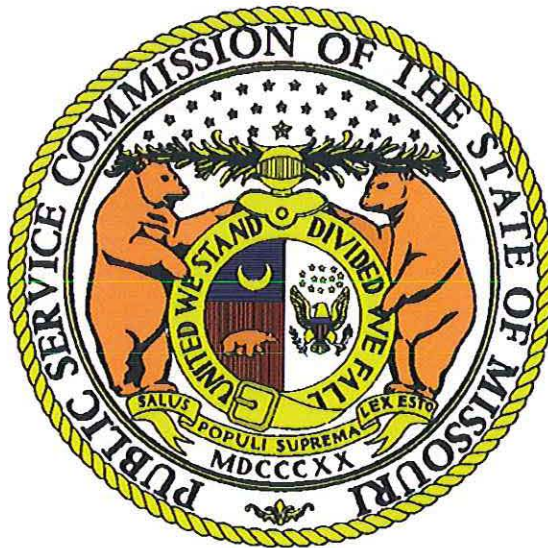


MISSOURI PUBLIC SERVICE COMMISSION

STAFF

DIRECT REPORT



**SPIRE MISSOURI, INC.,
d/b/a SPIRE (WEST)**

CASE NO. GO-2019-0116

*Jefferson City, Missouri
March 29, 2019*

Staff Exhibit No. 101
Date 4-3-19 Reporter TU
File No. GO 2019-0116

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d/b/a Spire (West)
CASE NO. GO-2019-0116**

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1 **STAFF DIRECT REPORT**

2 **SPIRE MISSOURI, INC.,**
3 **d/b/a Spire (West)**

4 **CASE NO. GO-2019-0116**

5 **I. Executive Summary**

6 On October 29, 2018, Spire Missouri, Inc., d/b/a Spire (“Spire”, “Spire West”, or
7 “Company”) filed “Spire Missouri, Inc.’s Request for Waiver of Rule 4 CSR 4.017(1) for ISRS
8 Case Filings, or in the Alternative, Notice of Intended Case Filings.” On December 17, 2018,
9 the Commission responded by issuing “Order Granting Waiver.”

10 On January 14, 2019, Spire West filed “Verified Application and Petition of
11 Spire Missouri, Inc. to Change its Infrastructure System Replacement Surcharge for its
12 Spire Missouri West Service Territory.”

13 As part of its Application, Spire filed a revised tariff sheet No. 12 that increases its ISRS
14 revenues by \$9,769,606 annually. The filed rates produce ISRS revenues of the magnitude of
15 \$15,181,399 annually.¹ The initially-filed tariff rates do generate the appropriate Revenue
16 Requirement, in total, that Spire West initially requested. The proposed effective date of the
17 Company’s initial tariff was February 13, 2019.

18 Spire West asserts it made its filing pursuant to Sections 393.1009, 393.1012 and
19 393.1015 of the Revised Statutes of Missouri and Commission Rules 4 CSR 240-2.060, 2.080,
20 and 3.265, which allow Missouri natural gas corporations to file a petition and proposed rate
21 schedule with the Commission to recover certain infrastructure system replacement costs
22 outside a formal rate case, through a surcharge on customers’ bills.

23 Spire West is requesting to recover ISRS costs as follows:

24 **Eligibility of Costs**

25
26 9. The infrastructure system replacements for which Spire West seeks
27 ISRS recognition are set forth on Appendix A and Appendix B, which
28 are attached hereto and made a part hereof for all purposes. **Appendix A**
29 **includes those eligible infrastructure investments placed into service**
30 **or to be placed into service on or after July 1, 2018 and Appendix B**
31 **includes those eligible infrastructure investments placed into service**

¹ Previously, as the Commission deemed appropriate in Case No. GO-2018-0310, Spire West established its existing ISRS rates that produce \$5,411,793 annually that are in place today.

1 **between October 1, 2017 and June 30, 2018 to the extent not**
2 **previously recovered in Case No. GO-2018-0310.** The infrastructure
3 system replacements listed on Appendix A and Appendix B are eligible
4 gas utility plant projects in that they are all either: a) mains, valves,
5 service lines, regulator stations, vaults, and other pipeline system
6 components installed to comply with state or federal safety requirements
7 as replacements for existing facilities that have worn out or are in
8 deteriorated condition; or b) main relining projects, service line insertion
9 projects, joint encapsulation projects, and other similar projects
10 extending the useful life, or enhancing the integrity of pipeline system
11 components undertaken to comply with state or federal safety
12 requirements; or c) unreimbursed infrastructure facility relocations due
13 to the construction or improvement of a highway, road, street, public way
14 or other public work required by or on behalf of the United States, the
15 State of Missouri, a political subdivision of the State of Missouri, or
16 another entity having the power of eminent domain.² [Emphasis Added.]

17 Spire West has two cost recovery requests included in this filing. One request is “new” costs
18 for the period of July 1, 2018, to January 31, 2019, that Staff and the Commission have never
19 addressed. The months of December 2018 and January 2019 cost data were estimated amounts³
20 and subject to updating to actual costs incurred once known. This portion of the filing is
21 consistent with traditional procedure concerning the timeframe of the costs being captured for
22 the “typical” ISRS recovery filing. The other component is Spire West’s additional request to
23 recover costs that relate to a time period that Staff and the Commission has already addressed
24 in a previous proceeding.⁴ Specifically, Spire West is requesting to recover qualifying
25 ISRS costs incurred during the period of October 1, 2017, to June 30, 2018, that were not
26 recovered in the previous ISRS Case No. GO-2018-0310 because the Commission deemed the
27 costs ineligible for ISRS recovery at that time. The Commission’s Report and Order in that
28 ISRS case is currently under appeal at the Missouri Court of Appeals, Western District,
29 as Docket No. WD82302 (consolidated with WD82373). Since the Western District has not
30 yet issued its opinion ruling on the appeal of the ISRS recovery denied by the Commission in
31 underlying Case No. GO-2018-0310, Staff, under advisement of Staff Counsel, believes it

² “Verified Application and Petition of Spire Missouri, Inc. to Change its Infrastructure System Replacement Surcharge for its Spire Missouri West Territory”, Pages 4 – 5.

³ On February 25, 2019, Spire West filed a revised Appendix A including actual costs through January 2019.

⁴ Case No. GO-2018-0310.

1 is premature to include any additional costs related to that ISRS case at this time. Therefore,
2 Staff is not including those requested ISRS costs in its recommended Revenue Requirement in
3 this proceeding.

4 On January 15, 2019, the Commission issued its "Order Directing Notice, Setting
5 Intervention Deadline, Directing Filing, and Suspending Tariff Sheets." The order directed
6 Staff to file a recommendation not later than March 15, 2019. It also suspended the tariff's
7 effective date until May 14, 2019. On March 15, 2019, Staff filed its Recommendation and
8 attached Memorandum that recommended the Commission issue an order that:

- 9 1. Rejects Spire West's ISRS tariff sheet (JG-2019-0139) P.S.C. MO
10 No. 8, Second Revised Sheet No. 12 cancelling P.S.C. MO. No. 8,
11 First- Revised Sheet No. 12, as filed on January 14, 2019.
- 12 2. Approves the Staff's recommended ISRS surcharge revenues in
13 this docket in the incremental pre-tax revenue amount of
14 \$6,563,308 with a total current and cumulative ISRS surcharge of
15 \$11,975,101.
- 16 3. Authorizes Spire West to file an ISRS rate for each customer class
17 as reflected in Appendix B, which generates \$11,975,101 annually.
- 18 4. Authorizes an effective date no later than May 14, 2019.

19 The Office of the Public Counsel also filed its *Objections to Spire Missouri Inc.'s Applications*
20 *and Petitions and Request for an Evidentiary Hearing* on March 15, 2019.

21 On February 25, 2019, Spire West submitted its updated figures for December 2018 and
22 January 2019 to reflect the actual costs that occurred. The revised revenue requirement
23 was increased from the initially-filed \$9,769,606 estimate, to the revised \$8,751,036 actual.
24 The "adjustment" decreased the company's revenue requirement by \$1,018,570 annually.
25 After the update to actuals, Spire West is seeking a cumulative revenue requirement of
26 \$14,162,829 annually.

1 Spire West asserts it is complying with notice requirements, as follows:

2 21. Pursuant to 4 CSR 240-3.265(8) and (9), Spire West intends to
3 continue using the annual notices and customer bill language approved
4 by the Commission in Case No. GO-2018-0310, at the time its current
5 ISRS was first established.⁵

6 In Case No. GO-2016-0197, the Commission accepted Spire West's (then Missouri Gas
7 Energy) interpretation of Commission Rule 4 CSR 240-3.265 (8) and (9) allowing the Company
8 to reference and use the previous Commission-approved actual annual notices and customer
9 billing information.

