Exhibit No. 214

OPC – Exhibit 214
Lena M. Mantle
Surrebuttal Testimony
File No. GR-2021-0108

Exhibit No.:	_____
Issue(s):	RNG Proposals/WNAR
Witness/Type of Exhibit:	Mantle/Surrebuttal
Sponsoring Party:	Public Counsel
Case No.:	GR-2021-0108

SURREBUTTAL TESTIMONY

OF

LENA M. MANTLE

Submitted on Behalf of the Office of the Public Counsel

SPIRE MISSOURI, INC.

CASE NO. GR-2021-0108

July 14, 2021

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 OF LENA M. MANTLE

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Lena M. Mantle, of lawful age and being first duly sworn, deposes and states:

1. My name is Lena M. Mantle. I am a Senior Analyst for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Lena M. Mantle
Senior Analyst

Subscribed and sworn to me this 14th day of July 2021.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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SURREBUTTAL TESTIMONY

OF

LENA M. MANTLE

SPIRE MISSOURI, INC.

d/b/a SPIRE MISSOURI EAST & SPIRE MISSOURI WEST

CASE NO. GR-2021-0108

Q. What is your name?

A. Lena M. Mantle.

Q. Are you the same Lena M. Mantle who filed direct testimony in this case?

A. Yes, I am.

Q. Who are you responding to in this surrebuttal testimony?

A. I respond to Staff witness Keenan B. Patterson, PE regarding the renewable natural gas programs proposed by Spire. I also respond to Staff witness Michael L. Stahlman and Spire witness Scott A. Weitzel regarding a rate adjustment mechanism to account for fluctuations in weather, conservation, or both.

<u>Spire's Renewable Natural Gas Proposals</u>

Q. First, would you summarize Spire's renewable natural gas proposals?

A. Spire has two renewable natural gas ("RNG") proposals. First, Spire is proposing the Commission allow it to procure up to 5% of its gas supply through RNG resources and pass the increased cost of this RNG directly to its customers through the purchased gas adjustment. Spire titles this its "PGA RNG proposal."[1]

Spire's second RNG proposal is a Renewable Natural Gas Program. In this program, customers can choose to purchase RNG based on a percentage of their

[1] Direct testimony of Wesley E. Selinger (adopted by Scott A. Weitzel), page 39.

usage.[2] While the RNG purchased will not be subject to the PGA, the cost of the RNG would be recovered from the customer through the customer's PGA charge.[3]

Q. Would you summarize Staff's position on Spire's RNG proposals?

A. Staff has not provided in either its direct or rebuttal testimony a position on Spire's request to allow up to 5% of its supply to be purchased from RNG suppliers.[4]

Staff witness Keenan B. Patterson, PE recommends the Commission deny Spire's request to implement a RNG Program. While this recommendation is consistent with my recommendation to the Commission, I do have concerns that some of Mr. Patterson's testimony will cause confusion.

Q. What in Mr. Patterson's testimony concerns you?

A. In his rebuttal testimony, Mr. Patterson asked a question about ongoing activities related to RNG regulation in Missouri. In response to this question, Mr. Patterson brings up two different ways that RNG is being "regulated" in Missouri: (1) Case No. AW-2021-0064, and (2) HB 734.

Q. What is the style of Case No. AW-2021-0064 and what is its purpose?

A. The style of this case is *In the Matter of the Establishment of a Working Case For the Review and Consideration of Amending The Commission's Rule on Electric, Gas, and Water Utilities Standards of Quality*. In its *Order Opening a Working Case to Consider an Amendment of the Commission's Rule on Electric, Gas, and Water Utility Standards of Quality*,[5] the Commission states that it established the working case as requested by Staff to address the growing RNG industry in Missouri. In its request for this working case, Staff states, "it is inevitable, and possibly immediately necessary, for the Commission to have the necessary rules in

[2] *Id.*, page 40.
[3] Minimum Filing Requirements, Proposed P.S.C. MO. No. 9 Original Sheet 13 – Renewable Natural Gas Program.
[4] Staff response to data request 441.
[5] Effective September 16, 2020.

place to assure public safety and quality standards associated with biogas activities."[6] Staff attached to its motion in that case a proposed amendment to 20 CSR 4240-10.030 *Standards of Quality* with the stated purpose of deleting the subsections that are irrelevant and updating certain standards.[7]

Q. What is the status of this working case?

A. Five parties, including Spire, filed comments to Staff's proposed changes on November 2, 2020. There has been no action in this working case since that time.

