

Exhibit No.:
Issue: Overview/Policy
Witness: Scott Carter
Type of Exhibit: Direct Testimony
Sponsoring Party: Spire Missouri Inc.
Case Nos. GR-2021-0108
Date Prepared: December 11, 2020

SPIRE MISSOURI INC.

GR-2021-0108

DIRECT TESTIMONY

OF

SCOTT CARTER

DECEMBER 2020

TABLE OF CONTENTS

I. Delivering Value for Communities.....3

II. Customer Engagement.....9

III. Need For and Timing of Rate Relief.....15

DIRECT TESTIMONY OF SCOTT B. CARTER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the President of Spire Missouri Inc. (Spire Missouri or Company).

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS PRESIDENT OF SPIRE.

A. As President of Spire Missouri, one of my most important jobs is to share my belief that energy exists to help people. And with that message, my goal is to inspire employees across Missouri to connect to people, get the job done right and leave good memories everywhere they go. In business terms, I am ultimately responsible for ensuring safe, reliable and adequate service to the people we serve in nearly 1.2 million homes and businesses throughout the state. To accomplish this charge, I count on a team of professionals overseeing all aspects of the Company's business: operations, engineering, customer experience, business and economic development, government and regulatory affairs.

Q. WHERE WERE YOU EMPLOYED PRIOR TO JOINING SPIRE?

A. Prior to joining Spire, I was employed by AGL Resources, Inc. (now Southern Company Gas) for approximately 20 years. While employed with AGL, I held many operational and support services roles. Chief among those responsibilities was to serve as AGL's primary advocate regarding national and state regulatory

1 policies affecting the natural gas industry. This included overseeing the regulatory
2 activities in seven states, and at the Federal Energy Regulatory Commission.

3 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

4 A I have a bachelor's degree in accounting from Valdosta State University and a
5 Master of Business Administration degree from the University of Georgia.

6 **Q. PLEASE DESCRIBE YOUR OTHER PROFESSIONAL
7 QUALIFICATIONS.**

8 A. In addition to my education and work experience listed above, I also earned and
9 maintained my Certified Public Accountant license in Georgia through December
10 2017. I have since allowed that license to lapse.

11 **Q. HAVE YOU TESTIFIED IN OTHER REGULATORY PROCEEDINGS?**

12 A. Yes. While I have not previously testified in Missouri, as part of my responsibilities
13 with AGL I had an opportunity to submit testimony in a number of regulatory
14 proceedings on a variety of issues. I testified before the Georgia Public Service
15 Commission ("Commission") in Docket 18638-U, Atlanta Gas Light's 2005 Rate
16 Case; Docket 15295-U, Georgia Public Service Commission Rules 515-7-7:
17 Service Quality Standards for the Electing Distribution Company; Docket 8516-U,
18 Atlanta Gas Light Company's Pipeline Replacement Program and Docket 299950-
19 U, Atlanta Gas Light Company's System Reinforcement Program. I have also
20 testified at the Virginia State Corporation Commission in Docket PUE-2004-
21 00012, Virginia Natural Gas, Inc. ("VNG") – Application for recovery through its
22 gas cost recovery mechanism of charges under a propane sales agreement on behalf
23 of VNG and in Docket PUE-2005-00057, Virginia Natural Gas, Inc. – For approval

1 of a performance-based rate regulation methodology pursuant to VA Code section
2 56-235.6.

3 **Q. PLEASE DESCRIBE SPIRE MISSOURI'S OPERATIONS.**

4 A. Simply put, Spire Missouri is a natural gas distribution Company serving nearly 1.2
5 million homes and businesses across the state. But the way I see it, we deliver so
6 much more than natural gas. We deliver an affordable, reliable energy source to
7 millions of people—saving them money while they warm their homes and grow
8 their businesses—which, in turn, moves our communities forward. That's why,
9 when we created Spire Missouri, we combined two companies with a long and
10 exceptional history of service: Laclede Gas Company, which served communities
11 in eastern Missouri, and Missouri Gas Energy, which served communities in
12 western Missouri. The combined company is the largest natural gas provider in the
13 state by customer count, giving us the ability to bring our energy to even more
14 homes and businesses throughout the state. Spire Missouri is a subsidiary of Spire
15 Inc., a Missouri-based energy holding company.