10 Spire West has filed its 2017 Annual Report (submitted April 2018), and Spire is not
11 delinquent on paying its assessments.

12 Commission Rule 4 CSR 240-3.265 Natural Gas Utility Petitions for Infrastructure
13 System Replacement Surcharges sets forth the definitions of natural gas utility plant projects
14 that are eligible for ISRS treatment. Based on Staff's review of a sampling of work orders
15 included in the Company's filing, Staff concluded that each of the projects reviewed meets the
16 ISRS rule qualifications, with the exception of costs associated with replacement of plastic
17 mains and services when such cost was greater than the estimated cost of utilizing existing
18 plastic pipe. Based upon Staff's analysis of the avoided cost studies and supplemental detail
19 provided by Spire, Staff found the level of detail in the avoided cost studies related to the
20 replacement or reuse of plastic service lines was sufficient to make conclusions about the
21 reasonableness of the construction decisions made by Spire. After examination of the avoided
22 cost studies provided by the Company in this proceeding, Audit Staff, in conjunction with
23 Engineering Analysis Staff, takes the position that the Company has complied with this rule
24 and fulfilled the requirement contained within the Commission's Report and Order in Case No.
25 GO-2018-0310 by providing evidence to support its proposed recovery of certain plastic mains
26 and services replacement costs.

⁵ "Verified Application and Petition of Spire Missouri, Inc. to Change its Infrastructure System Replacement Surcharge for its Spire Missouri West Territory", Page 7.

1 Based upon its review and calculations made in response to this ISRS Application,
2 Staff recommends Spire West receive additional ISRS revenues of \$6,563,189 (See attached
3 Schedule 2 to this report).

4 *Staff Expert/Witness: J Luebbert on behalf of all witnesses*

5 **II. ISRS Rate Schedules**

6 Staff's recommended ISRS rates are contained in Schedule 1, attached hereto and
7 incorporated by reference. The rates in Schedule 1 are consistent with Staff's recommended
8 Revenue Requirement of \$6,563,189 annually (as related to the pending ISRS) and generate
9 \$11,974,982 annually for the cumulative ISRS.

10 Most ISRS filings utilize the most current annual report figures to establish the
11 customer-count used in the calculation of rates. These ISRS rates are calculated based on the
12 customer-count used in the last rate case, Case No. GR-2017-0216. The relevant statute clearly
13 allows for this substitution:

14 393.1015. 5. (1) The monthly ISRS charge may be calculated based on a
15 reasonable estimate of billing units in the period in which the charge will
16 be in effect, which shall be conclusively established by dividing the
17 appropriate pretax revenues by the customer numbers reported by the gas
18 corporation in the annual report it most recently filed with the
19 commission pursuant to subdivision (6) of section 393.140, and then
20 further dividing this quotient by twelve. **Provided, however, that the**
21 **monthly ISRS may vary according to customer class and may be**
22 **calculated based on customer numbers as determined during the most**
23 **recent general rate proceeding of the gas corporation so long as the**
24 **monthly ISRS for each customer class maintains a proportional**
25 **relationship equivalent to the proportional relationship of the monthly**
26 **customer charge for each customer class. [Emphasis Added.]**

27 This change in method of calculation was necessary because of revisions that took place in the
28 rate cases, and by the addition of newly-designed and newly-established rate classes.

29 *Staff Expert/Witness: David M. Sommerer*

1 **III. Engineering Review**

2 Following the Commission's Report and Order in Case Nos. GO-2018-0309 and
3 GO-2018-0310, Spire provided avoided cost studies for the projects they claimed as ISRS
4 eligible. These studies were created to help quantify the cost differential between two different
5 types of construction scenarios. Scenario 1 was the project as it was actually completed.
6 Scenario 2 was a hypothetical look at what it would have taken to reuse as much of the existing
7 plastic pipe as would be practically possible. The two scenarios were cost estimated based on
8 a common set of assumptions related to labor, materials, required tools, and overhead. By cost
9 estimating each of the scenarios with the same set of assumptions, conclusions could be drawn
10 about the relative cost between the two different approaches to construction: replacement or
11 reuse of existing plastic pipes. Since differences between the cost estimates would be used to
12 calculate the percentage of actual costs that would be claimed as ISRS eligible, it was important
13 to ensure that the methods and assumptions used by Spire to create the avoided cost studies
14 were reasonable.

15 Every construction project was unique, but Spire used similar formats for all of the
16 avoided costs studies. Each avoided cost study typically contained a tabular breakdown of the
17 footage of pipe that was abandoned or reused along with counts of service lines that were in
18 some way modified as a part of the project. The costs of labor, materials, tools, and overhead
19 were also broken down for each construction scenario. As appropriate, a short narrative
20 description would also be included. Finally, a series of maps or diagrams would be provided
21 giving an overview of the project being analyzed. The maps would include highlighting,
22 arrows, notes, or other information to indicate how the different construction scenarios would
23 replace or reuse sections of plastic pipe. Staff recognized that due to the wide range of
24 complexity of the projects being examined that not every avoided cost study would contain the
25 same amount of information or level of detail. Small, simple projects would not be expected to
26 require as much documentation or explanation as larger, more complicated projects.

27 Spire provided 509 avoided cost studies in the initial set of workpapers delivered
28 to Staff. Spire East had 207 projects with avoided cost studies and Spire West had 302.
29 Staff performed a high level review of all 509 avoided cost studies to determine if each met
30 basic expectations for content. Specifically, Staff checked to see if Spire had provided a tabular

1 breakdown of the differences between the two construction scenarios, a brief narrative
2 description, and legible diagrams or maps. During Staff's initial review of all of the avoided
3 cost studies, it was concluded that a significant fraction of the documents were lacking at least
4 some piece of important information. As a result, Staff requested that Spire revisit 158 of the
5 avoided cost studies and revise them to include more detail.⁶ In addition to the high level review
6 that was performed on all of the avoided cost studies, 65 avoided cost studies were chosen by
7 Staff for more detailed reviews.

8 Staff found that the type of information in the avoided cost studies could be broken
9 down into two different major categories: gas mains and gas service lines. The methods used
10 by Spire to determine costs for the reuse or replacement of mains and services lines were found
11 to be different. For mains, it was typical to find specific lengths of plastic pipe that were either
12 being reused or replaced. However, service lines were treated on an average length and average
13 cost basis. Actual lengths of individual service lines were not included in the avoided cost
14 studies. The assumptions about average service line lengths and costs were based on prior
15 experience by Spire in performing those types of work tasks. Discussions with Spire indicated
16 that in order to present cost estimates for services at the same level of detail that was provided
17 for mains in the avoided cost studies, it would have required a significant increase in the amount
18 of work needed to perform the analysis. In a typical avoided cost study only a small number of
19 specific design decisions would have to be considered when evaluating the reuse or
20 abandonment of existing pieces of plastic mains. For service lines, the number of specific design
21 decisions would routinely have been in the dozens and were often more than one hundred. Staff
22 found the level of detail in the avoided cost studies related to the replacement or reuse of plastic
23 mains and plastic service lines was sufficient to make conclusions about the reasonableness of
24 the construction decisions made by Spire.

25 *Staff Expert/Witness: Charles T. Poston, PE*

⁶ This issue is being addressed with Data Request No. 0011 in Case No. GO-2019-0115 and Data Request No. 0010 in Case No. GO-2019-0116.

1 OPPORTUNITIES FOR IMPROVEMENT

2 The determination of “reasonableness” made during Staff’s engineering review does not
3 imply that no improvements could be made to the content of avoided cost studies if Spire
4 chooses to use them in any future ISRS filings. As previously stated, Staff found an uneven
5 level of detail within Spire’s avoided cost studies. This primarily dealt with illegible or missing
6 maps and diagrams. This issue has already been raised with the Company and is in the process
7 of being resolved.

8 Following Staff’s review it become apparent that the reuse of small segments of plastic
9 main were often unreasonable from an engineering perspective. The amount of effort and
10 material required to salvage small pieces of main often exceeded what would have been
11 necessary to abandon it and replace it with new plastic pipe. It may be possible for future efforts
12 to be streamlined by specific analyses to determine if there is a minimum length below which
13 small segments of plastic main may be excluded from any similar avoided cost studies.

14 The information provided for service line modifications in the avoided cost studies is
15 done on an average length and average cost basis. Staff believes that opportunities exist for
16 improvements to be made to the formatting and terminology used by Spire regarding service
17 lines in order to more clearly communicate what assumptions are being made in the analyses.

