

FILED²

JAN 2 2018

Missouri Public
Service Commission

Opening Statements of the Missouri Office of Public Counsel

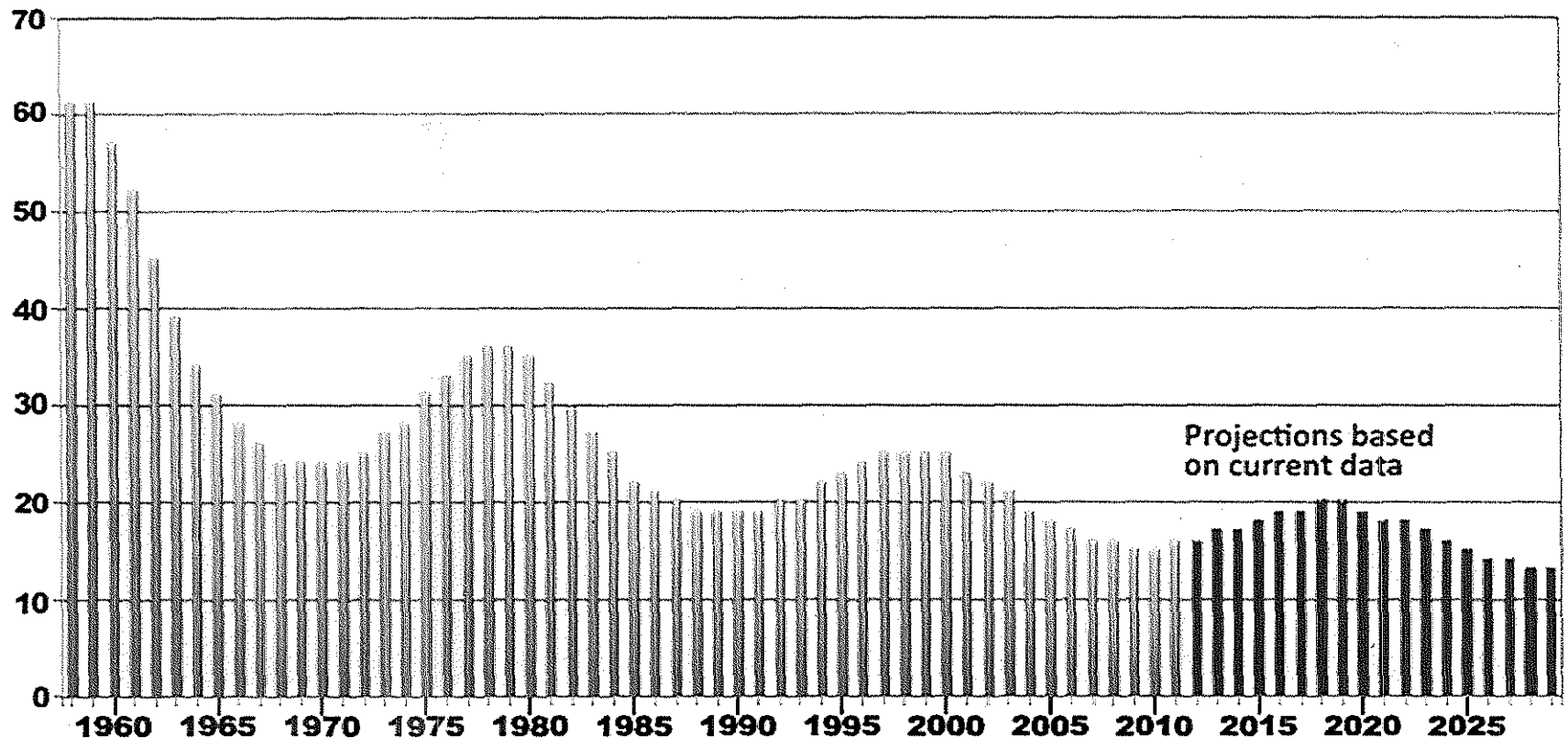
GR-2017-0215

GR-2017-0216

OPC Exhibit No. 437
Date 12-15-17 Reporter A.F.
File No. GR-2017-0215, GR-2017-0216

