

Exhibit No.:
Issues: Class Cost of Service/Rate Design
Witness: Jessica A. York
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Missouri Industrial Energy Consumers
Case No.: GR-2025-0107
Date Testimony Prepared: May 30, 2025

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

In the Matter of Spire Missouri Inc. d/b/a Spire's)	
Request for Authority to Implement a General)	
Rate Increase for Natural Gas Service Provided)	Case No. GR-2025-0107
in the Company's Missouri Service Area)	

Rebuttal Testimony and Schedule of

Jessica A. York

On behalf of

Missouri Industrial Energy Consumers

May 30, 2025



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In the Matter of Spire Missouri Inc. d/b/a Spire's
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Rate Increase for Natural Gas Service Provided
in the Company's Missouri Service Area

Case No. GR-2025-0107

STATE OF MISSOURI

COUNTY OF ST. LOUIS

SS

Affidavit of Jessica A. York

Jessica A. York, being first duly sworn, on her oath states:

1. My name is Jessica A. York. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Missouri Industrial Energy Consumers in this proceeding on their behalf.

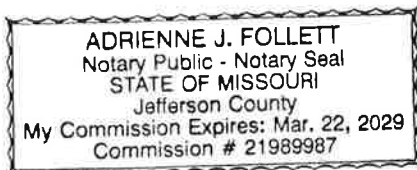
2. Attached hereto and made a part hereof for all purposes are my rebuttal testimony and schedule which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. GR-2025-0107.

3. I hereby swear and affirm that the testimony and schedule are true and correct and that they show the matters and things that they purport to show.



Jessica A. York

Subscribed and sworn to before me this 30th day of May, 2025.





Notary Public

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Rebuttal Testimony of Jessica A. York

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

2 A Jessica A. York. My business address is 16690 Swingley Ridge Road, Suite 140,
3 Chesterfield, MO 63017.

4 **Q ARE YOU THE SAME JESSICA A. YORK WHO HAS PREVIOUSLY FILED**
5 **TESTIMONY IN THIS PROCEEDING?**

6 A Yes. I have previously filed Direct Testimony on May 7, 2025 in this proceeding.

7 **Q ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN**
8 **YOUR PRIOR TESTIMONY?**

9 A Yes. This information is included in my Direct Testimony filed on May 7, 2025.

10 **Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

11 A This testimony is presented on behalf of the Missouri Industrial Energy
12 Consumers ("MIEC"), an association that represents the interests of large consumers
13 in Missouri rate matters. Those interests include the interests of large industrial
14 consumers of Spire Missouri Inc. ("Spire" or "Company").

Jessica A. York
Page 1

I. INTRODUCTION AND SUMMARY

Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

I will respond to the Class Cost of Service Study ("CCOSS") and revenue apportionment recommendations for Spire East made in the Direct Testimonies of Missouri Public Service Commission ("MPSC" or "Commission") Staff ("Staff") witness Keri Roth, and Consumers Council of Missouri's ("CCM") witness Bradley Cebulko.

My silence regarding any position taken by any other party in their Direct Testimony or other filings in this proceeding does not indicate my tacit endorsement of that position.

II. RESPONSE TO STAFF

Q HAVE YOU REVIEWED STAFF'S RECOMMENDED CCOSS AND REVENUE APPORTIONMENT?

Yes. Staff's CCOSS is sponsored by Ms. Roth. A comparison of Staff's CCOSS results to its proposed revenue distribution is presented in Table 1-RT below.

TABLE 1-RT						
Spire East						
<u>Staff's Class Cost of Service vs. Proposed Revenue Allocation</u>						
Line	Rate Schedule	Delivery Revenues at Current Rates ¹	Increase / (Decrease) to Reach Staff's Cost of Service ¹		Staff Proposed Increase / (Decrease) ²	
			Amount	Percent	Amount	Percent
		(1)	(2)	(3)	(4)	(5)
1	Residential	\$287,634,686	\$ 60,044,726	20.9%	\$111,229,726	38.7%
2	SGS	35,012,498	13,237,678	37.8%	13,237,678	37.8%
3	LGS	27,024,726	24,592,775	91.0%	9,592,775	35.5%
4	LV	818,000	928,498	113.5%	153,498	18.8%
5	LVTs	13,828,887	38,436,846	277.9%	3,436,846	24.9%
6	General LP	11,613	5,813	50.1%	5,813	50.1%
7	UG	47,623	424,065	890.5%	14,065	29.5%
8	Total	\$364,378,033	\$137,670,401	37.8%	\$137,670,401	37.8%
Sources:						
¹ Direct Testimony of Keri Roth at page 5.						
² Direct Testimony of Keri Roth at page 8.						

