

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held by telephone
and internet audio conference
on the 21st day of October,
2020.

In the Matter of Spire Missouri Inc.'s)
Verified Application for an Accounting)
Authority Order Related to COVID-19)
Impacts)

File No. GU-2020-0376

**ORDER APPROVING AMENDED
UNANIMOUS STIPULATION AND AGREEMENT**

Issue Date: October 21, 2020

Effective Date: October 31, 2020

On May 18, 2020, Spire Missouri, Inc. (Spire) filed an application with the Missouri Public Service Commission (Commission) for an Accounting Authority Order (AAO) that would allow the Companies to track and defer, in a regulatory asset, all extraordinary costs and associated financial impacts (including lost revenues) related to the COVID-19 pandemic. The Commission directed notice and established an intervention deadline. The Commission granted intervention to: Midwest Energy Consumers (MECG), Missouri Industrial Energy Consumers (MIEC), Renew Missouri, and The National Housing Trust (NHT).

On September 15, 2020, all of the parties filed an Amended Unanimous Stipulation and Agreement (Stipulation). The Stipulation supplanted a September 11, 2020 Stipulation and Agreement filed by Spire, the Staff of the Commission, the Office of the Public Counsel, MECG, and MIEC. The Commission heard additional explanations about the Stipulation from the parties at an on-the-record presentation held on October 19, 2020.

The parties request that the Commission issue an order that authorizes Spire to track and defer into a regulatory asset the following incremental costs directly related to the COVID-19 pandemic, beginning March 1, 2020:

(a) New or incremental operating and maintenance expense related to protecting employees and customers – eligible costs are the following:

(i) Additional cleaning of facilities and vehicles;

(ii) Personal protective equipment (i.e. masks, gloves, sanitizing sprays);

(iii) Technology upgrades and equipment directly related to enabling employees to work from home. Such costs shall only include company costs and will not extend to costs normally incurred by the employee including internet connectivity at the home;

(b) Increased bad debt expense due to COVID-19 to the extent total bad debt expense exceeds levels included in the cost of service;

(c) Costs related to any new- assistance programs implemented to aid customers with payment of natural gas bills during the pandemic (the details of such programs to be made in a separate tariff filing);

(d) Increased field employee overtime specifically attributable to changes in Spire field operation procedures caused by the COVID-19 pandemic, but only up to an amount by which the total overtime expense during the deferral period exceeds total overtime expense included in the cost of service;

(e) Lost revenues up to the amount included in rates related to: waived late payment fees, reconnection charges, and disconnection charges.

The Stipulation also addresses how the parties agree Spire should treat: carrying costs, lost revenues, savings to be deferred, duration of the AAO, reporting of cost categories to be tracked and deferred, accounting practices and procedures, future recovery, treatment of this stipulation pending the outcome of an Evergy appeal on AAOs¹, a customer arrearage payment plan, and customer protections.

The Stipulation waives any procedural requirements that would otherwise be necessary before final decision.² Also, because the Stipulation disposes of this action, the Commission need not separately state its findings of fact.³

Missouri courts have recognized the Commission's regulatory authority to grant a form of relief to a utility in the form of an AAO "which allows the utility to defer and capitalize certain expenses until the time it files its next rate case."⁴ "The AAO technique protects the utility from earnings shortfalls and softens the blow which results from extraordinary construction programs."⁵ "However, AAOs are not a guarantee of an ultimate recovery of a certain amount by the utility."⁶ The AAO "simply allows for certain costs to be separately accounted for *possible* future recovery in a future ratemaking proceeding."⁷ "This is not retroactive ratemaking, because the past rates are not being changed so that more money can be collected from services that have already been provided; instead, the past costs are

¹ W.D. No. 83319.

² Section 536.060, RSMo 2016.

³ Section 536.090, RSMo 2016.

