

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

In the Matter of the Application of Spire Missouri)
Inc. d/b/a Spire to Change its Infrastructure) **File No. GO-2023-0432**
System Replacement Surcharge in its Spire) **Tariff No. YG-2023-0224**
Missouri East and West Service Territories)

STAFF’S REPORT AND RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), through the undersigned counsel, and for its *Staff Report and Recommendation*, respectfully states as follows:

1. On June 20, 2023, Spire Missouri Inc., d/b/a Spire (“Spire Missouri” or “Company”) filed its *Verified Application and Petition of Spire Missouri Inc. to change its Infrastructure System Replacement Surcharge (“ISRS”) for its Spire Missouri East and West Service Territories and Request for Waiver from 60-day Notice Rule* (“Petition”) with the Missouri Public Service Commission (“Commission”) seeking approval to increase its existing ISRS rates from the current rate level. Also in its *Petition*, Spire Missouri requested a waiver of the 60-day notice requirements of 20 CSR 4240-4.017(1).

2. Additionally, on June 20, 2023, Spire Missouri filed a Substitute P.S.C. MO. No. 9 Fifth Revised SHEET No. 12 CANCELLING P.S.C. MO. No. 9 Fourth SHEET No. 12, with an effective date of July 30, 2023.

3. On June 23, 2023, the Commission ordered Staff to file a recommendation concerning Spire Missouri's petition by September 18, 2023.

4. The Company's request, outlined in the attached Staff Memorandum, includes both incremental revenue requirements for Infrastructure System Replacement Surcharge–eligible replacements and cumulative revenue requirements that include

actual and estimated investment costs. Staff summarized Spire's desired total revenue requirement in the pending case. After reviewing Spire's pending submission, Staff concluded that a lower annual revenue requirement is justified for recovery.

5. Furthermore, Spire Missouri's previous ISRS filings were based on estimated additions for a two-month period. In 2020, Missouri legislation amended statutes authorizing the ISRS, RSMo sections 393.1009, 393.1012, and 393.1015. One of those amendments extended the time for Staff's audit from 60 to 90 days.

6. In the current case, Spire's June 20, 2023 filing directly caused Staff's recommendation to be due on September 18, 2023, which only allowed for 10-business days after the final ISRS addition went into service (August 31, 2023). This limited timeframe presents limitations for evaluating the company's revenue requirement because the costs, particularly those for the final month, are only known and measurable within a short window.

7. Given the current statutory timeline for ISRS applications and the brief 10-business-day window for due diligence following the Company's filing, Spire Missouri should proactively plan its ISRS filings to allow for a more comprehensive review.

8. Staff Recommends the Commission reject Spire East's and Spire West's proposed increase in ISRS rates, as filed on June 20, 2023 and assigned Tracking No. YG-2023-0224.

9. Staff Recommends the Commission approve Staff's proposed substitute ISRS rates as shown in Appendix B-1 and B-2. Staff's proposed revenue requirements are contained in Appendix C-1 and C-2.

10. The rates in Appendix B-1 are based on \$6,744,812 for Spire East and in Appendix B-2 are \$13,367,746 for Spire West being the appropriate revenue requirement for this proceeding. The Staff requests that the Commission approve a total (both districts) annual revenue increase of \$20,112,558.

11. Staff does not oppose Spire Missouri's request for a waiver of the 60-day notice requirement of 20 CSR 4240-4.017(1).

WHEREFORE, for the reasons stated above and in the attached and incorporated Staff Memorandum, Staff recommends the Commission issue an order that:

1. Rejects Spire's ISRS tariff sheet P.S.C. MO No. 9 Fifth Revised Sheet No. 12 / Replacing Fourth Revised Sheet No. 12 filed on June 20, 2023.
2. Approves Staff's proposed substitute ISRS rates as shown in Appendix B-1 and B-2. Staff's proposed revenue requirements are contained in Appendix C-1 and C-2.

Respectfully submitted,

/s/ Eric Vandergriff

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Staff Counsel for the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 18th day of September, 2023.

