

**FILED<sup>2</sup>**

DEC 13 2018

Missouri Public  
Service Commission

**Exhibit No.:**

**Issue(s):**

**Witness/Type of Exhibit:**

**Sponsoring Party:**

**Case No.:**

Annual PSC/OPC  
Assessment AAO Request

Roth/Rebuttal

Public Counsel

GU-2019-0011

**REBUTTAL TESTIMONY**

**OF**

**KERI ROTH**

Submitted on Behalf of the Office of the Public Counsel

**SPIRE MISSOURI INC. D/B/A SPIRE**

CASE NO. GU-2019-0011

December 10, 2018

OPC Exhibit No. 200  
Date 12-11-18 Reporter TW  
File No. GU-2019-0011

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

In the Matter of the Application     )  
of Spire Missouri Inc. d/b/a Spire    )  
for an Accounting Authority Order    )  
Concerning Its Commission           )  
Assessment for the 2019 Fiscal Year )

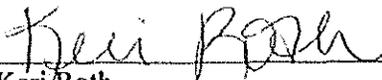
File No. GU-2019-0011

**AFFIDAVIT OF KERI ROTH**

STATE OF MISSOURI    )  
  )    ss  
COUNTY OF COLE     )

Keri Roth, of lawful age and being first duly sworn, deposes and states:

1. My name is Keri Roth. I am a Public Utility Accountant III for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.



Keri Roth  
Public Utility Accountant III

Subscribed and sworn to me this 10<sup>th</sup> day of December 2018.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037



Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2021.

**REBUTTAL TESTIMONY**

**OF**

**KERI ROTH  
SPIRE MISSOURI, INC.**

**CASE NO. GU-2019-0011**

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. Keri Roth, P.O. Box 2230, Jefferson City, Missouri 65102-2230.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Missouri Office of the Public Counsel ("OPC") as a Public Utility  
6 Accountant III.

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of the OPC.

9 **Q. What is the nature of your duties at the OPC?**

10 A. My duties include performing audits and examinations of the books and records of public  
11 utilities operating within the state of Missouri. I have performed audits in water, sewer,  
12 electric and gas cases and have performed audits or accounting analysis in acquisition cases,  
13 complaint cases, and rate cases.

14 **Q. Please describe your educational background.**

15 A. I graduated in May 2011 from Lincoln University in Jefferson City with a Bachelor of Science  
16 Degree in Accounting.

17 **Q. Have you received specialized training related to public utility accounting?**

1 A. Yes. In addition to being employed by the OPC since September 2012, I have also attended  
2 the NARUC Utility Rate School held by Michigan State University.

3 **Q. Have you previously filed testimony before the Missouri Public Service Commission**  
4 **(“Commission” or “PSC”)?**

5 A. Yes. Please refer to Schedule KNR-1, attached to this testimony, for a listing of cases in  
6 which I have submitted testimony.

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Spire Missouri,  
9 Inc. (“Spire” or “Company”) witness, Mr. Scott A. Weitzel, regarding the accounting  
10 authority order (“AAO”) requested for Spire’s annual PSC/OPC assessment (“assessment”).

11 **II. SPIRE’S REQUEST FOR AAO FOR PSC/OPC ASSESSMENT**

12 **Q. Please describe Spire’s request for an AAO for its annual PSC/OPC assessment.**

13 A. On July 13, 2018, Spire filed its *Application for an Accounting Authority Order and Motion*  
14 *for Waiver* (“Application”) requesting authorization to defer costs related to the increase in its  
15 annual assessment from Fiscal Year 2018 levels, as well as any future changes between now  
16 and Spire’s next general rate proceedings.<sup>1</sup>

17 **Q. What is an AAO?**

18 A. An AAO is an accounting mechanism authorized by the Commission that allows a Company  
19 to defer significant expenses or savings as a regulatory asset or regulatory liability until the  
20 Company’s next general rate proceeding in which the expenses or savings will be addressed  
21 at that time. AAOs are to be used only under extraordinary circumstances since the general

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<sup>1</sup> Spire AAO Application filed July 13, 2018

1 rule under the Federal Energy Regulatory Commission's (FERC) Uniform System of  
2 Accounts (USOA) adopted by this Commission is to reflect in net income all items of profit  
3 and loss during the period incurred, not a future period.<sup>2</sup>

