

# Exhibit No. 118

*Exhibit No.:*  
*Issue(s):* Revenue; Weather  
Normalization  
*Witness:* Joel McNutt  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* GR-2021-0108  
*Date Testimony Prepared:* June 17, 2021

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**TARIFF/RATE DESIGN DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**JOEL McNUTT**

**SPIRE MISSOURI INC., d/b/a SPIRE  
SPIRE EAST and SPIRE WEST  
GENERAL RATE CASE**

**CASE NO. GR-2021-0108**

*Jefferson City, Missouri  
June 2021*

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**REBUTTAL TESTIMONY**

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**CASE NO. GR-2021-0108**

Q. Please state your name and business address.

A. My name is Joel McNutt, and my business address is Missouri Public Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (“Commission”) as an Economics Analyst for the Tariff and Rate Design Unit, of the Industry Analysis Division of the Commission Staff.

Q. Are you the same Joel McNutt who has previously filed testimony in Staff’s Revenue Requirement Cost of Service Report in this case?

A. Yes

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to Spire Missouri witness Alicia Mueller concerning Spire’s methodology for calculating the change in usage due to weather normalization.

Q. Did you review Ms. Mueller’s direct testimony?

A. Yes

Q. How did Spire calculate the change in usage associated with normal weather?

1           A.     Ms. Mueller stated in her direct testimony<sup>1</sup> that Spire used a regression analysis  
2 that analyzed the statistical relationship between temperature and volumes over the test year.

3 The process and results of this analysis are described accordingly:

4                   [O]utput from the regression analysis was used to calculate a normal  
5                   monthly use per bill for the residential class and each general service rate  
6                   class. The use per bill amounts for each month of the test year were then  
7                   multiplied by the number of actual bills in each test year month to  
8                   calculate normalized volume adjustments. These adjustments were then  
9                   applied to the current rate design to calculate the adjustment to net  
10                  revenues for each rate class.

11           Q.     Did Staff also perform a weather normalization adjustment in this rate case?

12           A.     Yes.

13           Q.     How did Staff calculate its weather normalization adjustment?

14           A.     Staff's weather normalization calculation is generally consistent with the  
15 Company's calculation except that Staff's regression model includes usage and heating degree  
16 days (HDD) per each of the Company's 18 billing cycles per month. As mentioned above the  
17 Company's regression analysis averages the HDDs over the billing month to create an average  
18 billing cycle HDD value.

19           Q.     Was there a large degree of variance between Staff's weather normalization  
20 analysis results for the test year as compared to the Company's?

21           A.     A comparison of the Company's weather normalization analysis to Staff's  
22 weather normalization analysis revealed no significant variance between the two studies. As  
23 stated in Spire Witness Alicia Mueller's direct testimony, Spire's weather normalization  
24 analysis determined the test year to be 2% warmer than normal weather.<sup>2</sup> The results from

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<sup>1</sup> Direct Testimony of Alicia Mueller, p.5, Line 8..

<sup>2</sup> Ms. Mueller's direct testimony refers to Spire Missouri and does not specifically refer to Spire East and Spire West.

1 Staff's weather normalization analysis were similar to the Company's direct filed testimony.  
2 Staff's weather normalization analysis also found the test year to have slightly warmer than  
3 normal weather. Staff made an adjustment to increase the natural gas usage for the weather  
4 normalized customer classes as highlighted in the chart below.

<i>Normal Weather Adjustment for Test Year</i>	<b><u>Spire East</u></b>	<b><u>Spire West</u></b>
Residential	0.81%	2.33%
Small General Service	0.82%	2.45%
Large General Service	0.45%	2.00%

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10 Further, as shown below a comparison of Staff's regression results for the coefficient  
11 and Spire's regression results for the coefficient are very similar to one another, indicating that  
12 both models produced similar results.

**X-Coefficients Comparison in Regression Model**

<b><i>Customer Classes</i></b>	<b><u>Staff (East)</u></b>	<b><u>Spire (East)</u></b>
Residential	0.146396	0.148621908
Small General Service	0.392039	0.394902218
Large General Service	3.972265	3.994049094
	<b><u>Staff (West)</u></b>	<b><u>Spire (West)</u></b>
Residential	0.129856	0.13033644
Small General Service	0.357565	0.357341868
Large General Service	2.82119	2.784140785

13 Q. Did Staff's weather regression analysis and Spire's weather regression analysis  
14 yield similar revenue results when applied?

Rebuttal Testimony of  
Joel McNutt

1           A.     Yes.    The difference between Spire’s direct filed weather normalization  
2 adjustment and Staff’s weather normalization adjustment is approximately \$53,000.<sup>3</sup>

3           Q.     Should the weather normalization model be updated for the update period or  
4 true-up period in this case?

5           A.     No.    The normal usage per customer should not change significantly from the  
6 test year to the update period or true-up period. The level of the weather normalization  
7 adjustment to actual usage may change due to different actual weather in a new time period,  
8 but normal usage per customer as determined by the regression analysis should not change  
9 significantly.

10          Q.     Are you aware of any changes the Company has made to its direct filed weather  
11 regression model?

12          A.     No.    However, based on an updated revenue requirement spreadsheet provided  
13 by Spire in mid-March, it appears that the Company’s weather normalization adjustment has  
14 changed from approximately \$3 million to approximately (\$700,000).   Staff witness Robin  
15 Kliethermes addresses this concern and other changes in revenue in her rebuttal testimony.

16          Q.     Does this conclude your rebuttal testimony?

17          A.     Yes.

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<sup>3</sup> Staff’s combined Spire East and Spire West weather normalization revenue adjustment is \$2,962,825 and Spire’s combined weather normalization revenue adjustment was \$3,015,957.

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

In the Matter of Spire Missouri Inc.'s d/b/a            )  
Spire Request for Authority to Implement a        )  
General Rate Increase for Natural Gas            )  
Service Provided in the Company's                )  
Missouri Service Areas                                )

Case No. GR-2021-0108

**AFFIDAVIT OF JOEL McNUTT**

STATE OF MISSOURI        )  
                                      )  
COUNTY OF COLE         )        ss.

~~COMES NOW JOEL McNUTT~~ and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Joel McNutt*; and that the same is true and correct according to his best knowledge and belief.


Further the Affiant sayeth not.

  
\_\_\_\_\_  
JOEL McNUTT

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16<sup>th</sup> day of June 2021.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
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Notary Public