16

17 **DELIVERING VALUE FOR COMMUNITIES**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

19 A. The purpose of my testimony is to explain to the Commission the overall purpose
20 and policy underlying the Company's proposals in this case, including the request
21 for rate relief. While a general rate case is a vehicle for reviewing rates for
22 customers, it is also an opportunity to discuss and adjust the nature of services our
23 customers receive. So, my testimony will continue as it began—with the belief that

1 energy exists to help people, and how, at Spire Missouri, we're bringing that belief
2 to life by listening to our customers, striving to serve them even better and
3 committing to doing our part to protect the planet for future generations. In that
4 context, I'll also cover the value our product brings to the lives of those we serve
5 and the reasoning behind the rate requests made in this case. In addition, I'll
6 provide the Commission an overview of the important work we have been doing as
7 a company in order to continue to enhance the safety, reliability, and environmental
8 impact of our system since our last general rate case, GR-2017-0215 and GR-2017-
9 0216.

10 **Q. PLEASE DESCRIBE SPIRE MISSOURI'S CORE VALUES AS A**
11 **NATURAL GAS UTILITY.**

12 A. The cornerstone of the modern natural gas utility has always been safe, reliable and
13 affordable service. Spire Missouri shares this philosophy. But our values also
14 expand beyond these cornerstones. Our values are safety, inclusion and integrity.
15 These values define who we are, how we operate and how we treat one another
16 both inside and outside the Company. In our workplace, diverse perspectives are
17 welcomed and embraced, employees are given the tools they need to perform their
18 duties safely and each employee is expected to get the job done right—every time.
19 When we live these values internally, it shows outwardly, helping us create more
20 safe and inclusive neighborhoods and cities where people look out for each other
21 and strive to do the right thing.

1 **Q. CAN YOU COMMENT ON THE IMPORTANCE OF SAFETY AS A CORE**
2 **VALUE FOR SPIRE MISSOURI?**

3 A. Of course. The natural gas industry is built on safety at its core. The industry
4 moves a huge volume of energy every year with very few incidents. As I
5 mentioned, at Spire, safety is one of our three values. That means we expect the
6 highest level of safety for our customers and communities, and that every employee
7 goes home safely at the end of every day. Safety is a value for us because a value
8 is foundational. It doesn't change. It's woven into the fabric of who you are. For
9 example, every employee has the right and responsibility to stop work for any issue
10 they consider unsafe. Management reviews each safety-related event in detail to
11 ensure our processes, procedures and training serve to reduce safety risks. While
12 safety is a value that we instill and reinforce daily, we also see the fruits of those
13 efforts. I am very proud to say that our OSHA DART rate is now less than half of
14 what it was in 2017. And facility damages per thousand locates has improved by
15 nearly 15% since 2017. Couple those metrics with a substantial reduction in system
16 leaks and customer outages, driven largely by our ISRS replacement program, and
17 it's easy to see how we're living our value of safety: protecting employees,
18 customers and our planet as we continue to see improvements across the board.
19 With that said, we're just getting started. We'll keep exploring how to deliver
20 natural gas in a way that's safe, reliable and environmentally friendly—because
21 that's what you do when you truly value something.