Q. Why is this important to Spire's RNG proposals in this case?

A. Spire's proposals could result in the development of additional RNG sources in Missouri. While this in itself is good, out of concern for public safety, the Commission should not approve RNG proposals that are likely to encourage the development of RNG sources prior to the establishment of Commission rules regarding safety and quality of RNG.

Q. You stated that Staff's testimony is that HB 734 would regulate RNG. How exactly would HB 734 "regulate" RNG?

A. HB 734 contains a new § 386.895 that requires the Commission to adopt rules setting out the parameters for voluntary RNG programs. While I am not an attorney, I have reviewed § 386.895 of HB 734 and it is not clear to me how this new section would "regulate" RNG.

[6] *Staff Motion to Establish Working Case,* page 4.
[7] *Id.*, page 7.

Q. Do the provisions of HB 734 quoted by Mr. Patterson in his rebuttal testimony[8] apply to the regulation of RNG or the parameters of the rules that the Commission is to adopt regarding RNG programs?

A. My understanding of § 386.895 is that it specifically pertains to RNG programs offered to customers and requires the Commission to create rules that set out the parameters and reporting requirements of these programs. These rules should prevent many of the problematic aspects of Spire's proposed program that Mr. Patterson pointed out in his rebuttal testimony.

Q. Mr. Patterson has concerns with Spire's readiness to operate and manage its RNG proposals. Do you have the same concerns?

A. Yes, I have concerns regarding both Spire's readiness to offer a RNG program to its customers and to its proposal to procure up to 5% of its gas supply from RNG resources.

Q. What prompts this concern?

A. I asked Spire a series of data requests regarding its preparation for purchasing RNG. These responses show that Spire has not identified any sources of RNG and does not have a specific estimate of the cost of RNG. Spire's proposed RNG programs would fit into its advertised commitment to try to reduce carbon emissions while having no estimate of the availability or cost to the customers at no cost to Spire.

[8] Pages 4 – 5.

Rate Mechanism to Account for Fluctuations in Weather and/or Conservation

I. Justification for Mechanism

Q. What were the criteria as provided in the Commission's *Amended Report and Order* in the last Spire general rate case GR-2017-0215 for the Commission to approve a mechanism for adjusting rates outside of a general rate proceeding to reflect the non-gas revenue effects of changes in customer usage due to either weather, conservation, or both?

A. In its *Amended Report and Order* in Case GR-2017-0215 the Commission set out two requirements: 1) evidence that Spire needs the mechanism to meet its revenue requirement, and 2) evidence that it is needed to incentivize conservation.[9]

Q. Has Spire provided evidence of either of these in this case?

A. No.

Q. What Spire witness responded to your direct testimony that the Commission should reject Spire's request for an interim rate mechanism for weather and conservation because it had not justified its request?

A. In his revenue requirement rebuttal testimony, Spire witness Scott A. Weitzel provided a brief response to my testimony that the Commission should not allow Spire to have an interim rate mechanism to account for fluctuations in revenues for weather and conservation.

Q. What justification did Mr. Weitzel provide?

A. Mr. Weitzel provides very little justification for why the Commission should approve a rate adjustment mechanism. He gives two reasons why the Commission should approve a rate adjustment mechanism.[10]

[9] Pages 83 – 84.
[10] Revenue Requirement Rebuttal Testimony of Scott A. Weitzel, page 20.

1. Without a mechanism customers would be a at risk for higher-than-normal gas bills during cold weather years; and
2. Section 386.266.3[11] permits a utility to submit tariffs for a rate mechanism.

Q. Did Mr. Weitzel or any other Spire witness provide evidence that an adjustment mechanism is necessary for Spire to meet its revenue requirement?

A. Not that I could find.

Q. Did Mr. Weitzel or any other Spire witness provide evidence that an adjustment mechanism is necessary to incentivize conservation?

A. Not that I could find.

Q. Should the Commission, based on the evidence provided in the testimony of Spire's witnesses, allow Spire an interim rate adjustment mechanism that changes how customers' bills are calculated between rate cases based on weather and conservation efforts of customers?

