Exhibit No.:	______________
Issue(s):	Decoupling/Energy Efficiency/ Income-Eligible Weatherization/ ISRS Reporting/Rate Design
Witness/Type of Exhibit:	Marke/Surrebuttal
Sponsoring Party:	Public Counsel
Case No.:	GR-2025-0107

SURREBUTTAL TESTIMONY

OF

GEOFF MARKE

Submitted on Behalf of the Office of the Public Counsel

SPIRE MISSOURI, INC.

FILE NO. GR-2025-0107

June 30, 2025

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SURREBUTTAL TESTIMONY

OF

GEOFF MARKE

SPIRE MISSOURI INC.,
d/b/a SPIRE MISSOURI EAST & SPIRE MISSOURI WEST

CASE NO.: GR-2025-0107

I. INTRODUCTION

Q. Please state your name and business address.

A. Geoff Marke, PhD, Chief Economist, Office of the Public Counsel (OPC or Public Counsel), P.O. Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same Dr. Marke that filed direct testimony in GR-2025-0107?

A. I am.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of this testimony is to respond to the rebuttal testimony regarding:

- Decoupling
  - Spire Missouri, Inc. ("Spire" or the "Company") witness David Yonce
- Energy Efficiency
  - Spire witness Shaylyn Dean
  - Missouri Public Service Commission Staff ("Staff") witness Russell Drury
- Income-Eligible Weatherization
  - Staff witness Russell Drury
- Infrastructure System Replacement Surcharge ("ISRS") Reporting
  - Consumers Council of Missouri ("CCM") witness Bradley T. Cebulko
- Rate Design
  - Staff witness Keri Roth
  - Spire witness Shaylyn Dean

My silence regarding any issue should not be construed as an endorsement of, agreement with, or consent to any other party's filed position.

II. DECOUPLING

Q. What is decoupling and when did it first appear?

A. Decoupling is a regulatory tool that first appeared in the 1980s as a means of helping utilities overcome the throughput incentive; i.e., the contribution to gross income that occurs with every energy unit sold because the unit (variable) price recovers some of a utility's fixed costs. A decoupling mechanism separates a utility's revenues from its unit sales volumes without explicitly affecting the design of customer rates. In other words, utility customers continue to pay for service primarily according to the amount of energy they use even if they end up paying more than they otherwise would have absent such a mechanism.

Q. Does Spire already have mechanisms in place to stabilize revenues?

A. Yes. Spire has the Purchased Gas Adjustment ("PGA") clause and the accompanying Actual Cost Adjustment ("ACA") mechanisms as well as the ISRS all of which allow for recovery of costs in a more accelerated manner than is allowed in traditional cases.

Q. From OPC's perspective, what is the general argument for a decoupling mechanism?

A. A decoupling mechanism is a risk mitigation tool to ensure sufficient revenue recovery for a utility. The mechanism can be designed to include all or parts of various variables that impact revenue volatility such as weather, conservation, energy efficiency, the economy, customer count fluctuations, etc. The mechanism ensures fixed cost recovery by shifting the risk of under collection of revenues from investors to ratepayers.

Beginning around the turn of the last century, decoupling mechanisms were promoted by utilities and environmental groups to enable (or at least make utilities indifferent to) demand-side management ("DSM") investments.[1] The vast majority of decoupling mechanisms for DSM programs were confined to electric utilities; however, in states with mandated energy

[1] Cavanagh, R. (2013) Report: "Decoupling" is transforming the utility industry. National Resource Defense Counsel. https://www.nrdc.org/bio/ralph-cavanagh/report-decoupling-transforming-utility-industry

efficiency resource standards, decoupling mechanisms related to natural gas sponsored DSM programs were also codified into law.

Q. Is Missouri an energy efficiency resource standard state?[2]

A. No.

Q. Is there enabling statutory language that allows for the recovery of lost revenues related to demand-side management programs?

A. Only for electric utilities. Importantly, that statutory language, the Missouri Energy Efficiency Investment Act ("MEEIA"), is voluntary and does not explicitly mandate a decoupling mechanism.