22

1 **Q. CAN YOU COMMENT ON SPIRE MISSOURI'S RELIABILITY?**

2 A. Natural gas is always there, serving as the go-to fuel for critical facilities such as
3 hospitals where life sustaining services require an extremely high level of
4 reliability. We are so proud of that record—and of being a partner the community
5 can depend on. Residential customers also expect that we will be there when they
6 turn on their heat or their cooktop. And they have good reason to. The reliability
7 of Spire Missouri's system is 99.9%. This means the average customer would not
8 experience an outage in their lifetime. Simply put, natural gas is one of the most
9 reliable fuel sources in America. To ensure that reliability, Spire Missouri focuses
10 on the entire product stream, from the upstream supply, through our distribution
11 system, to the burner tip, to ensure that reliability for our customers. As we
12 modernize our distribution systems, they also become inherently safer, greener,
13 more efficient and more reliable.

14 **Q. THAT LEVEL OF RELIABILITY SOUNDS EXPENSIVE. IS IT?**

15 A. No. If you were to put the cost of natural gas in terms of energy equivalence to
16 gasoline, our average residential customer pays the equivalent of approximately
17 \$1.20 per gallon. This price covers the production, interstate transport and
18 distribution costs, all at 99.9% reliability. Spire Missouri has had to adapt to the
19 changing production and transmission landscape to keep these costs low and the
20 supply reliable. Given the proliferation of natural gas in shale formations, natural
21 gas has experienced a renaissance of availability and price stability. This has
22 caused a dramatic and challenging impact to the flow dynamics on the interstate

1 natural gas pipelines in the United States. As supply shifted from the Gulf of
2 Mexico to the Rockies and mid-continent, and then to the Appalachian basins, Spire
3 had to reposition its assets to ensure access to those new and prolific supply basins
4 and to avoid compromising reliability as the pressure profiles on our traditional
5 interstate pipelines changed as a result of the changing flow dynamics, because our
6 goal is to deliver the best price and quality to our customers. So, we continued to
7 innovate throughout the process. Most recently, this was accomplished largely
8 through de-contracting traditional interstate pipeline contracts and anchoring new
9 projects to increase our supply diversity and supply reliability. The result has been
10 a major improvement in the diversity of our supply, reliability of our interstate
11 pipeline contracts, and pressure profiles across our distribution system that will
12 allow us to continue to serve the growing demand on our system well into the future
13 while avoiding costly system reinforcements.

14 **Q. HOW HAVE THESE CHANGES IMPACTED RATES?**

15 A. Through all these changes, Spire Missouri has maintained a low and stable cost
16 structure for our customers. In fact, when you consider the total costs of the
17 business (e.g. capital improvements, operating costs, interstate transportation,
18 inflation, fuel), the average residential bill will remain lower than it was 15 years
19 ago, even after our requested increase in this case. Today, the average Spire
20 Missouri residential customer pays approximately \$765 per year for natural gas
21 service and fuel. That's a little over \$2 per day to have natural gas there for them
22 whenever they need it. As mentioned, that equates to about \$1.20 per gallon for

1 gasoline, but you don't need drive to a store to buy it—it's delivered right to your
2 home!

3 **Q. HOW DO THESE COSTS COMPARE TO DELIVERED ELECTRICITY?**

4 A. The costs of production and transmission of electricity is vastly different from that
5 of natural gas. However, as a competitive fuel, natural gas needs to maintain
6 advantages to electricity in order to remain relevant. We know our customers have
7 a choice about the energy they use. Customers can choose not to use natural gas.
8 That is generally not true for electricity. So, we're diligent about staying in touch
9 with their wants and needs, and always striving to do what's right for them. And
10 that means doing what we can to help them enjoy the value natural gas brings to
11 their lives—without worrying about their monthly bill. A great example of our
12 value is the natural gas stove. With its precise temperature control, natural gas is
13 the preferred fuel source for the vast majority of professional chefs, and a sought-
14 after addition to any home kitchen. But for the stove to truly add value, it also has
15 to be cost effective. Now, cost comparisons can depend on your assumptions, but
16 to simplify the comparison the average residential customer in Spire Missouri's
17 service territory will save approximately \$800 per year by using natural gas to heat
18 their home, heat their water and cook their food. And with the efficiency of natural
19 gas, 91% makes it directly to homes. In comparison, by the time electricity is
20 generated and transported, only 36% of the original energy makes it to homes. That
21 means customers pay for 64% of energy they never use directly. Because of its
22 efficiency, residential natural gas usage accounts for just 4% of the total US

1 greenhouse gas emission. In short, smart direct use of natural gas saves energy,
2 saves money and benefits the environment.