A. No. Spire made no effort to meet the Commission's criteria for such a rate mechanism.

Q. Would you respond to Mr. Weitzel's justifications for a mechanism?

A. Mr. Weitzel's first reason is misleading and his second shows Spire's sense of entitlement and disregard for the Commission order in its last rate case. The Company is effectively arguing that the Commission should allow it a rate mechanism just because Spire asked for one.

Q. Would you explain how Mr. Weitzel's first reason was misleading?

A. Mr. Weitzel states that "In the absence of such a mechanism, customers would be at risk for higher-than-normal gas bills during cold weather years without any off-

[11] Mr. Weitzel cites Section 386.366(3) RSMo. However, no such section exists. I assume that Mr. Weitzel was referring to Section 386.266.3.

setting adjustment."[12] None of the mechanisms proposed in this case reduce the risk for higher-than-normal bills due to cold weather. Customers would still pay higher-than-normal bills due to weather under all proposed mechanisms. The "offsetting adjustment" for a colder than normal year would not be provided to customers until many months after they experienced the cold weather and is spread out over six to twelve months based on the customer's usage in a different time period.

In addition, it would be unusual for every month in the winter to be colder than normal creating a "colder than normal" year. In all of the mechanisms proposed, the "off-setting" adjustment for a cold month is netted against adjustments for weather that is warmer than normal in other months mitigating the "offsetting adjustment" for the colder than normal time period.

Q. Would Spire be requesting an adjustment mechanism if the mechanism only reduced the customers' risk for higher-than-normal gas bills during cold weather years with an off-setting adjustment?

A. No. A mechanism that only reduced the risk of customers getting higher than normal gas bills without a corresponding increase to customer bills when weather was warmer than normal would reduce Spire's potential for earnings. It is therefore highly unlikely that Spire would ever request a mechanism that only gave back to customers.

In truth, Spire is requesting a mechanism, not for the customers' benefit, but to guarantee Spire will recover revenue established in this rate case proceeding. Spire is willing to take the risk that it may have to return some revenue to customers as long as it receives a guarantee that it will recover an established amount.

[12] Revenue Requirement Rebuttal Testimony of Scott A. Weitzel, page 20.

All the mechanisms proposed in this case are two-way mechanisms that, in addition to providing off-sets to customers' bills, can also result in increases being passed on to customers as a result of warmer than normal years.

Q. Do the mechanisms proposed in this case account for changes in revenue based on weather?

A. The only mechanism proposed in this case that accounts for changes in revenue due to weather is the weather normalization adjustment rider ("WNAR") as modified in my direct testimony. The rate normalization adjustment ("RNA") mechanisms proposed by Spire and Staff are not tied directly to weather. Instead, with the proposed RNAs, adjustments are made to customer bills so that Spire can receive a predetermined, guaranteed revenue regardless of why the actual revenues are different from the predetermined revenues set in this case.

Q. Is the fact that customers would be at risk for higher-than-normal gas bills during cold weather years without a rate mechanism, justification for the Commission to approve a rate mechanism that accounts for fluctuations in revenues due to weather and conservation?

A. No. The proposed mechanisms would not offset higher-than-normal cold weather bills directly but rather in a manner that customers would not necessarily associate with higher-than-normal usage. Based on my experience, most customers realize and accept that their bills will be higher due to greater usage during cold weather and expect bills that will be lower than normal when they use less because weather is warmer than normal. Spire has not provided any justification of why customers should take on Spire's risk of fluctuating revenues.

Q. Why is Mr. Weitzel's second reason, that section 386.266.3 allows Spire to submit tariffs for a mechanism, not a justification for a rate mechanism?

A. One of the customer protections in Section 386.266 is that the Commission has the power to modify, extend, or discontinue a rate mechanism once the Commission approves an adjustment mechanism under this section.[13] Spire is asking the Commission to discontinue the current WNAR and approve a completely different mechanism simply because statute allows it to request a mechanism. In doing so, however, the Company is ignoring the part of the statute that gives the Commission the authority to approve, modify, or reject the request.

Based on the sparse testimony provided by Spire, the Commission should discontinue the current WNAR and not replace it with another mechanism. Spire provided no justification in this case for why the Commission should 1) discontinue the current WNAR, and 2) approve moving risk of fluctuating revenues from Spire to its customers.

II. WNAR vs. RNA

Q. Putting aside the fact that Spire has not justified why the Commission should approve an adjustment mechanism, what was Spire's response to the WNAR you proposed in your direct testimony?

