

Exhibit No.: _____

Issues: **Affordability Concerns
Residential Rate Design
Assistance Programs**

Witness: **Jim Thomas**
Type of Exhibit: **Direct Testimony**
Sponsoring Party: **Consumers Council of
Missouri**

Case No.: **GR-2025-0107**

Date Prepared: **May 7, 2025**

DIRECT TESTIMONY

OF

JIM THOMAS

**ON BEHALF OF
THE CONSUMERS COUNCIL OF MISSOURI**

Case No. GR-2025-0107

May 7, 2025

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INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jim Thomas. My address is 5412 South 37th Street, St. Louis MO 63116.

I was asked by the Consumers Council of Missouri (Consumers Council) to provide my professional opinions and recommendations regarding : (1) the affordability for residential customers of the rates proposed by Spire in this case, including the effect of those proposed rates on low- and moderate-income customers and the reasonableness of the proposed residential customer charge, and (2) whether Spire's customer assistance programs, as designed, are sufficient to enable Spire customers to maintain their natural gas service.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE?

A. I earned a Bachelor of Arts degree from Oberlin College. I have been employed by People's Community Action Corporation (PCAC) since 2013 and serve as Director of Operations. PCAC is a Community Action Agency, receiving its identifying funding from the Community Services Block Grant, a federal grant distributed to and administered by the states to help families and individuals move from poverty into self-sufficiency. Missouri has 19 such agencies that serve every county in the state.

However, I am not representing my employer in these proceedings.

In my position at PCAC, I research and author a comprehensive Community Needs Assessment every three years, manage our Strategic Planning process,

23 develop programs to meet identified needs and strategic goals, and complete our
24 annual Work Plans for approval by the State of Missouri, along with other various
25 managerial responsibilities. I also provide leadership and supervision to staff who
26 provide direct assistance, including utility assistance, to families unable to meet
27 their basic needs, while providing a gateway to services to change their lives.

28 I've conducted workshops and given presentations on data aggregation,
29 management, and analysis on numerous occasions, most recently before a
30 statewide professional alliance of the Missouri Community Action Network.

31 **Q. CAN YOU EXPLAIN MORE ABOUT YOUR EXPERTISE AS IT RELATES TO THE**
32 **SUBJECT MATTER OF YOUR TESTIMONY IN THIS RATE CASE?**

33 A. I am a Certified Community Action Professional (2023) and am certified for
34 Results Oriented Management Accountability (ROMA) (2019). ROMA is a standard
35 practice for all community action agencies, requiring that programs of the agency
36 respond to community needs, identify numerical targets, clearly defined measures
37 to achieve those targets, services that will facilitate that achievement, and provide
38 for periodic and regular evaluation of performance standards and achievement.

39 As mentioned above, I have the lead role in developing my agency's Community
40 Needs Assessment. The Assessment is the foundation upon which all planning,
41 program development, and program implementation are based. It is an extensive
42 and comprehensive aggregation and analysis of both qualitative and quantitative

43 data that identifies the needs of the agency's target population (those in the
44 agency's service area with income below 200% of the federal poverty level), the
45 community context in which they live, and the state of resources to help move them
46 toward self-sufficiency. The most recent Assessment I authored was 173 pages.

47 **Q. FOR WHOM ARE YOU PROVIDING TESTIMONY IN THIS PROCEDURE?**

48 **A.** I am providing testimony for Consumers Council, a nonpartisan, nonprofit
49 corporation. Consumers Council works to build a more inclusive and equitable
50 community through coalition building, collaboration, community education and
51 empowering consumers statewide, and advocating for their interests. One of the
52 primary areas of focus for the Consumers Council is the affordability of residential
53 utility rates in Missouri.

54 **Q: HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE MISSOURI PUBLIC SERVICE**
55 **COMMISSION?**

56 **A.** No, I have not.

57 **PURPOSE OF TESTIMONY**

58 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

59 **A.** The purpose of my testimony is to address issues surrounding the affordability
60 of the rates that Spire is proposing for residential natural gas customers, including
61 the effect that those proposed rates would have on low- and moderate-income
62 customers. My testimony also addresses the overall impact of the proposed

increase to the residential class of customers, and the reasonableness of the utility's proposed increase to the residential customer charge.