3 **CUSTOMER ENGAGEMENT**

4 **Q. CAN YOU DISCUSS SOME WAYS THAT SPIRE MISSOURI SUPPORTS**
5 **ITS CUSTOMERS AND COMMUNITIES?**

6 A. Yes. We live and work in the communities we serve. We're invested in their well-
7 being, and we want to do right by our friends and neighbors. Though we've always
8 given to our communities, in 2017 we formalized the process, creating a robust
9 Corporate Social Responsibility (CSR) program. Last year, we contributed over
10 \$1.5 million in Missouri to support charitable organizations that advance our
11 customers, our community and the environment. While so much good is done
12 through our CSR program, my favorite part is watching employees do what they do
13 best—serve others. Through what we call “Spire Serves,” the company supports
14 employees giving to the organizations they care about most. The Company also
15 provides employees with matching gifts and Dollars for Doers, with the program
16 doubling in size since its founding. With all that said, our support goes beyond
17 philanthropic activities. We also have a team of professionals dedicated to working
18 with customers and community agencies to ensure those in need receive all the
19 federal, state and local support available to them. In the last two years, this program
20 has grown, with our team supporting more local families than ever before in 2020.
21 I'll end with DollarHelp—our program that makes it possible for our customers and
22 employees to support one another through collective action. When customers add

1 just a dollar to their monthly natural gas bill, they're able to help thousands of
2 families in need keep their natural gas on. In our mission, we promise to advance
3 communities and enrich lives. It's bold and it's ambitious, but we believe in our
4 ability to make a difference.

5 **Q. WHAT STEPS HAS SPIRE TAKEN TO DETERMINE HOW TO BETTER**
6 **SERVE ITS CUSTOMERS?**

7 A. Better serving our customers starts with knowing them, listening to their needs and
8 establishing our priorities based on what they tell us. Without engaging customers
9 in establishing their priorities and expectations, we risk focusing on the wrong
10 things. To address true customer interest and expectations, Spire Missouri directly
11 engaged our customers to understand them and their needs better. We set up a
12 series of focus groups and listening labs across our service territories, spanning a
13 diverse subset of customers from all ages and backgrounds. We also engaged in
14 quantitative analysis of customer opinions through representative online surveys of
15 customers. From these efforts, we were able to determine what mattered most to
16 our customers, and from there, explore ways how we as a company, can better meet
17 the needs of all customers going forward. We called this the Fresh Perspectives
18 program.

19 **Q. WHAT DID YOU LEARN FROM THIS EXPERIENCE?**

20 A. While many of our customers take safety, reliability and affordability for granted
21 (and we are proud they can), customer expectations continue to evolve. As a
22 competitive and 100% optional fuel, we are committed to meeting those evolving

1 expectations to remain their preferred energy provider. While customers care about
2 those traditional service cornerstones, our research finds that they are more focused
3 on how we serve them, on the environment, and on our communities. We live in a
4 world where packages show up on the same day, delivery drivers can be tracked by
5 the minute, and an advertisement shows up for exactly what you need—before you
6 even think of it. What we learned is that exceptions aren't made for utilities. The
7 expectations are the same. And it's up to us to innovate and adapt, giving our
8 customers the service they expect and deserve. For Spire Missouri, this means
9 innovating to provide more self-service options, shorter appointment windows and
10 better transparency into their energy usage—all options we're currently exploring
11 and advancing. As always, customer needs will drive us to keep exploring,
12 innovating and looking to what's next.

