

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

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| In the Matter of the Application of Spire |) | |
| Missouri Inc. for an Accounting Authority |) | <u>File No. GU-2019-0011</u> |
| Order Concerning Its Commission |) | |
| Assessment for the 2019 Fiscal Year |) | |

STAFF STATEMENTS OF POSITION

COMES NOW Staff of the Missouri Public Service Commission, pursuant to the *Order Adopting Procedural Schedule* issued by the Commission on September 5, 2018, and submits the following Statements of Position on the issues as listed in the List of Issues, Order of Witnesses, Order of Cross-Examination and Order of Opening Statements filed on November 28, 2018:

- (1) Does Spire Missouri Inc.'s accounting authority order (AAO) / tracker request meet the Commission's expressed criteria for authorizing AAO / tracker deferrals?

Staff Position: No. First, Spire Missouri Inc.'s (Spire) application and testimony essentially conflate accounting authority order (AAO) deferrals and tracker mechanisms. However, Spire's request does not meet the Commission's previously expressed criteria for either an AAO or tracker. In previous cases, the Commission has held that a cost can be deferred only if it is associated with an "extraordinary event," which are events that are unusual, unique and non-recurring. As a secondary consideration, the Commission will also consider whether the cost is material in amount.¹ As addressed in more detail below,

¹ See, e.g., *In the Matter of Kansas City Power & Light v. Missouri Public Service Commission*, 509 S.W.3d 757, 768-771 (Mo. App. 2016); *Oligschlaeger Rebuttal Testimony*, p. 2 lines 17-19; p. 3 lines 10-19; p. 12 line 21 through p. 13 line 20.

Spire's request meets neither of these criteria, and as a result, Spire's AAO / tracker request should be denied in its entirety.

- (A) Is the increase in the Commission Assessment billed to Spire Missouri Inc. in fiscal year 2019 an extraordinary event, as defined by past Commission criteria?

Staff Position: No. Commission assessment amounts have been and continue to be billed to and paid by utilities annually on a set schedule. The Commission has previously found that the primary question for considering whether to grant an AAO for a particular cost is whether the underlying event giving rise to the cost is "extraordinary" in nature – i.e., unusual, unique and non-recurring. The Commission has also found that tracker treatment should only be given to costs that are extraordinary in nature. Spire's fiscal year 2019 Commission assessment results from ordinary and ongoing practices. Since the underlying event behind the cost at issue (the increase in assessment) is not extraordinary in any way, the inquiry can end there without consideration of the materiality of the cost, as materiality is not the primary consideration in determining whether to grant an AAO or tracker.²

- (B) Is the increase in the Commission Assessment billed to Spire Missouri Inc. in fiscal year 2019 of a material nature?

Staff Position: No. Spire's argument simply compares its Fiscal Year 2019 assessment to its Fiscal Year 2018 assessment. However, the standard generally used by the Commission to determine materiality of a cost proposed for deferral treatment is whether the cost in question (in this case, the increase in assessment) is at least equal to 5% of the utility's net income. Even Mr. Weitzel

² See, *Oligschlaeger Rebuttal Testimony*, p. 8 lines 1-12; p. 10 lines 10-23; p. 13 lines 17-19.

of Spire admits at pages 8 and 9 of his direct testimony that the increase in Spire's Fiscal Year 2019 assessment does not meet this standard.³

WHEREFORE Staff submits the foregoing Statements of Position and requests the Commission issue an order finding in its favor on each issue in this case and denying Spire Missouri Inc.'s accounting authority order / tracker request.

Respectfully submitted,

/s/ Jeffrey A. Keevil

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 3rd day of December, 2018.

/s/ Jeffrey A. Keevil

³ See, *Oligschlaeger Rebuttal Testimony*, p. 11 lines 1-8.