A. Mr. Weitzel, in his revenue requirement rebuttal testimony, responded not to my WNAR but to the current WNAR. Mr. Weitzel states that the current WNAR only insulates Spire from fluctuations in weather.[14]

Q. Does the WNAR only insulate Spire from fluctuations in weather?

A. No. The current WNAR, like the WNAR I proposed, does not *explicitly* account for conservation.[15] However, it does account for some conservation as I explained

[13] Section 386.266.6.
[14] Page 20.
[15] The RNA proposed by Spire and Staff does not explicitly account for conservation either.

in my direct testimony.[16] Staff witness Michael L. Stahlman affirms this in his rebuttal testimony.[17]

While I agree that the WNAR does not explicitly account for conservation, it is a short-coming that is overcompensated for in the RNA. The RNA accounts for conservation, weather, and everything else that impacts revenue.

Q. Is there any way to measure whether or not the WNAR captured some change to usage based on conservation?

A. Yes. Staff witness Joel McNutt provided results of Staff's weather normalization in his rebuttal testimony.[18] The table below shows a comparison of the weather responsiveness measured from the usage data in this case measured by Staff with its results from the last case.[19]

	GR-2017-0215	GR-2021-0108	% Change
Spire East	0.1494	0.1464	-2.00
Spire West	0.1292	0.1299	0.54

Q. What does this information tell us about the weather responsiveness and the impact of conservation since the last case?

A. First of all, it shows that customers in Spire West respond differently to the weather than customers in Spire East and have changed differently since the last case. For Spire East, the response to a heating degree day decreased by 2% in the usage data for this case than in the last case, *i.e.* the residential customers are using 2% less per degree day than they were at the time of the last rate case. While this analysis cannot give a definite reason for the diminished response to weather, it is likely due

[16] Direct testimony of Lena M. Mantle, Pages 6 – 11.
[17] Page 4.
[18] Page 3.
[19] Provided as the β coefficients in the current WNAR tariff sheets.

to conservation efforts that reduced the usage tied to weather such as the installation of higher efficiency furnaces.

With Spire West, the weather sensitivity has increased by 0.54% meaning Spire West customers are using slightly more per heating degree day in this case than it did in the last. This indicates conservation efforts to reduce the usage tied to weather by Spire West were ineffective in reducing the usage response to weather.

Q. Why is this important?

A. Staff and Spire both opine in their rebuttal testimonies that the problem with the WNAR is that it does not explicitly account for conservation. The measures of weather responsiveness are important because they show the WNAR is accounting for some conservation. A comparison of the weather normalization shows no conservation for Spire West and very little for Spire East since the last rate case. It also shows that at this time under the current WNAR, Spire West is collecting more revenue per heating degree day using the tariffed response than what is actually occurring. This is how the WNAR accounts for some conservation effects.[20]

It also shows that for Spire East, the current adjustments, positive or negative, to Spire are less than the actual response as measured in more recent usage data.

Q. Is this the only Spire rebuttal to your proposed WNAR?

A. No. Mr. Weitzel also testifies that the Commission should adopt the RNA instead of the WNAR because the WNAR does not tie back to any established volumetric revenue.

[20] For a further explanation, see direct testimony of Lena M. Mantle, pages 8-10.

Q. Does Section 386.266.3 state that the goal of the rate mechanism is to tie back to an established volumetric revenue?

A. No. Section 386.266.3 says that gas utilities can request a mechanism to account for the impact on utility revenues of increases or decreases in usage due to variations in weather, conservation, or both. The statute does provide a guaranteed volumetric revenue.

Q. In the Commission's *Amended Report and Order* in the last case, GR-2017-0215, the Commission rejected Spire's proposed Rate Stabilization Mechanism ("RSM") because it found the RSM was not authorized by statute. How are the RNAs proposed by Staff and Spire different from the RSM that the Commission found is not authorized by this statute?

A. I reviewed Spire's direct testimony from case GR-2017-0215 regarding the RSM.[21] It is my understanding that the difference between the RSM in the last case and the RNAs propose by Spire and Staff in this case is that the RSM compared the actually incurred average bill to the average bill set in the rate case. The RNAs compare a portion of the revenues received from the volumetric charges to the rate case revenues.