/s/ Eric Vandergriff

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GO-2023-0432, Tariff Tracking No. YG-2023-0224
Spire Missouri Inc., d/b/a Spire (Combined)

FROM: Michael J. Ensrud, Research/Data Analyst, Procurement Analysis
Sydney Ferguson, Utility Regulatory Auditor, Auditing
Lindsey Smith, Utility Regulatory Auditor, Auditing
Matthew Young, Utility Regulatory Audit Supervisor, Auditing
David T. Buttig, P.E., Senior Professional Engineer, Procurement Analysis

/s/ David M. Sommerer 09-18-23
Procurement Analysis/Date

/s/ Karen Lyons 09-18-23
Auditing/Date

SUBJECT: Staff Report and Recommendation Regarding Spire’s ISRS Tariff
Submission in order to increase ISRS rates.

DATE: September 18, 2023

STAFF MEMORANDUM

On June 20, 2023, Spire Missouri Inc., d/b/a Spire (“Spire Missouri” or “Company”) filed its *Verified Application and Petition of Spire Missouri Inc. to change its Infrastructure System Replacement Surcharge for its Spire Missouri East and West Service Territories and Request for Waiver from 60-day Notice Rule* (“petition”) along with associated work papers and the Direct Testimony of Witness Trish E. Lavin. Spire also filed a tariff sheet and cover letter.

In its Petition, Spire Missouri requests Commission approval in order to increase existing ISRS rates from the current rate level.¹ The filing proposes to increase the infrastructure system replacement surcharge (“ISRS”) for both its Spire Missouri East Service Territory (“Spire East”), and, Spire Missouri West Service Territory (“Spire West”). This was done in order to recover costs incurred for ISRS-eligible replacements made between March 1, 2023 and August 31, 2023 (with pro forma costs for the months of June 1, 2023 through

¹ The existing ISRS rates were in place since May 6, 2023, as the result of GO-2023-0203 proceeding.

August 31 2023).² The purpose of this proceeding is to determine the appropriate amount of annual recovery (via the established ISRS rates) that is supported by the content of the case. The level of annual recovery is translated into monthly ISRS rates.

In its Petition, Spire indicates its Petition is made pursuant to the following Statutes and Rules:

COMES NOW Spire Missouri Inc., (“Spire Missouri” or “Company”) by and through counsel and pursuant to Sections 393.1009, 393.1012 and 393.1015 of the Revised Statutes of Missouri and 20 CSR 4240-2.060, 2.080 and 3.265 of the Rules of Practice and Procedure of the Missouri Public Service Commission (“Commission”) and, for its Verified Application and Petition to Change its Infrastructure System Replacement Surcharge (“ISRS”) for its Spire Missouri East (“Spire East”) and Spire Missouri West (“Spire West”) Service Territories and Request for Waiver from the 60 Day Notice Rule ... (page 1)

The initial submission also consisted of a transmittal letter (cover letter) and a tariff sheet with a June 20, 2023 issue date and a July 20, 2023 effective date.

The cover letter states the following:

*This revised tariff sheet, which has an issue date of June 20, 2023 and effective date of July 20, 2023, is being filed to change the Infrastructure System Replacement Surcharge (“ISRS”) rates **in accordance with Sections 393.1009, 393.1012 and 393.1015 of the Revised Statutes of Missouri***³

Additionally, Spire Missouri has filed a single, combined ISRS Application for both its Spire East and Spire West service territories pursuant to the Amended Report and Order in Case No. GR-2021-0108.

² This ISRS attempts to recapture six (6) months of activity and is three (3) months historical and three (3) months (at initial filing) pro forma. It was “trued up” during the duration of the proceeding.

³ Beyond this declaration of compliance with all the ISRS Statutes, Spire asserts compliance with many specific Statutes & Rules in both its Petition & the Direct Testimony of Trisha Lavin.

COMPETING REVENUES REQUESTED

In this case, the cumulative revenue requirement for the East District is shown on Appendix A, Schedule 17 of Spire’s Petition while the West District’s cumulative is shown on Appendix B, Schedule 17. While the incremental revenue requirements for both East and West are provided on Appendix A, Schedule 16, and Appendix B, Schedule 16, the previous approved revenue requirements from Case No. GO-2023-0203 were not separately listed by Spire but found in the Commission’s Order in that previous ISRS case.

Staff has summarized what Spire seeks to recover in the way of a cumulative revenue requirement that is implicit in the pending case. Spire’s proposal can be summarized as an annual request for the following:

	<u>INCREMENTAL</u>	<u>CUMULATIVE</u>	<u>CUMULATIVE</u>
	<u>GO-2023-0432</u>	<u>GO-2023-0203</u>	<u>GO-2023-0432</u>
EAST	\$5,298,372	\$3,296,620	\$8,594,992
WEST	\$8,945,233	\$4,423,732	\$13,368,965
TOTAL	\$14,243,605	\$7,720,352	\$21,963,957

In contrast to what Spire’s is requesting, Staff’s analysis of Spire’s pending submission has resulted in there being a lower annual revenue requirement as being the appropriate amount of recovery that is justified. Staff’s position is that the following figures should be used in lieu of Spire’s (above) figure.

