

Exhibit No. 22

Exhibit No: _____
Issue: **Conversion from
Therms to Ccf Billing
Multi-Family Pilot
Program
Economic Development
Rider
Negotiated Gas Service
Rider
Credit Card Processing
Fees**

Witness: **Trisha E. Lavin**
Type of Exhibit: **Surrebuttal Testimony**
Sponsoring Party: **Spire Missouri Inc.**
Case No.: **GR-2021-0108**
Date Testimony Prepared: **July 14, 2021**

SPIRE MISSOURI INC.

CASE NO. GR-2021-0108

SURREBUTTAL TESTIMONY

OF

TRISHA E. LAVIN

JULY 14, 2021

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1 **SURREBUTTAL TESTIMONY OF TRISHA E. LAVIN**

2 **I. INTRODUCTION**

3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Trisha E. Lavin, and my business address is 700 Market Street, St. Louis,
5 Missouri, 63101.

6 **Q. ARE YOU THE SAME TRISHA E. LAVIN WHO FILED DIRECT TESTIMONY IN**
7 **THIS CASE?**

8 A. Yes, I am.

9 **II. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

11 A. The purpose of my Surrebuttal Testimony is to respond to several arguments and statements
12 made in the Rebuttal Testimony of witness Geoff Marke for the Office of the Public Counsel
13 (“OPC”) and Nancy Harris, Antonija Nieto, and Charles T. Poston for Staff of the Missouri
14 Public Service Commission (“Staff”) which were all filed on June 17, 2021. Specifically, I
15 will provide Surrebuttal Testimony on the following issues: conversion from Therms to Ccfs
16 for Spire East, the proposed Multi-Family Pilot Program, changes to Spire’s Economic
17 Development Rider, the proposed Negotiated Gas Service Rider, and allocation of credit card
18 processing fees.

19 **III. CONVERSION FROM THERMS TO CCF BILLING**

20 **Q. WHAT WAS STAFF’S RECOMMENDATION REGARDING CONVERSION FROM**
21 **THERMS TO CCF BILLING?**

22 A. Staff does not oppose the Company’s proposed conversion of Spire East billing from Therms
23 to Ccf, because the Company’s existing meters can easily support that change and the

1 Commission has previously determined that both units of measurement are acceptable. Staff
2 witness Charles Poston states that consistent measurement units would be necessary for any
3 future plans to consolidate the tariffs for Spire East and West. Staff witness Poston goes on
4 to state that the gas meters in Spire's East service territory already measure usage in Ccfs, and
5 therefore the information needed for conversion is already available. (Poston Rebuttal, pg. 5.)

6 **Q. DO YOU AGREE?**

7 A. Yes, Spire appreciates Staff's agreement on this issue. Spire believes this change will bring
8 consistency in billing measurements throughout Spire Missouri. This conversion will
9 streamline processes for the Company, create less confusion for the customers and call center
10 representatives, and allow production of more consistent financial and operational data, while
11 creating little difficulty to implement.

12 **Q. DID STAFF HAVE ANY FURTHER RECOMMENDATION REGARDING**
13 **CONVERSION FROM THERMS TO CCF BILLING?**

14 A. Yes, Staff recommended that Spire engage with the affected customers to educate them about
15 the change.

16 **Q. DO YOU AGREE WITH THIS RECOMMENDATION?**

17 A. Yes. Spire recognizes the need to prepare for this change by providing educational information
18 to the affected customers. Spire believes that the best way to educate our affected customers
19 would be to have information available on our website and social media platforms, to provide
20 a bill insert, and/or to add an informational description of the change on the actual bill. The
21 Company has not yet decided which option it will utilize but is prepared to educate customers
22 within the affected service territory.