4 "Under historical test year ratemaking, costs are rarely considered from earlier than  
5 the test year to determine what is a reasonable revenue requirement for the future.  
6 Deferral of costs from one period to a subsequent rate case... should be allowed only  
7 on a limited basis."<sup>3</sup>

8 **Q. Why is Spire requesting an AAO for its annual assessment?**

9 A. Spire witness, Mr. Weitzel, explains in his direct testimony the Commission assessment for  
10 Fiscal Year 2019 is an increase of \$1,661,778.53 or 51.2% from the 2018 assessment. Spire  
11 believes an increase over 50% is an extraordinary, non-recurring and unusual change in the  
12 assessment for Spire and is beyond the control of Spire.<sup>4</sup>

13 **Q. At page 2 of Mr. Weitzel's direct testimony he describes the increase in the annual  
14 assessment as extraordinary. OPC inquired as to why the Company believes the  
15 increase in the annual assessment is extraordinary. What was the Company's response?**

16 A. As shown on Schedule KNR-3, OPC data request 1102 asks Spire to explain why the  
17 Company believes the increase in the annual assessment is extraordinary. The Company  
18 responded by referring to its response to Missouri Public Service Commission Staff ("Staff")  
19 data request 0004 part 3. Attached as part of Schedule KNR-3, Staff data request 0004, shows

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<sup>2</sup> 4 CSR 240-40.040.

<sup>3</sup> *In the Matter of the Application of Missouri Public Service For the Issuance of an Accounting Order Relating to its Electrical Operations*, Case No. EO-91-358, et al., Report and Order, 1 Mo. P.S.C. 3d 200.

<sup>4</sup> Direct Testimony, Mr. Scott A. Weitzel, page 2, lines 20 – 22, and page 3, line 1

1 the Company identifying an item as being extraordinary if the large cost is not going to happen  
2 again in normal business.

3 **Q. Does OPC agree with Spire's assumption that the increase in the annual assessment is**  
4 **extraordinary?**

5 A. No. The General Instructions of the FERC Uniform System of Accounts for natural gas  
6 companies describes an extraordinary item as follows:

7 *7. Extraordinary items.* It is the intent that net income shall reflect all items of  
8 profit and loss during the period with the exception of prior period adjustments  
9 as described in paragraph 7.1 and long-term debt as described in paragraph 17  
10 below. **Those items related to the effects of events and transactions which**  
11 **have occurred during the current period and which are of unusual nature**  
12 **and infrequent occurrence shall be considered extraordinary items.**  
13 Accordingly, they will be events and transactions of significant effect which  
14 are **abnormal and significantly different from the ordinary and typical**  
15 **activities of the company, and which would not reasonably be expected to**  
16 **recur in the foreseeable future.** (In determining significance, items should  
17 be considered individually and not in the aggregate. However, the effects of a  
18 series of related transactions arising from a single specific and identifiable  
19 event or plan of action should be considered in the aggregate.) To be  
20 considered as extraordinary under the above guidelines, an item should be  
21 more than approximately 5 percent of income, computed before extraordinary  
22 items. Commission approval must be obtained to treat an item of less than 5  
23 percent, as extraordinary. (Emphasis added)

24 As discussed further below, the annual assessment is not extraordinary because it is a normal  
25 and recurring annual expense that is not different from the ordinary and typical acts of the  
26 Company, and because the amount in question is not extraordinary.

27 **Q. Has the Commission recently recognized that increases and decreases in costs are a**  
28 **normal occurrence and the intent should be to reflect increased costs in the period**  
29 **incurred?**

1 A. Yes. In the Commission's *Report and Order* in Case Number WU-2017-0351, the  
2 Commission states:

3 Some may argue that absent the Company timing the filing of a general rate  
4 case to include a known increase of property taxes, MAWC will unfairly incur  
5 an additional cost that it cannot recover in rates. While this is true, there are  
6 always increases and off-setting decreases in other costs that are not reflected  
7 in current rates. That is why the General Instructions for NARUC USOA  
8 indicates the intent should be for net income to reflect all items of profit and  
9 loss during the period. MAWC is requesting the Commission single out one  
10 increased expense for special deferred treatment without consideration for  
11 other items of profit or loss. This Commission recently denied Kansas City  
12 Power & Light Company's request to do that exact thing with a tracker for  
13 increased property tax expense.  
14

15 The same is true with Spire's current request. FERC's definition of extraordinary items  
16 initially states, "It is the intent that net income shall reflect all items of profit and loss during  
17 the period with the exception of prior period adjustments as described in paragraph 7.1 and  
18 long-term debt as described in paragraph 17 below." Just like MAWC, Spire is singling out  
19 one increased expense that is not "extraordinary," and requesting special deferred treatment  
20 without consideration for other items of profit or loss.