As shown in the table, Staff's CCOSS produces results that are drastically different from the Company's model. For example, the Company's CCOSS showed that the Large Volume Transportation Service ("LVTS") class required a decrease of 3.7% to reach cost of service, while Staff's CCOSS shows that the LVTS class would require an increase of 277.9%. On the other hand, the Company's CCOSS showed that the Residential class needed an increase of 39%, while Staff's CCOSS shows an increase of 20.9%.

Q HAVE YOU REVIEWED STAFF'S CCOSS AND DISCOVERED ERRORS IN THEIR CALCULATIONS?

A Yes, I have.

A. Errors in Staff's CCOSS

Q WHAT ERRORS HAVE YOU IDENTIFIED IN THE WORKPAPERS USED TO DEVELOP STAFF'S ALLOCATION FACTORS?

A There are numerous errors on the "Usage&Cust" tab of Ms. Roth's rate design workpaper. The errors I have identified are as follows, but there may be others which I have not identified:

- The CCF Usage used to develop allocation factors is incorrect for the Large Volume ("LV") service class, the Transportation class, and the Unmetered Gaslight ("UG") class.
 - For the LV and LVTS classes, the CCF usage reflects the sum of annual throughput and billing demand units. It should only capture annual throughput.
 - CCF Usage for the UG service class reflects the number of mantle units/lights in the class, rather than usage.
- Staff's workpaper suggests it intended to use the Average and Excess ("A&E") method for allocating distribution costs, but the A&E allocation factor is calculated incorrectly.

- 1 ○ The average daily demand is calculated using the flawed CCF data described
2 above.
- 3 ○ Staff derived a system load factor of 0.04%, while Spire calculated a system
4 load factor of 19%.
- 5 ▪ The erroneous 0.04% system load factor is based on annual throughput for
6 all classes, and peak day demand for only three classes (namely
7 Residential, Small General Gas Service (“SGS”), and Large General Gas
8 Service (“LGS”).
- 9 ▪ Further, the erroneous system load factor has been calculated as annual
10 throughput divided by 8,760 hours divided by peak day demand,¹ instead of
11 annual throughput divided by the number of days in the year divided by peak
12 day demand.
- 13 ○ Each class’s average demand is weighted by the incorrect system load factor
14 of 0.04%.
- 15 ○ Excess demand is calculated as annual throughput less average daily demand,
16 instead of peak day demand less average day demand.
- 17 ○ The effect of these erroneous calculations is that the A&E allocation
18 percentages exactly match the allocation percentages of the Usage allocator.

19 **Q HAVE YOU NOTIFIED STAFF OF THE ERRORS YOU HAVE IDENTIFIED?**

20 A Yes. I met with Ms. Roth and Curtis Gateley to discuss my concerns with the Staff’s
21 CCOSS. I also provided a worksheet outlining what I believe to be the errors (i.e., the
22 issues listed above) in the development of Staff’s distribution cost allocation factors.

23 **Q DID STAFF PROVIDE ANY FEEDBACK REGARDING YOUR CONCERNS?**

24 A Yes. It is my understanding that Staff intends to address the errors in its Rebuttal
25 Testimony, but that it will not be able to concurrently file a new CCOSS.

¹770,536,797 / 8,760 / 208,513,470 = 0.04% as shown in Staff’s Spire East Rate Design
workpaper.

1 **Q HAS STAFF INDICATED WHEN IT EXPECTS TO FILE A CORRECTED CCROSS?**

2 A No.

3 **Q HOW DO YOU PROPOSE TO PROCEED WITH THE STAFF'S CORRECTED**
4 **CCROSS WHEN IT IS FILED?**

5 A To the extent that Staff files a corrected CCROSS within a reasonable amount of time
6 before surrebuttal testimony is due, I will review the corrected CCROSS and comment
7 on it in my Surrebuttal Testimony. To the extent that Staff does not timely file a
8 corrected CCROSS, I will request ample time to review such CCROSS and to file
9 additional testimony addressing any remaining concerns.

