

Exhibit No. 2

Exhibit No: _____
Issue: **Excess Capacity, Credit Card Processing fees, Red Tag Program, Payroll Adjustment, Transition Costs, Customer Growth Adjustment, Capitalized Depreciation, Dues and Donations.**

Witness: **Michelle Antrainer**
Type of Exhibit: **Rebuttal Testimony**
Sponsoring Party: **Spire Missouri Inc.**
Case No.: **GR-2021-0108**
Testimony Date: **June 17, 2021**

SPIRE MISSOURI INC.

CASE NO. GR-2021-0108

REBUTTAL TESTIMONY

OF

MICHELLE ANTRAINER

JUNE 17, 2021

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1 **REBUTTAL TESTIMONY OF MICHELLE ANTRAINER**

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

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

5 **Q. ARE YOU THE SAME MICHELLE ANTRAINER WHO PREVIOUSLY FILED**
6 **DIRECT TESTIMONY IN THIS PROCEEDING?**

7 A. Yes, I submitted Direct Testimony on behalf of Spire Missouri Inc. (“Spire” or
8 “Company”) in this rate case.

9 **I. PURPOSE OF TESTIMONY**

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

11 A. The purpose of my testimony is to respond to various arguments and statements made in
12 the direct testimony of the Missouri Public Service Commission Staff (“Staff”), and the
13 Office of Public Counsel (“OPC”), which was filed with the Commission on May 12, 2021.
14 Specifically, I will provide rebuttal testimony on the following issues: (1) Staff’s excess
15 capacity adjustment; (2) credit card processing fees; (3) Spire’s Red Tag program; (4)
16 Staff’s payroll adjustment; (5) Transition Costs – MGE Acquisition; (6) Customer Growth
17 Adjustment; (7) Capitalized Depreciation; and (8) Dues and Donations.

18 **Q. ARE YOU ADOPTING ANY DIRECT TESTIMONY IN YOUR REBUTTAL**
19 **TESTIMONY?**

20 A. Yes. I am adopting portions of Wesley Selinger’s Direct Testimony related to Spire’s
21 Multi-Family Pilot Program, and portions of the revenue deficiency, operating income
22 adjustments, allocated cost of service study, proposed rate design, and rate normalization
23 adjustment.

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II. EXCESS CAPACITY ADJUSTMENT

Q. STAFF STATES THAT WITHOUT ANTICIPATED CUSTOMER GROWTH, THREE OF SPIRE’S FOUR COMPLETED LINE EXTENSIONS¹ ARE NOT COST EFFECTIVE AT THIS TIME. STAFF RECOMMENDS AN EXCESS CAPACITY ADJUSTMENT BASED ON THE PERCENTAGE OF CAPACITY, RESULTING IN A REDUCTION TO SPIRE’S PLANT AND DEPRECIATION RESERVE BALANCES. DO YOU AGREE WITH STAFF’S ADJUSTMENT?

A. No, I do not. By the end of the test year in this proceeding, Spire completed four of the seven Certificate of Convenience and Necessity (“CCN”) extensions approved by the Commission for Spire West since Spire’s last rate case. For three of these CCN’s (Case Nos. GA-2019-0210, GA-2020-0235, and GA-2020-0105), the documentation submitted for Staff approval listed that only one customer on each project would be connected to our system during the first 3 years following the project completion. These customers started service July 2020, September 2020 and January 2021. The remaining CCN (Case No. GA-2019-0226) did anticipate additional customer connections that have not yet materialized. Therefore, Staff’s recommendation for an excess capacity adjustment for this project seems reasonable at this time.

III. CREDIT CARD PROCESSING FEES

Q. PLEASE EXPLAIN HOW STAFF ADDRESSED CREDIT CARD PROCESSING FEES IN THEIR DIRECT TESTIMONY.

¹ Case Nos. GA-2019-0210, GA-2020-0235, GA-2020-0105, and GA-2019-0226.

1 A. Staff noted that Spire did not propose an adjustment for credit card processing fees in this
2 proceeding. Staff did, however, review the costs associated with credit card processing
3 fees during the test year and determined the appropriate amount of expense to include in
4 rates in this case. Staff determined the costs based upon the amount of expense recorded
5 in the general ledger for both Spire East and Spire West for the 12 months ending
6 December 31, 2021.

7 **Q. WHY DIDN'T SPIRE PROPOSE AN ADJUSTMENT FOR CREDIT CARD**
8 **PROCESSING FEES IN THIS CASE?**

9 A. We did not propose an adjustment for credit card processing fees because through the end
10 of the test year ending September 30, 2020, credit card fees were at or near what Spire is
11 already recovering in rates. Spire has incurred additional credit card processing fees since
12 that time, as reflected in Staff's adjustment for the period ending December 31, 2020. Spire
13 does not take issue with Staff's adjustment, but to account for additional incurred credit
14 card processing fees, Spire suggests that Staff's adjustment be true-up through May 31,
15 2021, the final true-up period.

