FILED
August 25, 2021
Data Center
Missouri Public
Service Commission

Exhibit No. 41

Spire – Exhibit 41
Scott Weitzel
Rebuttal Testimony
File No. GR-2021-0108

Exhibit No.	**____**
Issue:	**Revenue Requirement**
Witness:	**Scott A. Weitzel**
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

REVENUE REQUIREMENT

OF

SCOTT A. WEITZEL

JUNE 17, 2021

TABLE OF CONTENTS

REVENUE REQUIREMENT REBUTTAL TESTIMONY OF SCOTT A. WEITZEL

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q. ARE YOU THE SAME SCOTT A. WEITZEL WHO PREVIOUSLY FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I submitted direct testimony on behalf of Spire Missouri Inc. ("Spire" or "Company") in this rate case.

I. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my testimony is to respond to the issues raised and positions taken by witnesses for the Staff of the Missouri Public Service Commission ("Staff"), the Office of Public Counsel ("OPC"), and other parties as presented in their direct testimony on cost of service components, including Staff's Cost of Service Report ("Report") filed on May 12, 2021. These issues include capital structure and rate of return, rate base, depreciation expense and operating revenues and expenses. Concurrently with the filing of my rebuttal testimony on revenue requirement issues, I am also filing rebuttal testimony in response to the class cost of service testimony filed by Staff and other parties on May 26, 2021.

II. OPC'S REVENUE REQUIREMENT POSITION

Q. WHAT IS YOUR RESPONSE TO OPC'S GENERAL ALLEGATION THAT A BASE RATE INCREASE IS NOT APPROPRIATE FOR SPIRE AT THIS TIME?

A. OPC witness Robert Schallenberg suggests that a base rate increase is not appropriate, particularly at the level requested. (Schallenberg Direct, pages 3-4). Spire disagrees. As explained in my Direct Testimony, this filing is intended to recover Spire's investment in new initiatives to enhance service to Spire's customers, including enhanced usage information and account management options, new metering technology, new platforms for streamlined customer and field technician interaction, plus carbon neutral initiatives and renewable gas options. Spire also maintains its commitment to strategic investment and continually assesses means to improve our infrastructure and customer connection systems. Since our last rate case filing, Spire has invested nearly $1 billion dollars. A significant portion of this investment was in new distribution pipeline infrastructure. These investments help reduce leaks, improve service and reliability, reduce methane emissions, result in lower maintenance costs, and ensure continued quality service to our customers. Contrary to OPC's broad assertion, Spire believes that it has demonstrated that a base rate increase is necessary at this time to recover investments made to continue to provide excellent service to Spire's customers. Spire also hit the Infrastructure System Replacement Surcharge ("ISRS") cap on the west side of the state in 2020 and would need to file a general rate case by October 2021 to maintain the ISRS rider pursuant to 393.1012 RSMo.

Q. MR. SCHALLENBERG MADE A NUMBER OF COMMENTS IN HIS TESTIMONY THAT SPIRE HAS EITHER FAILED TO RESPOND TO SPECIFIC DATA REQUESTS OR HAS BEEN LESS THAN FORTHCOMING WITH ITS RESPONSES. HOW DO YOU RESPOND?

A. Spire believes Mr. Schallenberg's allegations are unfounded. (Schallenberg Direct, pages 5-6.) Spire makes every effort to be transparent and comprehensive with its discovery responses to all parties. It is in Spire's best interest to provide sufficient documentation to the parties so that they have evidence and justification for the recommendations they make in their respective cases. Thus far in this proceeding, Spire has responded to over 900 discovery requests and provided over 2,000 exhibits in discovery and has asked for a brief extension in only a handful of circumstances. Spire maintains that it has been cooperative and timely with its discovery responses, and disputes OPC's assertions that Spire has deliberately held back relevant information. Spire has also had several meetings with intervenors to talk through issues in the case and exchange information for a better understanding of parties' issues and positions. This includes providing OPC access to Spire's office to review documents relevant to OPC's concerns in this proceeding, along with meetings among the parties' relevant subject matter experts.

III. STAFF'S REVENUE REQUIREMENT POSITION

Q. WHY IS THERE A DIFFERENCE BETWEEN STAFF'S REVENUE REQUIREMENT INCREASE OF APPROXIMATELY $65 MILLION AND THE COMPANY'S DIRECT FILING OF $111.5 MILLION?

A. I, along with Company witnesses Alicia Mueller, Jim Rieske, Chuck Kuper, Tim Krick, Adam Woodard, Shelly Antrainer, Bob Noelker, Dylan D'Ascendis, Tim Lyons, John Spanos, and Alan Felsenthal will address this difference in the respective rebuttal testimony filed on behalf of Spire. The majority of the variation results from a handful of differences in the cost of service analysis. One of the largest differences is revenues, including weather adjustments, rate switching, conservation, billing corrections, and late payment and disconnection revenue. Pension funding, return on equity, depreciation and amortization, payroll, taxes, ultrasonic meters, and propane retirement are also large drivers of the difference but are not inclusive of all the difference between the company and Staff.