Q. From OPC's perspective, what is the general argument against a decoupling mechanism?

A. I believe that regulatory certainty further distorts the market proxy that economic regulation is supposed to emulate. If fuel costs are guaranteed (which they are) and infrastructure replacement costs can be recovered under an expedited schedule with little regulatory review, that largely leaves variation in revenue as a limited input of uncertainty for a company.

Q. If there is no risk, why are customers paying any reward?

A. For a gas company, the risk exposure to shareholders' profits is, in part, present due to weather volatility, fluctuations in the economy during periods of contraction (recessions), the loss of customers, or changing preferences in customer choice. A decoupling mechanism, depending on what is included or excluded, can effectively eliminate those risks. As such, any revenue recovery certainty should be accompanied by a reduction in allowed profit.

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[2] An Energy Efficiency Resource Standard ("EERS") is a state policy that mandates utilities to achieve specific energy efficiency savings targets through ratepayer-sponsored programs. Thirty-three states have an EERS in place. Four of those states are voluntary or aspirational targets which include: Delaware, Utah, South Dakota and Missouri. National CSL (2021) Energy Efficiency Resource Standards. *National Conference of State Legislatures.* https://www.ncsl.org/energy/energy-efficiency-resource-standards-eers#:~:text=Of%20the%2033%20states%20currently,Renewable%20Portfolio%2DEnergy%20Efficiency%20Standard.

Q. What is an appropriate reduction in allowed profit to reflect this reduced risk?

A. Given Spire's circumstances, if the Commission authorizes Spire's requested decoupling mechanism, I would recommend a 20 basis point reduction to the Company's approved ROE.

Q. Is the promotion of gas energy efficiency programs an appropriate trade-off for a decoupling mechanism?

A. Not in this case. As the Commission is well aware, Spire already has ratepayer-funded energy efficiency programs. Adding a decoupling mechanism does nothing to enhance the programs or otherwise make them cost-effective.

Furthermore, the Company has been forthright that they support these programs for purposes of enticing the conversion of future gas customers and retaining existing customers. The conservation/efficiency argument is, at best, a distant secondary consideration even if that is the marketing rationale. Specifically, a current customer has little financial incentive to buy an energy-efficient furnace if the Commission-approved pricing structure increases fixed cost recovery and a decoupling mechanism is created to account for any lost revenues.

Additionally, the historic low price of natural gas fuel further complicates the promotion of natural gas energy efficient products. In short, gas is both cheap and abundant, and the limited number of natural gas appliances are largely high cost capital items for customers. Of the universe of items customers can choose to expend their discretionary income on, prematurely replacing an inefficient natural gas furnace before its useful life is not a decision that is cost effective or prudent for the vast majority of likely participants in the near-term. It is also most certainly not a cost effective outcome for the non-participants presently.

Based on my professional experience, most of the participants utilizing the rebates available in Spire's energy efficiency programs to date would be considered "free riders," that is, these efficient adopters would be purchasing efficient furnaces regardless of whether or not it was subsidized. Because natural gas utilities do not have an energy efficiency performance-based enabling statute in place, like MEEIA, this free rider issue, although unfortunate and suboptimal, is not as disconcerting as it would be for electric utilities. This is so because

MEEIA allows electric utilities to recover a throughput disincentive and an earnings opportunity based on verified induced energy and demand savings.

Of course, it should also be noted that there is no specific future supply-side investment deferral associated with energy efficiency programs for natural gas utilities as there is for electric utilities.

In light of recent Commission rulings on electric-sponsored MEEIA applications, the scale and emphasis of our approved DSM programs have changed from focusing on rebated measures to one that places greater emphasis on demand response events on the electric side. It is worth noting that there are no "demand response" programs on the gas side.

Finally, it is important to remember that natural gas is a competitive fuel. These energy efficiency programs will arguably give Spire a slight economic advantage over its non-regulated competitor, propane.

Q. What is your position on the Company's proposed decoupling mechanism?

A. The Commission should reject this proposal to include an adjustment for alleged conservation-induced revenue uncertainty. Simply put, the appropriate conditions for OPC to support a decoupling mechanism do not exist for Spire. Mr. Yonce's alleged conservation-induced revenue uncertainty is not credible and should be dismissed out-of-hand.

