Exhibit No.:	
<b>Issues:</b>	Grow Missouri, No-

Cost Line Extension,

Miscellaneous Charges,

Payroll/Transition Costs, Meters & Service Cost Allocations, Call Center Staffing,

Weather

Normalization, Customer Choice, Meter Opt-Out Michelle Antrainer

Witness: Michelle Antrainer
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Spire Missouri Inc.
Case No: GR-2021-0108
Date Testimony Prepared: July 14, 2021

SPIRE MISSOURI INC.

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

SURREBUTTAL TESTIMONY

**OF** 

MICHELLE ANTRAINER

**JULY 14, 2021** 

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1		SURREBUTTAL TESTIMONY OF MICHELLE ANTRAINER
2		I. INTRODUCTION
3	Q.	PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
4	A.	My name is Michelle Antrainer and my business address is 700 Market Street, St. Louis,
5		Missouri 63101.
6	Q.	ARE YOU THE SAME MICHELLE ANTRAINER WHO PREVIOUSLY FILED
7		DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?
8	A.	Yes, I submitted Direct and Rebuttal Testimony on behalf of Spire Missouri Inc. ("Spire"
9		or "Company") in this rate case.
10		II. PURPOSE OF TESTIMONY
11	Q.	WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?
12	A.	The purpose of my testimony is to respond to various arguments and statements made in
13		the rebuttal testimony of the Missouri Public Service Commission Staff ("Staff"), and the
14		Office of Public Counsel, which was filed with the Commission on June 17, 2021.
15		Specifically, I will provide surrebuttal testimony on the following issues: (1) Spire's Grow
16		Missouri program; (2) no-cost line-extension recommendations; (3) miscellaneous charges
17		adjustments; (4) payroll and transition costs; (5) meters and service cost allocators; (6) call
18		center staffing; (7) weather normalization; (8) residential "Customer Choice"; and (9) meter
19		opt-out.
20		III. GROW MISSOURI
21	Q.	OPC WITNESS GEOFF MARKE CRITICIZES SPIRE'S GROWING MISSOURI
22		TARIFF PROGRAM AS A RATEPAYER-FUNDED SUBSIDY. (MARKE

## REBUTTAL AT PGS. 2-7.) DO YOU AGREE WITH THIS

#### CHARACTERIZATION?

A.

No, I do not. Currently, the model utilized by Spire to extend service to new customers only considers project costs, customer usage and corresponding revenues when evaluating a project's feasibility. Through the Grow Missouri program, Spire would have other factors to consider, as outlined in the Company's proposed tariff, when evaluating projects that require significant approach to a main to reach an underserved area. Consideration of these other factors is designed to promote economic growth in the state where growth would not otherwise be possible. These capital expenditures would be submitted for recovery as part of the normal rate case process and could be reviewed for prudency at that time.

#### IV. LINE EXTENSIONS

- Q. OPC WITNESS LENA MANTLE STATES THAT SPIRE'S TARIFF REVISIONS
  INCLUDE A PROVISION TO PROVIDE FREE LINE EXTENSIONS AT SPIRE'S
  DISCRETION. (MANTLE REBUTTAL PGS. 3-6.) DO YOU AGREE WITH THIS
  POSITION?
- 17 A. No. OPC states that the tariff revision does not describe the parameters that need to be met
  18 to receive service at no cost. Ms. Mantle also suggests that the language will allow Spire
  19 to act discriminatorily and in a manner that is likely to increase costs to customers.
  20 Contrary to OPC's assertions, in evaluating whether or not an extension can be provided
  21 to a prospective customer at no cost, Spire completes a financial analysis that ensures the
  22 project meets Spire's internal rate of return. If the line extension does not meet Spire's
  23 internal rate of return, Spire requires a customer contribution to achieve this threshold.

1		This is very clearly stated in the Company's tariff sheet R-15.2 under paragraph E "Main
2		and Service Pipe Extensions Beyond the Free Allowance."
3	Q.	PLEASE DISCUSS THE COMPANY'S DISCRETION WHEN IT COMES TO THE
4		PROVISION OF FREE EXTENSIONS IN TARIFF R-15.2, PARAGRAPH D.
5	A.	This verbiage is part of Spire's existing tariff, but currently it is limited to prospective
6		customers whose annual consumption exceeds 6,000 therms/Ccf. By proposing to remove
7		this limitation from Spire's tariff, the Company is able to better address mixed-use
8		developments that combine both residential and commercial aspects of the tariff. The
9		discretion referenced in the tariff provides the Company with the ability to utilize the
10		economic model, instead of relying only on the fixed main and service footage allowance.
11		This model considers the specific project costs, customer usage and corresponding
12		revenues to determine the rate of return, which is then compared to the Company's
13		threshold and allows the Company to determine if a customer contribution is needed.
14		V. MISCELLANEOUS CHARGES
15	Q.	DOES STAFF WITNESS HARRIS SUPPORT CONSOLIDATION OF SPIRE
16		EAST AND SPIRE WEST MISCELANEOUS CHARGES?
17	A.	Yes. Spire appreciates Staff's support of consolidation for Spire East and Spire West
18		miscellaneous charges.
19	Q.	STAFF WITNESS HARRIS OPPOSES SPIRE'S PROPOSAL TO INCREASE
20		CERTAIN MISCELLANEOUS CHARGES IN THIS CASE AND RECOMMENDS