	<u>INCREMENTAL</u> <u>GO-2023-0432</u>	<u>CUMULATIVE</u> <u>GO-2023-0203</u>	<u>CUMULATIVE</u> <u>GO-2023-0432</u>
EAST	\$3,448,192	\$3,296,620	\$6,744,812
WEST	\$8,944,014	\$4,423,732	\$13,367,746
TOTAL	\$12,392,206	\$7,720,352	\$20,112,558

The difference for Spire’s East District between Spire’s initial revenue request and Staff’s counter position is \$1,850,180 annually. The difference for Spire’s West District between Spire’s initial revenue request and Staff’s counter position is \$1,219 annually. The total reduction between what Spire sought and what Staff proposed as the appropriate annual revenue requirement is \$1,851,399.

On June 23, 2023, the Commission issued “*Order Directing Notice, Setting Intervention Deadline, Directing Filings, Setting Time for Responses, and Suspending Tariff Sheets.*” The Commission’s response was as follows:

1. *The tariff sheet filed by Spire Missouri on June 20, 2023, Tracking No. YG-2023-0224, is suspended until December 17, 2023, or until otherwise ordered by the Commission.*

6. *No later than September 18, 2023, Staff shall file its recommendation.*

The following content of Staff’s memo will go into the details as to why the Staff’s figures are appropriate and should supersede those figures initially proposed by Spire.

TIMING OF ISRS APPLICATIONS

Historically, Spire and its predecessors’ ISRS filings were based on two months of estimated ISRS additions and were replaced with actual ISRS costs over the course of the proceeding. On August 28, 2020 legislation amended the Missouri statutes authorizing the ISRS,

RSMo sections 393.1009, 393.1012, and 393.1015. One of the amendments to the laws included changing the statutory time allotted for Staff's audit from 60 to 90 days. This extension of time has allowed Spire to increase the number of estimated months embedded in its request from two to three months.

The statutory timeline is triggered when Spire files its request in the Commission's Electronic Filing Information System ("EFIS"). In other words, the deadlines inherent to an ISRS case are totally within Spire's discretion. In the current case, Spire's June 20, 2023 filing directly caused Staff's recommendation to be due on September 18, 2023, which only allowed for 10 business days after the final ISRS addition was placed into service (August 31, 2023). This time period represents a brief moment when all costs are known and measurable, especially regarding the final month. Essentially this is Staff's only opportunity to audit Spire's final month of ISRS additions and engineering analyses, evaluate Spire's workpapers, and review revenue requirement workpapers based on actual costs.

To perform a proper level of due diligence, 10 business days is typically not enough time. Subsequent to the end of the final ISRS month, Spire requires time to perform its month-end accounting procedures before it can provide its documentation of actual ISRS costs to Staff. After Staff receives support for actual costs, it will typically select a sample of invoices that support Spire's construction costs. Staff will additionally review, and adjust if necessary, amounts entered into the revenue requirement model. In addition, Staff requires time to perform its rate design, compose an official memorandum, and file its case into EFIS.

Staff was able to perform its due diligence in the current case despite the compressed timeline because of a currently favorable caseload, adequate auditor staffing, Spire's efficient responses to Staff data requests, and an unprecedented effort from Spire to prioritize closing its books after the end of August. However, it is unreasonable to expect these conditions to exist in the future and Staff will use this case to manage expectations going forward.

Staff notes that the ISRS statutes do not require Staff to measure ISRS rate base at the point in time that Spire requested in its filing. To apply that interpretation to the current case, Missouri law doesn't require Staff to recommend a revenue requirement that includes August 2023 ISRS additions. Realizing that the due date for Staff's recommendation is set by Spire's decision to file a case, Staff advises Spire to plan its ISRS filing in a manner that allows for Staff to perform its due diligence on the ISRS plant the Company desires to include in the ISRS surcharge. To set expectations, Staff expects that, *at a minimum*, it requires ten business days *subsequent to the receipt of all actual ISRS costs* to perform its due diligence. Staff sets this expectation under the assumption that Spire will continue to prioritize supporting its case by quickly responding to data requests, emails, and other requests for clarification. Staff reiterates that this is an attempt to set expectations but not a demand. Staff's ultimate aspiration is that ISRS requests are planned to allow Spire adequate time to perform its internal accounting processes and permit Staff adequate time to perform its due diligence.