Spire's energy efficiency programs are well run and have consistently worked well with stakeholders. However, these programs are a fraction of the budget of their electric counterparts, who have the benefit of an enabling MEEIA statute to draw support from and actual planned deferrals to offset those investments. No such reality exists for Spire.

If Spire truly believes its revenues are being unnecessarily harmed because of the success of its energy efficiency programs, then I recommend that the Company withdraw support for those programs. If that is the ultimate outcome, then Spire should also be prepared to lose new and existing customers to electric and propane companies for their heating needs. Because locking customers into natural gas as a heating fuel source *is* the value proposition from the

Company's perspective. Any carbon emissions reductions or customer goodwill are distant secondary benefits.

Q. Do you have any concluding comments on this issue?

A. Yes, if the Commission rejects my recommendations and approves a decoupling mechanism (in any form above and beyond its current weather-centric mechanism), there should be an explicit provision from the Commission to account and adjust for revenue volatility due to the occurrence of an economic recession/depression. A provision addressing this concern would be consistent with the Commission-approved Liberty Gas weather normalization adjustment rider ("WNAR") which includes the following language:

> In the event of an economic recession, as defined by the National Bureau of Economic Research ("NBER") which includes "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial population, and wholesale-retail sales" any revenue loss attributable to the economic recession will not be adjusted for in the WNAR, recognizing that the WNAR has already been designed to adjust only for the impact of weather on customer usage.[3]

In the event of a recession, all companies and households are impacted. Spire should not be exempt from that reality.

Additionally, there should be a downward adjustment to the ROE to reflect the change in risk profile of the Company. Again, this is consistent with the Commission's order in the aforementioned Liberty Gas rate case.

> The revenue requirement recommended herein is based on a 9.8% ROE **which is 20 basis points lower than the 10% ROE recommended by the Staff in recognition of a number of factors, including the adoption of a WNAR [weather normalization adjustment rider' in this proceeding**.[4] (Emphasis added)

[3] Case No GR-2018-0013 Liberty Utilities (Midstates Natural Gas) Unanimous Stipulation and Agreement p. 3-4.
[4] *Ibid*. p. 2-3.

Finally, I fully support OPC witness Lena Mantle's three rounds of testimony on this topic, which correctly argues why Spire's recommendation is inappropriate in greater detail above and beyond what I have expressed.

III. ENERGY EFFICIENCY

Q. What was the Staff's response to Spire's various energy efficiency recommendations?

A. Staff was largely aligned with the recommendations I made in rebuttal testimony if not a little more supportive.

Q. Where was their disagreement?

A. Staff witness Russell Drury supported Spire's inclusion of increased rebates for Smart Wi-Fi enabled thermostats and the natural gas heat pump pilot program.

Q. What is your response?

A. In my rebuttal testimony I signaled I could likely support the natural gas heat pump pilot program. I believe such a pilot program merits consideration; however, I do not support an increase in funding for the smart thermostat program. Mr. Drury appears to have relied primarily on the Company's cost-benefit framework to justify support. I am highly skeptical of those assumptions and even if reasonable minds can differ on the results, that alone does not provide a sound basis for increasing the amount of the rebate.

Most all of the arguments I made in Evergy Missouri Metro, Evergy Missouri West, and Ameren Missouri's MEEIA dockets apply equally to Spire's energy efficiency programs including: diminishing returns (market adoption, codes and standards), operational inefficiencies (overstated savings), rebound effect (overstated savings), principle-agent problems (overstated savings), lack of definitive attribution (this measure is already rebated on the electric side), and the absence of any capital deferments.

As such, I maintain my position from rebuttal testimony and only support the natural gas heat pump pilot program.

IV. INCOME ELIGIBLE WEATHERIZATION

Q. In direct testimony Spire recommended to increase funding for weatherization for Spire West by $200,000. Allowing for equal funding across both affiliates. What was Staff's response?

A. Staff witness Russell Drury rejected this request on the grounds that there were carry-over funds of $27,146 from the previous year.

Q. What is your response?

A. I disagree with Mr. Drury. Spending down the exact amount allocated is a matter of timing, coordination, weather and awareness of other funding streams. The Community Action Agencies that administer those funds will rarely (if ever) spend the exact amount allocated.