21 **Q. Is the annual assessment "abnormal and significantly different from the ordinary and**  
22 **typical activities of the company" as described in the FERC definition of extraordinary**  
23 **items?**

24 A. No. The PSC/OPC assessment is a recurring annual assessment paid by regulated utilities.  
25 Each year the Commission sends a letter to each regulated utility company on or before July  
26 1<sup>st</sup> for the upcoming fiscal year. The utility company has the option to pay the assessment in  
27 one full installment by July 15<sup>th</sup> or quarterly installments by the dates provided on the letter.<sup>5</sup>  
28 Section 386.370 RSMo provides for the Commission to collect this assessment, which is an

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<sup>5</sup> Section 386.370 RSMo

1 estimate of expenses directly attributable to utility regulation. As stated in the annual  
2 assessment letter, "Pursuant to HB 7, Section 7.185, 2011 Session, the Commission has been  
3 charged with collecting an assessment for the Office of Public Counsel."

4 **Q. In the FERC definition of an extraordinary item, it is described as an event or**  
5 **transaction which would not reasonably be expected to recur in the foreseeable future.**  
6 **Is the annual assessment expected to continue in the foreseeable future?**

7 A. Yes. Section 386.370 RSMo has provided for the Commission to collect the annual  
8 assessment since July 1, 1947 and there is no indication this will cease in the foreseeable  
9 future. Spire will continue to incur the assessment annually using the same formula. Increases  
10 in assessments will also recur following every fiscal year in which the company's activities  
11 before the Commission require increased hours worked by Commission and OPC employees.

12 **Q. To be considered an extraordinary item under the FERC guideline, "an item should be**  
13 **considered more than approximately 5 percent of income, computed before**  
14 **extraordinary items." Does Spire's request meet this guideline?**

15 A. No. Spire witness, Mr. Weitzel, admits this in his direct testimony.<sup>6</sup> This requires Spire to  
16 acquire Commission approval to defer the costs.

17 **Q. What percent of Spire's income is the increase in the annual assessment?**

18 A. In response to OPC's data request 1101, Spire responded that the Company is using total  
19 income for 12 months ending June 2018 of \$141.8 million to calculate whether Spire's request  
20 for an AAO meets FERC's 5% of income threshold. Five percent of \$141.8 million is  
21 approximately \$7.1 million. Spire's annual assessment for fiscal year 2019 is only

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<sup>6</sup> Direct Testimony, Mr. Scott A. Weitzel, page 8, line 31.

1 \$4,904,390.63, and the increase in assessment from that used to set rates is \$1,661,778, or 1%  
2 of income.

3 **Q. How many natural gas utility companies are regulated by the PSC in Missouri?**

4 A. There are 5 natural gas utility companies regulated by the PSC in Missouri. The following  
5 are regulated:

- 6 • The Empire District Gas Company
- 7 • Liberty Utilities (Midstates Natural Gas)
- 8 • Spire Missouri, Inc.
- 9 • Summit Natural Gas of Missouri, Inc.
- 10 • Union Electric Company (Ameren)

11  
12 **Q. Is Spire the largest natural gas utility regulated by the PSC?**

13 A. Yes. The following chart summarizes the Missouri jurisdictional revenues for each utility  
14 filed in the 2017 annual reports of each Company. As noted on the annual reports, the  
15 Missouri jurisdictional revenues provided in the 2017 annual reports should match the utilities  
16 Statement of Revenue used to calculate the PSC/OPC annual assessment.