While there are some differences, what the RSM and RNA have in common is they both would change customers' bills not based on weather or conservation, but based on a comparison of the actual revenues billed to a predetermined amount. The Commission should find in this case, as it did in Spire's last rate case, that a mechanism that adjusts rates for all changes, not just weather and/or conservation, is not consistent with state statute.[22]

[21] Direct testimonies of Scott A. Weitzel, Glenn W. Buck, and C. Eric Lobser.
[22] Case No. GR-2017-0215, *Amended Report and Order*, page 84.

Q. Are these Spire's only responses directly to the WNAR?

A. Yes. However, Mr. Weitzel, in his Class Cost of Service Rebuttal testimony, states that he appreciates my efforts to simplify the WNAR tariff sheet, "however, we feel that is it time to move away from the WNAR [] and embrace concepts of a Rate Normalization Rider." He goes on to again reiterate that Section 386.266.3 permits a utility to submit tariffs to account for impact on utility revenues due to variations in weather, conservation, or both.

Q. What is Staff's response to your proposed WNAR?

A. Staff witness Michael L. Stahlman provided the following responses to the WNAR I proposed in my direct testimony.

1. The proposed WNAR does account for some conservation although it is unclear how much;
2. Mr. Stahlman agrees that the six reasons Spire identified as issues with the WNAR are not really issues with the WNAR;
3. Staff has had issues with each of Spire's WNAR filings for various reasons making it difficult for Staff to complete its review of Spire's WNAR rate change tariff filings; and
4. There were problems with a different utility's weather data.

Q. How do you respond to Mr. Stahlman's rebuttal testimony?

A. None of these are reasons why the Commission should not approve the modified WNAR. Responses 1 and 2 are supportive of my proposed WNAR. While it is troubling that Staff has had issues with each of Spire's WNAR filings, Mr. Stahlman provides no testimony that shows that these issues were related to a flaw in the WNAR. He also provides no testimony on how the RNA would prevent issues in filings to change a RNA rate.

Q. Does Mr. Stahlman propose a change if the Commission approves your WNAR?

A. Yes. To overcome Staff's time constraints that occur when there are issues, Mr. Stahlman recommends to the Commission that if the modified WNAR is approved, the total time for Staff review and Commission approval be 60 days instead of the current 30 days.

Q. What is your response to Mr. Stahlman regarding the time for Staff review of the WNAR?

A. I understand how errors in tariff filings that require a substitute tariff sheet complicate the review of a tariff filing. While the tariff filing may actually change only a few numbers, a comprehensive review is actually very complicated. To account for this complexity, the proposed WNAR includes a review period of 30 days for Staff and an additional 30 days for Commission review. This can be found in my proposed tariff sheets for the modified WNAR I filed with my Class Cost-of-Service direct testimony.[23]

Q. Should setting a longer time to review filed tariff sheets only apply if the Commission approves a WNAR mechanism?

A. No. Regardless of whether the Commission approves a WNAR or RNA, Spire should file the rate change tariff sheet with a 60-day effective date giving both the Staff and the Commission a review time of 30 days.

Q. Would increasing the time available for Staff and Commission review resolve the issues Staff has had with Spire's WNAR rate change filings?

A. No. It would just provide more time to resolve any problems in the filings.

[23] Schedule LMM-D-3.

Q. Do you have any suggestions that may help there be fewer issues with the filings?

A. Yes. Clear, simple tariff sheets will reduce issues with tariff sheet change filings. I attached proposed tariff language for the WNAR to my Class-of-Service direct testimony as Schedule LMM-D-3. The changes shown in Schedule LMM-D-3 not only include the modifications I proposed to the WNAR, but also clarified some of the language in the current WNAR tariff sheet.

In addition, I have attached as Schedule LMM-S-1 to this testimony proposed language that clarifies and simplifies the RNA tariff language proposed by Staff.[24] Schedule LMM-S-2 is a redline/strikeout comparison to the Staff proposed language.

Q. Mr. Stahlman's final response to the WNAR was that there have been problems with another utility's weather data. Is this a concern?

A. Mr. Stahlman was referring to Case No. ET-2021-0047. In this case, Liberty Utilities Gas filed a tariff sheet with a 30-day effective date to change the weather station used for its WNAR. The utility had known for months this was a problem, yet waited until right before the change to its WNAR rate to address the change from the Kirksville weather station to the Chillicothe weather station. Despite the short amount of time given it, Staff worked diligently to make sure that this switch was done appropriately. The closing of the weather station created a situation that was exasperated by Liberty's procrastination and last minute filing, and had nothing to do with the design of the WNAR.