10 **B. Staff's Allocation of Storage Costs**

11 **Q PLEASE DESCRIBE THE COSTS OF SPIRE EAST'S UNDERGROUND STORAGE.**

12 A These costs, both capital and expenses, are incurred for the construction and operation
13 of assets designed to store natural gas used to meet the demands of its sales
14 customers who purchase both gas supply and delivery service from Spire.

15 **Q HOW DOES STAFF ALLOCATE THE COSTS OF UNDERGROUND STORAGE TO**
16 **CLASSES?**

17 A Staff incorrectly allocates these costs to all classes, including Spire East's
18 Transportation class. Transportation class customers purchase only delivery service
19 from Spire and purchase their gas supply from a third party and not from Spire.

1 **Q HAS MS. ROTH DISCUSSED THE RATIONALE FOR THE STORAGE ALLOCATION**
2 **REFLECTED IN HER CCROSS?**

3 A No. Ms. Roth's testimony is silent on the issues of storage cost allocation.

4 **Q DO YOU AGREE WITH STAFF'S PROPOSAL TO ALLOCATE UNDERGROUND**
5 **STORAGE COSTS TO THE TRANSPORTATION CLASS?**

6 A No. These costs are not incurred by Spire East to provide delivery service to
7 Transportation customers. As a result, Staff's allocation of underground storage costs
8 to Transportation customers does not reflect cost-causation.

9 **Q DOES SPIRE ALLOCATE THE COSTS OF UNDERGROUND STORAGE TO THE**
10 **TRANSPORTATION CLASS IN ITS CCROSS?**

11 A No, it does not. Further, the Company confirmed in a prior rate case that transportation
12 customers manage their own gas supply and are not allowed to use the Company's
13 storage assets.² As a result, Spire East's underground storage costs would not be
14 collected in the Transportation tariff's customer, reservation, or volumetric
15 Transportation charges proposed by the Company.

16 **Q PLEASE ELABORATE ON HOW STAFF'S PROPOSAL WOULD NOT REFLECT**
17 **COST-CAUSATION.**

18 A Under Staff's proposal, Transportation customers would pay for storage in their base
19 rates regardless of whether they ever use storage service. This is inappropriate and
20 does not reflect cost-causation.

²Case No. GR-2021-0108. Surrebuttal Testimony of Brian Collins.

1 The inclusion of storage costs in base rates is contrary to why large customers
2 choose only Transportation service from Spire, which is to purchase gas supply service
3 from a third-party supplier.

4 **Q WHAT LEVEL OF INVESTMENT AND EXPENSES FOR UNDERGROUND**
5 **STORAGE DID STAFF ASSIGN TO THE TRANSPORTATION CLASS?**

6 A Staff assigned approximately \$1.9 million in net plant-in-service for underground
7 storage to the Transportation class. Staff also assigned approximately \$264,000 in
8 natural gas storage expense to the Transportation class, as well as approximately
9 \$57,000 in depreciation expense for underground storage.

10 **Q WHAT IS YOUR RECOMMENDATION FOR THE ALLOCATION OF SPIRE EAST'S**
11 **UNDERGROUND STORAGE COSTS?**

12 A I recommend that the costs of underground storage not be allocated to the
13 Transportation class customers. This is consistent with how Spire allocates the costs
14 of underground storage to classes, which excludes the Transportation class. This best
15 reflects cost-causation because Spire East does not incur the cost of underground
16 storage in providing distribution delivery service to Transportation customers.

17 **C. Staff's Allocation of**
18 **Natural Gas Inventory Costs**

19 **Q PLEASE DESCRIBE THE COSTS OF NATURAL GAS INVENTORY.**

20 A These costs are associated with gas supply used for peaking purposes. These costs
21 are commodity costs associated with gas supply provided to sales customers that take
22 both delivery and gas supply service from Spire.

1 **Q HOW DOES STAFF ALLOCATE THE COSTS OF GAS INVENTORY TO CLASSES?**

2 A Like underground storage costs on the Spire East system, Staff allocates these costs
3 to all classes, including the Transportation class.

4 **Q DO YOU AGREE WITH STAFF'S PROPOSAL TO ALLOCATE GAS INVENTORY**
5 **COSTS TO THE COMPANY'S TRANSPORTATION CLASS?**

6 A No, I do not. These costs are not incurred by the Company to provide distribution
7 delivery service to Transportation customers. These costs are incurred to provide gas
8 supply service to sales customers. Transportation customers purchase their own gas
9 supply that is transported on Spire's distribution system. As a result, Staff's allocation
10 of these gas supply costs to Transportation customers does not reflect cost-causation.