Utility	2017 Annual Report MO Jurisdictional Revenues	% of Total Revenues
The Empire District Gas Company	\$ 35,998,118	2.61%
Liberty Utilities (Midstates Natural Gas)	\$ 44,317,386	3.22%
Spire Missouri, Inc.	\$ 1,148,910,623	83.40%
Summit Natural Gas of Missouri, Inc.	\$ 28,429,649	2.06%
Union Electric Company	\$ 119,985,427	8.71%
<b>TOTAL</b>	<b>\$ 1,377,641,203<sup>7</sup></b>	<b>100.00%</b>

17  
<sup>7</sup> Case No. AO-2018-0379, total intrastate revenues for gas utilities

1 Spire's Missouri jurisdictional revenues, by far, account for the largest portion of PSC  
2 regulated gas utilities. Therefore, Spire is going to receive the largest portion of the gas  
3 allocated assessment.

4 **Q. What does OPC believe to be the largest difference in the gas calculation of the**  
5 **"Summary of Cost Allocated to Type of Utility" as shown in case numbers AO-2017-**  
6 **0344 and AO-2018-0379, which include the assessment calculations for 2018 and 2019,**  
7 **and are attached as Schedule KNR-4?**

8 A. The total gas assessment calculated for fiscal year 2018 was \$3,939,379 and for fiscal year  
9 2019 is \$5,880,780. The difference is \$1,941,401. OPC believes the largest factor impacting  
10 this change is identified on line A of Schedule KNR-4 – "PSC & OPC Estimated Costs." In  
11 fiscal year 2018 the estimated costs were \$3,074,136, and in fiscal year 2019 the estimated  
12 costs were \$4,913,620. The difference is \$1,839,484.

13 **Q. Is the increase in the "PSC & OPC Estimated Costs", as shown on Schedule KNR-4,**  
14 **associated with the time spent on natural gas utility cases?**

15 A. Yes. As shown on Schedule KNR-5, the Missouri Public Service Commission Utility  
16 Assessment Process explains that in Mid-June of each year, time sheet summaries are used to  
17 allocate the personal service appropriation. It is clear that the number and type of cases, the  
18 number of Commission and OPC employees needed to work those cases, and the hours  
19 necessary to work those cases, compared to other natural gas utilities makes Spire the leading  
20 cause of a larger portion of the assessment to be allocated to natural gas utilities. In addition  
21 to Spire's case activity, Spire's intrastate revenues make up 83.4% of total intrastate revenues  
22 for regulated gas utilities. Therefore, an increase in Spire's annual assessment is not of  
23 unusual nature.

24 **Q. Did Spire have any rate case activity in the last fiscal year of July 2017 through June**  
25 **2018 that impacted the 2019 assessment?**

1 A. Yes. Spire filed two rate cases on April 11, 2017, and those cases were not resolved before  
2 the Commission until the Commission denied rehearing on April 25, 2018.<sup>8</sup> Spire  
3 immediately appealed, and that appeal is currently pending before the Missouri Court of  
4 Appeals – Southern District.<sup>9</sup> Spire’s two rate cases consumed all twelve months of fiscal  
5 year 2018. The significant amount of time recorded by a large number of PSC and OPC  
6 employees necessary to work on Spire’s two cases during fiscal year 2018 would have been  
7 used to calculate estimated costs to be included in the 2019 annual assessment. This was no  
8 doubt a significant factor in Spire’s assessment.

9 **Q. Does OPC believe the increase in Spire’s annual assessment will be infrequent in**  
10 **occurrence or non-recurring?**

11 A. No. This is not a one-time unusual incident. OPC anticipates Spire will continue filing its rate  
12 cases for its operating units simultaneously, which will increase the hours worked by  
13 Commission Staff and OPC on Spire cases. To the extent Spire continues to file its rate cases  
14 near the change in fiscal years, as it did in 2017 and has done in the past, the bulk of the hours  
15 worked on the rate cases will continue to be included in a single fiscal year. Accordingly,  
16 Spire’s increased assessment will be as frequent and recurring as Spire’s rate cases.

17 **Q. On page 3 of Mr. Weitzel’s direct testimony, he claims the annual assessment increase**  
18 **is beyond the control of Spire. Also, on page 4 of his testimony, he refers to Spire’s**  
19 **increase issue as an “unpredictable government change.” Does OPC agree that**  
20 **“predictability” or “control” are factors in determining whether a cost increase is**  
21 **extraordinary?**

22 A. No. Mr. Weitzel’s assertions on predictability and control are irrelevant to the granting of an  
23 AAO since these are not FERC USOA criteria for determining whether a cost increase is

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<sup>8</sup> Amended Report and Order, Case Nos. GR-2017-0215 and GR-2017-0216, March 7, 2018.