⁴ *State ex rel. Aquila, Inc. v. Public Service Comm'n of State*, 326 S.W.3d 20, 27 (Mo. App. 2010). See also Section 393.140, RSMo 2000. Additionally, Commission Rule 20 CSR 4240-20.040(1) requires electric utilities to keep all accounts in conformity with the Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the provisions of the Federal Power Act. However, section (4) of the rule provides that in prescribing this system of accounts the Commission is not committing itself to the approval or acceptance of any item set out in any account for the purpose of fixing rates or in determining any other matter.

⁵ *Id.*

⁶ *Id.*

being considered to set rates to be charged in the future.”⁸ Although the courts have recognized the Commission’s authority to authorize an AAO in extraordinary and unusual circumstances, there is nothing in the Public Service Commission Law or the Commission’s regulations that would limit the grant of an AAO to any particular set of circumstances.⁹

The Commission has discretion in prescribing accounting methods and forms of accounts, records and memorandum kept by an electrical corporation without conducting a hearing.¹⁰ Nevertheless, the Commission issued notice in this matter and allowed interested entities to intervene and request a hearing. No hearing was requested.¹¹ Instead, the parties filed the Stipulation.

Based on the Commission’s review of the Stipulation, the Commission finds that the Stipulation is consistent with the public interest and will approve it. The Commission will incorporate the terms of the Stipulation into this order. Because of the need to make the provisions of the Stipulation effected as soon as possible, the Commission will make this order effective in 10 days.

⁷ *State ex rel. Office of Public Counsel v. Missouri Public Service Comm’n*, 301 S.W.3d 556, 570 (Mo. App. W.D. 2009).

⁸ *Id.*

⁹ Section 393.140, RSMo 2000. Extraordinary has been defined as meaning of a nonrecurring nature, and unusual has been defined as meaning a substantial cost. *Missouri Gas Energy v. Public Service Comm’n*, 978 S.W.2d 434, 437 (Mo. App. 1998); *State ex rel. Office of Public Counsel v. Public Service Comm’n*, 858 S.W.2d 806, 811 (Mo. App. 1993).

¹⁰ The courts have not decided the issue of whether Section 393.140(4) (which does not require a hearing) or Section 393.140(8) (which does require a hearing) controls the grant of an AAO. *State ex rel. Public Counsel v. Public Service Commission*, 858 S.W. 2d 806, 809-810 (Mo. App. 1993). The Commission’s position is that no hearing is required. *Id.*

¹¹ The term “hearing” presupposes a proceeding before a competent tribunal for the *trial of issues* between *adversary parties*, the presentation and the consideration of proofs and arguments, and determinative action by the tribunal with respect to the issues ... ‘Hearing’ involves an *opposite party*; ... it contemplates a listening to facts and evidence for the sake of *adjudication* ... The term has been held synonymous with ‘opportunity to be heard’. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Comm’n of State of Mo.*, 776 S.W.2d 494, 495 -496 (Mo. App. 1989). The requirement for a hearing is met when the opportunity for hearing was provided and no proper party requested the opportunity to present evidence. *Id.*

THE COMMISSION ORDERS THAT:

1. The provisions of the Amended Unanimous Stipulation and Agreement filed on September 15, 2020 are approved and incorporated into this order as if fully set forth herein. The parties shall comply with the terms of the Agreement. A copy of the Agreement is attached to this order as Appendix A.
2. This order shall become effective on October 31, 2020.
3. This file shall be closed on November 1, 2020.



BY THE COMMISSION

Morris L Woodruff

Morris Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and
Holsman CC., concur.