18 Because this was the first opportunity for Spire to use avoided cost studies within an
19 ISRS case, there was some uncertainty about what constituted necessary content. Numerous
20 meetings were organized between the parties in which participants could ask questions about
21 specific projects or the avoided cost study format in general. Time was also taken to ask about
22 terminology or abbreviations used by the Company within the avoided cost studies. These
23 meetings were typically productive and helped to improve the quality of Staff’s review of the
24 avoided cost studies. It would be expected that any changes to future avoided cost studies
25 would require additional contact between parties to ensure that the same high level of
26 information sharing would continue to take place.

27 *Staff Expert/Witness: Charles T. Poston, PE*

1 SUMMARY AND FINDINGS

2 The avoided cost studies created by Spire have demonstrated that the circumstances
3 surrounding the decision to reuse or abandon a section of plastic pipe are not necessarily
4 straightforward. For example, to tie into an existing piece of plastic pipe, it may be necessary
5 to make additional excavations which require shoring to ensure the safety of construction
6 personnel. Much of the existing plastic pipe would require pressure testing to enable it to be
7 upgraded to operate in a new, higher pressure distribution system. Scheduling reconnection of
8 customers, relocation of meters, and temporary bypasses necessary to support continuous gas
9 service are all issues which can also impact the decision to reuse or abandon sections of existing
10 plastic pipe. For short segments of gas mains or for service lines that could be reused, the cost
11 of the additional excavations, pipe fittings, and testing necessary for successful reuse could be
12 expected to exceed the costs of abandonment and replacement.

13 *Staff Expert/Witness: Charles T. Poston, PE*

14 **IV. Review and Revenue Calculations**

15 Section 393.1015.3, RSMo, states, "A gas corporation may effectuate a change in its
16 rate pursuant to the provisions of this section no more often than two times every
17 twelve months." The Spire West tariffs filed with this Application have been suspended until
18 May 14, 2019. In Case No. GR-2017-0216, effective April 19, 2018, the ISRS balances were
19 reset to zero. Since that date, Spire West has changed its ISRS surcharge once, in Case No.
20 GO-2018-0310, with an effective date of October 8, 2018. Based on Spire West's previous
21 ISRS filings and the statute, Staff asserts Spire West is currently in compliance with this section
22 of the statute.

23 Commission Rule 4 CSR 240-3.265(18), Natural Gas Utility Petitions for Infrastructure
24 System Replacement Surcharges, states:

25 The commission shall reject an ISRS petition after a commission order
26 in a general rate proceeding unless the ISRS revenues requested in the
27 petition, on an annualized basis, will produce ISRS revenues of at least
28 the lesser of one-half of one percent (1/2%) of the natural gas utility's
29 base revenue level approved by the commission in the natural gas
30 utility's most recent general rate case proceeding or one (1) million
31 dollars, but not in excess of ten percent (10%) of the subject utility's base

1 revenue level approved by the commission in the utility's most recent
2 general rate proceeding.

3 Spire West's requested ISRS revenues exceed one-half of one percent of the natural gas utility's
4 base revenue level approved by the Commission in the most recent Spire West rate case, and
5 Spire's cumulative ISRS revenues, including the amounts requested in this filing, do not exceed
6 ten percent of the base revenue levels approved by the Commission in the last Spire West rate
7 case, Case No. GR-2017-0216.

8 In this Application, Spire West filed to recover qualifying ISRS costs incurred during
9 the period of July 1, 2018, through January 31, 2019. The ISRS recovery requested for
10 December 2018 and January 2019 plant-in-service additions was included on an estimated basis
11 at the time Spire West's Application was filed, but an updated Appendix A that includes
12 December and January actuals was filed February 25, 2019, and documentation supporting
13 actual ISRS plant addition costs for these months was supplied by Spire West during the course
14 of Staff's audit.

15 As part of its examination of Spire West's application, Auditing Staff reviewed
16 supporting workpapers, work order authorizations, and a sample of invoices supporting the
17 work order authorizations. Staff also communicated with Spire West's personnel to clarify
18 Spire's application when necessary.

19 In previous ISRS applications, issues were raised regarding the inclusion of the cost
20 associated with replacement of plastic main and services undertaken as part of a larger mains
21 and services replacement program. In response to guidance from the Commission in its
22 Report and Order in the last ISRS Case No. GO-2018-0310, in this ISRS Petition Spire West
23 provided an avoided cost study for each ISRS-eligible work order that included estimated costs
24 associated with plastic mains and services replacement as discussed in the Staff Engineering
25 Review Section of this report. If the estimated cost of an ISRS-eligible work order for
26 Scenario 1 was greater than the estimated cost for Scenario 2, meaning it cost more to replace
27 the existing plastic mains or services than it would to reuse them, Spire West calculated the
28 percentage difference in costs between the two scenarios and made an adjustment to reduce its
29 actual ISRS-eligible costs incurred for that work order by that percentage difference. If the
30 estimated cost of an ISRS-eligible work order for Scenario 2 was greater than the estimated

1 cost for Scenario 1, meaning it cost more to utilize the existing plastic mains or services than
2 to replace it, no adjustment was made by the Company to the actual ISRS-eligible costs incurred
3 for that work order.

4 As part of its work scope in this case, Audit Staff compared the information contained
5 within each avoided cost study to the information in the Company's Revenue Requirement
6 workpaper to verify the amounts used to determine the plastic percentage differences matched.
7 Staff noted any discrepancies and sought clarification from the Company. In addition, Audit
8 Staff obtained a sample of the detailed calculations used to develop the estimated costs for
9 selected avoided cost studies. These samples were then compared to each avoided cost study
10 to verify the total of the amounts matched each cost element. Again, any discrepancies were
11 noted by Staff and provided to the Company for further clarification.

12 Commission Rule 4 CSR 240-3.265 Natural Gas Utility Petitions for Infrastructure
13 System Replacement Surcharges sets forth the definitions of natural gas utility plant projects
14 that are eligible for ISRS treatment. Based on Staff's review of a sampling of work orders
15 included in the Company's filing, Staff concluded that each of the projects reviewed meets the
16 ISRS rule qualifications, with the exception of costs associated with replacement of plastic
17 mains and services when such cost was greater than the estimated cost of utilizing existing
18 plastic pipe. After examination of the avoided cost studies provided by the Company in this
19 proceeding, Audit Staff, in conjunction with Engineering Analysis Staff, takes the position that
20 the Company has complied with this rule and fulfilled the requirement contained within the
21 Commission's Report and Order in Case No. GO-2018-0310 by providing evidence to support
22 its proposed recovery of certain plastic mains and services replacement costs.

23 The methodology used by Auditing Staff to determine ISRS revenue requirement allows
24 for consideration of all accumulated depreciation and deferred income taxes on ISRS qualifying
25 infrastructure replacement costs through April 30, 2019. This methodology is consistent with
26 past reviews conducted by Auditing Staff and with Staff's view that the calculation of the ISRS
27 revenue requirement should closely reflect the revenue requirement for ISRS qualifying plant
28 as of the effective date of the ISRS rates.

29 *Staff Expert/Witness: Keith D. Foster*

1 BLANKET WORK ORDERS

2 Staff reviewed Spire’s workpapers concerning ISRS costs included in “blanket work
3 orders.” Blanket work orders are work orders that cover a large number of tasks, and which do
4 not close for an extended period of time. Issues have arisen in prior Spire ISRS filings regarding
5 the eligibility for recovery of the costs included in blanket work orders through the ISRS rate
6 mechanism. In this proceeding, the Company categorized each separate task in the blanket work
7 order as either ISRS eligible or ISRS ineligible. Spire then calculated the percentage of eligible
8 vs. ineligible tasks and applied the ineligible task percentage to the blanket work order total
9 amounts to calculate an amount of blanket work order costs that are not ISRS eligible. Staff
10 reviewed Spire’s categorization to determine if each task Spire considered eligible met the
11 requirements for ISRS recovery. Tasks considered eligible included mandated relocations,
12 replacements due to leak repairs and corrosion inspections and, replacement of copper and cast
13 iron pipe. Ineligible items included relocations at a customer’s request, replacements due to
14 excavation damage, replacement of plastic not related to a leak repair, and installation of new
15 services. Staff and Spire are in agreement as to the eligibility of all the tasks included in the
16 blanket work orders.