13 **Q. HOW ARE YOU DOING THAT?**

14 A. I'll provide a few examples. We have created "How To" videos to help customers
15 access LIHEAP funds. We have added greater account access through interactive
16 telephone IVR access. Since our last rate case we've also launched My Account, a
17 24/7 online account portal used by nearly 700,000 customers. For ease of service
18 we also offer autopay, paperless billing and pay by text option. Of course, we
19 continue to offer traditional services for those who may prefer human interaction,
20 paper bills, etc. We've also begun offering two-hour appointment windows, which
21 have been very popular with customers. The only certainty in the area of evolving
22 customer expectations is they will continue to change, and Spire will continue to
23 engage and adapt to meet them.

1 **Q. WHAT ELSE IS IMPORTANT TO SPIRE MISSOURI'S CUSTOMERS?**

2 A. We found through our engagement that customers are very concerned with the
3 environment, and Spire Missouri's efforts to operate in an environmentally
4 conscientious manner. This is an area where we have a natural advantage. Our
5 customers have been consistently reducing their usage by around 1% per year over
6 the past 30 years. These efficiencies not only save customers money, but also
7 conserve natural resources and yield environmental benefits. According to a recent
8 AGA study, natural gas achieves 91% delivery efficiency from production through
9 end use. That study also finds that residential use of natural gas accounts for just
10 4% of the total greenhouse gas emission in the US. But, what we've found is that
11 our customers expect more because they care. And this perfectly aligns with our
12 goal to use our energy for the good of others and our planet. Fortunately, we have
13 a great environmental story to tell. Our pipeline replacement program that not only
14 improves system safety and reliability, but also serves as our greatest opportunity
15 to reduce greenhouse gases. In fact, we've reduced methane emissions by more
16 than 39% since 2005, and project a nearly 54% reduction by 2025. We're proud to
17 be one of the first natural gas utilities in the nation to commit to carbon neutrality
18 by mid-century, and we're well on our way to achieving that goal.

19 **Q. HOW DOES THIS CASE FIT INTO CUSTOMERS' ENVIRONMENTAL**
20 **EXPECTATIONS FOR SPIRE MISSOURI?**

21 A. In this case we are also providing options for customers to reduce their
22 environmental impact by providing a choice to use renewable natural gas. The

1 natural gas industry was driving lower emissions long before climate change
2 became a hot topic, and we will continue to focus in this area. It's what our
3 customers want, and it's the right thing to do. The Company is well positioned to
4 continue building on previous improvements and solidifying the benefits of natural
5 gas for Missouri, all while serving as responsible environmental stewards.

6 **Q. HAS YOUR CUSTOMER RESEARCH REVEALED ANYTHING ELSE?**

7 Yes. Our studies found that one of the top interests of our customers is to assist
8 limited income and vulnerable populations. Spire Missouri has led in this area for
9 years, but we can still do more. As previously mentioned, we have a team dedicated
10 to helping our customers connect with federal, state and local programs and
11 agencies to secure support for which they are eligible. We find that many of our
12 eligible customers are not aware of support options, and this means they don't
13 receive help when they need it most. When we heard this, we took action and
14 proactively reached out to customers in need throughout the year. In addition, we
15 hosted a series of virtual webinars in 2020, ultimately helping families receive \$1
16 million in energy assistance. Through our DollarHelp program, made possible by
17 the generosity of our customers, we're able to help thousands more throughout our
18 communities, with the program steadily bringing in \$1 million dollars annually.
19 And, in a particularly difficult year for families throughout Missouri, we worked
20 with the Commission and intervenors to ensure additional relief options are
21 available. Most of our customers are fortunate to have the means to pay their bills,
22 but we will remain focused on ensuring resources are available for those struggling
23 with energy affordability. Spire Missouri witness Scott Weitzel will further

1 elaborate on many of the specific changes we are proposing to respond to our
2 customers' needs.

