

Exhibit No.:

Issue(s):

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Rate Case Expense/Payroll

Schaben/Surrebuttal

Public Counsel

GR-2025-0107

SURREBUTTAL TESTIMONY

OF

ANGELA SCHABEN

Submitted on Behalf of the Office of the Public Counsel

SPIRE MISSOURI, INC.

FILE NO. GR-2025-0107

****** _____ ******
Denotes Confidential Information that has been redacted.

June 30, 2025

PUBLIC

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SURREBUTTAL TESTIMONY

OF

ANGELA SCHABEN

SPIRE MISSOURI INC.

CASE NO. GR-2025-0107

INTRODUCTION

Q. Please state your name, title, and business address.

A. Angela Schaben, Utility Regulatory Auditor, Office of the Public Counsel (“OPC” or “Public Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same Angela Schaben who filed testimony for the OPC in this case?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to the rebuttal testimony of Spire Missouri, Inc. (“Spire” or the “Company”) witness Mr. David Yonce on the issues of rate case expense and certain elements of payroll resulting from Spire’s 2024 employee reduction program.

RATE CASE EXPENSE

Q. Please summarize your recommendation in this case regarding rate case recovery.

A. I support Staff’s recommendation, allowing Spire to recover a 50% share of the average incremental external rate case expense because rate cases can, in general, benefit both ratepayers and shareholders.

Q. Please elaborate on Spire’s reasoning behind its request to recover 100% of rate case expense.

A. According to Mr. Yonce, “the expenses incurred to prepare, file, and resolve a rate case are necessary, just, and reasonable for a prudent utility operator to incur and are necessary to

1 provide safe, reliable, and affordable service to customers. Similar to other expenses that
2 are prudently incurred for utility operations, 100% of these expenses should be
3 recoverable.”¹ Additionally, Mr. Yonce claims that “with increasing costs, a challenge to
4 recover margin established in rate cases, and a future test year that can be utilized in July
5 2026, Spire Missouri will likely be in a two-year cycle moving forward.”²

6 **Q. Do you agree?**

7 A. No.

8 **Q. Why not?**

9 A. Mr. Yonce may believe that filing frequent rate cases is necessary for a “prudent utility
10 operator” to recover allowed returns and to provide safe, reliable, and affordable service to
11 customers. However, that is not always the case. Mr. Yonce alludes to “prudent utility
12 operator[s]” in general without specifically suggesting how Spire’s expenses or investments
13 qualify as prudently incurred.

14 **Q. Has Spire Missouri filed any rate cases within the past five years where the Commission**
15 **found that the Company’s filing failed to meet the burden of proof required to support a**
16 **rate increase?**

17 A. Yes. In GR-2021-0108, filed on December 11, 2020, the Commission found that Spire
18 Missouri “failed to meet its burden that it is in compliance with USOA Gas Plant Instructions
19 and properly capitalizing overheads” because the Commission could not “find the record
20 support for entries for overhead construction costs required by the USOA Gas Plant Instruction
21 4(C).” Due to the Company’s failure, the Commission ordered Spire Missouri “to cease

¹ Rebuttal testimony of Mr. David Yonce, page 2.

² *Id.*

capitalizing non-operational overhead costs, going forward, until Spire Missouri's compliance with the USOA is shown.”³

Q. What were the consequences of Spire's inability to meet the necessary burden of proof regarding its classification of overhead construction costs?

A. Spire's requested rate increase was significantly reduced, which lead to Spire filing another rate case, GR-2022-0179, on April 1, 2022.

Q. If a utility company fails to meet its burden of proof within a rate case, and files another rate case within a short time frame, should only captive ratepayers be liable for rate case expenses incurred due to various rate case document inadequacies?

A. No. Shareholders should share the expense. Both ratepayers and shareholders benefit from necessary capital investment, therefore shareholders should also share in the expense a utility incurs in filing for recovery within a rate case.