Pridgin, Regulatory Law Judge

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

In the Matter of Spire Missouri Inc.’s Verified)	
Application for an Accounting Authority Order)	Case No. GU-2020-0376
Related to COVID-19 Impacts)	
)	

AMENDED UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Spire Missouri Inc. (“Spire”), the Staff of the Missouri Public Service Commission (“Staff”), the Missouri Office of the Public Counsel (“OPC”), Missouri Industrial Energy Consumers, Missouri Energy Consumers Group, Renew Missouri, and the National Housing Trust – collectively referred to as (“the Signatories”) – and pursuant to 20 CSR 4240-2.115, hereby submit this Amended Unanimous Stipulation and Agreement, and in support thereof respectfully state as follows:

1. The Signatories have reached an agreement as a resolution of this matter on the terms set forth in this document.

2. The Signatories request that the Commission issue an order that authorizes Spire Missouri to track and defer into a regulatory asset the following incremental costs directly related to the COVID-19 pandemic, beginning March 1, 2020:

(a) new or incremental operating and maintenance expense related to protecting employees and customers – eligible costs are the following:

- (i) additional cleaning of facilities and vehicles;
- (ii) personal protective equipment (i.e. masks, gloves, sanitizing sprays);
- (iii) technology upgrades and equipment directly related to enabling employees to work from home. Such costs shall only include

company costs and will not extend to costs normally incurred by the employee including internet connectivity at the home;

(b) increased bad debt expense due to COVID-19 to the extent total bad debt expense exceeds levels included in the cost of service;

(c) Costs related to any new- assistance programs implemented to aid customers with payment of natural gas bills during the pandemic (the details of such programs to be made in a separate tariff filing);

(d) Increased field employee overtime specifically attributable to changes in Spire field operation procedures caused by the COVID-19 pandemic, but only up to an amount by which the total overtime expense during the deferral period exceeds total overtime expense included in the cost of service;

(e) Lost revenues up to the amount included in rates related to: waived late payment fees, reconnection charges, and disconnection charges;

3. Spire Missouri agrees to track all costs separately for East and West.

4. The Signatories agree that the bad debt expense, employee overtime expense, late payment fees, and service disconnect/reconnect charges included in Spire Missouri East and West's last rate case are \$8,328,097 and \$4,356,922 for bad debt, \$15,555,600 and \$4,249,213 for employee overtime, \$4,749,544 and \$1,381,236 for late payment fees, and \$1,050,436 and 1,575,654 for service disconnect/reconnect charges.

5. Carrying Costs: Signatories agree that any party may propose or oppose certain ratemaking treatment of carrying costs related to this COVID-19 AAO in Spire Missouri's next general rate case.

6. Lost Revenues: Spire Missouri agrees not to defer into a regulatory asset, lost revenues from reduced customer usage (volumetric charges) due to the pandemic or other lost revenues except as provided in paragraph 2(e) above.

7. Savings to be deferred: Deferred operating cost reductions will be tracked and recorded as a regulatory liability separately from deferred costs regulatory asset. All deferred COVID-19 operating cost reductions will be deferred so long as the total expense in each cost category is below the level included in rates in Spire Missouri's last rate case. Operating cost reductions will be reported separately for Spire East and West. Operating cost reductions to be deferred are reductions to the following:

- (a) travel expense (hotels, airfare, meals, entertainment);
- (b) training expense;
- (c) office supplies;
- (d) Utility service provided to facilities leased or owned by the Company;
- (e) Staffing reductions;
- (f) Reduced employee compensation and benefit;
- (g) Any taxable net operating loss that is carried back to previous tax years per the CARES Act; and
- (h) Any direct federal or state assistance Spire or Spire Inc. receives related to COVID-19 relief.

8. Duration of AAO: All costs and cost reductions will be tracked and deferred separately into a regulatory asset / liability until March 31, 2021. The duration of this time period may be extended or renewed upon agreement of the Parties and subsequent Order

of the Commission approving the agreement or by separate Order of the Commission.