11 **Q DOES SPIRE ALLOCATE THE COSTS OF GAS INVENTORY TO SPIRE'S**
12 **TRANSPORTATION CLASS IN ITS CCROSS?**

13 A In this case, Spire has allocated the cost of gas inventory to the transportation class,
14 while in prior cases it did not. However, Spire has confirmed this was an error in its
15 CCROSS and that gas inventory is not used to serve transportation customers.³ Spire
16 stated that it would correct this error in its Rebuttal Testimony.⁴

17 **Q WHAT LEVEL OF INVESTMENT ASSOCIATED WITH GAS INVENTORY DID**
18 **STAFF ALLOCATE TO SPIRE EAST TRANSPORTATION CUSTOMERS?**

19 A Staff assigned approximately \$5.7 million in gas inventory net plant to the
20 Transportation class in Spire East.

³Spire's Response to Data Request MI 2-1. Included as Schedule JAY-R-1.

⁴*Id.*

1 **Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS**
2 **REGARDING THE ALLOCATION OF SPIRE'S GAS INVENTORY COSTS.**

3 A I recommend that gas inventory costs not be allocated to the Transportation class,
4 consistent with my recommendation not to allocate underground storage costs to the
5 transportation class. My recommendation aligns with the Company's proposed
6 allocation of underground storage costs and natural gas inventory costs (with the
7 correction identified in Schedule JAY-R-1).

8 Not assigning underground storage or natural gas inventory costs to the
9 transportation class is consistent with cost-causation because transportation
10 customers arrange for their gas supply through third-party vendors and not Spire.

11 **D. Staff's Heating Degree**
12 **Day ("HDD") Usage Allocator**

13 **Q HOW DID STAFF ALLOCATE THE COSTS OF UNDERGROUND STORAGE,**
14 **OTHER STORAGE, AND TRANSMISSION PLANT IN ITS CCOSS?**

15 A Ms. Roth applies the "Max HDD Usage" allocator to these costs.

16 **Q DOES MS. ROTH'S TESTIMONY DISCUSS HOW THIS ALLOCATION FACTOR**
17 **WAS DEVELOPED, OR WHY SHE USES IT IN STAFF'S CCOSS?**

18 A No. Ms. Roth's testimony does not describe this allocation factor or why it is used in
19 the CCOSS. While her workpapers suggest that the "Max HDD Usage" allocator might
20 reflect some measure of weather normalized load, the data is only presented for three
21 rate classes (Residential, SGS, and LGS). Further, there are no formulas supporting
22 the allocation percentages ultimately used in Staff's CCOSS for all classes. Instead,
23 these allocations are simply inputs on the "Usage&Cust" tab of her workpaper.

1 **Q SHOULD WEATHER-ADJUSTED ACTUAL DEMANDS BE USED FOR**
2 **ALLOCATING DISTRIBUTION MAINS COST?**

3 A No. Design Day Demand is most appropriate for allocating demand classified costs
4 and better reflects cost-causation because the Company designs its distribution system
5 to meet the expected day of greatest demand and incurs the costs to construct a
6 system to meet the expected day of greatest system demand for gas supply. The use
7 of weather-adjusted demand does not best reflect cost-causation because it does not
8 reflect how the Company incurs the costs to design and construct the distribution
9 system in order to meet Design Day Demand.

10 **E. Staff's Allocation of Income Taxes**

11 **Q HOW HAS STAFF ALLOCATED INCOME TAXES?**

12 A Ms. Roth's testimony states that Income Taxes were allocated to customer classes
13 based on the percentage of net income produced by each customer class.⁵

14 **Q HOW SHOULD INCOME TAXES BE ALLOCATED?**

15 A Because Income Taxes are paid by Spire as a result of the return earned on rate base,
16 the allocations of Income Taxes to customer classes should track relatively closely to
17 the allocation of rate base to those classes. A class's responsibility for Income Taxes
18 at cost of service should be calculated by applying the system average rate of return
19 to that class's allocated rate base. This will determine its return on rate base in dollars.
20 The class's percentage share of the total Company return on rate base in dollars should
21 then be applied to the total Company Income Taxes to derive the class's responsibility
22 for Income Taxes.