Q. WILL STAFF'S AND THE COMPANY'S RECOMMENDED REVENUE REQUIREMENT INCREASE CHANGE AS THIS CASE PROGRESSES?

A. Yes. The Missouri Public Service Commission ("Commission") has ordered that the test year for Spire Missouri Inc.'s request to implement a general rate increase for its natural gas service shall be the twelve-month period ending September 30, 2020, adjusted for known and measurable changes, to be trued-up through May 31, 2021. As a result, the numbers will change for known and measurable changes and to reflect the amounts as of May 31, 2021 when that information becomes available.

IV. PROPANE INVESTMENT

Q. WHAT IS SPIRE'S RESPONSE TO STAFF'S PROPOSED TREATMENT OF PROPANE ASSETS?

A. Staff continues to believe that Spire's propane assets can still serve Spire East customers and thus has included the investment and reserve balances through December 31, 2020 (Staff Report-Lyons, pages 27-28). The Company removed propane expenses and propane from inventory (rate base) in the revenue requirement model. Spire has been very transparent over the last five years about its intention to decommission the propane facilities. Spire's election to remove the propane peaking facilities from its supply resources is consistent with what several other Missouri gas utilities have done during the past 10-20 years in Missouri. The U.S. natural gas supply has fundamentally changed in the past 10 years. We have gone from forecasts of limited domestic supply, importing gas to meet those shortages, and propane peaking facilities to meet stressed winter supply; to a current state of robust domestic natural gas supply for over 100 years, extensive pipeline build out, and dramatic changes in gas flows that basically flipped historic production areas to new market deliveries. The natural gas industry has truly witnessed a transformational renaissance. Spire has stayed abreast of these industry changes and has adapted its portfolio to deliver safe, affordable, and reliable natural gas for decades to come.

Q. HOW HAS SPIRE ADJUSTED ITS SOURCES OF NATURAL GAS SUPPLY TO HARMONIZE WITH THE INDUSTRY CHANGES AND WAS STAFF AWARE OF THESE CHANGES?

A. Spire needed to evolve with the changing natural gas landscape, and this journey started with Spire STL pipeline. The Company wanted to think long-term about resiliency, supply diversity, and competitive pricing for our customers. In committing to Spire STL pipeline, Spire was also able to plan for the retirement of its older and mechanical propane peaking facilities. Spire and the Commission Staff were involved in proceedings at the Federal Energy Regulatory Commission ("FERC") that highlighted the conversation and intention to remove the propane facilities from Spire's supply. One of the primary responsibilities of a gas utility is to provide reliable and affordable natural gas during the coldest of days in the winter. Spire has provided resource plans to the Commission and its Staff highlighting the demand it could see on those peak days and the supply resources it has contracted to cover that peak demand. The 2016 Resource Plan includes the propane peaking facilities as part of the peak day supply stack. A risk listed in the 2014 Resource Plan highlighted the potential failure of a component of Laclede's (now Spire's) propane vaporization equipment. Staff has also been aware of industrial customers and compressed natural gas ("CNG") vehicle fueling customers experiencing operational issues when propane is running, since Spire's propane facility directly injects into the system and does not mix with air like traditional propane peaking facilities. Further evidence of Spire's intention to remove propane from its supply can be found in the 2020 Resource Plan. This plan shows that the Company has contracted sufficient resources to meet the peak day supply without operating the propane peaking facility. The 2020 Resource Plan illustrates Spire's ability to meet its peak day supply with no propane facilities. This avoids operation of an outdated propane system that poses problems for some company customers.

Q. HAVE THERE BEEN ANY ORDERS OR STIPULATIONS REGARDING THE TREATMENT OF PROPANE ASSETS?

A. Yes. In Spire's last rate case, Case Nos. GR-2017-2015 and GR-2017-2016, Staff, Spire and other parties executed a partial stipulation and agreement that addressed the propane assets. In that stipulation and agreement, the signatory parties affirmed the language in paragraph 14 of a prior stipulation and agreement in Case No. GR-2013-0171. In relevant part, paragraph 14 stated that Laclede's (now Spire's) propane cavern and associated equipment should be accounted for in the regulated cost of service calculation for ratemaking purposes. Notably, however, the stipulation also provided that the accounting treatment is without prejudice to the rights of any Party to assert in a subsequent rate case proceeding whatever position they believe is appropriate regarding the proper regulatory treatment of propane related issues. The stipulation further provided that Laclede (now Spire) could seek different regulatory treatment of the propane assets at its option, and confirmed that the stipulation has no precedential value in the case where Laclede (now Spire) may seek to dispose of utility assets that are no longer used and useful for the provision of utility service.[1]

[1] December 13, 2017 Partial Stipulation and Agreement, Case Nos. GR-2017-2015 and GR-2017-2016, at para. 12 and Attachment 3, referencing Paragraph 14 of Stipulation and Agreement in Case No. GR-2013-0171.

Q. IS SPIRE SEEKING DIFFERENT REGULATORY TREATMENT OF THE PROPANE ASSETS AS PERMITTED BY THE EARLIER STIPULATION?

A. Yes. As noted in Spire witness Wes Selinger's Direct Testimony, Spire is requesting that the propane assets be removed from the Company's cost of service.