<sup>9</sup> Spire Missouri Inc. v. Public Service Commission of the State of Missouri, Case No. SD35485  
(Mo. App. S.D. filed

1 extraordinary. Even if they were proper considerations, the annual assessment is predictable  
2 in that the same formula is used every year, and increases can be anticipated in years following  
3 increased case activity. Spire is aware of their own intrastate revenues as well as their own  
4 case activity. It is not an unknown factor that these two items play a role when calculating  
5 the annual assessment. Also, each year the PSC Staff files a case in EFIS showing the  
6 calculation of the total assessment. During OPC's review of the current 2019 calculation and  
7 the previous 2018 calculation, there does not appear to be a large difference in the other factors  
8 that play a role in calculating the portion of the gas utility assessment. The largest difference,  
9 as previously mentioned, is the increase in "PSC & OPC Estimated Costs" which OPC  
10 attributes most of this to Spire's large amount of case activity. Spire also controls, to a great  
11 extent, when it files its rate cases in relation to the fiscal year, what issues it brings to a case,  
12 what cases to file with the Commission, and whether to settle a case or bring it to a hearing.

13 **Q. On page 4 of Mr. Weitzel's direct testimony he states, "This unpredictable change,**  
14 **which arises from a number of factors beyond the Company's control, including when**  
15 **other utilities file rate cases, makes normal budgeting parameters extremely difficult to**  
16 **forecast." Does OPC agree?**

17 **A.** No. As previously mentioned, and despite the point being irrelevant to an AAO analysis,  
18 OPC does not believe the increase in the PSC assessment is beyond the control of Spire. Mr.  
19 Weitzel mentions that Spire cannot control when other utilities file rate cases. However, the  
20 last time another natural gas utility filed a rate case prior to Spire's last rate cases was by  
21 Liberty Utilities (Midstates Natural Gas) in case numbered GR-2014-0152. That case had  
22 nothing to do with Spire's 2019 assessment.

23 **Q. On page 6 of Mr. Weitzel's direct testimony, he provides a chart of annual assessments**  
24 **and percent changes from 2008 – 2019. Does OPC have a response to Mr. Weitzel's**  
25 **chart?**

1 A. Yes. Laclede Gas Company acquired Missouri Gas Energy (both now known as Spire  
2 Missouri, Inc.) in case number GM-2013-0254. The sale was finalized on September 1, 2013.  
3 Therefore, OPC believes it would be more appropriate to view a chart showing only years  
4 when MGE was owned by Laclede. Please see OPC's chart below.

Fiscal Year	Annual Assessment	Percent Change
2014	\$3,384,370	
2015	\$3,954,923	16.86%
2016	\$3,350,227	(15.29%)
2017	\$2,916,946	(12.93%)
2018	\$3,242,612	11.16%
2019	\$4,904,390	51.25%

5  
6 Spire had rate cases in cases numbered GR-2013-0171 (Laclede) and GR-2014-0007  
7 (MGE), which is likely the reason for the 2015 annual assessment increase. Additionally,  
8 Spire had two rate cases in cases numbered GR-2017-0215 and GR-2017-0216, and once  
9 again, Spire's 2018 and 2019 annual assessment increased due to the increased work involved  
10 with those cases. Spire also received revenue increases for each of those rate cases which  
11 would affect the intrastate revenues involved in calculating the annual assessment.

12 **Q. Does this conclude your rebuttal testimony?**

13 A. Yes.

**CASE PARTICIPATION  
OF  
KERI ROTH**

<u>Company Name</u>	<u>Case No.</u>
Empire District Electric Company	ER-2012-0345
Emerald Pointe Utility Company	SR-2013-0016
Lake Region Water & Sewer Company	WR-2013-0461
Summit Natural Gas of Missouri, Inc.	GR-2014-0086
Hickory Hills Water & Sewer Company, Inc.	WR-2014-0167/SR-2014-0166
Empire District Electric Company	ER-2014-0351
Laclede Gas Company	GO-2015-0178
Missouri Gas Energy	GO-2015-0179
Missouri American Water Company	WR-2015-0301
Empire District Electric Company	ER-2016-0023
Hillcrest Utility Operating Company, Inc.	WR-2016-0064
Raccoon Creek Utility Operating Company, Inc.	SR-2016-0202
Moore Bend Water Utility, LLC	WC-2016-0252
Terre Du Lac Utilities Corporation	WR-2017-0110
Indian Hills Utility Operating Company, Inc.	WR-2017-0259
Missouri American Water Company	WR-2017-0285
Gascony Water Company	WR-2017-0343

**Spire Missouri  
GU-2019-0011**

**Response to OPC Data Request 1102**

**Question:**

Referencing Mr. Weitzel's direct testimony, on page 2, lines 21 – 22, Mr. Weitzel explains an increase greater than 50% represents an extraordinary, non-recurring, and unusual change in Spire's PSC assessment.