17 *Staff Expert/Witness: Kimberly K. Bolin*

18 CURRENT INCOME TAXES

19 Staff’s calculation of income taxes is in compliance with the Missouri Revised Statutes
20 associated with income taxes for an ISRS for gas utilities, Sections 393.1009(1)(a) and (b),
21 which states:

22 (1) “Appropriate pretax revenues”, the revenues necessary to produce net
23 operating income equal to:

24 (a) The gas corporation’s weighted cost of capital multiplied by the
25 net original cost of eligible infrastructure system replacements,
26 including recognition of accumulated deferred income taxes and
27 accumulated depreciation associated with eligible infrastructure
28 system replacements which are included in a currently effective
29 ISRS; and

30 (b) Recover state, federal, and local income or excise taxes
31 applicable to such income.

1 There are certain tax deductions associated with ISRS plant additions that should be taken into
2 account in determining the amount of state and federal taxes applicable to ISRS net operating
3 income. All of these tax deductions are directly associated with and incremental to the ISRS
4 plant additions in this proceeding.

5 The tax deductions that Spire can claim for construction of ISRS property are interest
6 expense, and Internal Revenue Code (IRC) Section 263A transfers. These deductions result in
7 income tax savings of approximately \$2 million, which more than offsets the \$1.1 million of
8 ISRS related income taxes stated prior to the consideration of any income tax deductions.

9 The weighted cost of debt, which is multiplied by the ISRS investment in compliance
10 with section 393.1009(1)(a), includes a component for both long-term and short-term debt.
11 As a result, the return on ISRS investment includes interest paid to debt holders. This interest
12 payment is tax deductible. Both Staff and Spire have recognized this tax deduction in the
13 calculation of income taxes.

14 Section 263A of the Internal Revenue Code (IRC) discusses the tax treatment,
15 capitalization versus expense, for various plant related costs that are self-constructed assets.
16 On the Company's regulatory books, these various plant related costs are treated differently
17 than the treatment prescribed by the IRC. In the aggregate, more costs are capitalized on the
18 Company's regulatory books than are required to be capitalized for tax purposes. The amount
19 capitalized on the Spire's books in excess of the amount capitalized for tax purposes is
20 deductible in the calculation of applicable income taxes.

21 Staff calculated the amount of the 263A deduction, by developing a 263A transfers
22 deduction percentage (13.03%). This percentage was developed by using the 263A transfer
23 deduction used in 2016 (\$10,850,002) as compared to the amount of plant added during
24 the same period per Company's annual report filed with the Missouri Public Service
25 Commission (\$83,294,363). Staff then applied this percentage to all of the additions. If Spire
26 is able to provide information that would allow for a more precise 263A deduction calculation,
27 Staff would consider using this information instead of the percentage that Staff has used in its
28 current calculation.

29 *Staff Expert/Witness: Kimberly K. Bolin*

1 Based upon its review and calculations made in response to this ISRS Application, Staff
2 recommends Spire West receive additional ISRS revenues of \$6,563,189 (See attached
3 Schedule 2 to this report).

4 *Staff Experts/Witnesses: Keith D. Foster and Kimberly K. Bolin*

5 **V. Recommendations**

6 Staff recommends that the Commission issue an order that:

- 7 1. Rejects Spire West's ISRS tariff sheet (JG-2019-0139) P.S.C. MO No. 8,
8 Second Revised Sheet No. 12 cancelling P.S.C. MO. No. 8, First- Revised
9 Sheet No. 12, as filed on January 14, 2019.
- 10 2. Approves the Staff's recommended ISRS surcharge revenues in this docket
11 in the incremental pre-tax revenue amount of \$6,563,189 with a total current
12 and cumulative ISRS surcharge of \$11,974,982.
- 13 3. Authorizes Spire West to file an ISRS rate for each customer class as
14 reflected in the attached Schedule 1 which generates \$11,974,982 annually.
- 15 4. Authorizes an effective date no later than May 14, 2019.

16 *Staff Expert/Witness: J Luebbert on behalf of all witnesses*

17 **Schedule 1 – ISRS Rate Design**

18 **Schedule 2 – ISRS Revenue Requirement Calculation**

19 **Appendix 1 – Staff Credentials**

SPIRE MISSOURI INC., SPIRE (West)
CASE NO. GO-2019-0116 & JG-2019-0139
ISRS RATE DESIGN - Direct Testimony

Staff's Total ISRS Rev Req					\$11,974,982		
<u>Customer Rate Class</u>	<u>Cust #</u>	<u>Customer Charge</u>	<u>Ratio To Residential</u>	<u>Weighted Cust #</u>	<u>Customer Percentage</u>	<u>Cal ISRS Charge</u>	<u>ISRS Revenues</u>
Residential	469,947	\$20.00	1.0000	469,947	82.9794%	\$1.76	\$9,936,772
SGS -Small Gen. Service	31,727	\$30.00	1.5000	47,591	8.4031%	\$2.64	\$1,006,275
LGS-Large Gen. Service	3,628	\$130.17	6.5085	23,613	4.1694%	\$11.47	\$499,281
LV-Large Volume Service	460	\$1,095.27	54.7635	25,191	4.4481%	\$96.50	\$532,654
TOTAL	505,762			566,342	100.00%		\$11,974,982

* Due to rounding to the nearest penny, the designed ISRS rates will under-collect by \$1046. However, it should be noted that the total amount collected will be trued-up at a later date .

**Spire Missouri West
ISRS Revenue Requirement Calculation**

<u>ISRS Activity:</u>	Staff Recommendation	Spire's Filing Jan 2019 Update	Difference
<u>Gas Utility Plant Projects - Main Replacements and Other Projects Extending Useful Life of Mains:</u>			
<u>Work Orders Placed in Service</u>			
Gross Additions	37,505,846	37,517,158	(11,312)
Deferred Taxes	(364,965)	(416,990)	52,025
Accumulated Depreciation	(310,137)	(254,611)	(55,526)
Total Net	36,830,744	36,845,557	(14,813)
<u>Gas Utility Plant Projects - Service Line Replacements and Insertion Projects:</u>			
<u>Work Orders Placed in Service</u>			
Gross Additions	6,186,134	6,185,583	551
Deferred Taxes	(57,164)	(73,287)	16,123
Accumulated Depreciation	(99,911)	(85,163)	(14,748)
Total Net	6,029,059	6,027,133	1,926
<u>Gas Utility Plant Projects - Regulator Stations:</u>			
<u>Work Orders Placed in Service</u>			
Gross Additions	49,886	49,886	0
Deferred Taxes	(229)	(272)	43
Accumulated Depreciation	(479)	(360)	(119)
Total Net	49,178	49,254	(76)
<u>Gas Utility Plant Projects - Main Relocations net of Reimbursements:</u>			
<u>Work Orders Placed in Service</u>			
Gross Additions	3,072,465	3,072,465	0
Deferred Taxes	(45,135)	(49,944)	4,809
Accumulated Depreciation	(30,207)	(25,649)	(4,558)
Total Net	2,997,123	2,996,872	251
<u>Increase in Accumulated Deferred Income Taxes and Accumulated Depreciation Associated with Eligible Infrastructure System Replacements which are included in a Currently Effective ISRS</u>			
Total Incremental Accumulated Depreciation	(1,051,623)	(1,051,623)	0
Total Incremental Accumulated Deferred Taxes	(246,973)	(246,973)	0
Total ISRS Rate Base	44,607,509	44,620,220	(12,711)
Overall Rate of Return per GR-2017-0216	7.20%	7.20%	
UOI Required	3,210,715	3,211,630	(915)
Income Tax Conversion Factor	1.34135	1.34135	
Revenue Requirement Before Interest Deductibility	4,306,693	4,307,920	(1,227)
Total ISRS Rate Base	44,607,509	44,620,220	(12,711)
Weighted Cost of Debt per GR-2017-0216	1.8900%	1.8900%	
Interest Deduction	843,082	843,322	(240)
Marginal Income Tax Rate	25.4482%	25.4482%	
Income Tax Reduction due to Interest	214,550	214,611	(61)
Income Tax Conversion Factor	1.34135	1.34135	
Revenue Requirement Impact of Interest Deductibility	287,786	287,868	(82)
<u>263A Transfers Deduction</u>			
Income Tax Factor	0.34135		
Income Tax Reduction due to 263A Transfers Deduction	1,537,150		1,537,150
<u>Applicable Income Tax</u>			
		808,422	(808,422)
Total Revenue Requirement on Capital	3,210,715	4,020,052	(809,337)
Depreciation Expense	773,643	770,115	3,528
Net Property Taxes	2,578,831	2,598,507	(19,676)
Total ISRS Revenues	6,563,189	7,388,674	(825,485)
June 2018 - GO-2018-0310 - Additional Revenues (From Appendix B)	-	1,365,520	(1,365,520)
Total ISRS Revenues	6,563,189	8,754,194	(2,191,005)

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

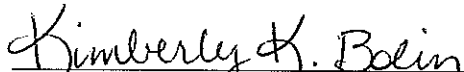
In the Matter of the Application of)
Spire Missouri Inc. to Change its) Case No. GO-2019-0116
Infrastructure System Replacement)
Surcharge in its Spire Missouri West)
Service Territory)

AFFIDAVIT OF KIMBERLY K. BOLIN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

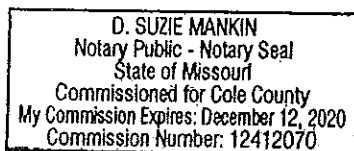
COMES NOW KIMBERLY K. BOLIN and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Direct Report*; and that the same is true and correct according to her best knowledge and belief.