Q. Why is that?

A. Two funding streams support the weatherization of low-income homes in Missouri: 1.) funding from the federal government; and 2.) funding from ratepayer/shareholder-sponsored programs accounted for in setting rates. The first funding stream is time-dependent, as the Community Action Agencies that administer these programs have to spend down the federal funds or risk losing them. As such, the non-profits that administer these programs prioritize that funding first. In contrast, the ratepayer/shareholder-sponsored funding streams have been designed to complement the federal programs by funding actions that cannot be covered with federal funding. This is most notably seen in directing money to "pass over" or "deferred" homes for health and wellness considerations. Approximately 36.9% of Missouri homes have been deferred over the past fifteen years and are not eligible for federal funding until health and wellness actions can be met, according to the Missouri Division of Energy as seen in Table 1.

Table 1: Agency breakdown of deferred vs completed homes 2010 – 2023 in Missouri

AGENCY	TEMPORARY DEFERRALS	PERMANENT DEFERRALS	ACTIVE FILES (Incl. Temp. Deferrals)	COMPLETED HOMES	TOTAL DEFERRALS	TOTAL AUDITED HOMES	DEFFERAL PERCENTAGE
CAAGKC	470	47	630	1572	517	2249	23.0%
CMCA	654	2	734	2068	656	2804	23.4%
EMAA	546	11	693	1285	557	1989	28.0%
CSI	367	0	411	884	367	1295	28.3%
OACAC	1862	77	1981	4491	1939	6549	29.6%
JFCAC	615	0	672	1255	615	1927	31.9%
ULMSL	772	513	911	2545	1285	3969	32.4%
ESC	883	23	951	1702	906	2676	33.9%
CAPNCM	310	93	387	650	403	1130	35.7%
CAPNEMO	167	119	256	396	286	771	37.1%
CAASTLC	2195	213	2380	3677	2408	6270	38.4%
NECAC	1591	41	2080	1809	1632	3930	41.5%
DAEOC	537	355	586	1115	892	2056	43.4%
WCMCAA	1194	144	1253	1590	1338	2987	44.8%
SCMCAA	428	424	519	938	852	1881	45.3%
MVCAA	534	240	599	787	774	1626	47.6%
MOCA	1008	694	1073	1721	1702	3488	48.8%
OAI	1001	544	1111	1355	1545	3010	51.3%
	15134	3540	17227	29840	18674	50607	36.9%

Q. What are the reasons a home is deferred or passed over?

A. The most common reason that a home is deferred is because of leaky roof issues, which account for roughly 34% of all deferred homes to date. Other reasons include wiring issues and hoarding/clutter, followed by plumbing and sewage issues, as shown in Table 2.

Table 2: Top reasons why an income-eligible home is deferred in Missouri

Deferral Issue:	Deferrals	Percentage
Roof Leaks/Other Roof Issues	6,351	34.0%
Wiring Issues/Knob and Tube/Service Panel Issues	2,917	15.6%
Unsanitary Conditions/Hoarding/Clutter	2,503	13.4%
Plumbing/Sewer Issues	1,705	9.1%
Structural Issues: Floors/Foundations/Ceiling Joists	1,571	8.4%
Moisture/Sewage Issues in Basement/Crawlspace	936	5.0%
Insect/Rodent/Snake Infestation	822	4.4%
Mold	575	3.1%
Excessive Holes in Walls/Ceiling/Floor	567	3.0%
Home is to deteriorated for Wx services	284	1.5%
Active Remodel	107	0.6%
No Gas (Natural Gas shut off or Propane Tank Empty/Missing)	96	0.5%
Health & Safety Cost Percentage Over Agency Limit	65	0.3%
Others	176	0.9%
Total Deferrals from Current Subgrantees:	18,674	100.0%
Deferrals from former subgrantees during that same period:	852	
Total Deferrals Since August 2010:	19,526	

Moving forward, there is a real risk that federal funding for low-income weatherization will be eliminated, making the utility-sponsored funding that much more necessary.

I ask that the Staff reconsider its position on this important issue and that the Commission support Spire's request to increase funding by $200,000 for Spire West. Approval of this funding amount would allow for an equivalent funding level across the two affiliates.