Q. ARE THE PROPANE ASSETS STILL UTILIZED TO PROVIDE SERVICE TO SPIRE'S CUSTOMERS?

A. As discussed in greater detail in the rebuttal testimony of Spire witness Robert Noelker, the propane heating and vaporization assets have been removed and repurposed, and the pumps that delivered liquid propane from the cavern to that equipment are no longer in service. The source of liquid propane has been physically disconnected from the heating and vaporization facilities and therefore these assets are no longer used and useful in providing service to Spire's customers. Further, the use of propane was removed from the supply strategy beginning with the 2020-2021 winter heating season.

V. RATE CASE EXPENSE

Q. DO YOU AGREE WITH STAFF AND OPC'S ARGUMENTS CONCERNING RATE CASE EXPENSE?

A. No, I do not. Staff recommends that Spire be permitted to recover the costs of the depreciation study and all internal payroll costs incurred in processing this case. For the remaining rate case expense, Staff recommends a 50% share of the average incremental external rate case expense from the most recent two Spire Missouri rate cases, and normalizing that cost level over a three-year period. (Staff Report-Majors, pages 71-77).

Q. WHAT DOLLAR AMOUNT OF RATE CASE EXPENSE DID STAFF RECOMMEND BE INCLUDED IN SPIRE'S REVENUE REQUIREMENT IN THIS CASE?

A. Staff recommended that $196,465 of annual rate case expense be included on a combined basis for Spire East and Spire West. Staff noted that this dollar amount should not be trued-up for actual expense incurred, or any over or under-recovery recognized.

Q. WHAT ISSUES DO YOU SEE WITH STAFF'S APPROACH?

A. First, Staff initially notes in its Report at page 3, that rate case expense is one of the expenses that Staff proposes to true up during the true-up period through May 31, 2021, yet later Staff reverses course and recommends that rate case expense not be trued up. Staff correctly notes that true-ups are typically ordered when material changes to the revenue requirement will likely occur after the end of the ordered update period or test year within a period close enough to the operation-of-law date to allow for review and verification of such known changes. Currently, rate case expenses that are known and measurable are already higher than Staff's normalizing approach. Further, Spire continues to incur rate case expense for services provided to date, and will continue to receive invoices from external vendors and service providers until the conclusion of this proceeding. No two rate cases are alike, and each rate case incurs unique costs that should be recoverable. Staff's recommendation to average external rate case expense from prior proceedings fails to recognize this fact and ignores current known and measurable rate case expense. Failure to true-up rate case expense would only exacerbate the discrepancy between rate case expense included in Spire's revenue requirement and known and measurable rate case expense. Staff was also silent on the mandated customer notices for rate cases public hearings. Costs associated with these notices can approach or exceed a half a million dollars.

Q. WHAT DOES SPIRE BELIEVE WOULD BE A MORE EQUITABLE METHOD OF TREATING RATE CASE EXPENSE?

A. The Company would like to follow the methodology discussed and ordered by the Commission in GR-2017-0215 and GR-2017-0216. In that proceeding, the Commission stated that it " recognizes that certain expenses, such as the customer notices and the depreciation study, were required by Commission rule or order and should not be part of the shared rate case expense." GR-2017-0215, Amended Report and Order, page 52. The Commission concluded "that Spire Missouri should receive rate recovery of 50 percent of its rate case expenses except the cost of the customer notices and the depreciation study, which will be wholly included in rates." R-2017-0215, Amended Report and Order, page 55. The Company feels that known and measurable rate case expense should be treated this way.

Q. WHAT DOES SPIRE BELIEVE IS AN APPROPRIATE RATE CASE EXPENSE?

A. The Company believes rate case expense should be closer to $850,000 subject to change. Please see the table below.

Spire Missouri
Rate Case Expense 5/31
Estimated

		50 % adjust	Total
GL 5/31	$ 283,955	$ 141,978	$ 141,978
Legal	$ 137,505	$ 68,753	$ 68,753
Depreciation Study*			$ 52,258
Customer notice			$ 586,532
Total			**$ 849,520**

*Estimated depreciation study cost could be $80,000

Q. HOW DOES SPIRE RESPOND TO OPC'S PROPOSAL FOR TREATMENT OF RATE CASE EXPENSE?

A. OPC recommends that the Commission disallow all rate case expense beyond the Depreciation Study required by the Commission. Conner Direct, page 4. OPC suggests that Spire has not adequately justified its rate case expense estimate in response to OPC

Data Request 1212, and did not provide invoices for legal fees in response to Staff's Data Request 0074. Spire notes that the Commission and courts have already ruled that 50 percent of rate case expenses are appropriate for recovery. The mandated items have received 100 percent recovery. Additionally, Spire's legal expenses for this case are ongoing since the case is still pending. Spire will continue to furnish Staff and OPC with non-privileged invoices and other documentation in support of rate case expense because Spire continues to pay invoices for services provided to date.

VI. CALL CENTER STAFFING

Q. STAFF MAKES SOME OBSERVATIONS REGARDING SPIRE'S CALL CENTER STAFFING, IN PARTICULAR HOW STAFF WOULD LIKE TO RECEIVE ITS MONTHLY REPORT ON PERFORMANCE METRICS FOR CALL CENTERS IN A CONSISTENT FORMAT BETWEEN BOTH OPERATING DIVISIONS (STAFF REPORT-BERNSEN, PAGES 114-115). HOW DOES SPIRE RESPOND?