TIME. (HARRIS REBUTTAL, PG. 7-9). WHAT IS SPIRE'S RESPONSE?

THAT THERE BE NO INCREASES TO MISCELLANEOUS CHARGES AT THIS

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- A. While Staff supports consolidation of Spire East and Spire West miscellaneous charges,

  Staff's opposition to an increase in certain miscellaneous charges makes consolidation

  more challenging because Spire cannot accomplish the first objective without increasing

  miscellaneous charges for one service area or the other. To do otherwise would result in

  disparate rates between Spire East and Spire West. In some cases, Spire has not updated its

  miscellaneous charges in over a decade, if not longer. It is time to align the actual cost of

  current services with current expenses.
- 9 REQUIREMENT TO REFLECT THE ADDITIONAL REVENUE THAT WILL
  10 BE COLLECTED FROM THE COMPANY'S PROPOSED INCREASE IN
  11 MISCELLANEOUS SERVICE CHARGES. HOW DO YOU RESPOND? (HARRIS
  12 REBUTTAL, PG. 8.)
- A. Spire's revenue requirement would need to be adjusted to reflect the impact of the increased Reconnection Charge for Missouri East customers. For Missouri West customers, the current tariff charges for Disconnection of \$24 and Reconnection of \$65 would be combined for a total of \$89 and would offset the reduced Missouri West Service Initiation charge, resulting in no impact to the revenue requirement. For Meter Reading non-access charge and Meter Test fee increases, no jobs were billed in the test year period so these increases would not be reflected in the revenue requirement.
- Q. WHICH MISCELLANEOUS SERVICE CHARGES DOES STAFF
   SPECIFICALLY ADDRESS?
- A. Staff indicated concerns with Spire's proposed Collection Trip Charge and the Customer Reconnection Charge. (Harris Rebuttal p. 9.)

### 1 Q. WHAT DOES STAFF PROPOSE FOR THE COLLECTION TRIP CHARGE AND

#### **CUSTOMER RECONNECTION CHARGE?**

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A. Staff notes that Spire's collection trip charge is currently a stand-alone charge of \$9.00 on customer's bills, but under Spire's proposed revisions the Collection Trip Charge will be a cost component of the Reconnection Charge. Staff argues that this is not transparent customer billing. Staff recommends that the collection trip cost of \$14.26 be removed from the customer reconnection charge so that the average cost to reconnect service is no higher than \$82.48.

#### 9 Q. HOW DO YOU RESPOND TO STAFF'S PROPOSAL?

A. Staff is mixing up two separate charges that Spire incurs - the collection charge and the disconnection charge. The collection charge is applied when the Company representative collects payment at the premise to avoid a disconnection. The Collection Trip Charge *is not* a component of the Reconnection Charge. Spire is recommending a slight increase in the Collection Trip Charge in this case to align with the current contract of the vendor. The Disconnection Charge is applied when the Company representative terminates a customer's service. In this case, Spire is recommending that the disconnection and reconnection charges be combined and asking for an increase in that charge.

# 18 Q. DOES MS. HARRIS ACCURATELY REFLECT SPIRE'S PROPOSAL FOR EFV

#### **INSTALLATION CHARGES?**

A. No. Staff also incorrectly identifies the Company's proposed EFV installation charge increase of \$1200 to \$1500 as the service initiation charge. (Harris Rebuttal, pg. 8). The service initiation charge will remain at \$25 for Missouri East new customers and reduce from \$32 to \$25 for Missouri West new customers in Spire's proposal.