9. Reporting: Spire Missouri agrees, within two weeks after the Commission issues an order approving this Agreement, to file an initial report identifying the cost categories to be tracked and deferred from the period March 1-June 30, 2020. The report will identify all cost increases and decreases related to the pandemic that have been identified to date, including but not necessarily limited to:

- (a) Updated and most recent credit metrics calculated by Spire or provided to the Company by nationally recognized credit rating agencies;
- (b) The number of customers, by customer class;
- (c) The number of customers, by customer class, voluntarily disconnected by month;
- (d) The number of customers, by customer class, involuntarily disconnected by month;
- (e) Number of utility reconnections, reported by month;
- (f) Number of customers on a utility payment plan, by payment plan type (including budget billing), by month;
- (g) Total \$ amount of arrearages by customer class;
- (h) The number of accounts in arrearage by customer class in increments of \$100 (e.g., less than \$100, \$101 to \$200, etc...) by month;
- (i) The range of arrearage amounts by customer class (i.e., current high and low dollar amount) and the mean average; and
- (j) A quantification of total past-due customer arrearages and number of customers experiencing arrearages, that are thirty, sixty, and ninety days

or more late in payment, reported by month.

(k) The number and \$ amount of bills sent to residential customers, and the number and \$ amount of payments made by residential customers.

10. The Signatories agree that, for reporting purposes, arrearages will reflect only past due bills.

11. Costs will be tracked by month in the initial and later quarterly reports.

12. Spire Missouri will update this report quarterly until the conclusion of the update or true-up period, if applicable, in the Company's next general rate case. The quarterly report shall be filed within 45 days of the end of each quarter.

13. Accounting Practices and Procedures: The Company's authority to defer COVID-19 incremental costs and operating cost reductions is limited to those categories of savings and costs specifically listed herein. Within 30 days of a Commission order authorizing this deferral, the Company will provide the other Signatories copies of the applicable policies and procedures intended to govern how monthly deferral amounts are to be calculated for each applicable category. Such policies and procedures shall also contain a proposed monthly reporting format. Concerns regarding these policies and procedures on the part of any Signatory will be addressed through further discussion by the Signatories.

14. Future Recovery: The Signatories agree that the ability to track and defer costs into a regulatory asset is for accounting purposes only. All questions regarding potential ratemaking treatment of the deferred costs and the materiality thereof are reserved for the Company's next general rate proceeding. The Signatories reserve the right to review and challenge the Company's recovery of COVID-19 costs and recommend

adjustments in the Company's next general rate case.

15. Evergy Appeal (WD 83319): The Signatories agree that if the Court renders a decision pertaining to WD 83319 or subsequent appeal that renders accounting authority orders invalid, this agreement becomes null and void, and the Company agrees to adjust its books and records consistent with the Court's decision.

16. COVID-19 Customer Arrearage Payment Plan: The Company agrees to create an arrearage matching payment plan for current customers in arrears on their natural gas bill, that have lost their jobs, lost income, or have been furloughed since March 1, 2020. Payment plan participants will have a verified application process through the United Way, Spire, Community Action Agency, or government entity. Said payment plan will include up to \$1 million dollars from Spire, and up to \$1 million dollars redirected from expiring fiscal year 2020 (Sept. 30) Multi-Family Low-Income (MFLI) energy efficiency programs (\$600K) and from the Community Savers Single-Family Low-Income program (\$400k). The final payment plan funding level will reflect actual expenditures by payment plan participants through the end of the payment plan period. If the combined Spire and energy efficiency funds identified above are exhausted, Spire agrees to convene discussions with interested Signatories regarding future expenditures for COVID-19 program funding.

17. Eligible customers would receive a \$100 credit upon joining the payment plan. Customers could have up to \$300 dollars of their arrearage matched by the Payment plan, dollar-for-dollar based on arrearage pay down from the participant for a total possible arrearage payment plan contribution of \$300 per account. A breakdown example is as follow:

(a) \$100 credit assigned to each customer upon enrollment

(b) Customers will have their next \$300 in arrearage matched over the duration of the program

(c) \$400 in total funding available per account (\$100 credit and \$300 in matching funds).