I will further provide recommendations for certain programs designed to assist Spire customers in maintaining household natural gas service, in the interests of protecting the health, safety, and well-being of the individuals in those households.

RELEVANT DATA

Q. WHAT DOES THE DATA SHOW IN RELATION TO YOUR TESTIMONY?

A. This section will include data on poverty, energy burden, LIHEAP benefits, recent utility rate increases, and a sampling of counties across these indicators.

Poverty Data

The amount and character of poverty in Missouri is highly variable across geography and demographics. Children as a group generally experience the highest levels of poverty. Because of the floor provided by Social Security, seniors are generally equal to, or very slightly better off, than other demographics experiencing poverty when measured at 100% of the federal poverty level. These numbers shift sometimes in an unpredictable fashion when examining other levels of poverty. For instance, those with fixed incomes may have a floor below which keeps them disproportionately better off at 100% of the poverty guidelines through guaranteed payments like Social Security, disability, or pensions. But higher costs related to medical

care and prescriptions, special transportation and housing, and diet may present specific challenges to both seniors and the disabled, blunting the impact of the income guarantees that keep them, perhaps only barely, above 100% of the poverty threshold.

Below are poverty rates for the entire Spire service area, covering both east and west service territories.

	Pov Pop	Pov #	Pov %
OVERALL POVERTY	4,318,892	484,893	11.2%
CHILDREN 0-17	947,329	140,058	14.8%
SENIORS 65+	766,275	78,901	10.3%
BELOW 200% POVERTY	4,318,892	706,910	16.4%

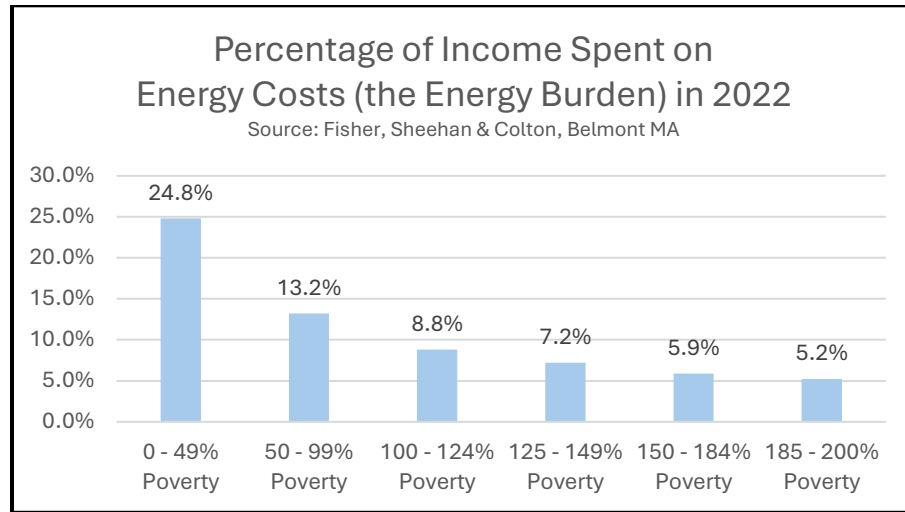
"Pov Pop" represents the population for which poverty could be determined

"Pov #" represents the absolute number of those below the 100% threshold

"Pov %" represents the percentage of the Pov Pop below the 100% threshold

Energy Burden Data

Energy burden is the percentage of household income spent on energy utilities in a given year. As a useful comparison, financial advisors generally recommend that no more than 30% of a household's income be spent on housing. This does not include any energy utilities, where 5% is considered the high end of acceptable.



Looking at the chart above, one can see that for those households below 50% of the federal poverty guideline threshold, their average utilities cost is almost as much as the standard guideline recommendation for housing cost overall. For the next level up of 50-99%, the energy burden is just below half of what overall housing costs should be. Above that at 100-124%, it's a bit less than one-third. Only as one approaches 200% of poverty income does the household energy burden approach a reasonable level.

Just how many people does that represent? The total population of the counties in the Spire service area is 4,417,329 as of 2023, according to the US Census Bureau. Of that population, 644,895 are below 125% of the federal poverty level. That's 14.6%, or about 1 in 7 people.