As I addressed in my rebuttal testimony, problems with the weather data should not be a concern for Spire's WNAR since it uses weather from the Kansas City and St. Louis Lambert International airports. These major reporting stations

[24] Staff Class Cost-of-Service Report, Appendix 2, Schedule MLS-d1.

have been around for many decades and are not likely to discontinue recording measures of weather.

The Commission should not expect this to occur again nor should it approve a mechanism that is not authorized by statute to prevent this unlikely circumstance from occurring again.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

RATE NORMALIZATION ADJUSTMENT
(RNA)

A. APPLICABILITY

The Rate Normalization Adjustment (RNA) is applicable to all customers taking service under the Residential or Small General Service rate schedules. This adjustment will be applied as a separate line item on a customer's bill and apply to all ccfs of gas usage above 50 ccfs for residential customers and all ccfs between 300 and 500 for small general service customers (applicable block usage).

B. FILING

(1) Accumulation Period (AP): Actual block usage (ABU) will be accumulated over an AP that begins with the September billing month, and continue through the August billing month of the subsequent year. The initial AP under this rider shall begin with the September, 2021 billing month. Actual Block Usage (ABU) for the July and August billing month of an AP may be projected for purposes of a RNA rate calculation included in a filing under this Rider if necessary.

a) Prior to the end of the next recovery period, the difference between the projected and the observed ABU months, multiplied by the rate that was in effect during each month, will be added to or subtracted from the reconciliation adjustment of the RP as appropriate.

(2) Recovery Period (RP): An annual period during which a RNA rate is in effect, beginning with the November billing month, and continuing through the October billing month of the subsequent year. The actual revenue shall be calculated based on nine (9) months actual sales and three (3) months projected sales. The three (3) months projected sales associated with each RP shall be reconciled with actuals upon calculation of the subsequent Reconciliation Adjustment.

(3) After November 1, 2021, the Company shall file its RNA revisions with the Commission each calendar year at least sixty (60) days prior to November 1 unless otherwise provided for by the Commission.

C. CALCULATIONS

The RNA rate, calculated separately for Residential customers and Small General Service customers, shall be revised annually to (1) reflect the difference between the normalized annual applicable block usage the actual usage billed in those blocks for the applicable AP; (2) reconcile the over- or under-recovery from the previous RNA rate adjustment; and (3) include any adjustments ordered by the Commission.

$$RNAR = \frac{(RCBU - ABU) * Rate + OA + RA + I}{RCU}$$

Where:

RNAR = Revenue Normalization Adjustment Rate to be calculated independently for each of the Company's applicable service classes and applied to the applicable block usage for each service class during the RP.

RCBU = Rate Case Block Usage is the normalized annual natural gas usage in the applicable blocks for each service class as established in the most recent general rate case.

RCU = Rate Case Usage is the applicable block usage as established as in the most recent general rate case for each class.

ABU = Actual Block Usage is the applicable block usage in ccfs billed during the Adjustment Period (AP) for each class.

Rate = The currently effective class rate for usage in the applicable blocks.

OA = Ordered Adjustment is the amount of any adjustment to the RNA ordered by the Commission as a result of corrections under this Rider.

RA = Reconciliation Adjustment is the amount due to the Company (+RA) or Customers (-RA) arising from adjustments under this Rider that were under- or over-billed in the prior 12 month RP.

I = Sum of the interest on the reconciliation amount and any ordered adjustment.

In the event that there is more than one set of non-gas base rates in effect during the AP the rates and rate case block usage will be prorated accordingly.

D. RECONCILIATION ADJUSTMENT INTEREST RATE

Each month interest at the Company's short-term interest rate shall be applied to the Company's ending monthly RNA balance.