3 **Q. SINCE ITS LAST RATE CASE, THE COMPANY HAS COMPLETED ITS**
4 **REBRANDING TO SPIRE MISSOURI. WHAT DID CUSTOMERS SAY**
5 **ABOUT THAT?**

6 A. Our engagement with customers showed that today, Missourians across the state
7 know us simply as “Spire”. From our branded trucks to our bright orange uniforms,
8 we are more visible than ever in the state. We now have consistency across the
9 state in what our customers see visually. But behind the scenes, we make decisions
10 as one company, and use our combined scale to bring the best possible service and
11 value to customers in every aspect of our business. We’re now ready to take the
12 next step towards coming together as one company in Missouri, which is why
13 we’ve filed one set of tariffs in this case.

14 **Q. DO YOU EXPECT YOUR DIRECT CUSTOMER ENGAGEMENT TO**
15 **CONTINUE?**

16 A. Yes. While the recent health restrictions have limited our ability to have these face-
17 to-face conversations, we know our customers’ expectations will continue to
18 evolve. We will maintain a way to gauge that evolution and respond. We may or
19 may not use the same vehicle for engagement, but we will continue to seek to
20 understand the needs of our customers and develop responsive products, services,
21 communications, and engagement channels.

22

1 **NEED FOR AND THE TIMING OF RATE RELIEF**

2 **Q. WHY HAS SPIRE MISSOURI FILED THIS CASE NOW?**

3 A. As we will show, the majority of the requested relief relates to the significant capital
4 deployed since the last rate case to support our customers and communities. Since
5 then, the Company has invested over \$850 million in new capital to meet the
6 growing expectations of our customers, improve our systems and operations, and
7 mitigate our environmental impact. The cornerstone of our ability to upgrade
8 infrastructure on an accelerated basis, and bring all of the associated benefits to
9 customers, is the Infrastructure System Replacement Surcharge program (“ISRS”).
10 The ISRS enabling statute sets caps on the amount of investment that can be
11 included in the surcharge before the Company is required to file a general rate case
12 with the Commission. We have reached that statutory cap in the Missouri West
13 service territory. Because the benefits of accelerated infrastructure replacement—
14 for our customers, communities, and the environment—are so critically important,
15 we needed to file this case now in order to ensure that the program can continue
16 without interruption, and deliver all of those benefits. However, even without
17 reaching that limit, the Company’s rate base has increased significantly in non-
18 ISRS areas, necessitating general rate relief. Moreover, we hope that other
19 proposals made in our filing, as discussed by Mr. Weitzel, will better serve the
20 needs of our customers going forward.

1 **Q. CAN YOU PROVIDE A SUMMARY OF THE RELIEF REQUESTED IN**
2 **THIS CASE COMPARED TO THE PREVIOUS COMMISSION**
3 **DECISION?**

4 A. Yes. As it relates to the requested relief, I'd like to provide a simple comparison of
5 what is in this request versus what the commission approved in the prior case. The
6 details are discussed by the various witnesses in the case. But in general terms, the
7 rate relief need in this case is driven by the capital we have deployed to benefit
8 Missourians. While much of our capital is included in our ISRS program, there is
9 a large portion that is not. In addition, the change in tax law that was discussed at
10 the end of the last case, and which reduced costs in that case, has an opposite effect
11 on capital (rate base). Lower tax rates result in lower accumulated deferred income
12 taxes ("ADIT"), which is a rate base offset. In addition, the refund of excess ADIT,
13 which had been used to lower rate base, means that rate base is now higher and will
14 continue to grow as these amounts are refunded to customers. When these rate base
15 impacts (capital deployed in the system, change in tax law affecting the ADIT
16 credits and the refund of excess ADIT) are combined along with an adjustment to
17 depreciation rates, 97% of our requested relief relates to capital related needs. As
18 explained in more detail in the testimony of Wesley Selinger, Spire Missouri's filed
19 cost of capital is almost identical to what the Missouri PSC approved in our last
20 general rate case, our cost to operate the system has increased at a rate below
21 inflation, while 97% of the requested relief relates to the growth in rate base of
22 approximately \$750 million since the last commission decision and an update to
23 depreciation rates. This means our request is primarily driven by capital deployed

1 to benefit our customers through a safer, more reliable and environmentally friendly
2 system.