- a. Please explain why Spire believes this increase is extraordinary.
- b. Please explain why Spire believes this increase is non-recurring.
- c. Please explain why Spire believes this increase is unusual.
- d. Was the increase caused by Laclede Gas acquisition of Missouri Gas Energy?
- e. Please provide copies of, and explain, any and all communication Spire has had with the PSC to inquire as to why the PSC assessment increased over 50 percent

**Response:**

- a. Please see the response to Staff DR 0004 Part (3).
- b. Please see the response to Staff DR 0001(historical percent change) and Staff DR 0004 Part (3).
- c. Please see the response to Staff DR 0001(historical percent change) and Staff DR 0004 Part (3).
- d. The Company does not believe so. The 50%+ increase was calculated based on then combined historical assessments of the former Laclede Gas and MGE operating areas.
- e. Please see the application filed initiating this proceeding.

Signed by: Glenn Buck

Spire Missouri  
GU-2019-0011

**Response to Staff Data Request 0004**

**Question:**

1) Is this application based upon a contention of Spire Missouri that the Commission Assessment is inherently an “extraordinary” cost (i.e., the year to year change in the Assessment should be generally subject to deferral)? 2) If the response to Part (1) is “yes,” please explain why. 3) If the response to part (1) is “no,” please provide the specific reasons why Spire Missouri takes the position that the change in the amount of the Assessment from fiscal year 2018 to fiscal year 2019 should be considered to be “extraordinary” and hence eligible for an AAO deferral.

**Response:**

1. No.
2. n/a
3. According to Black’s Law Dictionary:<sup>1</sup>

*Extraordinary* is defined as out of the ordinary; exceeding the usual, average, or normal measure or degree.

An *extraordinary item* is defined as an entry that reflects a large cost that is not going to happen again in normal business. These must be explained and managed. It can make a firm look better or worse. AKA special item. Refer to exceptional item.

Finally, an *exceptional item* is defined as an accounting entry that is contrary to what is normal or expected, and may need some attention or rectification. An example is an unusually large cost or an unusually large revenue item. The issue is that reoccurrence can disrupt planning. This can be due to something unexpected in plant modernization or an unusually large order.

The Commission assessment went up by 51.2% in 2019 over 2018, which is over 3 times larger than any percentage change in the assessment in the last 10 years as shown on the response to Staff DR 0001. Spire would certainly hope that this would be considered “a large cost that is not going to happen again in normal business”, and had certainly “disrupt(ed) planning”. Further, this unprecedented increase in the assessment occurred a mere 65 days after new rates went into effect at Spire Missouri, in which customer rates, exclusive of the TCJA

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<sup>1</sup>Source: <https://thelawdictionary.org> (Black’s Law Dictionary)

reduction, were reduced by millions of dollars, making it even more difficult to pay with reduce revenues coming in to meet the obligations.

Signed by: Glenn Buck

MISSOURI PUBLIC SERVICE COMMISSION  
**FY 2018 ASSESSMENT**  
SUMMARY OF COST ALLOCATED TO TYPE OF UTILITY  
*combines allocated costs of the Public Service Commission and the Office of Public Counsel*