A. Spire agrees that consistency in formatting its monthly reports for both Spire East and Spire West would be beneficial for all parties. Part of Spire's case is to bring the legacy East and West operating units together as one Spire Missouri Inc., which is already a single legal entity. As Staff noted in its report, Spire is still in the process of reducing its reliance on outside contractors to staff its call centers and transitioning those positions to Spire employees. Spire will continue to work with Staff to craft a workable and equitable solution to any call center staffing issues.

VII. INCENTIVE COMPENATION (SHORT TERM)

Q. STAFF REMOVED THE EXPENSE ASSOCIATED WITH THE CORPORATE PERFORMANCE COMPONENT OF SPIRE'S SHORT-TERM INCENTIVE

COMPENSATION PLAN BECAUSE IT IS EARNINGS BASED. (STAFF REPORT- JULIETTE, PAGES 66-67). DO YOU AGREE WITH STAFF'S REMOVAL OF THIS EXPENSE?

A. Yes. The Company made a similar adjustment in its direct filing to remove the corporate performance of Net Economic Earnings Per Share as part of the short-term Annual Incentive Plan ("AIP").

Q. SIMILARLY, OPC PROVIDED TESTIMONY NOTING THAT OPC WILL SUPPORT A REMOVAL OF SPIRE'S INCENTIVE COMPENSATION EXPENSE. WHAT IS YOUR RESPONSE TO OPC?

A. OPC states that Spire's incentive plan programs incentivize Spire employees to further Spire's financial interests at the expense of ratepayers. (Schallenberg Direct, page 21.) As stated in my Direct Testimony, there are many components of the incentive compensation AIP that support lower costs or are focused on customer benefit. Staff commented on certain components of the AIP and stated, "Staff reviewed these new metrics and determined they both benefit customers and have included the cash payouts from these two metrics in rates" (Staff Report-Juliette, page 67). The Company supports Staff's position in direct to include a portions of incentive compensation and does not agree with OPC witness Mr. Schallenberg that removal of incentive plan costs is necessary.

<u>VIII. INCENTIVE COMPENSATION (LONG TERM)</u>

Q. STAFF RECOMMENDED REMOVAL OF ALL OF SPIRE'S LONG-TERM INCENTIVE COMPENSATION EXPENSE AS IT IS EARNINGS-BASED. (STAFF REPORT-JULIETTE, PAGE 67). HOW DO YOU RESPOND?

A. We agree with this approach and believe it aligns with previous Commission orders. The Company also removed long term Equity Incentive Plan ("EIP") costs out of its direct model filing.

XI. LOBBYING AND MEDA ACTIVITIES

Q. DOES SPIRE AGREE WITH STAFF'S PROPOSED TREATMENT OF MISSOURI ENERGY DEVELOPMENT ASSOCIATION ("MEDA") COSTS BELOW THE LINE (STAFF REPORT-GIACONE, PAGES 77-78)?

A. No, Spire removed all MEDA activity related to lobbying and tens of thousands of dollars in lobbying expense. The Company is asking for $135,835 as pointed out in Staff's direct testimony. The Company intends to update its response to Staff DR 40 to identify previously removed lobbying costs for Staff.

X. PSC ASSESSMENT

Q. STAFF ADJUSTED SPIRE'S COMMISSION ASSESSMENT ("PSC ASSESSMENT") COSTS TO THE CURRENT MISSOURI FISCAL YEAR AND ALLOCATED A PERCENTAGE OF THE TOTAL ASSESSMENT TO SPIRE EAST AND SPIRE WEST. (STAFF REPORT-GIACONE, PAGE 90). WHAT IS YOUR RESPONSE TO STAFF'S RECOMMENDATION?

A. The Company does not believe that Staff's approach is representative of the fluctuations in the PSC Assessment, which is a mandatory expense for each state utility. A three-year average like the Company proposed in its direct filing is a better normalized approach. Staff's workpaper on PSC assessment has $4,904,390 in actual FY 2019, $3,825,609 in FY 2020, and $3,627,843 in FY 2021. A three-year average of $4,118, 947 captures a three-year cycle that includes an assessment after a rate case. Spire has seen in the past that the Commission assessment significantly increases after a rate case. The Company would be open to including a tracker for a mandatory expense (PSC Assessment) to operate as a utility in the state of Missouri. The Company continues to feel that neither the customer nor the Company should benefit from or be hindered from a state mandated expense.

XI. CONTINUED SEPARATION OF SPIRE EAST AND SPIRE WEST

Q. OPC OPPOSES THE INTEGRATION OF SPIRE EAST AND SPIRE WEST, AND COMBINING THE TWO OPERATING DIVISIONS' TARIFFS, PGA'S AND ISRS RIDERS FOR SEVERAL REASONS. DO YOU AGREE WITH OPC'S REASONING?