⁵Direct Testimony of Keri Roth at page 4, lines 19-20.

1 **Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS**
2 **REGARDING STAFF'S CCOSS.**

3 A The CCOSS and workpapers filed with Staff's Direct Testimony are flawed, the cost
4 allocation methods are unsupported, and they do not reflect cost-causation. Thus, the
5 CCOSS presented with Staff's Direct Testimony should be given no weight in the
6 determination of the class revenue apportionment.

7 As previously noted, my understanding is that Staff intends to address certain
8 errors in its CCOSS in its Rebuttal Testimony. I reserve the right to address Staff's
9 corrections in future testimony, as needed.

10 **F. Staff's Proposed Revenue Apportionment**

11 **Q DOES STAFF'S PROPOSED REVENUE ALLOCATION FOLLOW THE RESULTS**
12 **OF ITS CCOSS?**

13 A No. Indeed, Staff's proposed revenue spread is more closely tied to the Company's
14 CCOSS than its own. It is appropriate to follow the Company's CCOSS when
15 determining the customer class revenue apportionment because the Company's
16 CCOSS more reasonably reflects cost-causation.

17 **Q HOW DOES STAFF'S PROPOSED REVENUE SPREAD COMPARE TO SPIRE'S**
18 **AND MIEC'S?**

19 A A comparison of Spire's, Staff's, and MIEC's recommended revenue spreads is
20 presented in Table 2-RT.

TABLE 2-RT							
Spire, Staff, and MIEC Revenue Allocation Comparison							
Line	Rate Schedule	Spire ¹		MIEC ²		Staff ³	
		Percent	Index ⁴	Percent	Index ⁴	Percent	Index ⁴
1	Residential	36.4%	1.01	37.6%	1.04	38.7%	1.02
2	SGS	35.9%	1.00	35.4%	0.98	37.8%	1.00
3	LGS	35.2%	0.98	31.6%	0.88	35.5%	0.94
4	LV	29.7%	0.82	4.2%	0.12	18.8%	0.50
5	LVTs	32.1%	0.89	16.2%	0.45	24.9%	0.66
6	General LP	35.7%	0.99	33.9%	0.94	50.1%	1.32
7	UG	<u>26.2%</u>	0.73	<u>-13.2%</u>	(0.37)	<u>29.5%</u>	0.78
8	Total	36.1%	1.00	36.1%	1.00	37.8%	1.00
Sources:							
¹ York Direct Testimony at Table 1.							
² York Direct Testimony at Table 3.							
³ Table 1-RT.							
⁴ Ratio relative to system average increase.							

As shown in the table, Staff's proposed revenue allocation is generally in line with the Company's and MIEC's for the Residential, SGS, LGS, and UG classes. For LV, and LVTs, Staff proposes a smaller increase relative to the system average than proposed by the Company. However, Staff's proposed revenue spread does not make as great of a movement toward the Company's CCOSS as proposed by MIEC.

Q DO YOU AGREE WITH STAFF'S PROPOSED REVENUE APPORTIONMENT?

A No. Staff's proposed revenue apportionment appears to make a greater movement toward cost of service as measured by the Company's CCOSS than proposed by Spire. However, I continue to recommend a 50% movement toward cost of service as described in my Direct Testimony.

III. RESPONSE TO CCM

Q HAVE YOU REVIEWED CCM'S CCOSS AND PROPOSED REVENUE APPORTIONMENT?

A Yes. CCM's CCOSS is sponsored by Mr. Cebulko. A comparison of Mr. Cebulko's CCOSS results to his proposed revenue distribution is presented in Table 3-RT below.

TABLE 3-RT						
Spire East						
<u>CCM's Class Cost of Service vs. Proposed Revenue Allocation</u>						
Line	Rate Schedule	Delivery Revenues at Current Rates ^{1,2}	Increase / (Decrease) to Reach CCM's Cost of Service ¹		CCM's Proposed Increase / (Decrease) ¹	
			Amount	Percent	Amount	Percent
		(1)	(2)	(3)	(4)	(5)
1	Residential	\$310,267,458	\$ 99,064,601	31.9%	\$111,625,747	36.0%
2	SGS	37,745,314	17,419,557	46.2%	13,746,384	36.4%
3	LGS	28,767,046	18,730,344	65.1%	10,684,066	37.1%
4	LV	803,248	(22,529)	-2.8%	219,690	27.4%
5	LVTs	13,814,997	6,101,522	44.2%	4,965,499	35.9%
6	General LP	698	316	45.2%	254	36.4%
7	UG	48,443	(34,475)	-71.2%	13,101	27.0%
8	Total	\$391,447,203	\$141,259,335	36.1%	\$141,254,740	36.1%

Sources and Notes:

¹ Cebulko workpaper for Spire East.