1 **IV. MULTI-FAMILY PILOT PROGRAM**

2 **Q. WHAT WAS OPC’S RECOMMENDATION REGARDING THE MULTI-FAMILY**
3 **PILOT PROGRAM?**

4 A. OPC does not support the Multi-Family Pilot Program Spire proposed because they believe
5 that the cost-benefit analysis used to determine the value of the program does not account for
6 free ridership, that the program deviates from the promotional practice rules, and costs with a
7 residential line extension cannot be compared effectively with a multi-family subsidy’s
8 benefit. (Marke Rebuttal, pg. 10.)

9 **Q. DO YOU AGREE WITH THESE CONCERNS?**

10 A. Spire does not agree with the concerns raised by OPC witness Geoff Marke. Dr. Marke does
11 not seem to consider the analyses that were initially provided by the Company in Mr.
12 Selinger’s Direct Confidential Schedule WES-4. In all of the scenarios provided in that
13 Schedule, each project was shown to be economic even after the incentive. The Company
14 understands the importance of making sure existing ratepayers are held harmless by expansion
15 projects of any type, and that is why these types of projects must first go through such analysis
16 before being implemented.

17 To assume that this incentive will promote free ridership like Dr. Marke does is wrong. By
18 definition, “free ridership” is allowing a person to use a good or service without paying for it.
19 The Company does not think that principle applies here. While it is possible, for example, for
20 a new customer to reside on a premise a year after the incentive has already been put in place,
21 and for the customer to therefore receive some “free” benefit, this should not be a road block
22 to implementation. Such scenario could occur when extending service to any customer. In
23 addition, the Company’s current tariff offers \$2,000 for single-family homes. Spire’s

1 rationale is that, usually, multi-family developments are deterred from natural gas as an
2 energy source due to the cost of piping and venting. Therefore, Spire wants to offer the
3 \$1,500 to multi-family developments to bring in a larger customer base and offer
4 the same comparable incentive it does for single-family homes. In addition, Spire
5 believes this incentive is not designed to discourage other energy sources, rather this
6 incentive will make natural gas a viable option and encourage developers to continue to use
7 natural gas as a long-term energy source in the present and future.

8 **Q. DOES OPC HAVE ANY OTHER CONCERNS ABOUT THE PILOT PROGRAM?**

9 A. Yes, OPC has three additional concerns with the Multi-Family Pilot Program: 1) Spire’s
10 proposed pilot program is five years in length, instead of three years to coincide with ISRS
11 requirements; 2.) Spire’s proposed program cannot be categorized as a “pilot” due to absence
12 of a learning element; and 3.) OPC also had concerns that the cost per unit piping and venting
13 subsidy proposed by Spire will likely be supplemented with energy efficiency subsidies for
14 new gas appliances. (Marke Rebuttal, pg. 10.)

15 **Q. IS FIVE YEARS A REASONABLE LENGTH FOR A PILOT PROGRAM?**

16 A. The Company believes that five years is a reasonable length of time due to the lead time on
17 multi-family projects. Spire witness Wes Selinger addressed this on page 34 of his Direct
18 Testimony: “Due to the lead time on multi-family projects, the Company proposes a multi-year
19 period to evaluate the program, as it will take some time to inform and educate local builders,
20 developers, architects, and engineering firms, all of which have designed multi-family buildings
21 for decades as all-electric complexes.” However, Spire is willing to work with parties to
22 determine an agreeable period of time for this Program.

23 **Q. DOES A PILOT PROGRAM REQUIRE A “LEARNING ELEMENT”?**

1 A. Although it is unclear what Dr. Marke means by a “learning element”, Spire believes that this
2 incentive has a lot of benefits. In addition to finding out if the proposed subsidy will be “large
3 enough”, (Marke Rebuttal pg. 10.) Spire will also learn the interest in having natural gas as a
4 primary energy source for multi-family developments in Spire’s service territory.