Q. Does the inclusion of significant capital investment for recovery in a rate case always signify the capital investment was “necessary, just, and reasonable” and is “necessary to provide safe, reliable, and affordable service to customers”?

A. No, not at all. There is a difference between “necessary” and “nice to have” capital investment. Necessary capital investment incurred in order to provide safe, reliable, and affordable service to customers, truly benefits customers. However, unnecessary, “nice to have” capital investment primarily benefits shareholders. There appear to be very few controls in place to monitor whether Spire's capital investments are actually “necessary to provide safe, reliable and affordable service to customers” or just nice to have. Many, many, customer comments in this case express concern for an additional rate increase (this case is Spire's third rate

³ GR-2021-0108, REPORT AND ORDER, Page 75.

1 increase request in five years) and how they would not be able to afford yet another rate hike
2 given their fixed incomes and economic uncertainty.

3 **Q. Have you reviewed the customer comments in this case?**

4 A. Yes. I have reviewed a majority of the 914⁴ customer comments filed in this rate case.

5 **Q. Do any of these customer comments reflect concern about Spire's ability to manage**
6 **existing resources to keep rates reasonable and affordable?**

7 A. Yes. Several customers indicate concern over Spire's management of existing resources in
8 conjunction with rate affordability, some of these comments are provided below:

9 **P202503233** "First of all thank you for providing a forum to allow concerned
10 consumers to raise their concerns, I understand that a aging infrastructure needs to be
11 repaired. However I think a better management of the existing resources may allow for
12 the current vendors budget to achieve some of these goal instead of asking for a such a
13 large rate increase. for example I see a new fleet of work vehicles, which I'm sure wasn't
14 a low cost item to replace. If this was a personal budget and I had to stretch my income,
15 I would have kept the vehicles another year. So when Spire Missouri asks for a 14-
16 15% increase in rates, I ask myself .. what if you take longer to achieve the end goals
17 of upgrading the infrastructure, what if you try to actual be more efficient with your
18 current resources. Instead of keep asking the consumer to fund upgrades to something
19 as vendor for this resource should have been doing as part of your regular functions."

20 **P202503001** "Regarding Spire's rate increase request, it is difficult to understand
21 how a \$14-\$15 per month charge is in the best interests of the consumer in light of the
22 current economic environment. Since CEOs of major corporations (like Spire, a

⁴ For context, 288 customer comments were filed in Spire's rate case GR-2021-0108, 666 customer comments were filed in Spire's rate case GR-2022-0179, while over 900 customer comments have so far been filed in this Spire rate case, GR-2025-0107.

monopoly no less) earned on average 10 percent raises last year, how is taxing the consumer the first resource for raising funds rather than an internal review of administrative costs? Please remember your name is PUBLIC SERVICE Commission, not public corporation commission, and represent the public's best interest. No justification for the amount of the requested price increase. This is just another chapter in excessive, improperly managed costs being borne by consumers."

P202503002 "I am writing in response to Case No. GR-2025-0107 concerning Spire Missouri's request to increase residential natural gas rates by approximately 15%. I believe this request exceeds what is "just and reasonable" under RSMo §393.130. Spire has failed to adequately justify this increase with detailed, itemized data. Vague inflation references and attempts to shift conservation-related revenue losses onto consumers are not sufficient legal grounds for rate adjustments. Additionally, folding ISRS into base rates without clear reduction of the surcharge may constitute unlawful double recovery under Missouri law. I respectfully urge the Commission to scrutinize this proposal rigorously and to protect consumers from unnecessary financial burden, particularly during an era of economic instability. I support the intervention of the Office of the Public Counsel in this matter and request the Commission give full weight to public testimony."

P202503012 "I own 5 retail stores in St Louis and saw the notice of the proposed rate increase. If the increase is approved and it raises my rates 15%, it will cost me over \$2,000 extra per year. I realize that the costs of everything are increasing. I'd just ask that the PSC ensure that Spire is cutting any wasteful spending to maintain the lowest rates possible. Thank you."