HP HP
DSS
L'ORÉAL

■ Average company lifespan on S&P 500 Index (in years)



Year (each data point represents a rolling 7-year average of average lifespan)

DATA: INNOSIGHT/Richard N. Foster/Standard & Poor's

Source: MIT Technology Review: <https://www.technologyreview.com/s/519226/technology-is-wiping-out-companies-faster-than-ever/>

RRA Financial Focus

Utility Capital Expenditures

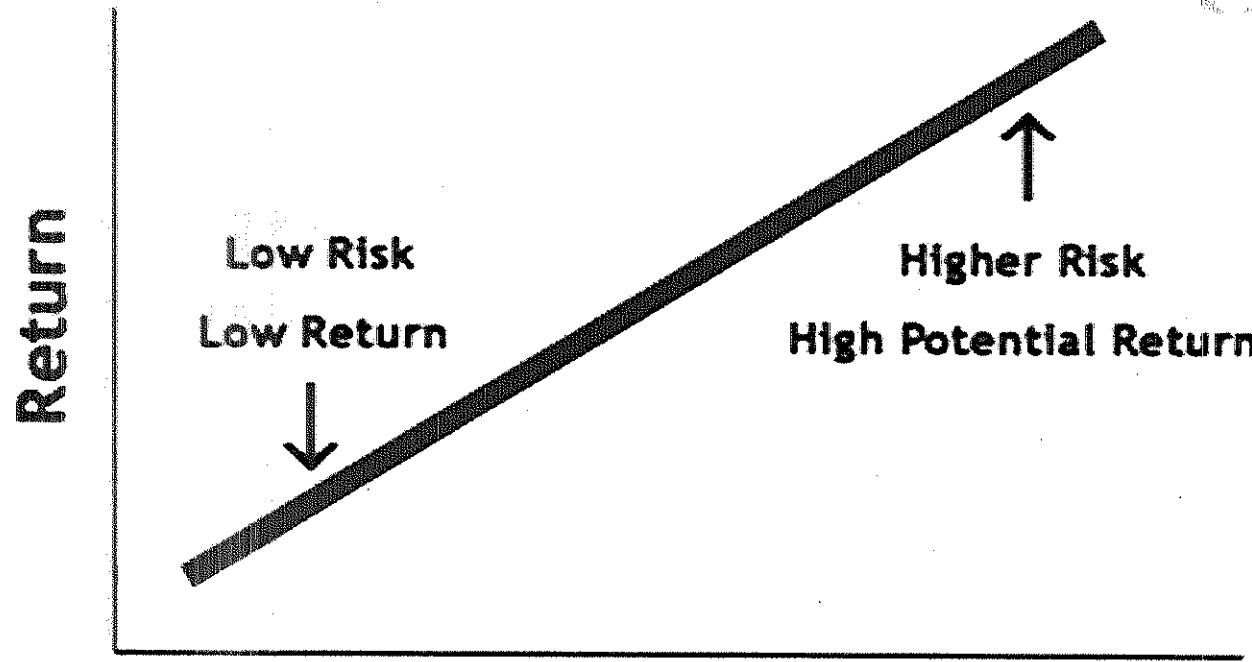
2017 CapEx projections hold steady, 2018 and 2019 edge up

- **“Spire’s capital expenditure levels have grown faster than any other RRA covered utility, surging 34% annually over the fiscal 2011-2016 period.”**

Regulatory Climate

- Purchased Gas Adjustment (“PGA”) and Adjusted Cost Adjustment (“ACA”)
- Infrastructure System Replacement Surcharge (“ISRS”)
- Historically Favorable Rate Design
- Revenue Stabilization Mechanism?

Risk/Return Tradeoff



Standard Deviation (or Risk)

The Company's proposal is lacking

- **Dr. Marke raises:**
 - **If not considering all relevant factors, what factors do we consider, such as:**
 - **Customer notice?**
 - **Should there be rate caps?**
 - **How often? Is 4 times per year unreasonable? Agreement on timing?**
 - **What about economic contractions or depression?**

OPC's Request

**Reject the RSM, but if the
Commission grants an RSM,
include ROE finding and detailed
recommendations of Dr. Marke**