V. ISRS REPORTING

Q. What did CCM witness Brad Cebulko recommend in rebuttal testimony regarding ISRS reporting?

A. Mr. Cebulko's rebuttal testimony recommendation read as follows:

> I recommend that the Commission order Spire to make an annual ISRS performance filing that provides the Commission with information for assessing the program's performance in rate cases and ISRS filings. At a minimum, the filing should include

the metrics I identified in my testimony, the most recent five years of data for each metric, and an explanation for how the Company determines whether a project is worn out or is in deteriorated conditions, as required by statute. The Company should make its first ISRS performance filing within 90 days of the Commission issuing its order in this rate case. The Company should make its second filing alongside its next ISRS filing or rate case, whichever comes first. Subsequent filings should occur every 12 months after the Company files its second annual ISRS performance review. In the alternative, subsequent filings could occur with each ISRS filing or rate case.

Q. What is your response?

A. I fully support this recommendation and believe it is long overdue. Above and beyond the specific reporting recommendations listed, I recommend that Mr. Cebulko's list of performance metrics be expanded to include data reported in Spire East and Spire West's PHMSA F7100.1-1 Annual Reports, as well as their Missouri Gas Safety Annual Reports. As the Company is already required to report this information, it should not be an unnecessary burden to include data and explanations surrounding the number and cause of various leaks and excavation damages (3rd party and Company) with the information Mr. Cebulko identified.

I also recommend that the Company meet with OPC and Staff in-person or virtually at least two weeks before any periodic report is issued to allow for direct questions and answers over the findings to be identified in the reports before they become public.

VI. SPIRE INCOME ELIGIBLE RATE DESIGN

Q. In direct testimony, you recommended a low-income rate. What was Staff's response to your proposal?

A. Staff witness Keri Roth stated:

> At this time, Staff does not support this proposal. Staff does not believe that a complete waiver of the customer charge is appropriate and it would cause other ratepayers who

do not choose to participate in this program to subsidize those who do, even though they may be in the same economic situation.

Furthermore, with the recent passage of Senate Bill 4, all low-income programs are going to be reviewed and it is anticipated that more uniform programs may come out of that review. It is Staff's position that it is better to wait for this review to start any new low-income programs.[5]

Q. What is your response to the argument that there may be eligible ratepayers who choose not to participate, but who would then be forced to subsidize those that did?

A. I am not entirely clear on Ms. Roth's argument.

If the concern is that eligible customers may not be aware of the discount and would otherwise pay more in the future as a result of their ignorance. Then I would agree that it is a likely near-term outcome that can be rectified over time by Spire's marketing and communications teams. Future lost revenue recovery should then be spread across all customer classes to minimize costs on those least able to afford it. Recovering costs from all classes for a legislatively-enabled subsidy is no different than what the Commission has done for years by approving generous "economic development" subsidies that have been offered to select commercial and industrial customers.

If the concern is over cross-subsidies in general, then I can appreciate her frustration. I would offer the observation absent an outside funding stream (e.g., a utility's profits, specific tax revenue, or some other pooled resource of funds), the newly passed legislation that makes low-income rates permissible in Missouri is meaningless.

If the concern is that there is some silent subgroup of poverty-stricken laissez-faire libertarian Spire customers who reject receiving a discount on their natural gas bill and reject anyone else having a discount, then I would be interested in seeing that evidence.

[5] Case No. GR-2025-0107 Direct Testimony of Keri Roth P. 12, 4-11.

Q. What is your response to the argument that all low-income programs should be reviewed first before any new programs should be approved?

A. First of all, this is objectively the worst time to make that argument given the pending federal cuts to utility, housing, food, and medical assistance. To say nothing of the double-digit rate increases that have been approved across all of Missouri's utilities in the past two years.