	1	2	3	4	5	6	8	9
DIVISION/COST GROUP	TOTAL	ELECTRIC	GAS	STEAM/ HEAT	WATER & SEWER	TELEPHONE	COMMON	
A PSC & OPC ESTIMATED COSTS	\$20,344,270	\$6,301,693	\$3,074,136	\$22,475	\$1,823,818	\$432,919	\$8,689,229	
B ECONOMIC DEVELOPMENT-COST ALLOCATION	\$437,944	\$142,307	\$69,557	\$552	\$44,921	\$10,577	\$170,030	
C OFFICE OF ADMINISTRATION-LEASES	\$1,022,811	\$328,822	\$163,611	\$1,327	\$103,678	\$25,385	\$399,987	
D OFFICE OF ADMINISTRATION-COST ALLOCATION	\$197,730						\$197,730	
<b>E TOTAL OPERATING COSTS</b>	<b>\$22,002,755</b>	<b>\$6,772,822</b>	<b>\$3,307,304</b>	<b>\$24,354</b>	<b>\$1,972,417</b>	<b>\$468,882</b>	<b>\$9,456,976</b>	
F INTRASTATE REVENUE	\$7,761,505,740	\$5,019,165,375	\$1,303,349,073	\$33,332,616	\$300,927,248	\$1,104,731,428		
G PERCENT TO TOTAL	100.0000%	64.6674%	15.7925%	0.4295%	3.8772%	14.2335%		
H ALLOCATION OF COMMON		\$6,115,582	\$1,588,060	\$40,614	\$366,663	\$1,346,057	(\$9,456,976)	
<b>I TOTAL COSTS ALLOCATED</b>	<b>\$22,002,755</b>	<b>\$12,888,404</b>	<b>\$4,895,354</b>	<b>\$64,968</b>	<b>\$2,339,080</b>	<b>\$1,814,939</b>		
J LESS: PSC FUND CASH BALANCE	\$2,774,963	\$1,794,497	\$465,985	\$11,918	\$107,590	\$394,973		
K LESS: EST. GAS SAFETY REIMB.	\$490,000		\$490,000					
<b>L FISCAL YEAR 2018 PSC &amp; OPC ASSESSMENT</b>	<b>\$18,737,792</b>	<b>\$11,093,907</b>	<b>\$3,939,379</b>	<b>\$53,050</b>	<b>\$2,231,490</b>	<b>\$1,419,966</b>		

ASSESSMENT % TO GROUP REVENUE  
ASSESSMENT % TO TOTAL REVENUE  
MAXIMUM ASSESSMENT TO REVENUE

0.2414%  
\$19,403,764

0.2210%      0.3023%      0.1591%      0.7415%      0.1286%

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FY 2019 ASSESSMENT**  
**SUMMARY OF COST ALLOCATED TO TYPE OF UTILITY**  
*combines allocated costs of the Public Service Commission and the Office of Public Counsel*

	1	2	3	4	5	6	8	9
DIVISION/COST GROUP	TOTAL	ELECTRIC	GAS	STEAM/ HEAT	WATER & SEWER	TELEPHONE	COMMON	
A PSC & OPC ESTIMATED COSTS	\$20,911,248	\$3,991,166	\$4,913,620	\$19,699	\$2,641,294	\$391,533	\$8,950,916	
B ECONOMIC DEVELOPMENT COST ALLOCATION	\$230,217	\$45,635	\$55,160	\$249	\$32,699	\$4,935	\$91,340	
C OFFICE OF ADMINISTRATION LEASES	\$1,043,974	\$205,850	\$250,697	\$1,151	\$147,140	\$22,778	\$416,358	
D OFFICE OF ADMINISTRATION COST ALLOCATION	\$197,238						\$197,238	
<b>E TOTAL OPERATING COSTS</b>	<b>\$22,382,677</b>	<b>\$4,242,671</b>	<b>\$5,219,467</b>	<b>\$21,099</b>	<b>\$2,821,333</b>	<b>\$422,246</b>	<b>\$9,655,861</b>	
F INTRASTATE REVENUE	\$7,793,696,778	\$5,024,921,022	\$1,377,641,202	\$33,510,703	\$302,403,628	\$1,055,220,240		
G PERCENT TO TOTAL	100.0000%	64.4742%	17.6764%	0.4390%	3.6301%	13.5394%		
H ALLOCATION OF COMMON		\$6,225,536	\$1,705,804	\$41,517	\$374,658	\$1,307,346	(\$9,655,861)	
<b>I TOTAL COSTS ALLOCATED</b>	<b>\$22,382,677</b>	<b>\$10,468,207</b>	<b>\$6,925,271</b>	<b>\$62,616</b>	<b>\$3,195,991</b>	<b>\$1,729,592</b>		
J LESS: PSC FUND CASH BALANCE	\$3,142,568	\$2,026,145	\$555,491	\$13,512	\$121,935	\$425,485		
K LESS: EST. GAS SAFETY REI/B	\$490,000		\$490,000					
<b>L FISCAL YEAR 2019 PSC &amp; OPC ASSESSMENT</b>	<b>\$18,750,109</b>	<b>\$8,442,062</b>	<b>\$5,880,780</b>	<b>\$49,104</b>	<b>\$3,074,056</b>	<b>\$1,304,107</b>		