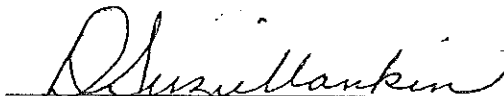
Further the Affiant sayeth not.


KIMBERLY K. BOLIN

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of March 2019.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of)
Spire Missouri Inc. to Change its) Case No. GO-2019-0116
Infrastructure System Replacement)
Surcharge in its Spire Missouri West)
Service Territory)

AFFIDAVIT OF KEITH D. FOSTER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW KEITH D. FOSTER and on him oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Direct Report*; and that the same is true and correct according to his best knowledge and belief.

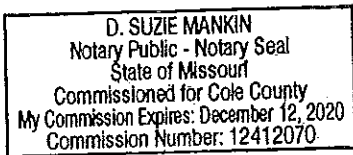
Further the Affiant sayeth not.

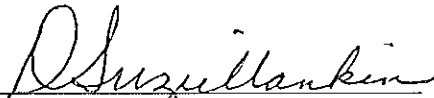


KEITH D. FOSTER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of March 2019.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of)
Spire Missouri Inc. to Change its)
Infrastructure System Replacement)
Surcharge in its Spire Missouri West)
Service Territory)


Case No. GO-2019-0116

AFFIDAVIT OF J LUEBBERT

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW J LUEBBERT and on him oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Direct Report*; and that the same is true and correct according to his best knowledge and belief.

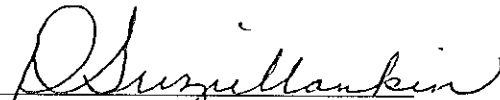
Further the Affiant sayeth not.

J LUEBBERT 

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of March 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of)
 Spire Missouri Inc. to Change its)
 Infrastructure System Replacement)
 Surcharge in its Spire Missouri West)
 Service Territory)

Case No. GO-2019-0116

AFFIDAVIT OF CHARLES T. POSTON, PE

STATE OF MISSOURI)
) ss.
 COUNTY OF COLE)

COMES NOW CHARLES T. POSTON, PE and on him oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Direct Report*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

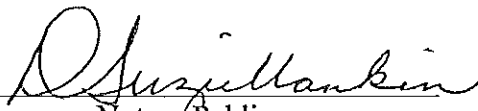


 CHARLES T. POSTON, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28th day of March 2019.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2020 Commission Number: 12412070
--



 Notary Public

MISSOURI PUBLIC SERVICE COMMISSION

**STAFF
DIRECT REPORT**

APPENDIX 1

Staff Credentials

**SPIRE MISSOURI, INC.,
d/b/a SPIRE (West)**

CASE NO. GO-2019-0116

*Jefferson City, Missouri
March 29, 2019*

STAFF DIRECT REPORT

**SPIRE MISSOURI, INC.,
d/b/a SPIRE (West)**

CASE NO. GO-2019-0116

APPENDIX 1

STAFF CREDENTIALS

Kimberly K. Bolin1
Keith D. Foster11
J Luebbert15
Charles T. Poston, PE17
David M. Sommerer19

Kimberly K. Bolin

Present Position:

I am a Utility Regulatory Auditor V with the Missouri Public Service Commission. As a Utility Regulatory Auditor, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions that are supported by workpapers and written testimony. I have also been responsible for the supervision of other Commission employees in other rate cases and regulatory proceedings.

Educational Credentials and Work Experience:

I graduated from Central Missouri State University in Warrensburg, Missouri, with a Bachelor of Science in Business Administration, major emphasis in Accounting, in May 1993. Prior to working at the Commission, I was employed by the Missouri Office of the Public Counsel (OPC) as a Public Utility Accountant from September 1994 to April 2005. OPC represents residential and small commercial customers before the Commission. I have been employed by this Commission or by OPC as a Regulatory Auditor for over 20 years, and have submitted testimony on ratemaking matters numerous times before the Commission.

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Empire District Electric Company and Liberty Utilities	AO-2018-0179	<u>Direct</u> – Moneypool <u>Surrebuttal</u> - Moneypool	In process
Confluence Rivers Utility Operating Company, Inc.	WM-2018-0116 and SM-2018-0117	<u>Direct</u> – Rate Base, Roy L Utilities	Settled
Spire Missouri Inc.	GO-2016-0332, GO-2016-0333, GO-2017-0201, GO-2017-0202 GO-2018-0309 and GO-2018-0310	<u>Direct</u> – Removal of Plastic Main and Service Line Replacement Costs	Contested
Missouri-American Water Company	WR-2017-0285	<u>Cost of Service Report</u> – Pension/OPEB Tracker, FAS 87 Pension Costs, FAS 106 OPEBs Costs, Franchise Taxes <u>Rebuttal</u> –Defined Contribution Plan, Cloud Computing, Affiliate Transaction Rule (Water Utility) <u>Surrebuttal</u> – Rate Case Expense	Settled
Missouri-American Water Company	WO-2018-0059	<u>Direct</u> – ISRS Overview, Accumulated Deferred Income Taxes, Reconciliation	
Missouri Gas Energy and Laclede Gas Company	GO-2016-0332 and GO-2016-0333	<u>Rebuttal</u> – Inclusion of Plastic Main and Service Line Replacements	Contested
Empire District Electric Company/Liberty Utilities	EM-2016-0213	<u>Rebuttal</u> – Overview of Transaction, Ratemaking /Accounting Conditions, Access to Records <u>Surrebuttal</u> – OPC Recommended Conditions, SERP	Settled
Hillcrest Utility Operating Company, Inc.	WR-2016-0064	<u>Direct</u> – Partial Disposition Agreement	Contested
Empire District Electric Company	ER-2016-0023	<u>Requirement Report</u> – Riverton Conversion Project and Asbury Air Quality Control System <u>Direct</u> – Overview of Staff's Revenue Requirement Report and Overview of Staff's Rate Design Filing	Settled

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Missouri-American Water Company	WR-2015-0301	<u>Report on Cost of Service</u> – Corporate Allocation, District Allocations <u>Rebuttal</u> – District Allocations, Business Transformation <u>Surrebuttal</u> – District Allocations, Business Transformation, Service Company Costs	Settled
Empire District Electric Company	ER-2014-0351	<u>Direct</u> – Overview of Staff’s Filing <u>Rebuttal</u> - ITC Over-Collection, Cost of Removal Deferred Tax Amortization, State Flow-Through <u>Surrebuttal</u> – Unamortized Balance of Joplin Tornado, ITC Over-Collections, Cost of Removal Deferred Tax Amortization, State Flow-Through, Transmission Revenues and Expenses	Settled
Brandco Investments/Hillcrest Utility Operating Company, Inc.	WO-2014-0340	<u>Rebuttal</u> – Rate Base and Future Rates	Settled
Lake Region Water & Sewer	WR-2013-0461	<u>Direct</u> – Overview of Staff’s Filing <u>Report on Cost of Service</u> – True-Up, Availability Fees, Sewer Operating Expense, Sewer Equipment Maintenance Expense <u>Surrebuttal</u> – Availability Fees <u>True-Up Direct</u> – Overview of True-Up Audit <u>True-Up Rebuttal</u> – Corrections to True-Up	Contested