E. Rate Case Information from GR-2021-0108

	Residential	Commercial
Applicable block	> 50 ccf	300 < ccf < 500
Rate Case Usage (RCU)	xx,xxx,xxx ccf	xx,xxx,xxx ccf
Rate	$0.yyyyy	$0.yyyyy

RATE NORMALIZATION ADJUSTMENT RIDER
Currently Effective RNAR

Applicable for the billing months of September 20XX through August 20XX
For billed usage from November 20YY through October 20YY

	Residential	Small General Service
Rate Case Block Usage (RCBU)	XXX,XXX,XXX	XXX,XXX,XXX
Actual Block Usage (ABU)	YYY,YYY,YYY	YYY,YYY,YYY
Adjustment to Usage (RCBU – ABU)	ZZZ,ZZZ	ZZZ,ZZZ
Rate	$0.xxxxx	$0.xxxxx
Adjustment for Usage	$X	$X
Ordered Amount (OA)	$ XX.xx	$ XX.xx
Reconciliation Amount (RA)	$ XX.xx	$ XX.xx
Interest (I)	$ XX.xx	$ XX.xx
Total Recovery Amount (Adjustment for Usage + OA + RA + I)	$ XXX,XXX.xx	$ XXX,XXX.xx
Rate Case Usage (RCU)	XX,XXX,XXX	XX,XXX,XXX
Revenue Normalization Adjustment Rate (RNAR)	$0.00000/ccf	$0.00000/ccf

RATE NORMALIZATION ADJUSTMENT
(RNA)

A. APPLICABILITY

The Rate Normalization Adjustment (RNA) is applicable to all customers taking service under the Residential or Small General Service rate schedules. This adjustment will be applied as a separate line item on a customer's bill and apply to all~~all~~ ccfs of gas usage above 50 ccfs for residential customers and all ccfs between 300 and 500 for small general service customers (applicable block usage).

B. FILING

~~The RNA rider~~

(1) ~~(1)~~ Accumulation~~djustment~~ Period (AP): Actual block usage (ABU) will be accumulated over an ~~The~~ RNA AP that~~will~~ begins with ~~on~~ the September~~ninth~~ billing month ~~of a given year~~, and continue through the ~~eighth~~ August billing month of the subsequent year. The initial AP under this rider shall begin ~~on~~ with the September ~~1~~, 2021 billing month. Actual Block Usage (ABU) for the July and August~~final~~ billing month of an AP may be projected for purposes of a RNA rate calculation included in a filing under this Rider if necessary.

a) Prior to the end of the ~~subsequent twelve (12) month AP~~next recovery period, the difference between the ~~ABU previously~~ projected and the observed ABU ~~for that~~ months, multiplied by the r~~R~~ate that was in effect during each~~that~~ month, will be added to or subtracted from the ~~calculation of the over- or under-billing of the RNA during~~ reconciliation adjustment of the RP as appropriate.

(2) Recovery Period (RP): An annual period during which a RNA rate is in effect, beginning with the November billing~~eleventh calendar~~ month ~~of a given year~~, and continuing through the ~~tenth calendar~~October billing month of the subsequent year. The actual revenue~~RP~~ shall be calculated based on nine (9) months actual sales~~, including estimated unbilled sales for the ninth month,~~ and three (3) months projected sales. The three (3) months projected sales associated with each RP shall be ~~trued up~~reconciled with actuals upon calculation of the subsequent Reconciliation Adjustment~~RA~~.

(3) After November 1, 2021, the Company shall file its RNA revisions with the Commission each calendar year at least sixty (60) days prior to November 1 ~~the first day of the eleventh calendar month~~ unless otherwise provided for by the Commission.

C. CALCULATIONS

The RNA rate, ~~applicable to each rate schedule subject to this Rider and~~ calculated separately for Residential customers and Small General Service customers, shall be revised annually to (1) reflect ~~(1)~~ the difference between the normalized annual applicable block usage~~natural gas usage in Block 2 for Residential customers and Block 2 for Small General Service customers authorized in the Company's last general rate case~~ and the actual usage billed in those blocks for the applicable AP; (2) ~~to~~ reconcile the over- or under-recovery from the previous RNA rate adjustment; and (3) include any adjustments ordered by the Commission.

$$RNAR = \frac{(RCBU - ABU) * Rate + OA + RA + I}{RCU}$$

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Commented [ML1]: Is this the mechanism or the rate because this tariff uses RNA as the abbreviation for both?

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Commented [ML2]: Change formatting to help show this applies to (1)

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Commented [ML3]: Are these calendar months? If so, why?

Commented [ML4]: What is being calculated? RP is a period of time. How can it be calculate?

Commented [ML5]: Will this tariff even go into effect prior to Nov 1?