A. No, I do not. OPC proposes that the Commission keep Spire East and Spire West separate for ratemaking purposes, arguing that the two operating divisions are separate and distinct by location and physical characteristics. (Riley Direct, pages 3-4). OPC places significant weight on the fact that Spire East obtains the majority of its natural gas from the STL Pipeline and the eastern part of the country, while Spire West obtains natural gas from Texas and Oklahoma. Spire East does not obtain the majority of its natural gas from Spire STL Pipeline. The East side has more firm transportation on MRT than Spire STL. Spire is looking to bring natural gas supply diversity to the whole state.

Q. DO YOU AGREE WITH OPC'S CONCERN THAT UTILITIES SHOULDN'T BE COMBINED IF SYSTEMS ARE ESSENTIALLY SEPARATE AND DISTINCT BY LOCATION AND PHYSICAL CHARACTERISTICS?

A. Absolutely not, and the Commission has consistently agreed. There are regulated gas, electric, and water utilities in this state that operate using a single tariff, but which are separate and distinct by location and physical characteristics. I highlighted examples of such Missouri gas and electric utilities in my Direct Testimony filed in this proceeding. Another good example is Missouri American Water. They have the same rates for customers in St. Charles (near east side of state), Jefferson City, and Joplin to name a few as demonstrated below. All of these service areas are separate and distinct by location and physical characteristic, but they all have the same rate structure approved by the Commission.

All Other Missouri					
Metered Monthly Customers					
St Joseph, Brunswick, Platte County, St. Charles, Jefferson City, Joplin, Warrensburg, Tri-States, Emerald Pointe, Spring Valley, Lakewood Manor, Ozark Mountain, Lake Tanneycomo, Maplewood, Riverside, Stonebridge, and Saddlebrooke	3,000	$27.74	$27.74	$0.00	0.0%
	5,000	$40.23	$40.23	$0.00	0.0%
	7,000	$52.73	$52.73	$0.00	0.0%

Q. DID OPC HAVE CONCERNS ON COMBINING ISRS?

A. OPC states that "The commission may not approve an ISRS to the extent it would produce total annualized ISRS revenues exceeding ten percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general rate proceeding." (Riley Direct, page 3). There is only one Spire Missouri Inc. gas corporation in the state of Missouri. Spire East and Spire West are registered fictitious names for regulatory purposes only. The ISRS cap was reached for Spire West, which is one reason for filing this case. If there was a single ISRS cap for Spire statewide, then the Company may have delayed a rate case filing until the total cap was hit.

Q. WHAT OTHER ISSUES DID OPC HAVE WITH A SINGLE COMPANY?

A. OPC opines that Spire will continue to separate the East and West information internally for reporting and performance measurements if for no other fact that they are separate and distinct locations. (Riley Direct, pages 3-4.) OPC has no basis for this claim. Spire does plan to consolidate filings and reports regarding PGA, ISRS, external financial reporting, and other operational accounting documents, to name a few.

XII. GAS SUPPLY INCENTIVE PLAN

Q. OPC'S WITNESS JOHN RILEY RECOMMENDS THAT THE COMMISSION DISCONTINUE SPIRE'S GAS SUPPLY INCENTIVE PLAN COMPONENT OF THE PGA ("GSIP"). (RILEY DIRECT, PAGES 4-6). DO YOU AGREE WITH THIS RECOMMENDATION?

A. No, I do not. The GSIP is a tariffed program for Spire East and the Company is proposing to expand the availability of the tariff to Spire West. The GSIP tariff establishes an index price benchmark level such that Spire receives a credit when it procures natural gas below the benchmark level. In this case, Spire is also proposing to lower the Tier 1 floor to $2.00/MMbtu. OPC opposes lowering the Tier 1 floor, claiming that it will enable Spire to take advantage of naturally occurring price dips in the natural gas market. OPC also asserts that ratepayers may be harmed by more aggressive hedging on Spire's part as a result of a lower benchmark. OPC states that ratepayers may also be harmed if Spire collects additional monies by keeping purchase prices under the new benchmark, because consumers will not see the benefit of the lower prices in the PGA. Spire meets with regulators annually to discuss its hedging position. Hedging is predominately driven by upcoming seasons and price. GSIP would not drive our Commission filed hedging program.