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Empire District Electric Company	ER-2012-0345	<p><u>Direct</u> - Overview of Staff's Filing <u>Report on Cost of Service</u> – SWPA Hydro Reimbursement, Joplin Tornado AAO Asset, SPP Revenues, SPP Expenses, Regulatory Plan Amortization Impacts, SWPA Amortization, Tornado AAO Amortization <u>Rebuttal</u> – Unamortized Balance of Joplin Tornado AAO, Rate Case Expense, True-Up and Uncontested Issues <u>Surrebuttal</u> – Unamortized Balance of Joplin Tornado AAO, SPP Transmission Expense, True-Up, Advanced Coal Investment Tax Credit</p>	Settled
Missouri-American Water Company	WR-2011-0337	<p><u>Direct</u> – Overview of Staff's Filing <u>Report on Cost of Service</u> - True-Up Recommendation, Tank Painting Tracker, Tank Painting Expense <u>Rebuttal</u> - Tank Painting Expense, Business Transformation <u>Surrebuttal</u> – Tank Painting Tracker, Acquisition Adjustment</p>	Settled
Missouri-American Water Company	WR-2010-0131	<p><u>Report on Cost of Service</u> - Pension/OPEB Tracker, Tank Painting Tracker, Deferred Income Taxes, FAS 87 Pension Costs, FAS 106 – Other Post-Employment Benefits, Incentive Compensation, Group Insurance and 401(k) Employer Costs, Tank Painting Expense, Dues and Donations, Advertising Expense, Promotional Items, Current and Deferred Income Tax Expense</p>	Settled
Empire District Gas Company	GR-2009-0434	<p><u>Report on Cost of Service</u> – Prepaid Pension Asset, Pension Tracker Asset/Liability, Unamortized Accounting Authority Order Balances, Pension Expense, OPEBs, Amortization of Stock Issuance Costs, Amortization of Accounting Authority Orders <u>Direct</u> – Overview of Staff's Filing</p>	Settled
Laclede Gas Company	GT-2009-0056	<p><u>Surrebuttal Testimony</u> – Tariff</p>	Contested

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Missouri-American Water Company	WR-2008-0311 & SR-2008-0312	<u>Report on Cost of Service</u> – Tank Painting Tracker, Lobbying Costs, PSC Assessment <u>Direct</u> – Overview of Staff's Filing <u>Rebuttal</u> – True-Up Items, Unamortized Balance of Security AAO, Tank Painting Expense, Fire Hydrant Painting Expense <u>Surrebuttal</u> – Unamortized Balance of Security AAO, Cedar Hill Waste Water Plant, Tank Painting Expense, Fire Hydrant Painting Expense	Settled
Missouri Gas Utility, Inc.	GR-2008-0060	<u>Report on Cost of Service</u> – Plant-in Service/Capitalization Policy, Plant-in Service/Purchase Price Valuation, Depreciation Reserve, Revenues, Uncollectible Expense	Settled
Laclede Gas Company	GR-2007-0208	<u>Direct</u> - Test Year and True-Up, Environmental costs, AAOs, Revenue, Miscellaneous Revenue, Gross receipts Tax, Gas Costs, Uncollectibles, EWCR, AMR, Acquisition Adjustment	Settled
Kansas City Power and Light Company	ER-2006-0314	<u>Direct</u> - Gross Receipts Tax, Revenues, Weather Normalization, Customer Growth/Loss Annualization, Large Customer Annualization, Other Revenue, Uncollectible (Bad Debt) Expense, Payroll, A&G Salaries Capitalization Ratio, Payroll Taxes, Employer 401 (k) Match, Other Employee Benefits <u>Surrebuttal</u> - Uncollectible (Bad Debt) Expense, Payroll, A&G Salaries Capitalization Ratio, Other Employee Benefits	Contested
Missouri Gas Energy	GR-2006-0204	<u>Direct</u> - Payroll, Incentive Compensation, Payroll Taxes, Employee Benefits, Lobbying, Customer & Governmental Relations Department, Collections Contract	Settled

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Missouri Gas Energy	GU-2005-0095	<u>Rebuttal</u> - Accounting Authority Order <u>Surrebuttal</u> - Accounting Authority Order	Contested
The Empire District Electric Company	ER-2004-0570	<u>Direct</u> - Payroll	Settled
Missouri American Water Company & Cedar Hill Utility Company	SM-2004-0275	<u>Direct</u> - Acquisition Premium	Settled
Missouri Gas Energy	GR-2004-0209	<u>Direct</u> - Safety Line Replacement Program; Environmental Response Fund; Dues & Donations; Payroll; Customer & Governmental Relations Department Disallowance; Outside Lobbyist Costs <u>Rebuttal</u> - Customer Service; Incentive Compensation; Environmental Response Fund; Lobbying/Legislative Costs <u>True-Up</u> - Rate Case Expense	Contested
Osage Water Company	ST-2003-0562 / WT-2003-0563	<u>Direct</u> - Payroll <u>Rebuttal</u> - Payroll; Lease Payments to Affiliated Company; alleged Legal Requirement of a Reserve	Case Dismissed
Missouri American Water Company	WR-2003-0500	<u>Direct</u> - Acquisition Adjustment; Water Treatment Plant Excess Capacity; Retired Treatment Plan; Affiliated Transactions; Security AAO; Advertising Expense; Customer Correspondence	Settled
Empire District Electric	ER-2002-424	<u>Direct</u> - Dues & Donations; Memberships; Payroll; Security Costs <u>Rebuttal</u> - Energy Traders' Commission <u>Surrebuttal</u> - Energy Traders' Commission	Settled

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Laclede Gas Company	GR-2002-356	<u>Direct</u> - Advertising Expense; Safety Replacement Program and the Copper Service Replacement Program; Dues & Donations; Rate Case Expense <u>Rebuttal</u> - Gas Safety Replacement Program / Deferred Income Taxes for AAOs	Settled
Missouri-American Water Company	WO-2002-273	<u>Rebuttal</u> - Accounting Authority Order <u>Cross-Surrebuttal</u> - Accounting Authority Order	Contested
Environmental Utilities	WA-2002-65	<u>Direct</u> - Water Supply Agreement <u>Rebuttal</u> - Certificate of Convenience & Necessity	Contested
Warren County Water & Sewer	WC-2002-160 / SC-2002-155	<u>Direct</u> - Clean Water Act Violations; DNR Violations; Customer Service; Water Storage Tank; Financial Ability; Management Issues <u>Surrebuttal</u> - Customer Complaints; Poor Management Decisions; Commingling of Regulated & Non-Related Business	Contested
Laclede Gas Company	GR-2001-629	<u>Direct</u> - Advertising Expense; Safety Replacement Program; Dues & Donations; Customer Correspondence	Settled
Gateway Pipeline Company	GM-2001-585	<u>Rebuttal</u> - Acquisition Adjustment; Affiliated Transactions; Company's Strategic Plan	Contested
Empire District Electric	ER-2001-299	<u>Direct</u> - Payroll; Merger Expense <u>Rebuttal</u> - Payroll <u>Surrebuttal</u> - Payroll	Settled
Osage Water Company	SR-2000-556/ WR-2000-557	<u>Direct</u> - Customer Service	Contested

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
St. Louis County Water Company	WR-2000-844	<u>Direct</u> - Main Incident Expense	Settled
Missouri American Water Company	WR-2000-281/ SR-2000-282	<u>Direct</u> - Water Plant Premature Retirement; Rate Case Expense <u>Rebuttal</u> - Water Plant Premature Retirement <u>Surrebuttal</u> - Water Plant Premature Retirement	Contested
Laclede Gas Company	GR-99-315	<u>Direct</u> - Advertising Expense; Dues & Donations; Miscellaneous Expense; Items to be Trued-up	Contested
St. Joseph Light & Power	HR-99-245	<u>Direct</u> - Advertising Expense; Dues & Donations; Miscellaneous Expense; Items to be Trued-up <u>Rebuttal</u> - Advertising Expense <u>Surrebuttal</u> - Advertising Expense	Settled
St. Joseph Light & Power	ER-99-247	<u>Direct</u> - Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs <u>Rebuttal</u> - Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs <u>Surrebuttal</u> - Merger Expense; Rate Case Expense; Deferral of the Automatic Mapping/Facility Management Costs	Settled
Laclede Gas Company	GR-98-374	<u>Direct</u> - Advertising Expense; Gas Safety Replacement AAO; Computer System Replacement Costs	Settled
Missouri Gas Energy	GR-98-140	<u>Direct</u> - Payroll; Advertising; Dues & Donations; Regulatory Commission Expense; Rate Case Expense	Contested