Commented [ML6]: Will this be identified in the rate schedule?

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Where:

RNAR = ~~"~~Revenue Normalization Adjustment Rate~~"~~ to be calculated independently for each of the Company's applicable service classes and applied to ~~all ccf of~~ the applicable block usage for each service class during the RP.

RCBU = Rate Case Block Usage ~~will be~~is the normalized annual natural gas usage in ~~Block 2~~the applicable blocks for ~~Residential customers and Block 2 for Small General~~ each ~~S~~service class ~~customers~~as established in the most recent general rate case.

RCU = Rate Case Usage ~~will be~~is the ~~estimated total usage in ccf for the~~applicable block usage ~~applicable class~~as established as in the most recent general rate case for each class.

ABU = Actual Block Usage is the applicable block usage in ccfs ~~which occurred in Block 2~~billed during the Adjustment Period (AP) for each~~the~~ class~~'s adjustable ccf usage range~~.

Rate = The currently effective class rate for usage in ~~Block 2~~the applicable blocks ~~for Residential customers and Block 2 for Small General Service customers~~.

OA = Ordered Adjustment is the amount of any adjustment to the RNA ordered by the Commission as a result of corrections under this Rider. ~~Such amounts shall include monthly interest equal to the reconciliation adjustment interest rate~~

RA = Reconciliation Adjustment is the amount due to the Company (+RA) or Customers (-RA) arising from adjustments under this Rider that were under- or over-billed in the prior 12 month RP.

I = Sum of the interest on the reconciliation amount and any ordered adjustment.

In the event that there is more than one set of non-gas base rates in effect during the AP the rates and rate case block usage will be prorated accordingly.

D. RECONCILIATION ADJUSTMENT INTEREST RATE

Each month~~, carrying costs, at a simple rate of interest equal to the utility's short-term borrowing rate (as published in The Wall Street Journal on the first business day of such month), minus two percentage points,~~ interest at the Company's short-term interest rate shall be applied to the Company's ending monthly RNA balance. ~~In no event shall the carrying cost rate be less than 0%. Corresponding interest income and expense amounts shall be recorded on a net cumulative basis for the RNA deferral period.~~

E. Rate Case Information from GR-2021-0108

	Residential	Commercial
Applicable block	> 50 ccf	300 < ccf < 500
Rate Case Usage (RCU)	xx,xxx,xxx ccf	xx,xxx,xxx ccf
Rate	$0.yyyyy	$0.yyyyy

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Commented [ML7]: To differentiate the rate from the adjustment rider that is called RNA (see title of sheet)

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~~From GR-2021-0108, the normalized annual natural gas usage in Block 2 (greater than 50 ccf) for Residential customers is XX,XXX,XXX ccf and Block 2 (greater than 50 ccf) for Small General Service customers is XX,XXX,XXX ccf.~~

~~The Block 2 rate for the Residential Class is $0.XXXX and the rate for Block 2 for the Small General Service Class is $0.XXXX.~~

~~RCU: Total Residential Usage is X, total General Service Usage X.~~

RATE NORMALIZATION ADJUSTMENT RIDER
Currently Effective RNAR

Applicable for the billing months of September 20XX through August 20XX
For billed usage from November 20YY through October 20YY

	Residential	Small General Service
Rate Case Block Usage (RCBU)	XXX,XXX,XXX	XXX,XXX,XXX
Actual Block Usage (ABU)	YYY,YYY,YYY	YYY,YYY,YYY
Adjustment to Usage (RCBU – ABU)	ZZZ,ZZZ	ZZZ,ZZZ
Rate	$0.xxxxx	$0.xxxxx
Adjustment for Usage	$X	$X
Ordered Amount (OA)	$ XX.xx	$ XX.xx
Reconciliation Amount (RA)	$ XX.xx	$ XX.xx
Interest (I)	$ XX.xx	$ XX.xx
Total Recovery Amount (Adjustment for Usage + OA + RA + I)	$ XXX,XXX.xx	$ XXX,XXX.xx
Rate Case Usage (RCU)	XX,XXX,XXX	XX,XXX,XXX
Revenue Normalization Adjustment Rate (RNAR)	$0.00000/ccf	$0.00000/ccf

Commented [ML9]: Constant until next rate case

Commented [ML10]: Changes annually

Commented [ML11]: Constant until next rate case

Commented [ML12]: Will change annually