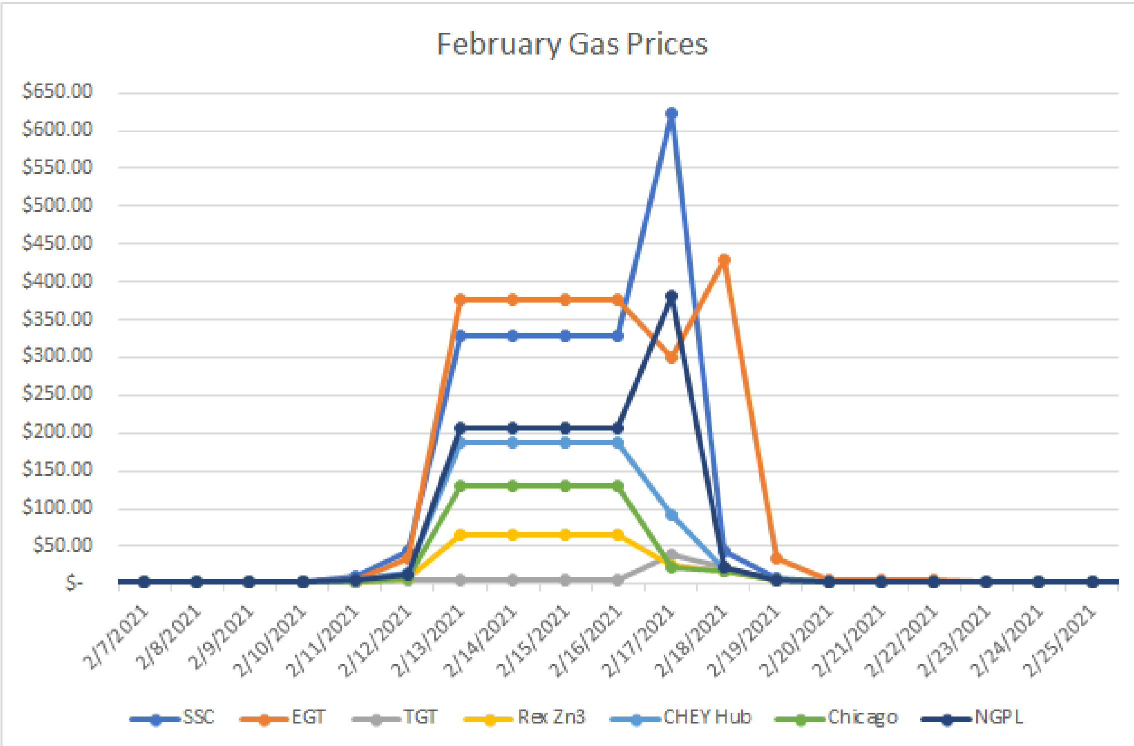
Q. IN SUPPORT OF THE RECOMMENDATION THAT THE GSIP BE DISCONTINUED, OPC ARGUES THAT THE NATURAL GAS MARKET WILL CONTINUE TO BE CHARACTERIZED BY LOW PRICES AND AN ABSENCE OF VOLATILTY. DO YOU AGREE?

A. No. I believe Winter Storm Uri and the resulting skyrocketing natural gas costs that created nation-wide fuel supply chain disruptions prove OPC wrong. The GSIP needs to be modified to account for current market conditions. Mr. Riley referenced the Henry Hub price of $2.56 at the time he wrote his direct testimony that was filed on May 12, 2021. However, Henry Hub prices are at $3.35 for July and $3.48 for the upcoming winter—nearly a dollar more than Mr. Riley's price. Volatility is alive and well in the gas markets.

XIII. KANSAS PROPERTY TAX TRACKER

Q. STAFF RECOMMENDS DISCONTINUING THE KANSAS PROPERTY TAX TRACKER, ARGUING THAT WHEN THE TRACKER WAS ESTABLISHED THERE WAS A LEVEL OF UNCERTAINTY REGARDING THE AMOUNT OF KANSAS PROPERTY TAX SPIRE WOULD PAY, AND NOW STAFF CAN DETERMINE A NORMALIZED LEVEL AND TREAT IT AS A TYPICAL RECURRING OPERATING EXPENSE. DO YOU AGREE WITH STAFF'S REASONING?

A. No. As previously noted, the winter storm in February of this year highlighted the potential for extreme market changes and the resulting issues from such volatility. Any assumption that there can be an ongoing normalized level of Kansas property tax expense stable enough to eliminate the tracker entirely is not borne out by recent history. We feel a tracker is needed since this tax is determined by a single day of a published gas price. The graph below, which illustrates market prices during Winter Storm Uri, shows how much daily prices can fluctuate in a single month.



XIV. LIMITED-INCOME/COVID RESPONSE

Q. NATIONAL HOUSING TRUST, THE CONSUMERS COUNCIL OF MISSOURI, AND LEGAL SERVICES OF EASTERN MISSOURI ALL DISCUSS THE IMPACT OF A RATE INCREASE ON TOP OF THE IMPACTS OF THE COVID-19 PANDEMIC ON THE STATE'S LIMITED-INCOME CONSUMERS. HOW DOES SPIRE RESPOND?

A. Spire is mindful of the fact that the COVID-19 pandemic created additional stress and disruptions for many Missourians, and that limited-income consumers in particular faced additional challenges. Spire's employees also live and work in many of the communities we serve, and Spire takes its commitment to community seriously. At the onset of the pandemic, Spire and several other regulated utilities voluntarily committed to suspend disconnections and expanded financial assistance to limited-income customers and small business owners impacted by COVID-19. In March 2020, Spire requested and received Commission approval for a temporary variance of the Commission's rules and Spire's tariff in order to suspend disconnections related to non-payment and suspend the accumulation of interest and late fees related to non-payment. The intent of the temporary variance was to avoid any utility-related actions that would impair Spire's customers' ability to remain in their homes or obtain vital services, and thereby help mitigate the spread of COVID-19.[2] Spire subsequently requested and received an extension from the Commission to extend the temporary variance through May 31, 2020.