#### VI. PAYROLL AND TRANSITION COSTS

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- Q. STAFF WITNESS KAREN LYONS FILED TESTIMONY NOTING CERTAIN
  CORRECTIONS TO ITS RECOMMENDED REVENUE REQUIREMENT BASED
  ON ERRORS. WHAT WERE THE COMPANY'S FINDINGS ON SPIRE'S
  REVENUE REQUIREMENT BASED ON THESE CORRECTIONS? (LYONS
  REBUTTAL, PGS. 3-4.)
- 7 Relevant to my Surrebuttal Testimony, Spire and Staff met and discussed an alternate A. 8 calculation to determine the O&M and Capital payroll percentages to apply when 9 allocating the true-up payroll amounts. It is my understanding that Staff is still reviewing 10 the calculation and determining the impact the adjustment will have to trueup payroll. For 11 MGE transition costs, Spire is waiting for Staff's true-up models to verify the balance used 12 for calculating the amortization amount. Staff did not address either of the above items in Rebuttal Testimony. Spire will continue to work with Staff and will analyze the result of 13 14 Staff's true-up models, since the timing of this Surrebuttal Testimony is twelve days after 15 all of the true-up information was provided to Staff pursuant to the procedural schedule in 16 this case.

#### VII. METERS AND SERVICE COSTS

STAFF WITNESS POSTON STATES THAT STAFF DISCOVERED THAT SPIRE 18 Q. 19 **INCORRECTLY IMPORTED** THE COSTS **FOR** METERS, **METER** 20 INSTALLATION, REGULATORS, AND SERVICES, THEREBY IMPACTING 21 SPIRE'S METER AND SERVICE RELATED ALLOCATION FACTORS FOR 22 THE RESIDENTIAL CLASS. (POSTON REBUTTAL, PG. 2.). DO YOU AGREE 23 WITH THESE FINDINGS?

A. Mr. Poston brought this issue to Spire's attention in March and a revised file was provided to Staff in April with the formulas corrected. Overall, the increase allocated to Residential customers was below the revised file threshold. For the mains allocator issues that Mr. Poston refers to on page 3 of his Rebuttal Testimony, these items were discussed during the April 13, 2021, meeting and corrections were made to formulas in the file to facilitate Staff's analysis. As a result of these corrections, I do not believe that Mr. Poston's concerns are still an issue in this case.

#### VIII. CALL CENTER STAFFING

9 Q. MIEC/VICINITY WITNESS GREG MEYER ASSERTS THAT THE TRANSITION
10 TO HAVING MORE IN-HOUSE SPIRE EMPLOYEES TRANSITION TO CALL
11 CENTER OPERATIONS WILL INFLATE COSTS AND NOT REFLECT
12 ONGOING LEVELS. (MEYER REBUTTAL, PG. 7.) DO YOU AGREE?

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13 A. No. As additional internal Spire personnel assume call center staffing positions, there will
14 be a corresponding offsetting reduction in external call center staffing costs. This has
15 been accounted for in Spire's Revenue Requirement model with an adjustment to reflect
16 the reduction of \$1.6 million related to external call center expenses.

#### XI. WEATHER NORMALIZATION

- 18 Q. WHAT IS THE STATUS OF DEVELOPMENTS BETWEEN SPIRE AND STAFF
  19 RELATING TO THE TEST PERIOD AND REVENUE ADJUSTMENTS?
- A. In Staff witness Robin Kliethermes' Rebuttal Testimony, Ms. Kliethermes states that Staff
  was unclear as to whether Spire updated its test year and what Spire changed in the
  calculations utilized in Spire's mid-March adjustments. (Kliethermes Rebuttal, pgs 2-7). Spire
  has since provided Staff with workpapers that Spire believes clear up the calculations utilized

in the mid-March adjustments. To clarify, Spire has corrected the \$3.7M increase stemming from Spire's weather normalization adjustment noted by Ms. Kliethermes on pages 3 and 4 of her rebuttal testimony. Spire also added back the disconnection normalization adjustment that eliminates average usage for customers who in normal operating conditions would be disconnected. As to the issue of the conservation adjustment listed by Ms. Kliethermes on pages 4 through 6 of her rebuttal testimony, my colleague Scott Weitzel will address Spire's position in more detail.

# Q. DO YOUR ABOVE-LISTED ADJUSTMENTS CLARIFY THE DIFFERENCES SET FORTH IN STAFF WITNESS JOEL MCNUTT'S TESTIMONY?

Q.

A.

Yes, they do. Mr. McNutt found that Staff's and Spire's weather normalization adjustments were largely consistent, except that Staff's regression model includes usage and heating degree days ("HDD") for each of Spire's 18 billing cycles per month. (McNutt Rebuttal, pgs 2-4.) In contrast, Spire's regression analysis averages the HDDs over the billing month to create an average billing cycle HDD value. Mr. McNutt states that the difference between Spire's direct-filed weather normalization adjustment and Staff's weather normalization adjustment was only about \$53,000, but that it was inflated by Spire's mid-March adjustment. (McNutt Rebuttal pg. 4), As stated above, Spire has adjusted its calculations, and as a result, the difference in Spire's and Staff's calculations should return to the \$53,000 differential.