5 **Q. DOES THE COMPANY’S PROPOSAL REGARDING THE COST PER UNIT OF**
6 **PIPING AND VENTING INVOLVED IN THIS PROGRAM CREATE A SCENARIO**
7 **WHERE THIS PROGRAM IS SUPPLEMENTED WITH ENERGY EFFICIENCY**
8 **SUBSIDIES FOR NEW GAS APPLIANCES AS SUGGESTED BY OPC?**

9 A. The piping and venting incentive requested for this proposed pilot is distinctly separate from
10 the Company’s Energy Efficiency Program. Developers of market rate units can currently take
11 advantage of rebates for installing energy efficient equipment, but the Company does not
12 believe this is supplementing the piping and venting cost. Spire’s proposal is intended to
13 provide customers with a choice to have natural gas as an energy option. Under current
14 conditions, there is a significant disincentive for builders and developers to install natural gas
15 appliances due to the upfront costs associated with piping and venting natural gas appliances
16 in multi-family properties. Spire believes this is resulting in a significant disadvantage to the
17 end user ultimately responsible for utility bills.

18 **V. ECONOMIC DEVELOPMENT RIDER**

19 **Q. DOES STAFF SUPPORT SPIRE’S PROPOSAL FOR ITS ECONOMIC**
20 **DEVELOPMENT RIDER (“EDR”)?**

21 A. Yes, Staff supports the Company’s proposal, in part. Staff agrees to the conversion from
22 Dekatherm (Dth) to hundred cubic feet (Ccf) and that the usage requirements to participate in
23 the EDR program should be decreased to 10M Ccf for new and retention customers and 5M

1 Ccf for expansion customers. Staff also recommends that the tariff be clarified to limit total
2 dollar amount of discounts to one percent (1%) of jurisdictional non-gas revenues, away from
3 the current limit of one percent of the Company's jurisdictional gross revenues.
4 (Harris Rebuttal, page 4.)

5 **Q. WHAT DOES STAFF DISAGREE WITH SPIRE'S PROPOSAL FOR ITS EDR?**

6 A. Staff opposes Spire's proposal, in part, because Staff does not believe that an increase in the
7 discount levels is appropriate and Spire is "not statutorily entitled to such incentive levels
8 sought." (Harris Rebuttal, page 4.)

9 **Q. WHY ARE HIGHER LEVEL DISCOUNTS APPROPRIATE IN THIS CASE?**

10 A. Spire believes that increasing the discount levels will result in increased program
11 participation. With increased participation in the EDR, Spire's system will also see
12 efficiencies and higher utilization.

13 **Q. DOES STAFF PROPOSE AN ALTERNATIVE FOR THE COMMISSION TO**
14 **CONSIDER?**

15 A. Yes. Staff recommends that if higher discount levels are awarded, that a separate tariff be
16 drafted limited to customers initiating or expanding service in areas that have under-utilized
17 infrastructure and sufficient pipeline capacity.

18 **Q. WHAT ARE THE CONSEQUENCES OF STAFF'S PROPOSAL TO CREATE A**
19 **SEPARATE TARIFF FOR CUSTOMERS INITIATING OR EXPANDING SERVICE**
20 **IN AREAS THAT HAVE UNDER-UTILIZED INFRASTRUCTURE?**

21 A. If the Company was directed to create a new, separate tariff that would only delay any
22 potential benefits of this incentive Rider. In order to create a new tariff, a docket would need
23 to be opened with the Commission and go through the whole process of tariff approval. This

1 rate case is pending and includes a review of all tariffs, therefore it is the appropriate venue
2 for Commission approval of the proposal. Spire is willing to work with interested parties to
3 enhance the existing EDR by adding on a type of “tariff adder” to cover the higher discount
4 levels.

5 **VI. NEGOTIATED GAS SERVICE RIDER**

6 **Q. WHAT IS STAFF’S CONCERN WITH THE NEGOTIATED GAS SERVICE RIDER?**

7 A. Staff claims that the proposed Rider was not mentioned in Spire’s Direct Testimony. In
8 addition, Staff opposes the proposed third purpose because Staff believes the current
9 language of the Company’s current second purpose of the Rider includes distributed
10 generation and emergency-back up systems.

