

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

In the Matter of the Application of Laclede Gas)
Company to Change Its Infrastructure System) **File No. GO-2016-0333**
Replacement Surcharge in its Laclede Gas)
Service Territory)

In the Matter of the Application of Laclede Gas)
Company to Change Its Infrastructure System) **File No. GO-2016-0332**
Replacement Surcharge in its Missouri Gas)
Energy Service Territory)

In the Matter of the Application of Laclede Gas)
Company to Change Its Infrastructure System) **File No. GO-2017-0202**
Replacement Surcharge in its Laclede Gas)
Service Territory)

In the Matter of the Application of Laclede Gas)
Company to Change Its Infrastructure System) **File No. GO-2017-0201**
Replacement Surcharge in its Missouri Gas)
Energy Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Establish an Infrastructure System) **File No. GO-2018-0309**
Replacement Surcharge in its Spire Missouri)
East Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Establish an Infrastructure System) **File No. GO-2018-0310**
Replacement Surcharge in its Spire Missouri)
West Service Territory)

STATEMENT OF POSITIONS

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Statement of Positions*, states as follows:

Remanded Matters

Potential Costs

Issue: What costs, if any, were recovered through Spire Missouri East's and West's 2016 and 2017 ISRS for the replacement of ineligible plastic components not in a worn out or in a deteriorated condition?

Staff Position: The following amounts were recovered through the ISRS for the replacement of ineligible plastic components:

- GO-2016-0332 (Spire West) - \$827,159
- GO-2016-0333 (Spire East) - \$2,283,628
- GO-2017-0201 (Spire West) - \$532,006
- GO-2017-0202 (Spire East) - \$518,233

- Bolin Direct Case No. GO-2016-0332, et. al.; Schedule KKB-d8

Potential Refunds

Issue: What costs, if any, should Spire be required to refund pursuant to the Missouri Western District Court of Appeals Opinion remanding Spire Missouri East's and West's 2016 and 2017 ISRS?

Staff Position: Spire should refund \$4,161,025 (\$1,359,165 for Spire West and \$2,801,860 for Spire East.) Bolin Direct Case Nos. GO-2016-0322, et. al.; Schedule KKB-d8

Methodology

Issue: What is the appropriate methodology for making this determination?

Staff Position: Staff's methodology of applying actual individual plastic main and service line percentage to the work order cost should be applied to determine the costs of the replacement of plastic pipe. When actual percentages are not available for work orders the use of an average of the plastic mains and service lines replaced for the work order authorization provided should be applied to the work orders in which work order authorizations were not provided. Bolin Direct Case Nos. GO-2016-0332, et. al.

Issue: Factually, what is the amount of plastic components not in a worn out or in a deteriorated condition replaced for each ISRS period?

Staff Position: For work orders in which the work order authorization was provided the following feet of mains and service lines were plastic components:

- GO-2016-0332 - 8,634 feet of mains and 22,899 feet of service lines
- GO-2016-0333 – 4,926 feet of mains and 29,225 feet of service lines
- GO-2017-0201 – 22,271 feet of mains and 43,322 feet of service lines
- GO-2017-0202 – 3,226 feet of mains and 45,484 feet of service lines

For work orders in which the work order authorization was not provided, Staff was unable to determine the amount of feet replaced for all types of pipe. For these work orders, to determine the amount of plastic components the following percentages should be applied to replacement cost of the work order:

- GO-2016-0332 – 6.35% of mains and 87.86% of service lines
- GO-2016-0333 – 11.93% of mains and 61.25% of service lines
- GO-2017-0201 – 9.08% of mains and 91.02% of service lines
- GO-2017-0202 – 5.98% of mains and 71.25% of service lines

- Bolin Direct Case Nos., GO-2016-0332, et .al; Schedules KKB-d3, Schedule KKB-d4, Schedule KKB-d5 and Schedule KKB-6

Rate Design

Issue: To the extent such ineligible costs exist, how should they be returned to ratepayers?

Staff Position: Pursuant to Sommerer Direct testimony page 3, lines 9-18, in Case No. GO-2018-0309 and GO-2018-0310, pages 3, lines 12-21, the credit should be returned to ratepayers as an offset to the current revenue requirements in Case Nos. GO-2018-0309 and GO-2018-0310. See 4 CSR 240-3.265.

2018 Matters

Compliance

Issue: Is Spire's ISRS filing compliant with the ISRS statutes Sections 393.1009 through 393.1015?

Staff Position: Other than in regard to the issue of replacement cost for plastic components not in a worn out or deteriorated condition and related calculations, Staff is not challenging the ISRS filing's compliance with the statutes in this case.

Potential Costs

Issue: What costs should Spire Missouri be permitted to collect through its 2018 ISRS filing?

Staff Position: Spire Missouri East should be permitted to collect \$2,607,608 if the refund from the 2016 and 2017 cases is not included in this case. Spire Missouri West should be permitted to collect \$5,411,794 if the refund from the 2016 and 2017 cases is not included in this case. If the refunds from the 2016 and 2017 cases are included in this case, Spire West should be permitted to collect \$4,052,629 and Spire East should refund \$194,252. Arabian Direct Case No. GO-2018-0310; Schedule AA-d2; Sommerer Direct Case No. GO-2018-0310; Schedule DMS-d3; Newkirk Direct Case No. GO-2018-0309; Schedule CN-d2; Sommerer Direct Case No. GO-2018-0309; Schedule DMS-d3

Rate Design

Issue: How should Spire Missouri's 2018 ISRS rates be calculated?

Staff Position: The ISRS rates should be calculated based upon the most recent rate case billing units and further allocated using the traditional ISRS rate design that is predicated on current customer charges. See Schedules DMS-d3 (one schedule for each 2018 case) for rate calculations. See also Sommerer Direct Testimony in Case No. GO-2018-0309 page 2, lines 13 through 23, and Case No. GO-2018-0310 page 2, lines 13-20.

Respectfully submitted,

/s/ Whitney Payne

Whitney Payne
Associate Counsel
Missouri Bar No. 64078
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8706 (Telephone)
(573) 751-9285 (Fax)
whitney.payne@psc.mo.gov

/s/ Mark Johnson

Mark Johnson
Senior Counsel
Missouri Bar No. 64940
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7431 (Telephone)
(573) 751-9285 (Fax)
mark.johnson@psc.mo.gov

Attorneys for the Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was served electronically, or hand-delivered, or via First Class United States Mail, postage prepaid, on all parties of record herein on this 24th day of August, 2018.

/s/ Whitney Payne