Consider for a moment that the non-partisan Tax Policy Center concluded that Missouri's state budget would need to increase by 10.2% to cover the shortfall of the proposed cuts to existing Medicaid and SNAP beneficiaries.[6]

Keep in mind that Medicaid covers:

- 2 in every 5 Missouri kids; and
- 2/3 of all nursing home care in Missouri

Supplemental Nutrition Assistance Program ("SNAP") covers:

- 1 in 10 Missourians; and
- Nearly 7 in 10 Missouri SNAP participants are kids, seniors, or adults with disabilities[7]

It's important to note that these are only two programs. There are many more federally subsidized programs at risk of no or limited funding that impact the customers my proposal targets. Those programs include:

Public Housing and Housing Choice Vouchers ("Section 8")

- 146,217 Missourians will be at risk for homelessness
- 78,260 recipients reside in St. Louis City, St. Louis County, and Jackson County—all likely Spire customers.

Low-income Housing Energy Heating Assistance Program ("LIHEAP")

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[6] Tax Policy Center (2025) How would potential federal budget cuts impact state budgets? https://taxpolicycenter.org/features/how-would-potential-federal-budget-cuts-impact-state-budgets

[7] *Ibid*.

- 114,219 Missourians who received energy assistance[8]
- 63,343 Missourians who received energy crisis intervention program funds[9]

Community Services Block Grant ("CSBG")

- 185,781 Missourians who received assistance for basic needs, transportation, childcare, financial stability, and life skills[10]
- Administered by 19 community action agencies that also serve as our utility gatekeepers for verifying income for our existing income-eligible programs

Head Start and Early Head Start

- 9,632 Missouri Head Start enrollees (ages 3 to 5)[11]
- 3,966 Missouri Early Head Start enrollees (ages 0 to 3)[12]

Of course these concerns are heightened when you factor in other competing variables on the overall health of Spire households such as a trade war,[13] a real war,[14] a growing federal deficit,[15] a downward labor market,[16] increased consumer delinquency rates on credit cards

[8] See GM-1.
[9] *Ibid*.
[10] *Ibid*.
[11] Head Start (2025) Head Start Program Facts: Fiscal Year 2023: https://headstart.gov/program-data/article/head-start-program-facts-fiscal-year-2023
[12] *Ibid*.
[13] According to the Tax Foundation: Per US household, the tariffs altogether would amount to an average tax increase of $1,183 in 2025 and $1,445 in 2026. . . . Notably, these averages do not capture additional costs to US households stemming from higher-priced alternative goods and loss of consumer choice.
York, E & A. Durante (2025) Trump Tariffs: Tracking the Economic Impact of the Trump Trade War. *Tax Foundation*. https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/
[14] Donnan, S. & S. Pandey, (2025) US strikes on Iran come at fragile moment for the global economy. *Economic Times*. https://economictimes.indiatimes.com/news/international/business/us-strikes-on-iran-come-at-fragile-moment-for-the-global-economy/articleshow/122002999.cms?from=mdr
[15] "The nation's publicly held debt is nearing 100% of gross domestic product and is projected to surpass the post World War II record of 106% in a few years." Rubin, R. et al (2025) The Path to Record Deficits. *The Wall Street Journal*. https://www.wsj.com/politics/policy/us-budget-deficit-timeline-2ad66b64?gaa_at=eafs&gaa_n=ASWzDAh1Jp_rRF6kk00ZpOxNKvbiQNgA9tsqyEcQYcnS_NyT2N2mCwtZ1qOnj0jaTvI%3D&gaa_ts=685819a0&gaa_sig=uMwyBSQI4U4-8dQt5wJ2IzFZ0VmYothzye_p3bHy3IrhY6sTb90wYyApX_bMrowOF94fBh0TxncuH9TZngGPUw%3D%3D
[16] Mutikani, L. (2025) US job growth slows as tariff uncertainty leaves businesses in limbo. *Reuters*. https://www.reuters.com/world/us/us-job-growth-slows-may-unemployment-rate-steady-42-2025-06-06/

and auto loans,[17] a restart of student loan collections,[18],[19] and the existential uncertainty surrounding the emergence of artificial intelligence.[20],

Simply put, there is every reason to believe that my proposed $20 discount will look like a painfully underwhelming and trivial discount in retrospect.

Second, we already consistently review all of our income-eligible programs. Spire's programs are being reviewed in this case right now. Punting this issue until the next rate case just means that Spire's most vulnerable customers will suffer.