11 **Q. DOES SPIRE AGREE?**

12 A. Somewhat.

13 **Q. CAN YOU EXPLAIN.**

14 A. Sure. Spire included a third purpose in its Rules and Regulations (R-33) sheet to clearly state
15 that grid resiliency, distributed generation, and emergency back-up systems are a part of the
16 Company’s rules. Understanding Staff’s interpretation that the second purpose as currently
17 written includes grid resiliency, distributed generation, and emergency back-up systems, Spire
18 can agree to move forward with an understanding that those items are included within the
19 second purpose using Staff’s interpretation.

20 **Q. DID SPIRE INCLUDE ITS PROPOSAL FOR THE NEGOTIATED GAS SERVICE**
21 **RIDER IN ITS DIRECT TESTIMONY?**

22 A. Spire witness Scott Weitzel provided Supplemental Direct Testimony that included a
23 discussion of the Negotiated Gas Service Rider, (*See* pages 15-16 lines 352-366.) It has also

1 been the subject of data requests and conversations with Staff throughout the discovery
2 process. Spire witness Scott Weitzel further addresses the issue of the sufficiency of the
3 Company’s direct filing in his Surrebuttal Testimony.

4 **VII. CREDIT CARD PROCESSING FEES**

5 **Q. WHAT IS OPC’S POSITION REGARDING ALLOCATION OF CREDIT CARD**
6 **PROCESSING FEES?**

7 A. OPC’s Rebuttal Testimony is absent a discussion of this topic, but in OPC witness Amanda
8 C. Conner’s Direct Testimony, she opposes subsidizing fees for credit cards among
9 ratepayers. (Conner Direct, pg. 8.)

10 **Q. WHAT IS STAFF’S POSITION ON THE ALLOCATION OF CREDIT CARD**
11 **PROCESSING FEES?**

12 A. Staff supports Spire’s proposal on the allocation of credit card processing fees. The
13 Commission approved recovery of these costs in Spire’s last general rate case, GR-2017-
14 0215/-0216. Staff witness Anotnija Nieto suggests that in approving the recovery of those fees
15 in that case, the Commission rejected OPC’s argument that this allocation subsidizes fees for
16 credit cards among ratepayers – which is the same argument OPC witness Amanda Conner
17 makes in this case (Conner Direct, pg. 8). Staff witness Nieto cites the decision where the
18 Commission approved recovery of these costs by stating, “...the policy does not result in an
19 undue or unreasonable preference among customers because all customers can use the
20 convenience of a credit or debit card if that tool is available to them.”¹

21 **Q. DOES SPIRE SUPPORT STAFF’S POSITION ON CREDIT CARD FEES?**

¹ GR-2017-0215, Amended Report and Order,, March 7, 2018, page 70

1 A. Yes. Staff and the Company agree that OPC's position should be rejected and the allocation
2 of credit card fees should be included as part of the Company's cost of service and overall
3 revenue requirement. Spire believes this allocation should continue in order to be consistent
4 with the Commission's order in the last rate case and because it benefits the customers' desire
5 for convenience in paying their utility bills.

6 **VIII. CONCLUSION**

7 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

8 A. Yes, it does.

**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)
) SS.
CITY OF ST. LOUIS)

Trisha E. Lavin, of lawful age, being first duly sworn, deposes and states:

1. My name is Trisha E. Lavin. I am a Regulatory Analyst for 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 surrebuttal testimony on behalf of Spire Missouri, Inc.
3. Under penalty of perjury, I declare that my answers to the questions contained in the foregoing surrebuttal testimony are true and correct to the best of my knowledge and belief.

s/ *Trisha E. Lavin*
Trisha E. Lavin

7/13/2021
Date