Exhibit No.:

Issues: Depreciation Rates

Witness: Keenan B. Patterson, PE

Sponsoring Party: MoPSC Staff

Type of Exhibit: True-Up Direct Testimony

Case No.: GR-2017-0215 and GR-2017-0216

Date Testimony Prepared: November 28, 2017

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION
ENGINEERING ANALYSIS UNIT

TRUE-UP DIRECT TESTIMONY
OF

KEENAN B. PATTERSON, PE

SPIRE MISSOURI, INC., d/b/a SPIRE

LACLEDE GAS COMPANY and MISSOURI GAS ENERGY GENERAL RATE CASE

CASE NOS. GR-2017-0215 AND GR-2017-0216

Jefferson City, Missouri November 2017 Staff Exhibit No.294

Date 1317 Reporter Market File No. 2017-0-15

6R-2017-0266

| 1 | TRUE-UP DIRECT TESTIMONY | | | | | |
|--------|---|--|--|--|--|--|
| 2 | OF | | | | | |
| 3 | | KEENAN B. PATTERSON, PE | | | | |
| 4 | | SPIRE MISSOURI, INC., d/b/a SPIRE | | | | |
| 5 6 | | LACLEDE GAS COMPANY and MISSOURI GAS ENERGY GENERAL RATE CASE | | | | |
| 7 | i | CASE NOS. GR-2017-0215 AND GR-2017-0216 | | | | |
| 8 | Q. | Please state your name and business address. | | | | |
| 9 | A. | My name is Keenan B. Patterson. My business address is Missouri Public | | | | |
| 10 | Service Commission ("Commission"), P.O. Box 360, Jefferson City, MO 65102. | | | | | |
| 11 | Q. | What is your position at the Commission? | | | | |
| 12 | Α. | I am a Utility Regulatory Engineer in the Engineering Analysis Unit, | | | | |
| 13 | Operational Analysis Department, Commission Staff Division. | | | | | |
| 14 | Q. | Are you the same Keenan B. Patterson who submitted direct testimony filed on | | | | |
| 15 | September 8, 2017 and rebuttal testimony on October 17, 2017? | | | | | |
| 16 | A. | Yes. | | | | |
| 17 | , Q. | What is the purpose of your testimony? | | | | |
| 18 | Α. | The purpose of my testimony is to address accounts and amortization rates | | | | |
| 19 | associated with LAC's purchase of automated meter reading (AMR) devices. | | | | | |
| 20 | Q. | What has Spire requested for AMR devices? | | | | |
| 21 | Α. | In his rebuttal testimony, Spire Missouri witness Mr. C. Eric Lobser first | | | | |
| 22 | introduces LAC's purchase of AMR devices from Landis+Gyr effective July 1, 2017 and | | | | | |
| 23 | requests the creation of a new subaccount for the AMR devices, Account No. 397.1, to be | | | | | |
| 24 | amortized over a period of 7.5 years. | | | | | |

Account No. 397.2 - AMR Devices.

Α.

- 1
- O. Does Staff recommend the establishment of an account for the AMR devices?

monitor. They also represent a large set of similar units that can be distinguished from

other communications equipment. Account No. 397.1 already appears on the depreciation

rate schedule for communications equipment. Staff recommends the establishment of

Yes. The AMR devices are distinct from the meters they are attached to and

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¹ Amendment to Automated Meter Reading Services Agreement submitted in response to Data Request 0484. ² Gridstream: M 120 Residential Gas Module, Product Specification, Landis + Gyr,

https://www.landisgyr.com/webfoo/wp-content/uploads/2012/12/PS_GridstreamM120ResGasModule.pdf accessed November 21, 2017.

Gridstream: M 220 Commercial & Industrial Gas Module, Product Specification, Landis + Gyr, https://www.landisgyr.com/webfoo/wp-content/uploads/2012/12/PS_GridstreamM220C-IGasModule.pdf accessed November 21, 2017.

Q. Does Staff recommend an amortization rate for Account No. 397.2 – AMR Devices?

A. Yes. Staff has reviewed LAC's request. LAC indicates that battery life of the AMR devices limits their useful life to 20 years and that these devices were initially installed in 2005. Staff reviewed the web site of the AMR device vendor, Landis+Gyr. Though Staff could not find a product specification for the exact models mentioned in the amended service agreement between LAC and Landis+Gyr, 1 specification sheets for similar devices indicated that the batteries have a 20-year life. 2

In addition, LAC indicates in its response to Staff Data Request 0484.1 that it intends to switch to a new system beginning in 2020 with replacement of the AMR devices completed by 2024.

In light of the product specifications and Spire's plan to change to a new system, Staff recommends that an amortization period of 7.5 years is appropriate for Account No. 397.2.

True-Up Direct Testimony of Keenan B. Patterson

- 1 Q. Does this complete your true-up direct testimony?
- A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

| In the Matter of Laclede G Request to Increase Its Rev Gas Service | | |) | Case No. GR-2017-0215 |
|--|------------|--------|------------|---|
| In the Matter of Laclede G d/b/a Missouri Gas Energy Increase Its Revenues for G | 's Request | to |) | Case No. GR-2017-0216 |
| AFFI | DAVIT C | F KE | ENAN B | . PATTERSON, PE |
| STATE OF MISSOURI |) | | | |
| COUNTY OF COLE | OLE) ss. | | | |
| | e; that he | contri | buted to t | PE and on his oath declares that he is of the foregoing True-Up Direct Testimony; best knowledge and belief. AN B. PATTERSON, PE |
| · | | • | JURAT | · · |
| | | | | ted and authorized Notary Public, in and ce in Jefferson City, on this <u>27光</u> |
| D. SUZIE MANKIN Notary Public - Notary Sea State of Missouri Commissioned for Cole Cou My Commission Expirés: December 1 Commission Number: 12412 | ntv . | | | Muzillan kin Notary Public |