² Excludes special contract revenues.

Q DO YOU AGREE WITH MR. CEBULKO'S RECOMMENDED REVENUE APPORTIONMENT?

A No, because it is based on a CCOSS that does not accurately measure the cost of providing service to each customer class. Specifically, Mr. Cebulko's recommended CCOSS uses a different method for classifying and allocating distribution mains costs than the method used by the Company.

1 **Q HOW HAS MR. CEBULKO CLASSIFIED AND ALLOCATED DISTRIBUTION MAINS**
2 **COSTS?**

3 A As explained on page 14 of his Direct Testimony, Mr. Cebulko recommends the Basic
4 Customer Method, which he states classifies only customer-specific plant as
5 customer-related and the entire shared distribution network as demand- or
6 energy-related. Thus, this approach classifies distribution mains as 100%
7 demand-related. On the other hand, the Company classified a portion of distribution
8 mains as customer-related using an average of the results from the Minimum System
9 Study and Zero-Intercept approaches.

10 **Q DO YOU BELIEVE THE BASIC CUSTOMER METHOD ACCURATELY REFLECTS**
11 **COST-CAUSATION FOR DISTRIBUTION MAINS?**

12 A No. The 1989 National Association of Regulatory Utility Commissioners ("NARUC")
13 *Gas Rate Design Manual* ("NARUC Manual") indicates that a portion of costs
14 associated with the distribution system may be included as customer costs.⁶ While
15 Mr. Cebulko states that the NARUC Manual labels this approach as "controversial," the
16 Company has confirmed that classifying and allocating distribution mains as both
17 customer- and demand-related is reflective of the characteristics that drive its
18 investment in distribution mains. Specifically, the Company provided the following
19 statement in response to a discovery request from MIEC:

20 It is Mr. Lyons' understanding that distribution mains and related
21 facilities are generally designed to provide customer access to the
22 natural gas system and to meet design day demands; as a result,
23 distribution mains were classified as customer and demand.⁷

⁶1989 NARUC Manual at page 22.

⁷See the Direct Testimony of Jessica York, Schedule JAY-1 at page 1.

1 **Q WHY SHOULD A PORTION OF DISTRIBUTION MAIN COST BE CLASSIFIED AS**
2 **CUSTOMER-RELATED AND ALLOCATED BASED ON THE NUMBER OF**
3 **CUSTOMERS IN EACH CLASS?**

4 **A Distribution mains are installed to meet both system peak load requirements and to**
5 **connect customers to the utility's gas system. As such, there are two cost-causative**
6 **factors associated with the distribution mains facilities installed by a utility when**
7 **expanding its distribution system.**

8 First, the diameter of distribution mains is driven by the aggregate peak period
9 gas demand placed on the utility's gas system by its customers. Second, the total
10 installed length of distribution mains is driven by the need to expand the geographic
11 footprint of the distribution system in order to connect new customers to the system.
12 Therefore, cost-causation principles would dictate that investment in distribution mains
13 should be allocated on the basis of both Design Day Demand and the number of
14 customers in each class.

15 **Q CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THIS POINT?**

16 **A Yes. Consider an example in which Spire serves two customers with the same Design**
17 **Day Demand requirements from identical distribution mains (i.e., same material,**
18 **diameter, installed cost per foot). Both customers are connected to the same**
19 **transmission main, but one customer is located twice as far from that transmission main**
20 **as the other. A greater level of investment in distribution main is needed to serve the**
21 **customer located further from the transmission main, as a greater length of distribution**
22 **main would be required to connect that customer to the system than the customer**
23 **located closer to the transmission main, regardless of demand. Classifying a portion**
24 **of costs as customer-related captures this cost-causative characteristic.**

1 **Q DO OTHER NATURAL GAS UTILITIES USE THE BASIC CUSTOMER METHOD**
2 **FOR CLASSIFYING AND ALLOCATING DISTRIBUTION COSTS?**

3 A I am not aware of any natural gas utilities that use the Basic Customer Method, nor
4 does Mr. Cebulko identify examples of any utilities for which this method has been
5 proposed and/or approved in other jurisdictions.