P202503019 "I oppose Spire's proposed 15% rate increase. My gas bill has already risen drastically, up to 109% for some customers since 2020, far outpacing wages and inflation. Spire reports consistent profits, growing earnings, and pays dividends yearly.

1 Like any household, they should budget for maintenance instead of pushing costs to
2 ratepayers. This increase unfairly burdens Missouri families while benefiting
3 shareholders. The PSC must reject this request to protect affordability and ensure
4 accountability.”

5 **P202502549** “Spire is now requesting a very large rate increase of 15% for the
6 average residential customer. Evidently the increase appears to vary depending on the
7 class of customer? Spire gets rate increases every 2 years now. One in 2021 and another
8 5% increase in 2023 and now they want a 15% increase in 2025. What will it be in
9 2027? 25-30% increase? We have had a gas line repair on our street that has been on
10 going for quite a while (months), they come out, park there for several hours, do some
11 work and then leave. The job never gets finished as they have come back again to work
12 in the same area several times. I have to question the quality of the repair work being
13 done here. From my experience observing my street I would say that some serious
14 personnel changes need to be made to improve the effectiveness of the repair work.
15 How can you keep approving these rate increases every 2 years?? Please carefully
16 consider this and the magnitude of the costs being passed on to average citizens, many
17 who are on fixed incomes.”

18 **P202502907** "As a 92 year old homeowner I certainly hope you will decline the rate
19 hike. The rates have constantly gone up. they ask for a high increase in rates and are
20 not always given that amount, so the commissions feel they are doing a great job and
21 Spire gets the amount they want. They need to decrease the CEO and officers who
22 make millions in salaries and invest back in the company, so they don't have to keep
23 raising rates and can make improvements. Please vote NO"

24 **P202503092** “I am opposed to the rate increase, doesn't even align with current
25 inflation. I am tired of the burden being placed solely on backs of consumers. I dare to
26 say there are many ways to improve efficiency without cost increase.”

1 **P202503212** “I am retired on a fixed income and very much opposed to the proposed
2 rate increase. I seem to recall that Spire had an increase within the past year that was
3 supposed to quench it's thirst for more revenue. Yet here they are again-back to nickle
4 and dime regular Missouri residential rate payers. The cost of inflation is down,
5 management needs to better grasp increased costs both for itself and labor. Any
6 exorbitant cost overruns exceeding budget expectations due to weather can be
7 addressed by a temporary surcharge after damage assessment. Conservation efforts
8 should be rewarded, not gigged for that penny saved. Thank you.”

9 **P202503256** “Hello - I am writing to register my disagreement with the proposed
10 rate increase for Spire. I attended the call-in hearings yesterday and heard many people
11 point out that this is a publicly traded company that has a monopoly, that us customers
12 have no recourse, and that they have had all their rate increases approved over the years.
13 Spire should have built into their financial and budget outlook the cost of infrastructure
14 upgrades, not use a proposed rate increase as an excuse to have to finance those. They
15 are making extremely high profits off of the backs of consumers who are living close
16 to the edge of bankruptcy, insolvency, of being kicked out of their homes because of
17 the rising costs of utilities and other living costs. We are not getting any raises at our
18 jobs, but being asked to absorb this rate increase. You can't get blood out of a turnip -
19 I don't know anyone who can afford this. Social security COLAs do not keep up with
20 these rising costs. Meanwhile, the Spire CEOs are making over \$1 million. This is very
21 wrong. The state of Missouri needs to hold the line on this, and deny the rate increase,
22 for the sake of the taxpayers /residents of Missouri. This is the only right thing to do.”

23 **P202503349** “I wholeheartedly oppose the increase although I understand that costs
24 for labor, materials, and supplies have increased. In my opinion the economy is in a
25 holy mess right now. It is a time to slow down construction, make necessary repairs
26 and improvements, and if that means no new residential construction, place a
27 moratorium on new homes in the Republic, MO area for a period of time, so be it.