AUDITING REVIEW AND REVENUE CALCULATIONS

Staff recommends an ISRS revenue requirement for Spire East of \$3,448,192 and Spire West of \$ 8,944,014 for a total incremental increase of \$12,392,206.

Section 393.1015.3, RSMo, states:

A gas corporation may effectuate a change in its rate pursuant to the provisions of this section no more often than two times every twelve months.”⁴

Staff asserts Spire Missouri's filing complies with Section 393.1015.3, RSMo.

Section 393.1012.1, RSMo, states:

The commission may not approve an ISRS to the extent it would produce total annualized ISRS revenues below the lesser of one million dollars or one-half of one percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general

⁴ Past practice has been that the resetting of ISRS rates to zero does not count toward the two filings in a 12 month period provision. In other words, Spire is allowed to file one more ISRS prior to December 26, 2023 without violating this provision but is prohibited from filing two.

rate proceeding. The commission may not approve an ISRS to the extent it would produce total annualized ISRS revenues exceeding ten percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general rate proceeding.

Spire Missouri's requested ISRS revenues for Spire Missouri exceed one-half of one percent of the natural gas utility's base revenue level the Commission approved in the most recent Spire Missouri rate case, Case No. GR-2022-0179. It also exceeds the one million dollar criteria. Spire Missouri's ISRS revenues, including the amounts requested in this filing, do not exceed ten percent of the base revenue levels approved by the Commission in the last Spire Missouri rate case.

In this Petition, Spire Missouri filed to recover current qualifying ISRS costs incurred during the period of March 1, 2023 through August 31, 2023. Spire's initial ISRS request included estimated plant additions for the months for June 2023 through August 2023, which Spire replaced with actual additions as amounts became available. The final costs for the ISRS-eligible additions were provided to Staff on September 8, 2023. Staff's recommended ISRS revenue requirement is based on actual costs of ISRS-eligible plant placed into service through August 31, 2023.

As part of its examination of Spire Missouri's Petition, Auditing Staff reviewed supporting work papers, work order authorizations, accounting entries for work orders, and a sample of invoices supporting the work order authorizations. Staff communicated throughout its review with Spire Missouri's personnel through email and verbal discussions for clarification of the Petition.

Blanket Work Orders

Staff reviewed Spire Missouri's work papers concerning "blanket work orders." Blanket work orders are work orders that cover a large number of tasks and do not close for an extended period of time. Spire Missouri categorized tasks in the blanket work orders as either ISRS-eligible or ISRS-ineligible. Spire Missouri then calculated the percentage of eligible versus ineligible tasks and applied the ineligible task percentage to the total blanket work order

costs to calculate the dollar amount that is not ISRS-eligible. At this time, Staff does not propose any disallowances related to blanket work orders.

Taxes and Depreciation

Consistent with past ISRS reviews, Auditing Staff verified that the calculation of the ISRS revenue requirement for ISRS-qualifying plant reflects the net book cost at the latest whole month prior to the effective date of the ISRS rates. The statutory timeline attached to this case marks December 2023 as the month the current ISRS petition will become effective. As such, Staff and Spire accrued the accumulated depreciation reserve and Accumulated Deferred Income Taxes (“ADIT”) on ISRS additions through November 2023, which is the most recent full month prior to the effective date of rates in this case.

Staff included in its ISRS revenue requirement calculations the tax deductions associated with interest expense and capitalized overheads (263a deductions) associated with ISRS plant additions in this period. These tax deductions are directly associated with, and incremental to, the ISRS plant additions in this proceeding.

ENGINEERING REVIEW

The legacy Spire distribution system that is being replaced contains a combination of cast iron, steel, and plastic pipes that have been repaired and added onto for more than one hundred years. As a result, within the scope of any particular main replacement project, multiple pipe material types of diverse vintages can be encountered. When such projects are identified, Spire must decide how to most cost effectively install its new distribution mains. That planning process considers, on a case-by-case basis, the relative cost of reusing or abandoning certain parts of the existing system. When necessary, Spire performs analyses to find the incremental cost of reusing existing facilities versus abandoning those existing facilities and installing all new pipe. The purpose of examining those two different construction scenarios is to attempt to quantify which approach (reuse or abandonment) would result in a lower total construction cost.