Further, in April 2020, in recognition that many Missourians were struggling to make ends meet, Spire committed to donate up to $500,000 in matching gifts through its DollarHelp program, a program in partnership with United Way that assists limited income customers with their natural gas bills. Also, in April of that year, Spire revised its low-income tariff to devote $940,000 of funding towards customers impacted by COVID-19. Eligibility for those funds, however, was limited to customers within 136-185% of the Federal Poverty Level. At the time, Spire customers within 0-135% of the Federal Poverty Level were eligible for Federal Low Income Home Energy Assistance Program ("LIHEAP") funding. To assist a broader range of its customers, Spire revised its low-income tariff so that it could make funding available to eligible customers within 0-185% of the Federal Poverty Level, and further modified its limited-income assistance program to extend assistance from July 31, 2020 to September 30, 2020.[3] Spire's programs assisted over 6,000

[2] Case No. GE-2020-0289.

[3] Case No. GO-2021-0002.

Missourians during the unprecedented pandemic. Further, as National Housing Trust is aware as a signatory to the stipulation and agreement implementing a COVID-19 arrearage management program, Spire filed tariffs to create the COVID-19 Residential Assistance Program.[4]

Q. DOES SPIRE AGREE WITH NATIONAL HOUSING TRUST, CONSUMERS COUNCIL OF MISSOURI, AND LEGAL SERVICES OF EASTERN MISSOURI THAT RATE INCREASES ARE NOT WARRANTED IN LIGHT OF THE ONGOING IMPACTS OF THE PANDEMIC?

A. No. While Spire is mindful that it will take some time for the effects of the pandemic to lessen or be remedied, the proposed rate increase is designed to permit Spire the opportunity to recover its investment in infrastructure and programs that enhance quality and safety of service to Spire's customers. As anticipated, the country is beginning to recover from the pandemic and its effects before the rates will go into effect. Many of the programs Spire offered to assist those struggling during the pandemic more than offset any increase the Company is asking for in this case.

Q. DOES SPIRE HAVE SPECIFIC REBUTTAL TO THE LIMITED INCOME PROGRAM REVISIONS ADVOCATED FOR BY THE NATIONAL HOUSING TRUST, CONSUMERS COUNCIL OF MISSOURI, AND LEGAL SERVICES OF EASTERN MISSOURI?

A. Yes. Spire witness Julie Trachsel is also filing Rebuttal Testimony specific to these parties' recommendations.

---

[4] Case No. GU-2020-0376.

XV. WEATHER NORMALIZATION

Q. OPC RECOMMENDS THAT THE COMMISSION NOT APPROVE AN INTERIM RATE MECHANISM TO ACCOUNT FOR THE IMPACT OF WEATHER AND CONSERVATION. (MANTLE DIRECT, PAGES 2-5). DO YOU AGREE WITH OPC'S RECOMMENDATION?

A. No. Spire's current Weather Normalization Adjustment Rider ("WNAR") and its proposed replacement, the Rate Normalization Adjustment ("RNA"), are beneficial to the Company and the customers. In the absence of such a mechanism, customers would be at risk for higher-than-normal gas bills during cold weather years without any offsetting adjustment. Currently, Spire's WNAR insulates the Company from fluctuations in weather only. Section 386.366(3) permits a utility to submit tariffs to account for the impact on utility revenues due to variations in weather, conservation, or both, and the RNA has been designed with this statutory authorization in mind. Staff supports the adoption of the RNA, and notes that under the RNA the Company has the opportunity to increase its return by increasing the number of customers taking service, but bears the risk of decreases in its return driven by customers leaving the system.

Q. DO YOU AGREE WITH OPC'S ARGUMENTS THAT THE WNAR IS SUPERIOR TO THE PROPOSED RNA?

A. No. Spire and Staff have operated under the WNAR for several years now. Our analysis and review of Ameren's RNA indicate that the RNA would make improvements to this process by being less complicated and rebasing to revenue established in a rate case proceeding. Currently the WNAR does not tie back to any established volumetric revenue, only a volumetric rate and other inputs in the formula.

XVI. CONSERVATION

Q. IS SPIRE PROPOSING A CONSERVATION ADJUSTMENT IN THIS CASE?

A. Yes, the Direct Testimony of Alicia Mueller discusses the Company's proposed conservation adjustment. This was also identified in the model that was sent to Staff.

Q. WHY IS SPIRE PROPOSING A CONSERVATION ADJUSTMENT TO REVENUE IN THIS CASE?

A. Spire has seen a decrease in its load or billing determinates for over a decade. Customers install new furnaces, hot water heaters, dryers, thermostats, and insulation every year. These energy efficiency investments cause immediate conservation benefits to the user. We have seen average residential load at 884 therms move down to 805 therms in GR-2017-0215, and we are now seeing average usage of 768 therms. As a result of these efficiencies, we lose millions in volumetric revenue each year. The conservation adjustment is meant to adjust revenue to reflect the loss of revenue we can expect to see year after year. This adjustment to the true-up can be seen in SAW-1.

Q. DO YOU FEEL THE ELECTRIC's MISSOURI ENERGY EFFICIENCY INVESTMENT ACT ("MEEIA") HAS ALSO PLAYED A PART IN THIS REDUCED LOAD?

A. Absolutely. Over the past decade there have been hundreds of millions of dollars spent on homes served by electric utilities which are also gas customers. These improvements impact the electric load but also impact the gas load (smart thermostats, insulation, etc.) The electric utilities have protections against this reduction with MEEIA allowing for throughput disincentive as well as performance incentives (earnings opportunities).