1 Republic residents are facing higher water/sewer costs (no fault of yours) and property
2 taxes. Fixed income seniors' income is not keeping up with higher utility, grocery, gas,
3 rent price increases. Where does it stop?"

4 **Q. Based on these customer comments and other customer comments you are filing with**
5 **your testimony, would Spire's customers agree that Spire's rate increase and capital**
6 **investment recovery requests are solely to provide customers "affordable" service?**

7 A. I don't believe so.

8 **Q. What do you recommend?**

9 A. I support Staff's recommendation, allowing Spire to recover a 50% share of the average
10 incremental external rate case expense based on the two most recent Spire Missouri rate cases.
11 Both customers and shareholders could benefit from rate cases and therefore the cost should
12 be shared.

13 **PAYROLL AND EMPLOYEE REDUCTION PROGRAM**

14 **Q. How does Mr. Yonce opine on Spire's employee reduction program and Spire Missouri**
15 **East's increased payroll issues raised by Missouri Industrial Energy Consumers**
16 **("MIEC") witness Mr. Greg Meyer?**

17 A. Mr. Yonce claims that "[t]he employee reduction program did result in savings that will
18 continue into the future. The increase in payroll in this case accounts for those savings, and
19 thus, without the employee reductions that occurred in 2024, the payroll increase would be
20 even higher in this case."

21 **Q. Do Spire's workpapers filed in this case support Mr. Yonce's opinion?**

22 A. Not that I have found. Table 1, below, shows Spire Missouri East's shared service wage
23 allocation factors have been dropping since the 2022 allocation year, according to the

1 Company's workpapers. Employee headcount percentages assigned to Spire Missouri East
2 have also been reducing since 2022.

** _____

3 **

4 **Q. Does Mr. Yonce's response to Mr. Meyer sufficiently address Mr. Meyer's concerns**
5 **regarding payroll expense?**

6 A. No. Not at all. Mr. Yonce's words state that "the employee reduction program did result
7 in savings, and, without the employee reductions that occurred, the annualized payroll
8 expense would have increased by more".⁹ However, I did not find any workpapers
9 providing actual numbers supporting this statement.

10 **Q. Does Mr. Yonce's testimony provide any valid reasons why Spire would have the need**
11 **to add 117 employees¹⁰?**

12 A. Not that I have seen.

⁵ Derived from Spire's response to Staff data request 17 in GR-2021-0108 and GR-2022-0179.

⁶ Presented in the "% Employee Headcount" column within the "FY2022 Summary" tab of "confidential dr 017 part 1 3 - fy2022 fy2021 factors rates for shared services allocs" spreadsheet.

⁷ Presented in the "% Employee Headcount" column within the "FY2023 Summary" tab of the "Confidential 1 & 3 - FY23 & FY2024 Oct-Jan Factors for Shared Services Allocs" spreadsheet.

⁸ Presented in the "% Employee Headcount" column within the "FY2024 Summary" tab of the "Confidential 1 & 3 - FY23 & FY2024 Oct-Jan Factors for Shared Services Allocs" spreadsheet.

⁹ Rebuttal testimony of Mr. Yonce, page 3.

¹⁰ Rebuttal testimony of Mr. Yonce, page 4.

1 **Q. What do you recommend?**

2 A. I recommend that the Commission disallow the approximately \$10.7 million increase in
3 Spire Missouri East's payroll expense until the Company can meet its burden of proof
4 supporting Mr. Yonce's statements regarding Spire Missouri East's alleged savings
5 associated with Spire's employee reduction program.

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

7 A. Yes.

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 Areas)

STATE OF MISSOURI)
) SS
COUNTY OF COLE)

1. My name is Angela Schaben. I am a Utility Regulatory Auditor 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.


Angela Schaben
Utility Regulatory Auditor

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


Tiffany Hildebrand
Notary Public