6 **Q DID CONCERNS ABOUT CUSTOMER CLASS RATE IMPACTS INFLUENCE**
7 **MR. CEBULKO'S RECOMMENDATION TO USE THE BASIC CUSTOMER**
8 **METHOD?**

9 A It appears so, as one argument made by Mr. Cebulko against the Company's proposed
10 allocation of distribution costs was that classifying more costs as customer-related will
11 assign more costs to Residential customers.⁸ In addition, he suggests that a CCOSS
12 method should align with James Bonbright's regulatory ratemaking principles including
13 fairness of apportionment of costs, avoidance of undue discrimination in rate
14 relationships, and keeping regulation practical, simple, and understandable.⁹

15 The selection of a CCOSS method should be driven by cost-causation
16 principles. After the cost of providing service to each class has been accurately
17 measured, adjustments can be made to achieve the rate design objectives identified
18 by Mr. Cebulko.

⁸Direct Testimony of Mr. Cebulko at page 13, lines 14-15.

⁹Direct Testimony of Mr. Cebulko at page 15, lines 3-6.

1 **Q SHOULD CONCERNS ABOUT RATE IMPACTS INFLUENCE THE SELECTION OF**
2 **A COST ALLOCATION METHOD?**

3 A No. The selection of a cost allocation method should not be influenced by the results
4 that would occur. Any rate impacts that would result if certain customer classes were
5 moved to cost of service, can be mitigated through the revenue allocation step of the
6 overall rate design process.

7 Instead, the selection of a cost allocation method to be used in the CCROSS
8 should be influenced by cost-causation, and the way Spire designs its system to safely
9 provide firm service to its firm customers every day of the year. In this case, Spire has
10 provided evidence in its discovery responses showing that it designs its distribution
11 mains to serve the Design Day Demand of its customers, and to provide customers
12 with access to the natural gas system. Thus, the Company's approach to allocating
13 distribution mains is reasonable, and should be supported. Further, it seems that Spire,
14 Staff, MIEC, and CCM are aligned in recognizing that rate mitigation measures are
15 needed regardless of which CCROSS is used, as no party recommended full movement
16 to cost of service.

17 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

18 A Yes, it does.

532045

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

In the Matter of Spire Missouri Inc. d/b/a Spire's)	
Request for Authority to Implement a General)	
Rate Increase for Natural Gas Service Provided)	File No. GR-2025-0107
In the Company's Missouri Service Areas)	

**RESPONSE TO OFFICE OF MISSOURI INDUSTRIAL
ENERGY CONSUMERS
DATA REQUEST 2.1**

Spire Missouri Inc. ("Spire") received data request 2.1 from the Office of the Public Counsel on May 20, 2025, with a due date of May 30, 2025. Spire provides the following responses to data request 2.1 as follows. For convenience, Spire includes each data request followed by Spire's response.

MI 2-1.

Please refer to the Spire East class cost of service study (Schedule TSL-3, Spire East, page 18 of 56).

- a. Please explain why Spire Missouri Inc. ("Spire" or "Company") allocates Natural Gas Inventory plant to the LVTS class.
- b. Please explain how Natural Gas Inventory is used to provide service to customers.
- c. Please confirm that Natural Gas Inventory is used to serve sales customers. If not confirmed, please provide a detailed explanation supporting the response.
- d. Please confirm that Natural Gas Inventory is not used to serve transportation customers. If not confirmed, please provide a detailed explanation supporting the response.
- e. Please explain whether or not Propane Inventory plant was used to serve the LVTS class in the past when Propane Inventory was included in the Company's class cost of service study.
- f. When Propane Inventory was included in the Company's class cost of service study in the past, please explain how Propane Inventory was used to provide service to customers.

Response:

- a. Natural gas inventory was inadvertently allocated to LVTS rate class in Spire East and to LGTS and LVTS rate classes in Spire West. The Company will revise the natural gas inventory allocator in its rebuttal testimony.
- b. Natural gas inventory was used primarily to provide service to sales customers during the heating season.
- c. Confirmed.
- d. Confirmed.
- e. Propane plant was used primarily to provide service to sales customers during the heating season.
- f. Propane inventory was used primarily to provide service to sales customers during the heating season.