3 **Q. WHY ARE THESE INFRASTRUCTURE INVESTMENTS IMPORTANT?**

4 A. As I noted earlier, these infrastructure replacements help deliver a safer and more
5 reliable system, while also reducing greenhouse gas emissions. In fact, leaks per
6 thousand system miles (a common industry measure of system leaks) are less than
7 half what they were in 2017, and 63% lower than in 2016. In fiscal year 2019 alone,
8 the Company invested \$287 million to replace 359 miles of aging infrastructure,
9 resulting in a 21% reduction of leaks per thousand system miles. In addition, these
10 replacements drive investment in tax base, jobs, and comprise the foundation for
11 communities to grow with a strong natural gas backbone.

12 **Q. WHAT IS THE RELATIONSHIP BETWEEN ISRS AND THE LEVEL OF**
13 **RATE RELIEF IS SPIRE SEEKING IN THIS CASE?**

14 A. A large part of the rate relief simply reflects a rebasing of the ISRS charges that
15 customers are already paying. Of the approximately \$111 million requested cost
16 of service increase, approximately \$47 million is already included in current ISRS
17 rates. As such, our net increase request is approximately \$64 million. This
18 translates to approximately \$3.28 per month or a 5.55% increase for the average
19 residential customer. I should note that, because the Company's last rate case
20 resulted in a rate decrease, if approved by the Commission, these incremental
21 amounts would be the first base rate increases received by the Company for costs
22 other than its safety and public improvement ISRS investments since 2013. While

1 Spire Missouri has been very successful in managing its operating costs to allow
2 for this extended period of rate stability, the capital deployment included in this
3 case necessitates an overall increase in this case. The incremental increase
4 proposed, if granted, would still result in our average customer's overall bill being
5 lower than it was fifteen years ago, despite having upgraded hundreds of miles of
6 pipelines and making significant investments in customer service.

7 **Q. IS THERE FURTHER RESOLUTION RELATED TO SPIRE'S ISRS**
8 **ACTIVITY OVER THE PAST FEW YEARS?**

9 A. Yes. Over the last several years, there have been a number of challenges made to
10 Spire Missouri's use of ISRS. This has unfortunately resulted in a number of court
11 cases seeking to clarify the types of investments that do and do not qualify for ISRS.
12 Some of those decisions resulted in disqualification of certain investments from
13 inclusion in ISRS, driving a larger-than-anticipated amount of regulatory lag and
14 the need for this case. We are very pleased that all of those cases are now concluded,
15 bringing additional clarity to the program.

16 **Q. HAVE THERE BEEN ANY PERTINENT LEGISLATIVE CHANGES**
17 **SINCE THE COMPANY'S LAST GENERAL RATE CASE?**

18 A. Yes. House Bill No. 2120 was passed by the Missouri Legislature during its 2020
19 session. This legislation brings even further clarity to the type of investments that
20 qualify for inclusion in the ISRS program (replacements of gas plant that can no
21 longer be installed under currently applicable safety requirements, or any cast iron
22 or steel facilities). It also adds a provision that requires gas utilities to develop and
23 file with the Commission a pre-qualification process for contractors seeking to

1 participate in competitive bidding to install ISRS-eligible gas utility plant projects.
2 We are developing those processes now, and we look forward to additional clarity
3 surrounding this program to allow accelerated infrastructure replacement to
4 continue between general rate cases.