16 **Q. OPC OPPOSES THE INCLUSION OF CREDIT CARD PROCESSING FEES,**
17 **NOTING THAT IT IS UNFAIR FOR ALL RATEPAYERS TO SUBSIDIZE**
18 **CREDIT CARD FEES. OPC ALSO SUGGESTS THAT CREDIT CARD**
19 **PROCESSING FEES DISCRIMINATE AGAINST THE UNBANKED AND**
20 **UNDERBANKED SPIRE CUSTOMERS. DO YOU AGREE WITH OPC'S**
21 **ASSERTIONS?**

22 A. No, I do not. It is my understanding that OPC made the same or similar argument, that it
23 is unfair for all ratepayers to subsidize credit card fees, in Spire's prior rate case. Although

1 I am not an attorney, it is my understanding that the Commission disagreed with OPC's
2 assertion, noting that Subsection 393.130.3 RSMo only forbids a gas corporation to give
3 an "undue" or "unreasonable" preference or advantage to any person, corporation or
4 locality.² The Commission further noted that:

5 "Public Counsel's argument is based on the premise that those who cause a cost
6 should pay for that cost. That is an appropriate maxim to consider when designing
7 utility rates, but it is not an absolute limitation on the structure of such rates. No
8 customer has a right to pay only their particular costs for receiving utility service,
9 because the cost to serve each customer is different.

10 * * * * *

11 [i]t is reasonable to allow Spire Missouri to recover fees resulting from the use of
12 credit and debit cards to pay LAC bills from all LAC customers rather than from
13 just those customers who use the credit or debit cards to pay their bills, just as it
14 currently does for MGE customers. That policy does not result in an undue or
15 unreasonable preference among customers because all customers can use the
16 convenience of a credit or debit card if that tool is available to them. Ultimately,
17 this is a policy question for which the Commission finds in favor of allowing the
18 company to recover these costs from all ratepayers rather than imposing these
19 costs on only some customers.³

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21
22 **Q. ARE YOU AWARE OF OTHER POLICIES OR AUTHORITIES THAT**
23 **RECOMMEND THAT CONSUMERS BE GIVEN THE ABILITY TO MAKE**
24 **DIRECT PAYMENT OF UTILITY BILLS BY CREDIT OR DEBIT CARD**
25 **WITHOUT CONVENIENCE FEES?**

26 A. Yes. Also in Spire's last rate case, and as reflected in Spire's Post-Hearing Brief and
27 Exhibit 56, The National Association of State Utility Advocates ("NASUCA") issued a
28 resolution on November 13, 2012 urging state utility commissions to effectuate the public
29 policy objective of providing consumers with the ability to make direct payment of their

² March 7, 2018 Amended Report and Order at p. 69, File Nos. GR-2017-0215 and GR-2017-0216

³ Id. at p. 70.

1 utility bills by debit or credit card without unjustified convenience fees.⁴ It appears that
2 OPC intends to disregard the public policy objectives of its own association of consumer
3 advocates.

4 **IV. RED TAG PROGRAM**

5 **Q. WHAT IS YOUR RESPONSE TO STAFF'S RECOMMENDATION REGARDING**
6 **SPIRE'S RED TAG PROGRAM?**

7 A. Staff treatment of the Red Tag Program differs from all other limited-income programs as
8 Staff does not include the balance in its rate base calculation. All of these assets are similar
9 in that investor funds are utilized for the benefit of customers without inclusion in the
10 revenue requirement. A return should be earned on each of these regulatory assets. Spire
11 was unable to validate Staff's Missouri East December 2020 balance for the Red Tag
12 program and will verify the amount based on true-up data.

13 **V. PAYROLL ADJUSTMENT-JARED GIACONE**

14 **Q. DO YOU AGREE WITH STAFF'S TREATMENT OF THE COMPANY'S**
15 **PAYROLL EXPENSE?**

16 A. Staff and the Company met and agreed upon the classification of the Missouri Shared
17 Services employees and updated the file accordingly. The outstanding issue related to the
18 payroll adjustment is the calculation of the payroll charged to operation and maintenance
19 accounts. At the time Staff filed its direct case, it used a transfer rate taken from the
20 Company's response to Staff data request 0044. The rate provided on that data request

⁴ See, Initial Post-Hearing Brief of Laclede Gas Company and Missouri Gas Energy, January 9, 2018, File Nos. GR-2017-0215 and GR-2017-0216 at p. 65-66. See also, Exhibit 56, 2012-07 Urging Utilities to Eliminate "Convenience" Fees for Paying Utility Bills with Debit and Credit Cards and Urging Appropriate State Regulatory Oversight, National Association of State Utility Consumer Advocates.

1 response is actually a benefit loading rate, which is used to add to payroll dollars an amount
2 for benefits such as medical, dental and life insurance. This is not the proper rate to use
3 for allocating payroll costs between capital and expense.

4 **VI. TRANSITION COSTS-MGE ACQUISITION**

5 **Q. PLEASE EXPLAIN HOW STAFF ADDRESSED CONTINUED AMORTIZATION**
6 **OF THE TRANSITION COSTS RELATED TO THE MGE ACQUISITION COSTS**
7 **IN THEIR DIRECT TESTIMONY.**

8 A. Staff and Spire both amortized the remaining balance over a three-year period but differed
9 on the balance period utilized. Spire utilized the May 2021 ending balance consistent with
10 the rest of the true-up balances, but Staff used the beginning balance for November 2021
11 with the assumption that new rates would be implemented at this time. Spire believes May
12 2021 is the appropriate ending balance.