LIHEAP Data and Funding Benefits per Household

The federal Low-Income Home Energy Assistance Program (LIHEAP) is the mainstay program to help customers when they are unable to pay their utility bills in a timely way. While the small affordability programs currently administered by Spire can help customers regain control of their budgeting and bills, helping to foster discipline in payments, those programs often do not offer a sufficient or appropriate response when a customer is in crisis and facing a shut-off of service.

Yet in Missouri, the allowable amounts of assistance available through LIHEAP have been in flux, initially increasing in response to the Covid pandemic, but with sharp cuts in benefits over the last two fiscal years. As seen in the chart below, the maximum heating allowance has been cut in half as of Federal Fiscal Year 24 (FY24), along with the winter crisis maximum benefit. The cut was greatest for the maximum summer crisis benefit, by half for FY24, and then cut in half again for FY25.

If one removed 2023 as an anomalous year, about the best that could be said is that over the years LIHEAP benefits in Missouri are stagnant. Yet nowhere in this picture does one account for inflation, nor for the rise in the utility residential customer rates over this period, something of which the

Commission is certainly aware, having been the deciding body on many of those rate increases.

It is also worth pointing out that while those just below the 200% poverty threshold have an energy burden at the edge of acceptability, these families are very unlikely to have any appreciable savings reserve or other resources in the face of a financial emergency. An illness, a major car repair, a major home repair, can send them careening along a trail of tumbling dominoes toward large unpaid utility bills.

FFY	Heating Min	Heating Max	Crisis Winter Max	Crisis Summer Max
2018	\$45	\$450	\$800	\$300
2019	\$47	\$495	\$800	\$300
2020	\$47	\$495	\$800	\$600
2021	\$47	\$495	\$800	\$600
2022	\$47	\$495	\$800	\$600
2023	\$306	\$990	\$1,600	\$1,200
2024	\$219	\$495	\$800	\$600
2025	\$213	\$495	\$800	\$300
Source: LIHEAP State Plans, https://dss.mo.gov/fsd/energy-assistance/state-plan-liheap-lihwap-ffy.htm				
Source FFY 19 and FFY 20: LIHEAP Clearinghouse				
Source FFY 23: https://mydss.mo.gov/media/pdf/liheapstateplanfy23				

In addition to these cuts at the state level, every single LIHEAP employee at the federal level was fired on April 1, 2025. Even though currently authorized funding extends until the end of the current fiscal year, there is

literally no longer anyone in the nation's capital to administer the LIHEAP program. The new Presidential budget has just been released and recommends the complete elimination of the LIHEAP program. The Commission must consider these realities—a recent history of sharp cuts if the program survives, and of course no funding at all if it does not—when it makes its decisions regarding this rate case.

County Highlights

Lest one think poverty is strictly an urban phenomenon, the county in the entire Spire service area with the highest poverty rate is Barton County at 22.2%, as measured at 100% of the federal poverty level in 2023, the last year of census data available at the time this testimony was prepared. It is a rural area in Spire West's territory. The two counties with the highest levels of poverty in Spire's eastern service area are Butler County in the southeast of the state (20.3%) and Iron County in the eastern Ozarks (20.7%), both rural.

The City of St. Louis certainly has an elevated rate of poverty at 19.6%. Meanwhile, St. Charles County, also in the St. Louis Metropolitan Area, has the lowest poverty rate of counties in the Spire service area at 5.5%.

It is worth pointing out that for those counties with the highest rates of poverty, the percentage that is below 200% of poverty—the approximate

threshold for LIHEAP eligibility—approaches 50%. That is close to half of a county’s population that is eligible for the program.

Eastern MO	Population	Pov Pop	Poverty #	Poverty %	# at 200%	% at 200%
Butler	42,166	41,184	8,360	20.3%	19,779	48.0%
Iron	9,482	9,118	1,884	20.7%	4,111	45.1%
St. Charles	416,659	409,161	22,665	5.5%	56,902	13.9%
St. Louis City	281,754	272,271	53,418	19.6%	99,546	36.6%

Western MO	Population	Pov Pop	Poverty #	Poverty %	200%	% at 200%
Barton	11,685	11,518	2,559	22.2%	5,287	45.9%
Cass	111,732	110,603	6,647	6.0%	23,420	21.2%
Greene	304,611	296,062	43,037	14.5%	103,397	34.9%
Jackson	718,560	708,310	83,002	11.7%	218,180	30.8%