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Gascony Water Company, Inc.	WA-97-510	<u>Rebuttal</u> - Rate Base; Rate Case Expense; Cash Working Capital	Settled
Union Electric Company	GR-97-393	<u>Direct</u> - Interest Rates for Customer Deposits	Settled
St. Louis County Water Company	WR-97-382	<u>Direct</u> - Interest Rates for Customer Deposits, Main Incident Expense	Settled
Associated Natural Gas Company	GR-97-272	<u>Direct</u> - Acquisition Adjustment; Interest Rates for Customer Deposits <u>Rebuttal</u> - Acquisition Adjustment; Interest Rates for Customer Deposits <u>Surrebuttal</u> - Interest Rates for Customer Deposits	Contested
Missouri-American Water Company	WA-97-45	<u>Rebuttal</u> - Waiver of Service Connection Charges	Contested
Imperial Utility Corporation	SC-96-427	<u>Direct</u> - Revenues, CIAC <u>Surrebuttal</u> - Payroll; Uncollectible Accounts Expense; Rate Case Expense, Revenues	Settled
St. Louis Water Company	WR-96-263	<u>Direct</u> -Main Incident Repairs <u>Rebuttal</u> - Main Incident Repairs <u>Surrebuttal</u> - Main Incident Repairs	Contested
Steelville-Telephone Company	TR-96-123	<u>Direct</u> - Depreciation Reserve Deficiency	Settled

**CASE PARTICIPATION
OF
KIMBERLY K. BOLIN**

WHILE EMPLOYED WITH THE OFFICE OF THE PUBLIC COUNSEL

<u>Company Name</u>	<u>Case Number</u>	<u>Testimony/Issues</u>	<u>Contested or Settled</u>
Missouri-American Water Company	WR-95-205/ SR-95-206	<u>Direct</u> - Property Held for Future Use; Premature Retirement of Sewer Plant; Depreciation Study Expense; Deferred Maintenance <u>Rebuttal</u> - Property Held for Future Use; Premature Retirement of Sewer Plant; Deferred Maintenance <u>Surrebuttal</u> - Property Held for Future Use; Premature Retirement of Sewer Plant	Contested
St. Louis County Water Company	WR-95-145	<u>Rebuttal</u> - Tank Painting Reserve Account; Main Repair Reserve Account <u>Surrebuttal</u> - Main Repair Reserve Account	Contested

Keith D. Foster

Educational and Employment Background and Credentials

I am currently employed as a Utility Regulatory Auditor IV for the Missouri Public Service Commission ("Commission") within the Auditing Department of the Commission Staff Division. I have been employed by the Commission since January 2008. After a 27-year career in the Information Systems (IS) industry, I returned to college and earned a Bachelor of Science degree in Business Administration, major in Accounting from Columbia College. I graduated summa cum laude in October 2007.

Prior to my work at the Commission, I was most recently employed by IBM as a Project Manager and Project Executive. In my capacity as Project Executive, I managed the development and implementation of welfare reform and other system enhancements, ongoing operations and maintenance activities, warranty support, application help desk, and system turnover for the Missouri Automated Child Support System (MACSS), a statewide integrated financial and case management system. I managed all budget, revenue, and profit objectives; developed and maintained detailed spreadsheets to prepare project budgets and revenue projections, to track and manage project costs and revenue daily, and to reconcile with corporate accounting.

I am a member of the Institute of Internal Auditors (IIA) as well as the Project Management Institute (PMI) including the local chapters. I was most recently a board member of the Mid-Missouri PMI chapter, serving two two-year terms as Vice-President of Financial Affairs. In addition, I am a PMI-certified Project Management Professional (PMP), a credential I have held since January 2000.

As a Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings as ordered by the Commission. In addition, I review all exhibits and testimony on

Keith D. Foster

assigned issues, develop accounting adjustments, and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Other cases I have been assigned are listed below:

Case/Tracking Number	Company Name - Issue
QW-2008-0010	Tri-States Utility, Inc. - Property Taxes; Fuel & Electricity Expense; Telephone Expense; Rent Expense; Plant in Service; Depreciation Schedule, Reserve, Rates, and Expense; Transportation Expense; Chemicals Expense; Waste Disposal; Insurance Expense; Contractual Services; Bad Debt Expense; Miscellaneous Expenses
WR-2008-0311	Missouri-American Water Company - Advertising & Promotional Items; Dues and Donations; Cash Working Capital; Plant in Service; Depreciation Expense; Depreciation Reserve; Franchise Tax; Property Taxes; Fuel & Electricity Expense; Telephone Expense; Postage Expense; Purchased Water; Prepayments; Materials & Supplies; Customer Advances; Contributions in Aid of Construction (CIAC)
WR-2009-0098	Raytown Water Company - Materials & Supplies; Prepayments; Customer Deposits; Revenues; Insurance Expense; Utilities Expense; Directors Fees; Office Supplies Expense; Postage Expense; Laboratory Fees; Transportation Expenses; Rate Case Expense; Regulatory Commission Expense
GO-2009-0302	Missouri Gas Energy - Infrastructure Service Replacement Surcharge (ISRS)
SA-2009-0319	Mid-MO Sanitation, LLC - Certificate Case; All Revenue and Expenses; Plant in Service; Depreciation Reserve; Other Rate Base Items
GR-2009-0355	Missouri Gas Energy - Payroll, Payroll Taxes, 401(k), and Other Employee Benefit Costs; Incentive Compensation and Bonuses; Medical and Dental Expense; Bad Debt Expense; Rate Case Expense; Pension Expense; FAS106/OPEBs; Prepaid Pension Asset (PPA); Franchise Tax Expense; Income Tax Expense
SR-2010-0095	Mid-MO Sanitation, LLC - Full Audit of All Revenue and Expenses; Plant in Service; Depreciation Reserve; Other Rate Base Items

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Case/Tracking Number	Company Name - Issue
ER-2010-0130	Empire District Electric – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Off-System Sales; Transmission Revenue; Payroll, Payroll Taxes, and 401(k) Benefit Costs; Incentive Compensation; Maintenance Normalization Adjustments
WR-2010-0304	Raytown Water Company – Revenues; Rate Case Expense; Regulatory Commission Expense; Utilities Expense; Purchased Water; Insurance Expense; Laboratory Fees; Communication Expense; Transportation Expense
GO-2011-0003	Missouri Gas Energy - Infrastructure Service Replacement Surcharge (ISRS)
ER-2011-0004	Empire District Electric – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Maintenance Normalization Adjustments; Miscellaneous Revenues (SO2 Allowances and Renewable Energy Credits); Operations and Maintenance (O&M) Expenses for Iatan 2 and Plum Point; Transmission Revenue; Entergy Transmission Contract; Reconciliation
WR-2011-0337	Missouri-American Water Company – Belleville Lab Allocations; Chemical Expense; Corporate and District Allocations; Fuel & Electricity Expense; Service Company Management Fees; Business Transformation Program; Reconciliation
WR-2012-0300	Empire District Electric (Water) – Plant-in-Service; Depreciation Reserve; Depreciation Expense; Materials and Supplies; Property Tax Expense; Customer Advances; Operations and Maintenance (O&M) Adjustment
WM-2012-0335	Moore Bend Water Company – Acquisition Case – Plant-in-Service; Depreciation Reserve; Depreciation Expense
ER-2012-0345	Empire District Electric – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Maintenance Normalization Adjustments (Operations and Maintenance Expense); Operations and Maintenance (O&M) Expense Trackers for Iatan 2, Iatan Common, and Plum Point; Entergy Transmission Contract; Reconciliation
WR-2013-0461 SR-2013-0459	Lake Region Water & Sewer – Executive Management Fees; Current Income Taxes; Deferred Income Taxes; Payroll and Benefits; Payroll Taxes; Allocation Factors; Sludge Removal; Accounting Fees; Legal Fees (Other Than Rate Case Expense); Billing Expense; Outside Services; Travel & Entertainment Expense; Transportation Expense

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Case/Tracking Number	Company Name - Issue
GR-2014-0086	Summit Natural Gas – Acquisition Costs; Affiliate Transactions; Fuel Expense; Property Taxes; Other Miscellaneous Expenses; Income Taxes; Deferred Taxes; and Reconciliation
WA-2015-0049 SA-2015-0107	Branson Cedars Resort – Certificate Case - All Revenue and Expenses; Plant in Service; Depreciation Reserve; Other Rate Base Items
WA-2015-0108	Missouri-American Water Company (Redfield Water) – Acquisition Case – Plant-in-Service; Depreciation Reserve; Depreciation Expense
WO-2015-0077	Woodland Manor Water Company – Acquisition Case – Plant-in-Service; Depreciation Reserve; Depreciation Expense; CIAC; Customer Deposits
WR-2015-0192	Ozark International, Inc. – Plant-in-Service; Depreciation Reserve; Depreciation Expense; CIAC; Customer Deposits; Chemicals Expense; Legal Expense; Office Expense; Postage; Water Testing Expense; Gas & Oil Expense
ER-2016-0023	Empire District Electric – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Software Maintenance Expense; Corporate Allocations; Outside Services; Iatan and Plum Point Carrying Costs
WR-2017-0110 SR-2017-0109	Terre Du Lac Utilities Corporation – Maintenance Expense; Rate Case Expense; Internet Service Expense; Telephone Expense; Payroll and Benefits; Payroll Taxes; Outside Services; Mileage Expense
WR-2017-0285 SR-2017-0286	Missouri-American Water Company – Central Lab Allocations; Corporate, Service Company, and Jurisdictional Allocations; Hydrant Painting; Income Taxes; Main Break Expense
HR-2018-0341	Veolia Energy Kansas City – Plant in Service; Accumulated Deferred Income Taxes; Fuel Expense; Consumables Expense; Insurance Expense; Outside Services; Property Taxes.

