

Exhibit No. 123

Exhibit No.:
Issue(s): *Weather Normalization,
Adjustment Rider,
Rate Normalization
Adjustment Rider*
Witness: *Michael L. Stahlman*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *GR-2021-0108*
Date Testimony Prepared: *June 17, 2021*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DEPARTMENT

REBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

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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MICHAEL L. STAHLMAN
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REBUTTAL TESTIMONY
OF
MICHAEL L. STAHLMAN
SPIRE MISSOURI INC., d/b/a SPIRE
SPIRE EAST and SPIRE WEST
GENERAL RATE CASE
CASE NO. GR-2021-0108

9 Q. Please state your name and business address.

10 A. My name is Michael L. Stahlman, and my business address is Missouri Public
11 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

12 Q. Are you the same Michael L. Stahlman that filed direct testimony in this docket and
13 portions in Staff's COS and CCoS Reports?

14 A. Yes.

15 Q. What is the purpose of your testimony?

16 A. I will discuss Spire's proposed Rate Normalization Adjustment Rider (RNA),
17 proposed by Spire witness Wes Selinger and the Weather Normalization Adjustment Rider
18 (WNAR) discussed by OPC witness Lena Mantle. Also, I will note corrections to the specimen
19 Staff alternative RNA tariff sheet attached to its CCoS Report.

20 Q. Please summarize your testimony.

21 A. For the reasons discussed herein, Staff continues to recommend Staff's alternative
22 Rate Normalization Adjustment Rider discussed in its CCoS Report.

23

1 **REBUTTAL TESTIMONY OF WESLEY E. SELINGER**

2 Q. Do you agree with Mr. Selinger that, “the WNAR has had issues and in some cases
3 caused anomalies opposite of the mechanism’s intended purpose; such as warmer than normal
4 temperatures resulting in the Company refunding revenues”¹?

5 A. No. It is impossible for the mechanism to refund revenues when temperatures
6 are warmer than normal for the bill cycles under review. Mr. Selinger appears to be
7 referencing a period when warmer than normal temperatures occurred outside the period of review
8 for the majority of the customers; the issue being a billing cycle month is not the same as
9 a calendar month.

10 Table 1 identifies the meter read dates for Spire’s February 2020 bill cycle. As can be
11 seen, there are only two days of February weather in the first cycle of Spire’s February billing
12 month. Even Billing Cycle 9 had the majority of its calendar dates in January. Thus, if a weather
13 event like a cold snap had occurred on February 15, 2020, approximately half of Spire’s customers
14 (if Spire’s customers are evenly distributed in each of Spire’s bill cycles) would not see that
15 weather event on their February bill, but it would be reflected in the March bill instead, and the
16 WNAR would not factor that weather into account until the March billing month was calculated.

¹ Direct Testimony of Wesley E. Selinger, p. 28, ll. 12-15.

1

Billing Cycle No.	Initial Meter Read Date	Ending Meter Read Date	% of Bill Cycle in Feb.
1	1/1/2020	2/2/2020	6.3%
2	1/2/2020	2/3/2020	9.4%
3	1/5/2020	2/4/2020	13.3%
4	1/6/2020	2/5/2020	16.7%
5	1/8/2020	2/6/2020	20.7%
6	1/9/2020	2/9/2020	29.0%
7	1/12/2020	2/10/2020	34.5%
8	1/13/2020	2/11/2020	37.9%
9	1/14/2020	2/12/2020	41.4%
10	1/16/2020	2/16/2020	51.6%
11	1/19/2020	2/17/2020	58.6%
12	1/20/2020	2/18/2020	62.1%
13	1/21/2020	2/19/2020	65.5%
14	1/23/2020	2/20/2020	71.4%
15	1/26/2020	2/23/2020	82.1%
16	1/27/2020	2/24/2020	85.7%
17	1/28/2020	2/25/2020	89.3%
18	1/29/2020	2/26/2020	92.9%

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The difference between a calendar month and a billing month can result in seemingly counterintuitive results, but that is because the two periods are not the same.

4

5

Q. Do you agree with Mr. Selinger that Spire's proposed RNA is "nearly identical" to the Delivery Charge Adjustment Rider (DCA) approved in the Ameren Missouri natural gas rate case, Case No. GR-2019-0077?²

6

7

A. There are some differences because of the different general service rate classes.

8

Additionally, the breakpoints for the different blocks in Ameren Missouri's DCA were developed through analysis of Ameren's customers in those classes. It's unclear what analysis Spire

9

10

² Direct Testimony of Wesley E. Selinger, p. 31, ll. 1-4.

