

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

In the Matter of the Application of Spire Missouri)
Inc. to Establish an Infrastructure System) Case No. GO-2018-0309
Replacement Surcharge in its Spire Missouri East)
Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Establish an Infrastructure System) Case No. GO-2018-0310
Replacement Surcharge in its Spire Missouri West)
Service Territory)

**OBJECTION TO STAFF RECOMMENDATION
AND REQUEST FOR PROCEDURAL SCHEDULE AND HEARING**

COMES NOW Spire Missouri Inc., on behalf of Spire Missouri East and Spire Missouri West ("Spire Missouri"), and in support of its Objection to Staff Recommendation and its Request for a Procedural Schedule and Hearing, respectfully states as follows:

1. The ISRS applications in the above cases were filed on June 7, 2018. Pursuant to the ISRS Statute (Section 393.1009-1015 RSMo.), the operation of law date for these applications is October 5, 2018. On August 6, 2018, Staff filed its Recommendation in which it made a significant adjustment to the amounts requested by Spire Missouri in its applications. The adjustments are primarily associated with the replacement of plastic main and service lines incidental to Spire Missouri's cast iron and bare steel main replacement programs.

2. Spire Missouri strongly disagrees with Staff's adjustment on this issue. The Company continues to assert that the Company conducts its safety replacement programs in a manner that avoids incremental costs. The Company has previously articulated support for its position in testimony and briefs in ISRS Cases Nos. GO-2016-0332; GO-2016-0333, GO-2017-0201 and GO-2017-0202, and most recently in the oral argument held in those cases on August 9, 2018.

3. Spire Missouri also disagrees with Staff's Recommendation to the extent it removes even more costs than can be attributed to replacement of plastic. For example, the Company notes Staff's exclusion of replacement costs for steel facilities.

4. Spire Missouri disagrees with adjustments made by Staff in its Recommendation relating to the treatment of accumulated deferred income taxes.

5. Further Spire Missouri objects to adjustments made by Staff to reflect tax savings resulting from the Company's self-construction of assets. The Company believes that Staff's adjustment double counts these tax savings, since they are already reflected in rates. In the past, the Company and Staff have deferred this issue by a temporary compromise that was reflected in the Company's rate cases. The Staff's recommendation in these ISRS cases reflects an amount that coincides with the past compromise. The Company notes that such compromise was not continued in its most recent rate cases, and hereby objects to Staff's tax adjustment.

6. Finally, the Company reserves the right to address other flaws in the Staff's Recommendation that it identifies at or before the time testimony is filed.

7. The Company submits that an evidentiary hearing will be necessary to address these issues, and hereby requests a hearing.¹

WHEREFORE, Spire Missouri respectfully requests that the Commission issue a procedural order that schedules written testimony and a hearing in these ISRS cases.

¹ On August 15, 2018, the Commission issued an order scheduling an evidentiary hearing for August 27-28 in the cases listed in paragraph 2 above. It is not clear whether that hearing will be used in determining this case as well.

Respectfully submitted,

SPIRE MISSOURI INC.

By: /s/ Michael C. Pendergast

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the Staff and OPC, on this 16th day of August 2018 by hand-delivery, fax, electronic mail or by regular mail, postage prepaid.

/s/ Rick Zucker