Q. Did Staff offer an alternative for the Commission's consideration?

A. Yes. Ms. Roth recommended a 75% reduction to the customer charge as an alternative.

Q. Did Ms. Roth provide any context for why 75% is more appropriate than 100%?

A. No. I can only surmise it's more appropriate from Staff's perspective because it's a lower discount.

Q. What is your response?

A. I believe the $20 discount will likely not be enough to maintain service for many customers in the face of all of the aforementioned challenges. I see no compelling reason to lower the discount I proposed if the goal is to meaningfully impact affordability concerns for customers.

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[17] New York Federal Reserve (2025) Household Debt Balances Continue Steady Increase; Delinquency Transition Rates Remain Elevated for Auto and Credit Cards https://www.newyorkfed.org/newsevents/news/research/2025/20250213

[18] Holland, R. (2025) 5 million borrowers have now defaulted on their student loans — and data shows that number could soon double. *Yahoo! Finance*. https://finance.yahoo.com/news/5-million-borrowers-now-defaulted-173000599.html

[19] The Education Department has already threatened to withhold tax refunds from delinquent borrowers, and this summer it will begin deducting as much as 15% from paychecks. There remains roughly $1.6 trillion in outstanding student debt, and defaults are already affecting credit scores. Tomase, J. (2025) Student loan collection intensifies. Linkedin News. https://www.linkedin.com/news/story/student-loan-collection-intensifies-7457138/

[20] Abril, D. (2025) Why your job may face a double threat if the economy sours. *The Washington Post*. https://www.washingtonpost.com/business/2025/06/05/ai-business-economy-automation/

Q. Can we be sure that a discount will lead to revenue instability for a utility?

A. No. According to Brockway et al (2014):

> It may appear counter-intuitive, but charging an affordable rate can enable a utility to receive greater net revenues than charging an undiscounted rate. An affordable rate improves the payment patterns of the participating customers; a greater percentage of participants pay a higher percentage of their bills than do non-participants. This in turn can lead to higher total net payments; a higher percentage paid of a lower bill can produce more revenues than a lower percentage paid of a higher bill. More customers can and do pay the affordable bill than the unaffordable bills.[21]

Brockway's analysis includes examples where income-eligible rates resulted in a higher total net payment included investor-owned utility rates from Indiana, Colorado, New Jersey, Maryland, and Pennsylvania.[22]

Q. What was Spire's response to your proposal?

A. Spire witness Shaylyn Dean stated:

> Spire Missouri is open to further discussions about this special rate being proposed by Dr. Marke if the Commission is supportive. However, Spire Missouri is also mindful of any subsidization that this type of rate schedule would create for its other customer classes. If this type of rate schedule is agreed to as part of this rate case, a cap will need to be placed on it to ensure that the dollars attributed to it are not overly burdensome on other customer classes. Besides a cap for this program, the Company would want to pilot or have an experimental tariff if there was general agreement among the parties for an income eligible rate.[23]

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[21] Brockway, N. et al. (2014) Low-Income Assistance Strategy Review. Prepared from the Ontario Energy Board. Synapse Energy Economics, Inc. https://www.synapse-energy.com/sites/default/files/Low-Income-Assistance-Strategy-Review-14-111.pdf see also GM-2.

[22] *Ibid*. p. 8-13.

[23] Case No. GR-2025-0107 Direct Testimony of Shaylyn Dean p. 10, 7-14.

Q. What is your response?

A. Spire's response appears to be largely in line with the direction given by the Commission from the most recent Missouri American Water rate case, Case Number WR-2024-0320. I have already expressed my views over the Missouri American Water case in direct testimony and need not repeat those thoughts here. I am not opposed to working with parties to see if there can be an agreement over some budgeted cap amount.

Q. Does this conclude your testimony?

A. It does.

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 Areas	))))	<u>Case No. GR-2025-0107</u>

<u>AFFIDAVIT OF GEOFF MARKE</u>

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Geoff Marke, of lawful age and being first duly sworn, deposes and states:

1. My name is Geoff Marke. I am a Chief Economist for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

Geoff Marke
Chief Economist

Subscribed and sworn to me this 24th day of June 2025.

TIFFANY HILDEBRAND
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES AUGUST 8, 2027
COLE COUNTY
COMMISSION #15637121

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2027.