#### X. RESIDENTIAL "CUSTOMER CHOICE"

ARE THERE FLAWS IN MS. LANGE'S EXAMPLE: IF ONE OR MORE RESIDENTIAL CUSTOMERS CONNECTED TO THE SYSTEM WITH PROJECTED CONSUMPTION OF 20,000 CCF PER YEAR, WITH EXPECTED REVENUE IN THE NEIGHBORHOOD OF \$4,250 PER YEAR, SPIRE WOULD

1		HAVE REQUIRED LESS CIAC (OR NO CIAC) THAN IF THE SAME
2		CUSTOMER REQUIRING THE SAME FACILITIES WERE PROJECTED TO
3		PROVIDE ONLY \$486 OF ANNUAL REVENUE DUE TO PARTICIPATION ON
4		THIS RATE OPTION? (LANGE RUBUTTAL, PG. 25-26)
5	A.	Yes. When determining a required customer contribution in aid of construction (CIAC),
6		the projected consumption for the project, along with the applicable rate class, would be
7		utilized to determine the annual revenue estimate. If this rate tariff is approved, Spire
8		would need to add this option to the analysis, similar to the financing option that was added.
9		When developing these new customer rate options, Spire focused on the average customer
10		usage patterns and not anomalies within the rate class.
11		XI. METER OPT-OUT
11 12	Q.	XI. METER OPT-OUT STAFF WITNESS CLAIRE EUBANKS RECOMMENDS AN UPDATE TO THE
	Q.	
12	Q.	STAFF WITNESS CLAIRE EUBANKS RECOMMENDS AN UPDATE TO THE
12 13	Q.	STAFF WITNESS CLAIRE EUBANKS RECOMMENDS AN UPDATE TO THE TARIFF ADDRESSING THE IMPLEMENTATION OF THE ONE TIME METER
12 13 14		STAFF WITNESS CLAIRE EUBANKS RECOMMENDS AN UPDATE TO THE TARIFF ADDRESSING THE IMPLEMENTATION OF THE ONE TIME METER OPT-OUT CHARGE. HOW DOES SPIRE RESPOND?
12 13 14 15		STAFF WITNESS CLAIRE EUBANKS RECOMMENDS AN UPDATE TO THE TARIFF ADDRESSING THE IMPLEMENTATION OF THE ONE TIME METER OPT-OUT CHARGE. HOW DOES SPIRE RESPOND?  Spire agrees with Staff's recommendation to include the clarifying language on pg 3 line
12 13 14 15 16		STAFF WITNESS CLAIRE EUBANKS RECOMMENDS AN UPDATE TO THE TARIFF ADDRESSING THE IMPLEMENTATION OF THE ONE TIME METER OPT-OUT CHARGE. HOW DOES SPIRE RESPOND?  Spire agrees with Staff's recommendation to include the clarifying language on pg 3 line 8-11 of Ms. Eubanks Rebuttal Testimony that further specifies when a customer will be
12 13 14 15 16 17		STAFF WITNESS CLAIRE EUBANKS RECOMMENDS AN UPDATE TO THE TARIFF ADDRESSING THE IMPLEMENTATION OF THE ONE TIME METER OPT-OUT CHARGE. HOW DOES SPIRE RESPOND?  Spire agrees with Staff's recommendation to include the clarifying language on pg 3 line 8-11 of Ms. Eubanks Rebuttal Testimony that further specifies when a customer will be charged the one time Meter Opt-Out charge.

# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Spire Missouri Inc. Spire Request for Authority to Imple Rate Increase for Natural Gas Service the Company's Missouri Service An	) )	) Case No. GR-2021-0108 )	
	<u>A F F I D A V</u>	<u> I T</u>	
STATE OF MISSOURI	)	SS.	
CITY OF ST. LOUIS	)		

Michelle Antrainer, of lawful age, being first duly sworn, deposes and states:

- 1. My name is Michelle Antrainer. I am Lead Regulatory Analyst at Spire Missouri Inc. My business address is 700 Market St., St. Louis, Missouri, 63101.
- 2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony on behalf of Spire Missouri Inc.
- 3. Under penalty of perjury, I declare that my answers to the questions contained in the foregoing surrebuttal testimony are true and correct to the best of my knowledge and belief.

/s/ Michelle Antrainer
Michelle Antrainer

<u>July 14, 2021</u> Date