Staff has examined similar analyses in prior ISRS petitions from Spire and has observed that it is almost always more cost effective to abandon short sections of interspersed plastic or steel

pipe from the legacy distribution system than to attempt to reuse them. Reuse often would require additional excavation, street repairs, and potentially longer construction timelines. The benefits of reusing existing short sections of pipe is small due to the low material costs of pipe and the high costs of the equipment, time, and labor needed to tie into them.

A common scenario observed by Staff is one in which a new distribution main is being installed on the opposite side of the street from the existing main. The existing main may contain short sections of plastic pipe interspersed with sections of cast iron pipe. Reuse of the existing plastic pipe in the new distribution system would mean spending thousands of dollars in time and materials in order to reuse tens or hundreds of dollars' worth of plastic pipe.

Staff recognizes that every construction site is different and poses unique challenges. To address that, Spire has provided incremental cost analyses for each of the ISRS eligible projects that contain interspersed plastic pipe or other facilities. The incremental cost analyses include maps that overlay the two construction scenarios that were considered by Spire: reuse or abandonment of existing facilities. The construction costs for the two scenarios were estimated by Spire using the same material and labor costs in order to provide an “apples-to-apples” comparison. In the event that the construction plan chosen by Spire to execute is the more expensive of the two scenarios, the cost difference between the two plans is subtracted from the ISRS petition and is labeled as an “incremental cost.” In that way, Spire still performs the construction in the way that it prefers, but the costs from choosing the more expensive option are offset in order to limit impacts to customers.

The Customer Count

Although the Commission rules are silent on using past rate case “customer counts”⁵ in ISRS proceedings, State Statute does allow (as an exception) for such use (Section 393.1015, RSMo.) There exists the following exception for the customer “count” (from previous rate cases) to be used to determine ISRS rates:

⁵ The term “customer count” refers “billing units that historically occurred”. For ISRS purposes, “customer counts” are annualized “billing units” or “billing frequency”.

5. (1) The monthly ISRS charge may be calculated based on a reasonable estimate of billing units in the period in which the charge will be in effect, **which shall be** conclusively established by dividing the appropriate pretax revenues by **the customer numbers reported by the gas corporation in the annual report it most recently filed with the commission** pursuant to subdivision (6) of section 393.140, and then further dividing this quotient by twelve. **Provided, however, that the monthly ISRS may vary according to customer class and may be calculated based on customer numbers as determined during the most recent general rate proceeding of the gas corporation so long as the monthly ISRS for each customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.** [Emphasis added.]

Spire used the customer count from its most recent general rate proceeding - Case No. GR-2022-0179. The Staff agrees with this methodology for this particular case.⁶

As of the issuance of this memorandum, Spire Missouri is not delinquent on its FY 2022 assessments and Spire Missouri has filed its 2022 annual report⁷ with the Commission.

Staff has no objection to Spire Missouri Inc.'s Request for Waiver of the 60 day Notice Provisions of Commission Rule 20 CSR 4240-4.017(1).

Use of Customer Charge in Calculating ISRS Rates

Both Spire West's and Spire East's proposed district ISRS rates are calculated on "customer charges" that vary from those on file in EFIS as being the tariffed customer charge – at least in some cases. Some proposed ISRS rates for each district do match the tariffed rate, but the majority of proposed ISRS rates are calculated on customer charge that are lower than what is actually on file.

⁶ Staff agrees with Spire as to use of customer count / Staff disagrees with Spire concerning the choice of customer charge – see following section of this memo.

⁷ Date Submitted to EFIS – 4/14/2023

Missouri **Rules** requires a matching of tariffed customer charge in calculation of ISRS rates.

20 CSR 4240-3.265 Natural Gas Utility Petitions for Infrastructure System Replacement Surcharges

(14) The monthly ISRS shall vary according to customer class and shall be calculated based on the customer numbers reported in the most recent annual report of the natural gas utility so long as the monthly ISRS for each *customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.* [Emphasis added.]

Missouri **Statute** requires a matching of tariffed customer charge in calculation of ISRS rates.

Mo. Revised Statute 393.1015.5

Provided, however, that the monthly ISRS may vary according to customer class and may be calculated based on customer numbers as determined during the most recent general rate proceeding of the gas corporation *so long as the monthly ISRS for each customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.* [Emphasis added.]