Q. WHY DOES SPIRE FEEL THAT ENERGY EFFICIENCY INVESTMENT CAUSES IMMEDIATE CONSERVATION FOR CUSTOMERS?

A. Spire has years of experience working with energy efficiency professionals, including many parties in this case. Our own tariffs state:

Tariff Details (R-30.11)

Within forty-five days of the end of each calendar quarter, the Company shall submit a status report to the EEC regarding the cost and participation of its conservation and energy efficiency programs including:

- *The number of energy efficiency measures implemented, summarized by measure type, and customer type for each calendar quarter and cumulatively for the fiscal year or program year; (Measure Types: Residential - summarized for each type of prescriptive equipment or service. Commercial and Industrial - summarized for each type of prescriptive equipment or service, type of custom rebate, and for the audits.)*
- *Funds invested in each energy efficiency program for each calendar quarter and cumulatively for the fiscal year or program year; and*
- ***Estimated savings for each energy efficiency program for each calendar quarter and cumulatively for the fiscal year or program year***

We receive reports on our energy efficiency investment and corresponding gas load reduction. Exhibit SAW-2 shows an actual example of known loss of load in MCF impact column F.

Q. DID STAFF MAKE A REVENUE ADJUSTMENT SPECIFICALLY FOR THE TARIFF PROVISION REQUIRING SGS/LGS RECLASSING?

A. Not that the Company is aware of. Provisions of the Small General Service ("SGS") and Large General Service ("LGS") tariff in both current East and West tariffs state "Such rate schedule shall be used for billing such customer until annual consumption is re-determined by the Company, which redetermination shall be made no later than each December 31st. If such re-determined usage shows that the customer should receive service under a different rate schedule, the customer shall receive service under that new rate schedule until usage is again re-determined." The company reduced its revenue by $1.3 million when the company completed this exercise and moved customers between SGS and LGS. The

Company is looking to adjust the test year revenue because of the customer specific SGS/LGS rate switching requirement.

XVII. ADOPTION OF PRIOR DIRECT TESTIMONY

Q. DIRECT TESTIMONY WAS PREVIOUSLY FILED IN THIS CASE BY WESLEY SELINGER. ARE YOU ADOPTING THIS TESTIMONY AS YOUR OWN?

A. Yes. Mr. Selinger is no longer employed by the Company. In his absence, I am hereby adopting his prior filed Direct Testimony and all of his schedules in this case.

XVIII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

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 Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas	))))	**Case No. GR-2021-0108**

AFFIDAVIT

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 the Managing Director, Regulatory and Legislative Affairs 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.

Scott A. Weitzel

6/17/2021

Date

Schedule SAW-R1

	FY 20 Actual Use Per Bill	
	MO East	**MO West**
Oct-19	20.32793074	20.13862721
Nov-19	83.1207277	78.67374307
Dec-19	117.0937078	107.6485738
Jan-20	138.4530608	134.9242233
Feb-20	142.7059123	139.0599486
Mar-20	111.2660364	100.3973424
Apr-20	67.73386617	62.16764856
May-20	21.40270568	36.75906663
Jun-20	21.40270568	18.27904464
Jul-20	15.56620121	13.38881162
Aug-20	13.98462609	12.04313223
Sep-20	14.74115092	12.98908328
Total	767.7986315	736.4692454
%	51.04%	0.4895865
GR-2017-0215/0216	805	751
Δ	-4.62%	-1.93%
Weighted %	-2.36%	-0.95%
		-3.31%
		-0.83%

Res volumetric	$	112,929,420	$	55,074,835	GR-2017-0215	
volume loss		-1.2%		-0.48%		
	$	(1,304,698.44)	$	(266,404.43)	**$ (1,571,102.88)**	Residential
other Volumetric	$	37,467,954	$	24,130,076		
	$	(432,875.51)	$	(116,720.45)	**$ (549,595.96)**	All other classes
					$ (2,120,698.84)	

Schedule SAW-R2

Summary of Program Activity

Operating Company **Spire East**
Sector **Residential**
Prompt Report Type : **Program to Date** Reporting Year : **N/A** Reporting Quarter :

Prescriptive Incentive Summary

Rebate Activity Based on Program Administrator Invoice Date	Heating System Rebates	Programmable Thermostat	Water Heater Rebates	Rebate Dollars	MCF Impact
1Q19	938	1,377	430	$374,721.31	18,178.95
2Q19	1,083	1,661	588	$449,216.07	21,400.62
3Q19	470	593	358	$216,315.09	9,002.68
4Q19	937	1,196	397	$362,420.97	17,409.68
FY2019	**3,428**	**4,827**	**1,773**	**$1,402,673.44**	**65,991.93**
1Q20	1,030	1,254	478	$395,809.00	18,796.52
2Q20	1,075	1,022	750	$468,221.00	19,025.35
3Q20	673	996	747	$355,325.00	13,609.74
4Q20	1,280	1,628	1,050	$603,346.00	24,445.89
FY2020	**4,058**	**4,900**	**3,025**	**$1,822,701.00**	**75,877.50**
Total	**22,471**	**32,820**	**10,369**	**$8,726,184.47**	**435,670.10**