ASSESSMENT % TO GROUP REVENUE  
 ASSESSMENT % TO TOTAL REVENUE  
 MAXIMUM ASSESSMENT TO REVENUE

0.2406%  
 \$18,484,242

0.1680%  
 0.4269%  
 0.1465%  
 1.0165%  
 0.1237%

**MISSOURI PUBLIC SERVICE COMMISSION**  
**UTILITY ASSESSMENT PROCESS**

**Statement of Revenue –**

- |            |  |
|------------|--|
| January 31 | A letter and statement of revenue form are mailed to each regulated utility company requesting their previous calendar year gross intrastate operating revenue be reported by type of utility service; i.e. electric, gas, steam/heating, water, sewer, telephone and IVoIP. |
| March 31   | Statement of Revenue due to the Commission   |
| May 31     | Report of gross intrastate operating revenue for individual companies and utility groups finalized.  |

**Calculating the Assessment -**

- |                |  |
|----------------|--|
| Early/Mid-June | <p>PSC Fund appropriations are obtained from various appropriation bills. Cost allocation amounts from the Department of Economic Development and the Office of Administration are determined. Lease costs are obtained from the Office of Administration.</p> <p>Contribution amounts for OASI Insurance and Medicare Tax, State Retirement, Long-Term Disability, Basic Life Insurance, State Insurance, the Deferred Compensation Plan, the Worker's Compensation Plan and Unemployment Compensation are calculated.</p> <p>The appropriation amounts, the cost allocation and leasing amounts and the employee benefit contributions determine the total operating needs for the next fiscal year.</p> <p>The total operating needs are reduced by the estimated amount of the Federal Gas Safety receipts for the next fiscal year (provided by the Gas Safety Department) and the estimated PSC fund balance as of June 30. The result is the amount of the PSC assessment for the next fiscal year.</p> |
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**MISSOURI PUBLIC SERVICE COMMISSION**  
**ASSESSMENT PROCESS**

**Estimating the PSC Fund cash balance -**

Mid-June

The PSC Fund balance at the beginning of the current fiscal year (July 1) is determined. Revenue collections from July 1 through June are calculated.

Expenditures made from the PSC Fund July 1 through May and the estimated June expenditures are calculated.

Transfers made from the PSC Fund July 1 through May and the estimated June transfers are calculated.

The total estimated expenditures and transfers made from the PSC Fund are subtracted from the total cash available on July 1 giving the estimated cash balance at June 30.

**Allocating the Assessment by Utility Type –**

Mid-June

Time sheet summaries are used to allocate the Personal Service appropriation, employee fringe benefits costs and the DED cost allocation and leasing costs to the each utility group as direct and common costs.

Historical Expense and Equipment (E&E) expenditures are summarized and used to allocate the E&E appropriation to utility groups as direct and common costs.

The utility group revenue figures are used to allocate common costs to the various utility groups in accordance with Section 386.370 RSMo.

Direct and common costs are added to obtain total costs allocated (total estimated need).

The estimated cash balance in the Public Service Commission (PSC) Fund is allocated as a reduction to the various utility groups based upon a percentage of the total group's gross intrastate operating revenue.

The estimated Gas Safety receipts are used as a reduction of the Gas group assessment.

Each utility group's total assessment is determined and each group's assessment factor is calculated.

**MISSOURI PUBLIC SERVICE COMMISSION**  
**ASSESSMENT PROCESS**

**Commission Agenda -**

Late June

The annual assessment's Report and Order is presented to the Commission.

Upon approval of the Commission, individual utility company assessment amounts are calculated based upon the assessment factor for each utility group and the revenue amount reported on the company's Statement of Revenue.

On or before July 1, an assessment notice and a copy of the assessment Report and Order are mailed to each public utility company.

**Assessment Collection**

July 15

The amount assessed to each utility shall be paid to the "Director of Revenue" in full on or before July 15<sup>th</sup>. However, utility companies may elect to pay the assessment in four equal installments no later than the following dates: July 15, October 15, January 15, and April 15.