1 performed to develop its breaking points of 30 Ccf for Residential and 100 Ccf for SGS,³
2 whereas Staff provided its analysis which recommends a breakpoint of 50 Ccf for Residential and
3 between 300 and 599Ccf for block 1B for SGS customers in its CCoS Report.

4 **REBUTTAL TESTIMONY OF LENA M. MANTLE**

5 Q. Do you agree with Ms. Mantle that the WNAR accounts for conservation?⁴

6 A. I agree that there is interplay between weather and conservation in the WNAR, but
7 it is unclear on how much conservation would actually be accounted for in the WNAR. This is
8 one of the advantages of Staff's alternative RNA; it would account for all impacts of weather and
9 conservation in the second block as discussed by Staff in its CCoS Report.

10 Q. On page 13 lines 17 through 23, Ms. Mantle provides six reasons Spire gave
11 as issues with the WNAR mechanism. Have there been issues with the WNAR from
12 Staff's perspective?

13 A. Yes. I do agree Ms. Mantle's characterization that the six issues identified are not
14 really issues with the WNAR, but Staff has had issues with each of Spire's WNAR filings for
15 various reasons that have resulted in substitute tariff sheets being filed and short turnaround times
16 for review. Should the Commission continue the WNAR instead of Staff's recommended
17 alternative RNA, Staff would recommend 60 days for review instead of the current 30 day period.
18 With the current WNAR filings a Staff recommendation is generally due within 10 to 15 days, at
19 the latest, from the date the Company filed its rate adjustment. Staff has found that it is difficult to
20 complete its initial review and receive and review substitute tariffs in 10 to 15 days.

³ No work was provided to Staff, although those breakpoints tend to match the breakpoints in Ameren Missouri's current DCA. However, it should be noted that Ameren Missouri's DCA is blocked between 101 and 400 Ccf for its General Service class; Spire's proposal has no upper limit.

⁴ Direct Testimony of Lena M. Mantle, p. 8 ll. 16.

1 Additionally, the WNAR relies on third party data for the weather. Recently, one of the
2 weather stations that was used for the WNAR of a different company stopped reporting the
3 temperature without warning. An advantage of Staff's alternative RNA is that the information
4 needed is information that Spire possesses.

5 Q. Ms. Mantle also provided some suggested changes to the WNAR tariff sheets. Do
6 you agree with these changes?

7 A. I do not necessarily oppose the recommended changes. The largest change seems
8 to be moving to an annual filing instead of the current semiannual filing. Staff agrees that this
9 may make the WNAR simpler to calculate given the issues Staff has had with the semiannual
10 filings. Staff is also recommending its alternative RNA be filed on an annual basis rather than
11 semiannually. Ms. Mantle also recommends removing language referencing the most recent rate
12 case. While in principle I agree that language may not be needed in the individual WNAR filings,
13 its inclusion can help clarify how those factors were determined in the prior case and limit potential
14 disagreement over new factors.

15 **CORRECTIONS TO RNA TARIFF SHEET**

16 Q. You mentioned corrections to the specimen tariff sheet for Staff's alternative RNA
17 attached to Staff's CCoS testimony. What are they?

18 A. First, the SGS block was misidentified as greater than 50 Ccf; it should be
19 Block 1b for usage between 300 and 599Ccf. Additionally, the phrase "(as published in The Wall
20 Street Journal on the first business day of such month), minus two percentage points, shall be
21 applied to the Company's ending monthly RNA balance" in paragraph "D. RECONCILIATION
22 ADJUSTMENT INTEREST RATE" should be deleted. The authorizing statute requires

Rebuttal Testimony of
Michael L. Stahlman

1 “short-term interest” to be used and this phrase may not accurately reflect how short-term interest
2 is calculated.

3 Q. Does this conclude your testimony?

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

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MICHAEL L. STAHLMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Michael L. Stahlman*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

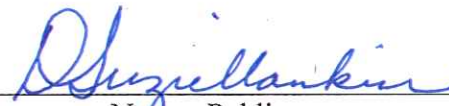


MICHAEL L. STAHLMAN

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 16th day of June 2021.

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