5 **Q. DO YOU THINK IT IS APPROPRIATE TO FILE THIS CASE DURING**
6 **THE ONGOING COVID-19 PANDEMIC?**

7 **A.** I do. It's important to remember that the rate relief we're requesting relates
8 primarily to investments made well before the outbreak of COVID-19. But more
9 importantly, the new rates we're proposing here will likely not go into effect until
10 the fall of 2021. There has been encouraging news recently about vaccine
11 availability, and we are all learning everyday how to continue operating while
12 keeping employees and customers healthy. I am optimistic that we will be in the
13 midst of a health and economic recovery by the time rates go into effect as a result
14 of this case. Regardless of the status of COVID-19 when rates take effect, our
15 obligation is the same—provide safe and reliable service at just and reasonable
16 rates. As our efforts to date have proven, we will remain committed to our efforts
17 to help our customers in need. We believe we can do both; set rates appropriately
18 while also supporting impacted customers. This should be the goal of everyone
19 involved in this case.

20 **Q. HAS SPIRE MISSOURI DONE ANYTHING TO ASSIST ITS**
21 **CUSTOMERS DURING THE PANDEMIC?**

22 **A.** Yes. From the beginning of the pandemic, the Company has been committed to
23 ensuring our community maintains access to safe, reliable natural gas. With so

1 many people struggling to make ends meet during this time, Spire Missouri has
2 consistently found new ways to help customers. Additionally, Spire Missouri has
3 been committed to ensuring its employees are safe and protected so service can
4 continue to be provided in a safe and reliable way. For our employees who could
5 do their job remotely, we encouraged them to work from home. For our employees
6 who continued to work in person, we procured personal protective equipment (PPE)
7 to keep them as safe as possible. Spire Missouri is continually analyzing its
8 response to ensure a safe work environment for all its employees, including regular
9 communication and updates to the safety policies and procedures that address the
10 pandemic. Through all of this, our employees remained highly productive, and
11 continued to deliver on our customers' expectations.

12 **Q. WHAT PROGRAMS HAS SPIRE MISSOURI INITIATED TO ASSIST**
13 **CUSTOMERS DURING THE COVID-19 PANDEMIC?**

14 A. Throughout the course of the pandemic, we have looked for innovative ways to
15 assist our customers. These include suspending disconnects, respecting customer
16 concerns about work in their homes, and following rigorous health and safety
17 protocols. We have also implemented, in cooperation with the Commission and
18 intervenors, several COVID customer assistance programs. The Company's
19 shareholders and employees have also stepped up to the plate, making
20 unprecedented donations to Dollar Help to assist those struggling during this
21 difficult time. Mr. Weitzel's testimony addresses each of these steps in greater
22 detail.

1 **Q. ARE YOU HOPING TO LEARN ANYTHING THROUGH**
2 **PARTICIPATING IN THIS CASE?**

3 A. Of the many things I've communicated today, I sincerely hope our desire to learn
4 and grow in order to better serve our customers came through. So, the short answer
5 to the question is an emphatic "yes." While we've done our research and believe
6 what we've proposed in this case is the right approach for the people we serve, we
7 know we have a common interest: To better the lives of the people in our state. So,
8 we look forward to hearing the opinions and suggestions of the Commission, Staff,
9 and intervenors. And our commitment is to listen, engage and learn from those
10 perspectives. Because, in the end, we do believe energy exists to help people, and
11 we want to work with all stakeholders to make that belief a reality for the people of
12 Missouri.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A. Yes.

15

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Spire Missouri Inc.'s)
Request for Authority to Implement a)
General Rate Increase for Natural Gas) File No. GR-2021-0108
Service Provided in the Company's)
Missouri Service Areas)

AFFIDAVIT

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

Scott Carter, of lawful age, being first duly sworn, deposes and states:

1. My name is Scott Carter. I am the President of 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 direct testimony on behalf of Spire Missouri Inc.
3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

s/Scott Carter _____
Scott Carter

Dated: December 11, 2020