Participating customers would only be allowed to miss monthly payments once during the arrearage program period of October 21, 2020 through March 21, 2021 or run the risk of being removed from the payment plan. The Company agrees that any LIHEAP funding allocated to participants in the COVID-19 arrearage payment plan will be matched within the defined parameters set above. This payment plan will end March 31, 2021. The Company agrees to meet with a representative from the Office of the Public Counsel and the Missouri Public Service Commission Staff at least once per month in November, December, January and February (prior to the termination of the payment plan) to discuss progress, whether any modifications should be made to the program design, whether further arrearage management and/or modified payment plans are necessary moving forward, and/or other actions to take to assist COVID-affected customers in case program funds have been exhausted.¹ The Company will notify the other signatory parties of these meetings and allow signatory parties to join. The Company agrees to track participation and applicable LIHEAP interplay with participants and provide said data at the four monthly meetings.

18. Customer Protections: The Company agrees to cease full credit external reporting of its customers for the duration of the approved AAO. The Company also agrees to offer the option for an 18-month payment plan through the duration of the

¹ Any changes and/or modifications are subject to Commission approval.

AAO. Customers will only be allowed to miss up to two payments or run the risk of being removed from the 18-month payment plan.

GENERAL TERMS

19. Limitation of Scope: This Stipulation and Agreement is being entered into for the purpose of disposing of the issues specifically addressed herein. In presenting this Stipulation and Agreement, none of the Signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any procedural principle, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement, whether approved or not, in this or any other proceeding, other than a proceeding limited to the enforcement of the terms of this Stipulation and Agreement, except as otherwise expressly specified herein. The Signatories further understand and agree that the provisions of this Stipulation and Agreement relate only to the specific matters referred to in this Stipulation and Agreement, and no signatory waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this Stipulation and Agreement. The Signatories further understand and agree that no party to this Stipulation and Agreement shall assert the terms of this Stipulation as a precedent in any future proceeding.

20. Interdependence and Non-Severability: This Stipulation and Agreement has resulted from negotiations and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement in total, or approves it with modifications or conditions to which a signatory objects, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of its provisions. The agreements herein are specific to this proceeding and are made without prejudice to the

rights of the signatories to take other positions in other proceedings except as otherwise noted herein. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding its provision that it shall become void, neither this Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with RSMo. section 536.080 or Article V, Section 18, of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

21. Waiver of Procedural Rights: If the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the Signatories waive, with respect to the issues resolved herein, their respective rights: (1) to call, examine and cross-examine witnesses pursuant to RSMo. section 536.070(2); (2) to present oral argument and/or written briefs pursuant to RSMo. section 536.080.1; (3) to the reading of the transcript by the Commission pursuant to section RSMo. 536.800.2; (4) to seek rehearing pursuant to RSMo. section 386.500; and (5) to judicial review pursuant to RSMo. section 386.510, provided however that the Verified Applications and Updates submitted by Spire Missouri on behalf of Spire East and Spire West shall be received into evidence for the sole purpose of providing an evidentiary foundation for this Stipulation

and Agreement. These waivers apply only to a Commission order respecting this Stipulation and Agreement issued in this above-captioned case and does not apply to any issues or matters raised in any prior or subsequent Commission order, or any issue or other matters not explicitly addressed by this Stipulation and Agreement.

22. Merger and Integration: This Stipulation and Agreement contains the entire agreement of the Signatories concerning the issues addressed herein, except with respect to the programs identified in Paragraph 2.c. hereof, which will be the subject of a separate tariff filing. The intent of the Signatories to this Stipulation and Agreement has been fully and exclusively expressed in this document and the attachments appended hereto.

WHEREFORE, the Signatories request the Commission issue an Order approving this *Amended Unanimous Stipulation and Agreement* as a resolution of Spire's request for an Accounting Authority Order in this case.

Respectfully submitted,

SPIRE MISSOURI INC.

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Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing pleading was served on all Parties of record on this 15th day of September 2020 by hand-delivery, e-mail, fax, or by placing a copy of such document, postage prepaid, in the United States mail.

/s/ Goldie T. Bockstruck

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

**WITNESS my hand and seal of the Public Service Commission,
at Jefferson City, Missouri, this 21st day of October, 2020.**




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

October 21, 2020

File/Case No. GU-2020-0376

Missouri Public Service Commission

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.