13 **VII. CUSTOMER GROWTH ADJUSTMENT**

14 **Q. DID STAFF MAKE A CUSTOMER GROWTH ADJUSTMENT?**

15 A. Yes, in Staff's Report, Staff analyzed customer growth for the Residential, SGS and LGS
16 classes for Spire East and West. (Staff Report, pages 50-52. Staff applied actual
17 residential customer charge counts for January 2020 through December 2020 for Spire
18 East and Spire West. The residential adjustment for January 2020 through December
19 2020 is reflected as the growth adjustment. Staff did not make a growth adjustment for
20 the SGS and LGS rate classes.

21 **Q. DO YOU AGREE WITH STAFF'S POSITION ON CUSTOMER GROWTH**
22 **ADJUSTMENTS?**

23 A. No, Spire used average fiscal year 2019 compared to average fiscal year 2018 customers
24 numbers to calculate annualized residential growth. The Company felt that this

1 timeframe was more appropriate since the customer numbers for 2020 customers were
2 inflated due to the COVID-19 pandemic. During 2020, the Company saw a higher
3 customer number than it typically would due to the many customer protections put in
4 place at that time, including a moratorium on customer disconnections. For the test year
5 period, residential customer revenues were overstated by approximately \$500 thousand
6 due to the non-disconnection policy during COVID-19.

7 **Q. STAFF STATES THAT IT WILL MAKE ANY NECESSARY ADJUSTMENTS**
8 **TO CUSTOMER GROWTH THROUGH MAY 2021 IN ITS TRUE-UP FILING.**
9 **WILL THIS RESOLVE THE COMPANY'S CONCERNS?**

10 A. No. Spire's test year revenue adjustment reflected customer count and usage volumes
11 related to April – September 2020. The true-up filing will only address a portion of this
12 time frame.

13 **VIII. CAPITALIZED DEPRECIATION EXPENSE**

14 **Q. STAFF RECOMMENDS ADJUSTMENTS TO REMOVE A PORTION OF THE**
15 **COMPANY'S ANNUALIZED DEPRECIATION EXPENSE CALCULATED ON**
16 **TRANSPORTATION AND POWER-OPERATED EQUIPMENT, ALLEGING**
17 **SUCH ADJUSTMENT IS NECESSARY TO PREVENT A DOUBLE RECOVERY.**
18 **WHAT IS YOUR RESPONSE TO STAFF'S RECOMMENDATION REGARDING**
19 **SPIRE'S DEPRECIATION CAPITALIZATION?**

20 A. Spire disagrees with Staff's calculation for depreciation capitalization. The rate
21 applicable, as well as the base depreciation expense, are calculated using different criteria.
22 For example, Staff's adjustments include plant account depreciation for autos, stores
23 equipment and tools, shop and garage equipment. To avoid over-capitalization, Spire does
24 not transfer depreciation related to tools, shop and garage equipment, therefore no

1 adjustment is required to avoid a double recovery as Staff suggests. The capitalization rate
2 or portion of the depreciation that applies to capital projects also differed between Staff
3 and Spire. The rate utilized by Staff is the same for each asset type, while Spire calculated
4 a specific rate for each plant account based on the percentage of Field Operations payroll
5 hours charged to capital.

6 **XI. DUES AND DONATIONS**

7 **Q. WHAT IS YOUR RESPONSE TO STAFF'S ADJUSTMENT REGARDING**
8 **SPIRE'S DUES AND DONATIONS EXPENSE?**

9 A. Staff witness Jared Giacone disallowed civic organization expenses that have a direct and
10 also an indirect benefit to our ratepayers. These expenses to Greater Kansas City Chamber
11 of Commerce, Missouri Chamber Foundation, The Civic Council of Greater Kansas City,
12 and St. Louis Regional Chamber enable Spire to participate in organizations that improve
13 the business environment and quality of life in its service territory. These organizations
14 also support community infrastructure improvements and foster positive economic
15 development opportunities for Missouri employers. Having strong communities and a
16 vibrant economy is important for all Missouri citizens, but it is especially important to
17 utility customers given the role that economic growth can play in helping to share the costs
18 of utility service. Membership in these groups is another tool that can be used to manage
19 and control costs to our business.

20 **X. CONCLUSION**

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

22 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 General)	<u>Case No. GR-2021-0108</u>
Rate Increase for Natural Gas Service Provided in)	
the Company's Missouri Service Areas)	

A F F I D A V I T

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

Michelle Antrainer, of lawful age, being first duly sworn, deposes and states:

1. My name is Michelle Antrainer. I am Lead Regulatory Analyst at 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.
3. Under penalty of perjury, I declare that my answers to the questions contained in the foregoing rebuttal testimony are true and correct to the best of my knowledge and belief.

/s/ Michelle Antrainer
Michelle Antrainer

June 17, 2021
Date