Source: US Census Bureau, tables DP05 and S1701

Recent Rate Increase History

In his Direct Testimony in the 2022 Ameren Missouri rate case (WR-2022-0303), Mr. Geoff Marke notes that “An 11.6% rate increase compounded by inflation and interest rate increases will negatively impact customers across Ameren Missouri’s service territory. A double-digit increase even in the best of times can generally be considered grounds for ‘rate shock’ for many families.”¹

¹ Direct Testimony of Geoff Marke on behalf of the Office of the Public Counsel, Case No. ER-2022-0337, filed on January 23, 2023, p. 7.

Utility customers throughout Missouri have faced a welter of rate increases over the last several years. The consequences differ from place to place, due to the varying and sometimes overlapping service areas of Missouri's utility providers. Nonetheless, almost every Missouri customer has faced substantial increases in their utility costs, often outpacing inflation and job growth.

Matters before this Commission are rightfully decided on a case-by-case basis, yet this larger context, this reality for customers, cannot be ignored.

In the City of St. Louis, residents had two large rate increases in water rates from June 2023 through May 2024, resulting in a total 44% increase in water bills charged by the City's Water Division. The Metropolitan Sewer District of St. Louis (MSD), which covers St. Louis City and County has begun a series of annual increases from FY2025 through FY2029 that will result in a total 32% rise in wastewater utility costs. Residents of St. Louis County will face whatever rate increase is approved by the Commission in the Missouri American Water case before it right now. St. Louis City and St. Louis County account for 30% of the population served by Spire.

In addition, over the last two years the Commission has granted rate increases to other utilities whose service areas overlap with Spire's.

187 It is in this context that the Commission must consider Spire's testimony
188 of Mr. Scott Weitzel, filed on November 25, 2024, in which he stated the
189 increase for residential customers will be "approximately \$17.08 per month,
190 or a 15.79% increase for the average residential customer." We will be in
191 "rate shock" territory with such an increase all by itself, and even more so,
192 when one considers the larger context of the onslaught of other rate
193 increases facing customers at this time.

194 Rate increases decided by the Commission may be case-by-case, yet
195 their impacts for the customers are cumulative.

196 **RECOMMENDATIONS**

197 **Q. WHAT RECOMMENDATIONS DO YOU OFFER IN THIS CASE?**

198 A. My recommendations cover Spire's rate structure, fees and charges, the
199 Payment Partner Program, the Critical Medical Needs Program, the Rehousing
200 Program, and suggestions for promoting those programs:

201 **Rate Structure**

- 202 1. Reject the proposed level of rate increase requested by Spire and its
203 proposed residential rate design and eliminate or reduce various
204 additional fees and surcharges that Spire proposes to increase.
- 205 2. Do not raise the fixed customer charge for residential customers, as it is
206 regressive and falls hardest on families with children, many seniors, the

207 disabled, and all those with fixed incomes. Keep the fixed customer
208 charge at its current level of \$20.

209 It is my understanding that Consumers Council witness Brad Cebulko
210 will be addressing the cost-based aspects of residential rate design in
211 more detail.

212 As a general public policy goal, a lower residential customer charge,
213 and a larger portion of the rate structure consisting of volumetric
214 charges, will grant all customers greater ability to control and lower their
215 monthly natural gas bills. Thus with a lower customer charge, any
216 conservation or energy efficiency activity by a customer will provide
217 greater financial rewards.

218 **Fees and Charges**

219 All of Spire's reconnect charges, collection trip charges, and punitive late
220 fees should be eliminated. In my experience working with customers who
221 are low- and moderate-income, such charges rarely impact bill paying
222 behaviors, and the added cost simply makes it harder to maintain essential
223 heating services, or to re-establish such services after disconnection. These
224 extra fees and charges also tend to strain available public assistance funds,
225 increasing the financial need even greater.

