

Exhibit No. 121

Exhibit No.:
Issue(s): *Allocators & Therms*
vs CCFs
Witness: *Charles T. Poston, PE*
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

ENGINEERING ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

CHARLES T. POSTON, PE

**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

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **CHARLES T. POSTON, PE**

4 **SPIRE MISSOURI INC., d/b/a SPIRE**

5 **SPIRE EAST and SPIRE WEST**
6 **GENERAL RATE CASE**

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

8 Q. Please state your name and business address.

9 A. My name is Charles T. Poston and my business address is Public Service
10 Commission, P.O. Box 360, Jefferson City, MO 65102.

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

12 A. I am employed by the Missouri Public Service Commission as a
13 Senior Professional Engineer in the Engineering Analysis Department of the Industry
14 Analysis Division

15 Q. Are you the same Charles T. Poston who sponsored part of the
16 Staff Report – Class Cost of Service, which was filed as direct testimony on May 26, 2021?

17 A. Yes.

18 Q. What is the purpose of your rebuttal testimony?

19 A. The purpose of my rebuttal testimony is to respond to some of the allocators
20 used by Spire in its Class Cost of Service Study (COSS) and to comment on Spire's proposal
21 to convert Spire East to CCF-based billing.

22 Q. What testimony did Spire submit regarding these issues?

23 A. Spire witness Wesley E. Selinger briefly discusses the COSS on pages 20 and 21
24 of his direct testimony and then in much greater detail in his Appendix C and Schedule WES-2.

1 My analysis also included a review of his supporting workpapers. Spire witness Trisha E. Lavin
2 discusses the proposed conversion of Spire East from therms to CCF billing on pages 13 to 15
3 of her direct testimony.

4 **METERS/SERVICES AND MAINS ALLOCATORS**

5 Q. During your work on Staff's Class Cost of Service Report, did you become
6 aware of any errors in the allocation of meter and service related costs in Spire's COSS model?

7 A. Yes. Staff discovered that the costs for meters, meter installation,
8 regulators, and services have been incorrectly imported into the spreadsheet that calculated
9 Spire's allocation percentages for that costs between classes.

10 Q. Was the Company notified after Staff discovered this error?

11 A. Yes. Staff notified Spire of the error on March 11, 2021 and on April 14, 2021
12 Spire provided Staff with an updated COSS model workpaper via email that included
13 corrections to the meter and service related allocation factors.

14 Q. In general terms, what are the impacts of the errors in the meter and service
15 related allocation factors in Spire's different classes of customers?

16 A. The incorrect meter and service cost data result in far too much cost being
17 allocated to the residential class. Consequently, Spire's meter and service related allocation
18 factors for the residential class are too high and the allocation factors for the small general
19 service, large general service, and transportation classes are too low. In the COSS model that
20 Spire filed in its direct case, errors in cost data for meters, meter installations, regulators, and
21 services resulted in the calculation of numerous inaccurate allocators. Some of these errors
22 were very significant. ** [REDACTED]

23 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED] **

10 Q. Are you aware of any other issues with allocators in the Spire COSS model?

11 A. Yes. Staff also discovered errors in the study that is used by Spire to calculate
12 the mains allocation factor. ** [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 [REDACTED] ** Since the source
19 data used by Spire to calculate its mains allocator is faulty, the results are necessarily suspect.
20 Like the errors in the meters/services allocators, an incorrect mains allocator will propagate
21 errors throughout the COSS.

22 Q. What are the implications of the errors that Staff discovered in Spire's direct
23 filed COSS?

1 A. Errors in the meters/services and mains allocators propagate throughout
2 Spire COSS and impact many calculations including, but not limited to, net revenue
3 requirement, O&M expense, rate base, and rate of return. Therefore, the results presented in
4 Spire’s COSS should not be relied on to make changes in rate design.

5 **CONVERSION OF SPIRE EAST FROM THERMS TO CCF BILLING**

6 Q. What are the measurement units for billing natural gas usage by Spire East and
7 Spire West?

8 A. Currently, Spire East bills its customers in therms while Spire West bills
9 customers in CCFs. Therms are a measure of heat energy while CCFs are a measure of volume
10 equal to one hundred cubic feet.

11 Q. Has Staff previously examined a proposal from Spire to change the billing units
12 in one of its Missouri service territories?

13 A. Yes. In Case Nos. GR-2017-0215 and GR-2017-0216, Spire witness
14 Scott A. Weitzel proposed that Spire West (then Missouri Gas Energy, “MGE”) would convert
15 from billing in CCFs to billing in therms. At the time, Staff opposed that proposal because it
16 found that the work necessary to accomplish the conversion had not been done and would not
17 be completed by the operation of law date.¹

18 Q. How does Spire’s proposal in Case No. GR-2021-0108 differ from its proposal
19 in Case Nos. GR-2017-0215 and GR-2017-0216?

20 A. As stated in Ms. Lavin’s direct testimony, Spire is seeking to convert Spire East
21 to billing on a CCF basis. This is opposite to the request in the earlier cases where it was

¹ Case Nos. GR-2017-0215 and GR-2017-0216, Rebuttal Testimony of Daniel I. Beck, page 7, line 21 through page 8, line 14.

1 proposed to convert Spire West to billing in therms. The primary result from either of the
2 proposals would be to create consistent measurement units between Spire's two Missouri
3 service territories. Staff notes that consistent measurement units would be necessary for any
4 future plans to consolidate the tariffs for Spire East and Spire West.

5 Q. What is Staff's position regarding the proposed conversion of Spire East's
6 billing from therms to CCFs?

7 A. Staff does not oppose the change in Spire East's billing units from therms to
8 CCFs. The gas meters in use by Spire East already measure usage in terms of CCFs and
9 therefore the information necessary to accomplish the conversion to CCF-based billing is
10 already available. Consistent with its position in Case Nos. GR-2017-0215 and GR-2017-0216,
11 Staff finds that, through its prior approval of tariffs for natural gas utilities, the Commission has
12 determined that both units of measurement are acceptable. Staff also continues to maintain that
13 any change in billing should be accompanied with a customer education program to explain the
14 change.² If such a change is ordered by the Commission, Staff recommends that Spire be
15 required to engage with the affected customers to educate them about the change in billing
16 units. Staff maintains that its position on this issue does not constitute an endorsement of
17 Spire's proposal to consolidate its Missouri tariffs.

18 Q. Does this complete your rebuttal testimony?

19 A. Yes.

² Case Nos. GR-2017-0215 and GR-2017-0216, Rebuttal Testimony of Daniel I. Beck, page 2, lines 1-14.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

n the Matter of Spire Missouri Inc.'s d/b/a)	
Spire Request for Authority to Implement a)	Case No. GR-2021-0108
General Rate Increase for Natural Gas)	
Service Provided in the Company's)	
Missouri Service Areas)	

AFFIDAVIT OF CHARLES T. POSTON, PE

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COMES NOW CHARLES T. POSTON, PE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Charles T. Poston, PE*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


 CHARLES T. POSTON, PE

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 16th 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


 Notary Public