

Exhibit No.:
Issues: Revenue Requirement/Rate of Return
Witness: Christopher C. Walters
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Missouri Industrial Energy Consumers
Case No.: GR-2025-0107
Date Testimony Prepared: June 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
in the Company's Missouri Service Area**

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

Surrebuttal Testimony of

Christopher C. Walters

On behalf of

Missouri Industrial Energy Consumers

June 30, 2025



**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
in the Company's Missouri Service Area**

Case No. GR-2025-0107

SS

COUNTY OF ST. LOUIS

Christopher C. Walters, being first duly sworn, on his oath states:

1. My name is Christopher C. Walters. 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 is my surrebuttal testimony which was 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 is true and correct and that it shows the matters and things that it purports to show.

Christopher C. Walters

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



Notary Public

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

I. RESPONSE TO MR. WOODARD2

BRUBAKER & ASSOCIATES, INC.

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

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

Surrebuttal Testimony of Christopher C. Walters

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

2 A Christopher C. Walters. My business address is 16690 Swingley Ridge Road,
3 Suite 140, Chesterfield, MO 63017.

4 **Q ARE YOU THE SAME CHRISTOPHER C. WALTERS WHO HAS PRESENTED**
5 **BOTH DIRECT AND REBUTTAL TESTIMONIES IN THIS PROCEEDING?**

6 A Yes, I am.

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

8 A This testimony is presented on behalf of the Missouri Industrial Energy
9 Consumers ("MIEC"), a non-profit corporation that represents the interests of large
10 consumers in Missouri utility rate matters.

11 **Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A The purpose of my testimony is to respond to the Rebuttal Testimony of Spire Missouri
13 Inc.'s ("Spire Missouri" or "Company") witness, Mr. Adam Woodard.

**Christopher C. Walters
Page 1**

1 My silence with respect to any issues addressed by any other party's testimony
2 in this proceeding should not be taken as tacit approval or agreement regarding those
3 issues.

4 **I. RESPONSE TO MR. WOODARD**

5 **Q DID MR. WOODARD ACCURATELY CHARACTERIZE YOUR RECOMMENDED**
6 **RETURN ON EQUITY ("ROE") AND RATIONALE IN HIS REBUTTAL TESTIMONY?**

7 A No. Mr. Woodard mischaracterizes my recommendation by suggesting I apply
8 reductions to the Cost of Equity ("COE") estimate itself due to proposed risk-mitigating
9 measures. I do not reduce the results of any model to reflect lower risk. Rather, I
10 present a range of reasonable results from multiple COE estimation models. Based on
11 my assessment of Spire Missouri's risk profile, I recommend a point estimate within
12 that range. Specifically, I state that if the Missouri Public Service Commission
13 ("Commission") approves the Company's proposed expansion of its revenue
14 decoupling mechanism, then an ROE in the lower half of my range—i.e., closer
15 to 9.00%—would be warranted. The full range of 9.00% to 9.90% remains analytically
16 supported by the COE models presented in my testimony.

17 **Q MR. WOODARD QUESTIONS YOUR EXCLUSION OF CHESAPEAKE UTILITIES**
18 **FROM YOUR PROXY GROUP EVEN THOUGH IT IS PART OF VALUE LINE'S**
19 **NATURAL GAS UTILITY UNIVERSE. HOW DO YOU RESPOND?**

20 A At the time of my analysis, neither Chesapeake Utilities, nor its subsidiaries, had a
21 corporate credit rating from Moody's Investor Service or Standard & Poor's ("S&P").
22 Credit ratings are one of the most direct and often relied on methods of risk
23 comparability in cost of capital studies such as those presented in this proceeding.

1 Without an independent credit rating, a comparison overall risk is difficult to ascertain.
2 As such, Chesapeake Utilities is rightfully excluded from my proxy group.

3 **Q MR. WOODARD CLAIMS YOUR ROE RANGE IS “ARTIFICIALLY LOW” BECAUSE**
4 **EACH MODEL PRODUCES ESTIMATES ABOVE 10%. IS THAT ACCURATE?**

5 A That is incorrect. While certain individual model results do exceed 10%, others do not.
6 More importantly, I place appropriate weight on the results I consider most reliable and
7 reflect market expectations, including the use of medians to mitigate the influence of
8 outliers. My Figure CCW-5 presents the full range of model results, and the central
9 tendency of those estimates supports a range of 9.00% to 9.90%. The use of the
10 median serves to temper extremes and is a prudent approach in light of model-specific
11 limitations or inflated growth or risk assumptions.

12 **Q HOW DO YOU RESPOND TO MR. WOODARD’S CLAIM THAT YOU PROPOSE**
13 **LOWERING SPIRE MISSOURI’S ROE FOR RISKS THAT ARE NOT CURRENTLY**
14 **REALIZED?**

15 A Mr. Woodard misinterprets my testimony. I do not preemptively lower the Company’s
16 ROE for prospective changes. Instead, I explicitly state that if the Commission adopts
17 the Company’s proposed Distribution Service Adjustment (“DSA”), that would warrant
18 an ROE toward the lower end of my recommended range. Moreover, while Senate
19 Bill (“SB”) 4 does not take effect until July 1, 2026, its enactment already reduces
20 investor risk perception by providing greater regulatory clarity and the potential to
21 mitigate regulatory lag in future rate cases. This legislation has been signed into law
22 and is not speculative.

1 **Q WHY IS IT APPROPRIATE TO FACTOR IN THE EFFECTS OF SB 4 AND THE DSA**
2 **WHEN ASSESSING SPIRE MISSOURI'S INVESTMENT RISK?**

3 A Investment risk is forward-looking. Credit rating agencies, including S&P, routinely
4 evaluate pending or prospective regulatory developments when assessing a utility's
5 risk profile and financial outlook. As cited in my Direct Testimony, S&P specifically
6 states that the DSA and SB 4 are "highly supportive of credit quality" and would
7 materially reduce Spire Missouri's regulatory lag and earnings volatility. These are not
8 hypotheticals—they are either already enacted (SB 4) or directly proposed by the utility
9 (DSA). It is entirely appropriate to incorporate these developments into an assessment
10 of the Company's relative risk.

11 **Q IN SUMMARY, DOES MR. WOODARD'S REBUTTAL UNDERMINE THE VALIDITY**
12 **OF YOUR RECOMMENDED ROE?**

13 A No. Mr. Woodard's criticisms misstate both the basis of my recommendation and the
14 methods used to derive it. My 9.00% to 9.90% ROE range is supported by multiple
15 analytical techniques applied to a reasonable proxy group. My use of the midpoint
16 (9.45%) reflects a balanced view of investor expectations and the Company's risk
17 profile. Mr. Woodard's assertion that the ROE should exceed 9.90% because some
18 models yield results above 10% ignores the importance of judgment, reliability of
19 inputs, and the appropriate use of central tendencies in financial modeling.

20 **Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

21 A Yes, it does.

536261

Christopher C. Walters
Page 4