Payment Partner Program

1. A clear and systematic process should be developed for establishing need, annual budgeting, annual targets of customers served, and annual achievement of targets for this ongoing program. Such information should be reportable to stakeholders and partner agencies, in order to promote the collaborative overview of this program. This program has thus far had good success in enrolling customers, but such systemic planning and tracking of targets as I recommend would provide a better opportunity for improved success, with specified targets and outcomes accountable to affected communities and stakeholders.
2. The development and maintenance of this process should continue to include input from stakeholders and partner agencies in a formal collaborative process, with quarterly meetings.
3. Provide funding for the Payment Partner Program at an adequate level to meet the identified needs and achievement targets. Without knowing the current budgeted funding, it is not possible at this point to recommend what increase may be necessary. However, in my experience, LIHEAP alone, and presuming it survives, is all too often inadequate to meet the need of a family in crisis. Based on Spire's reported results and

acknowledging that it is a newer program, it is inadequate to meet the current need and certainly anticipated future need.

Critical Medical Needs Program

1. As with the Payment Partner Program, Spire should create a clear and systematic process of establishing need, annual budgeting, annual targets of customers served, and annual achievement of targets, all reportable to stakeholders and partner agencies. The program has had some limited success so far in enrolling customers, but my recommendation would provide a better opportunity for improved success with targets and outcomes accountable to affected communities and stakeholders.

Between April 2023 and June 2024, Spire assisted only 96 customers through this program. Given the number of seniors alone in its service area and the increased health needs of this population segment, one can't help but believe this program is vastly underutilized. Spire should be ordered to seek better methods of reaching customers who are facing a serious medical illness or health condition.

2. The development and maintenance of this process should continue to include input from stakeholders and partner agencies in a formal collaborative process with quarterly meetings.

Rehousing Program

1. Increase the funds and services for homeless individuals seeking to move into housing or those at risk of homelessness, allowing those individuals to receive bad debt and/or arrearage forgiveness and to receive other benefits from the Payment Partner Program that allow them affordable access to utility services. It is a challenge to recommend funding and service levels since the program is only in a pilot phase and that pilot has not been well enrolled, as indicated in #2 that follows. Nonetheless, based on my experience with low- and moderate-income families, this is a much needed service and should receive more significant attention. . Without this program, individuals that are trying to find housing, and who still have significant utility debt, can face the conundrum that they cannot apply for energy assistance without a home or utility account yet they have trouble finding a home without the ability to sign up for utilities.
2. This program has been in a pilot phase that as of August 2024 only included three customers. If the pilot is extended in an effort to gain a meaningful amount of data, priority must be given to increasing enrollment of eligible customers to gain that data. This necessarily means expansion of promotion of the pilot with partner agencies.

285 Currently, Interfaith Doorways is the only agency in the pilot. It is a fine
286 organization. Still, Spire should add additional partner agencies
287 throughout their service area to gain the necessary evaluative data.

288 **Overall Utility Bill Assistance Program Promotion**

- 289 1. Spire should target specific resources and programs to educate
290 customers about the availability and services of their low-income
291 customer assistance programs. This marketing should focus on high
292 energy burden neighborhoods. However, this should not be a substitute
293 for or instead of more general promotion of the programs to all
294 customers.
- 295 2. Spire should recommit to and increase promotion of its “Dollar Help”
296 program, in light of reduced funding for governmental assistance
297 programs helping those in crisis. Currently, Dollar Help is a “fuel fund”
298 consisting almost completely of voluntary donations made by other gas
299 customers adding extra to their monthly bill payments, but the amount
300 and availability of those funds have dwindled over time.

301 **Q. Does this conclude your testimony?**

302 A. Yes, it does.

303

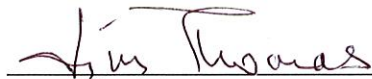
BEFORE THE PUBLIC SERVICE COMMISSION**OF THE STATE OF MISSOURI**

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.)

File No. GR-2025-0107**AFFIDAVIT OF JIM THOMAS**

I, the undersigned, being duly sworn, states that my name is Jim Thomas, and that the foregoing Direct Testimony of Jim Thomas, including attachments, was prepared by me on behalf of the Consumers Council of Missouri. This testimony was prepared in written form for the purpose of its introduction into evidence in the above utility case at the Missouri Public Service Commission.

I hereby swear and affirm that the attached testimony is true and correct to my best knowledge, information, and belief, and I adopt said testimony as if it were given under oath in a formal hearing.



Jim Thomas

Subscribed before me on this 5th day of May, 2025:

