nancy L. Harris

1 A. Staff is not aware of an offset incorporating the Company's requested changes.

2 Q. What is Staff's recommendation regarding Spire's proposed changes in
3 miscellaneous service charges.

4 A. Staff is not opposed to Spire East and Spire West consolidating to one set of
5 miscellaneous charges if approved by the Commission, however, Staff is not recommending
6 any increase in miscellaneous charges at this time.

7 Staff recommends that the Company adjust its revenue requirement to reflect the
8 additional revenue that will be collected from the Company's proposed increase in
9 miscellaneous service charges. Further, Staff recommends that any Commission-ordered
10 revenue requirement in this case take into consideration revenues resulting from changes in
11 miscellaneous service charges.

12 Q. Did Staff review the Company's cost supporting its proposed increases in
13 miscellaneous service charges?

14 A. Yes.

15 Q. Does Staff have concerns with the Company's proposed Collection
16 Trip Charge?

17 A. Yes. According to Michelle Antrainer's direct testimony (pages 3-4 lines 22&23
18 and 1-3), Spire may assess the Collection Trip Charge if the customer pays Spire personnel at
19 the customer's premises in order to avoid disconnection. It is currently a stand-alone charge
20 of \$9.00 on customers' bills. According to information provided to Staff in DR#0243, Spire
21 proposes to include the Collection Trip Charge in the Reconnection Charge without a separate
22 line item. Spire's outside vendor currently charges \$14.26 for each Collection Trip Charge,
23 and Spire proposes to round this charge to \$15.00. Staff is concerned about Spire's proposal,

1 because including a Trip Collection Charge as a cost component of the Reconnection Charge is
2 not a transparent method for customer billing.

3 Q. What is Staff's recommendation regarding Spire's customer
4 reconnection charge?

5 A. Staff is recommending the collection trip cost of \$14.26 be removed from the
6 customer reconnection charge bringing the average total cost to reconnect service down
7 to \$82.48. If the Commission finds that the miscellaneous charges as proposed by the Company
8 are reasonable, Staff recommends that the proposed reconnection charge be no higher
9 than \$82.48.

10 **CONCLUSION**

11 Q. Does this conclude your testimony?

12 A. Yes.