Staff's proposed rates are based upon use of tariffed customer charges - consistent with the above rule and statute. Some classes in Spire's initial calculation used customer charges that fail to meet the above referenced criteria.

In summary, Staff's calculation of applicable ISRS rates is the only calculation in this case that uses both an acceptable customer count and appropriate customer charge.

REQUEST FOR WAIVER

Spire's Petition contains the following:

22. *Commission Rule 20 CSR 4240-4.017(1) provides, in part, as follows:*

Any person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case. Such notice shall detail the type of case and issues likely to be before the commission and shall include a summary of all communication regarding substantive issues likely to be in the case between the filing party and the office of the commission that occurred in the ninety (90) days prior to filing the notice.

Commission Rule 20 CSR 4240-4.017(1)(D) permits a party to request a waiver of the above cited rule for good cause.

Such a request for the 60-day waiver is fairly common. There is a history of Staff not opposing prior requests for waiver, and the Commission routinely approving such waiver requests. Staff is not opposed to such waiver and Commission approval would be consistent with past practice.

RECOMMENDATION

Based upon the rationale stated above, Staff recommends the Commission issue an order in this case that:

1. Rejects Spire East's and Spire West's proposed increase in ISRS rates, as filed on June 20, 2023 and assigned Tracking No. YG-2023-0224.

The page being rejected is as follows:

P.S.C. MO. No. 9

Fifth Revised Sheet No. 12 / Replacing Fourth Revised Sheet No. 12

2. Approves Staff's proposed substitute ISRS rates as shown in Appendix B-1 and B-2. Staff's proposed revenue requirements are contained in Appendix C-1 and C-2. The rates in Appendix B-1 are based on \$6,744,812 for Spire East and in Appendix B-2 are \$13,367,746 for Spire West being the appropriate revenue requirement for this proceeding. The Staff requests that the Commission approve a total (both districts) annual revenue increase of \$20,112,558. Staff's use of both the customer charge in current tariffs, and the most current customer count from Case No. GR-2022-0179 in calculating proper ISRS rates is appropriate. Staff's proposed ISRS rates will generate sufficient revenue to reimburse Spire for valid ISRS costs submitted in this case.
3. Approve the requested waiver of Commission Rule 20 CSR 4240-4.017(1) – the 60-day waiver of notice requirement.

4. Approve an effective date for Staff's tariff sheet and effective date of the Commission Order on Compliance that is at least 10 days after the issuance date of the Order on Compliance.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

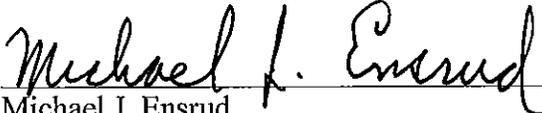
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Missouri, Inc. to Change its Infrastructure) File No. GO-2023-0432
System Replacement Surcharged in its Spire) Tariff No. YG-2023-0224
Missouri East and West Service Territories)
)

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Michael J. Ensrud, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

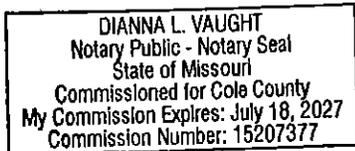
Further the Affiant sayeth not.

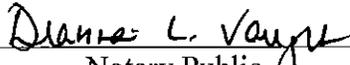


Michael J. Ensrud

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 18th day of September, 2023.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Spire)
Missouri, Inc. to Change its Infrastructure) File No. GO-2023-0432
System Replacement Surcharged in its Spire) Tariff No. YG-2023-0224
Missouri East and West Service Territories)
)

AFFIDAVIT OF LINDSEY SMITH

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW Lindsey Smith, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.


Lindsey Smith

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 12th day of September, 2023.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Spire)	
Missouri, Inc. to Change its Infrastructure)	<u>File No. GO-2023-0432</u>
System Replacement Surcharged in its Spire)	<u>Tariff No. YG-2023-0224</u>
Missouri East and West Service Territories)	
)	

AFFIDAVIT OF MATTHEW R. YOUNG

STATE OF MISSOURI)
)
 COUNTY OF JACKSON) ss.

COMES NOW Matthew R. Young, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.



Matthew R. Young

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 12th day of September, 2023.




 Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

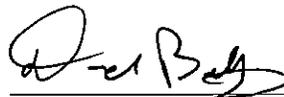
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Missouri East and West Service Territories)	
)	

AFFIDAVIT OF DAVID T. BUTTIG, PE

STATE OF MISSOURI)
)
 COUNTY OF COLE) ss.

COMES NOW David T. Buttig, PE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

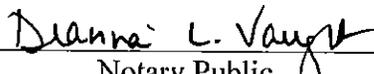


 David T. Buttig, PE

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 14th day of September, 2023.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377



 Notary Public

SPIRE MISSOURI INC. - East District
CASE NO. GO-2023-0432 YG-2023-0224

Staff's Total ISRS Rev Req **\$6,744,812**

<u>Customer Rate Class</u>	<u>Cust #</u>	<u>Customer Charge</u>	<u>Ratio To Residential</u>	<u>Weighted Cust #</u>	<u>19.94870146</u>	<u>Cal ISRS Charge</u>	<u>ISRS Revenues</u>
Residential	618,822	\$20.00 x	1.0000	618,822	82.8612%	\$0.75	\$5,588,830
SGS	36,043	\$40.72 x	2.0360	73,384	9.8262%	\$1.53	\$662,756
LGS	4,921	\$145.43 x	7.2715	35,783	4.7914%	\$5.47	\$323,171
L:V	37	\$1,063.73 x	53.1865	1,968	0.2635%	\$40.03	\$17,773
Unmetered Gas Light	66	\$6.99 x	0.3495	23	0.0031%	\$0.26	\$208
General L-P	31	\$20.87 x	1.0435	32	0.0043%	\$0.79	\$292
Large Volume Transportation	152	\$2,211.30 x	110.5650	16,806	2.2503%	\$83.21	\$151,781
<u>TOTAL</u>	<u>660,072</u>			<u>746,818</u>	<u>100.00%</u>		<u>\$6,744,812</u>

* Due to rounding to the nearest penny, the designed ISRS rates **will under-collect by \$1716.83** However, it should be noted that the total amount collected will be trued-up a

**SPIRE MISSOURI INC. -West District
CASE NO. GO-2023-0432 &YJG-2023-0224**

Staff's Total ISRS Rev Req **\$13,367,746**

<u>Customer Rate Class</u>	<u>Cust #</u>	<u>Customer Charge</u>	<u>Ratio To Residential</u>	<u>Weighted Cust #</u>	<u>19.94870146</u>	<u>Cal ISRS Charge</u>	<u>ISRS Revenues</u>
Residential	496,132	\$20.00	1.0000	496,132	79.7737%	\$1.79	\$10,663,951
SGS	30,149	\$43.70	2.1850	65,876	10.5922%	\$3.91	\$1,415,941
LGS	3,513	\$189.61	9.4805	33,305	5.3552%	\$16.98	\$715,864
L:V	28	\$1,595.40	79.7700	2,234	0.3591%	\$142.88	\$48,009
LGS Transp	220	\$195.39	9.7695	2,149	0.3456%	\$17.50	\$46,197
LV Transp	359	\$1,238.36	61.9180	22,229	3.5742%	\$110.91	\$477,785
TOTAL	530,401			621,924	100.00%		\$13,367,746

* Due to rounding to the nearest penny, the designed ISRS rates **will under-collect by \$115.62**. However, it should be noted that the total amount collected will be trued-up at a later date .

**Spire Missouri East
ISRS - Case # GO-2023-0432
ISRS Revenue Requirement Calculation
Appendix A - Schedule 8**

**Spire Missouri East
ISRS Revenue Requirement Calculation**

ISRS Activity:

Gas Utility Plant Projects - Main Replacements and Other Projects Extending Useful Life of Mains:

<u>Work Orders Placed in Service</u>	
Gross Additions	11,313,324
Deferred Taxes	(105,840)
Accumulated Depreciation	(73,204)
	<hr/>

Total Net 11,134,280

Gas Utility Plant Projects - Service Line Replacements and Insertion Projects:

<u>Work Orders Placed in Service</u>	
Gross Additions	17,616,195
Deferred Taxes	(114,551)
Accumulated Depreciation	(324,787)
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Total Net 17,176,857

Gas Utility Plant Projects - Regulator Stations:

<u>Work Orders Placed in Service</u>	
Gross Additions	-
Deferred Taxes	-
Accumulated Depreciation	-
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Total Net -

Gas Utility Plant Projects - Main Relocations net of Reimbursements:

<u>Work Orders Placed in Service</u>	
Gross Additions	1,670,698
Deferred Taxes	(2,973)
Accumulated Depreciation	(15,717)
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Total Net 1,652,008

**Increase in Accumulated Deferred Income Taxes and Accumulated Depreciation
Associated with Eligible Infrastructure System Replacements which are included in a
Currently Effective ISRS**

Total Incremental Accumulated Depreciation	(462,748)
Total Incremental Accumulated Deferred Taxes	(46,393)

Total ISRS Rate Base 29,454,004

Overall Rate of Return per GR-2022-0179 8.25%

UOI Required 2,429,955

Income Tax Conversion Factor 1.31305

Revenue Requirement on Capital 3,190,652

Depreciation Expense 689,588

Net Property Taxes 328,649

ISRS Undercollection -

Total ISRS Revenues 4,208,889

Total ISRS Rate Base	29,454,004
Weighted Cost of Debt per GR-2022-0179	1.9296%
Interest Deduction	568,344
Marginal Income Tax Rate	23.84%
Income Tax Reduction due to Interest	135,493
Income Tax Conversion Factor	1.31305
Revenue Requirement Impact of Interest Deductibility	177,910

263A Transfers Reduction	2,359,277
Service Transfers Deduction	-
263A and Service Transfers Tax Deductible Items	2,359,277
Income Tax Factor	23.84%
Income Tax Reduction due to Deductible Items	562,452
Income Tax Conversion Factor	1.31305
Revenue Requirement Impact of Interest Deductibility	738,527

Total Rev Req on Capital	2,429,955
Net Income Taxes	-
Depr Expense	689,588
Net Property Tax	328,649
<i>ISRS Under or Over Collection</i>	-
Total ISRS Revenues	3,448,192

**Spire Missouri West
ISRS - Case # GO-2023-0432
ISRS Revenue Requirement Calculation
Appendix B - Schedule 8**

**Spire Missouri West
ISRS Revenue Requirement Calculation**

ISRS Activity:

Gas Utility Plant Projects - Main Replacements and Other Projects Extending Useful Life of Mains:

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<u>Work Orders Placed in Service</u>	
Gross Additions	62,656,644
Deferred Taxes	(597,238)
Accumulated Depreciation	(488,744)
	<hr/>
Total Net	61,570,662
<u>Gas Utility Plant Projects - Service Line Replacements and Insertion Projects:</u>	
<u>Work Orders Placed in Service</u>	
Gross Additions	6,924,435
Deferred Taxes	(46,574)
Accumulated Depreciation	(135,512)
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Total Net	6,742,349
<u>Gas Utility Plant Projects - Regulator Stations:</u>	
<u>Work Orders Placed in Service</u>	
Gross Additions	141,526
Deferred Taxes	(1,240)
Accumulated Depreciation	(1,561)
	<hr/>
Total Net	138,725
<u>Gas Utility Plant Projects - Main Relocations net of Reimbursements:</u>	
<u>Work Orders Placed in Service</u>	
Gross Additions	8,236,845
Deferred Taxes	(75,007)
Accumulated Depreciation	(78,958)
	<hr/>
Total Net	8,082,880
<u>Increase in Accumulated Deferred Income Taxes and Accumulated Depreciation</u>	
<u>Associated with Eligible Infrastructure System Replacements which are included in a</u>	
<u>Currently Effective ISRS</u>	
Total Incremental Accumulated Depreciation	(379,295)
Total Incremental Accumulated Deferred Taxes	(123,135)
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Total ISRS Rate Base	76,032,187
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Net Property Taxes	504,106
ISRS Under/Over Collection	-

Total ISRS Revenues		<u>76,032,187</u>
Weighted Cost of Debt per GR- 0179		<u>1,467,117</u>
		<u>23.84%</u>
		<u>1.31305</u>
Revenue Requirement Impact of Interest Deductibility		<u><u>459,253</u></u>
263A Transfers Reduction		<u>2,751,969</u>
		<u>-</u>
		<u>656,069</u>
Income Tax Conversion Factor		<u>1.31305</u>
Revenue Requirement Impact of Interest Deductibility		<u>861,452</u>
Total Rev Req on Capital		6,272,655
Net Income Taxes		642,950
Depr Expense		1,524,303
Net Property Tax		504,106
<i>ISRS Under/Over Collection</i>		-
Total ISRS Revenues		<u>8,944,014</u>