Credentials and Background of J Luebbert

I have a Bachelor of Science degree in Biological Engineering from the University of Missouri. My work experience prior to becoming a member of the Missouri Public Service Commission Staff includes three years of regulatory work for the Missouri Department of Natural Resources.

I am currently employed as a Case Manager of the Commission Staff Division of the Missouri Public Service Commission. Prior to holding my current position, I was employed as a Utility Engineering Specialist III in the Engineering Resources Department of the Commission Staff Division. I have been employed at the Missouri Public Service Commission since March 2016 and am responsible for preparing staff recommendations and ensuring that Staff presents recommendations in a neutral, independent manner to inform the Commission of Staff's position and possible alternatives.

Case Number	Company	Issues
EO-2015-0055	Ameren Missouri	Evaluation, Measurement, and Verification
EO-2016-0223	Empire District Electric Company	Supply-Side Resource Analysis, Transmission and Distribution Analysis, Demand-Side Resource Analysis, Integrated Resource Analysis
EO-2016-0228	Ameren Missouri	Utilization of Generation Capacity, Plant Outages, and Demand Response Program
ER-2016-0179	Ameren Missouri	Heat Rate Testing
ER-2016-0285	Kansas City Power & Light Company	Heat Rate Testing
EO-2017-0065	Empire District Electric Company	Utilization of Generation Capacity and Station Outages
EO-2017-0231	Kansas City Power & Light Company	Utilization of Generation Capacity, Heat Rates, and Plant Outages

Case Number	Company	Issues
EO-2017-0232	KCP&L Greater Missouri Operations Company	Utilization of Generation Capacity, Heat Rates, and Plant Outages
EO-2018-0038	Ameren Missouri	Supply-Side Resource Analysis, Transmission and Distribution Analysis, Demand-Side Resource Analysis, Integrated Resource Analysis
EO-2018-0067	Ameren Missouri	Utilization of Generation Capacity, Heat Rates, and Plant Outages
ER-2018-0145	Kansas City Power & Light Company	Case Manager
ER-2018-0146	KCP&L Greater Missouri Operations Company	Case Manager
EO-2018-0211	Ameren Missouri	Avoided Costs and Demand Response Programs
EA-2018-0202	Ameren Missouri	Case Manager
EA-2019-0010	Empire District Electric Company	Market Protection Provision
EA-2019-0021	Ameren Missouri	Case Manager
EM-2019-0150	Invenergy Transmission LLC	Case Manager
EO-2017-0232	KCP&L Greater Missouri Operations Company	Utilization of Generation Capacity, Heat Rates, and Plant Outages
ER-2018-0145	Kansas City Power & Light Company	Case Manager
ER-2018-0146	KCP&L Greater Missouri Operations Company	Case Manager
EO-2018-0211	Ameren Missouri	Avoided Cost and Demand Response Programs

Charles T. Poston, PE

Current Position

I am employed as a Utility Regulatory Engineer I in the Engineering Analysis Department, Commission Staff Division, of the Missouri Public Service Commission.

Education and Prior Work Experience

I received a Bachelor of Science degree in Civil Engineering from the University of Missouri-Columbia in 2006 and a Master of Science degree in Nuclear Engineering from the same institution in 2008.

From May 2008 through August 2013 I was employed by Ameren Missouri as an engineer in the Safety Analysis and Reactor Engineering Departments at the Callaway Energy Center. My duties consisted of post-accident thermo-hydraulic analyses, radiation dose calculations, atmospheric dispersion estimates for radiological and chemical hazards, and root cause determinations following operational faults in mechanical and administrative systems.

From September 2013 to March 2015, I worked as a Utility Engineering Specialist II in the Safety Engineering Unit of the Missouri Public Service Commission. In that capacity I conducted comprehensive gas safety inspections and participated in incident investigations following natural gas explosions.

I have been a licensed professional engineer in the State of Missouri since January 2015.

Charles T. Poston, PE

Case History

Case Number	Utility	Testimony	Issue
GS-2014-0226	Laclede Gas Company	Staff Report	Staff investigation following natural gas explosion
EO-2015-0320	Union Electric Company d/b/a Ameren Missouri	Staff Recommendation	SO ₂ and NO _x emission allowance trading and reporting
ER-2016-0023	Empire District Electric Company	Staff Report	Heat Rate Testing
EC-2016-0230	KCP&L Greater Missouri Operations Company	Staff Report	Consumer Complaint in reference to "Smart Meter" installation
		Staff Investigation	
ER-2016-0156	KCP&L Greater Missouri Operations Company	Staff Report	Variable Fuel Costs, Lake Road Allocations, Heat Rate Testing
		Rebuttal	Lake Road Allocations
		Surrebuttal	Lake Road Allocations
ER-2016-0285	Kansas City Power & Light Company	Staff Report	Variable Fuel Costs
		Rebuttal	
		True-Up Direct	
		True-Up Rebuttal	
ER-2018-0146	KCP&L Greater Missouri Operations Company	Staff Report	Variable Fuel Cost Lake Road Allocations
		Rebuttal	Lake Road Allocations
		Surrebuttal	Greenwood Solar Allocation, Lake Road Allocations, Variable Fuel Costs
		True-Up Direct	

David M. Sommerer

Educational Background and Work Experience

In May 1983, I received a Bachelor of Science degree in Business and Administration with a major in Accounting from Southern Illinois University at Carbondale, Illinois. In May 1984, I received a Master of Accountancy degree from the same university. Also, in May 1984, I sat for and passed the Uniform Certified Public Accountants examination. I am currently a licensed CPA in Missouri. Upon graduation, I accepted employment with the Commission.

From 1984 to 1990 I assisted with audits and examinations of the books and records of public utilities operating within the state of Missouri. In 1988, the responsibility for conducting the Actual Cost Adjustment (ACA) audits of natural gas utilities was given to the Accounting Department. I assumed responsibility for planning and implementing these audits and trained available Staff on the requirements and conduct of the audits. I participated in most of the ACA audits from early 1988 to early 1990. On November 1, 1990, I transferred to the Commission's Energy Department. Until November of 1993, my duties consisted of reviews of various tariff proposals by electric and gas utilities, Purchased Gas Adjustment (PGA) reviews, and tariff reviews as part of a rate case. In November of 1993, I assumed my present duties of managing a newly created department called the Procurement Analysis Department. This Department was created to more fully address the emerging changes in the gas industry especially as they impacted the utilities' recovery of gas costs. My duties have included managing the Procurement Analysis staff, reviewing ACA audits and recommendations, participating in the gas integrated resource planning project, serving on the gas project team, serving on the natural gas commodity price task force, and participating in matters relating to natural gas service in the state of Missouri. In July of 2006, the Federal Issues/Policy Analysis Section was transferred to the Procurement Analysis Department. That group analyzes filings made before the Federal Energy Regulatory Commission (FERC). During the reorganization in August 2011, the Federal Issues/Policy Analysis Section was transferred to the Secretary/ General Counsel Division. In 2015, I assumed the responsibility for the rate design aspects of the Gas Infrastructure System Replacement Surcharge (ISRS) process. The Gas ISRS allows for a more expedited process of including eligible pipeline replacements in rates prior to general rate cases.

CASES WHERE TESTIMONY

WAS FILED

DAVID M. SOMMERER

COMPANY	CASE NO.	ISSUES
Spire East	GO-2018-0309	ISRS rates
Spire West	GO-2018-0310	ISRS rates
Missouri Gas Energy	GO-2017-0201	ISRS rates
Laclede Gas Company	GO-2017-0202	ISRS rates
Missouri Gas Energy	GR-2017-0216	Gas Inventory Carrying Cost and Service Agreements
Laclede Gas Company	GR-2017-0215	Gas Inventory Carrying Cost and Service Agreements
Laclede Gas Company	GO-2016-0333	ISRS rates
Missouri Gas Energy	GO-2016-0332	ISRS rates
Laclede Gas Company (MGE)	GO-2016-0197	ISRS rates
Laclede Gas Company	GO-2016-0196	ISRS rates
Liberty Utilities (Midstates Natural Gas) Corp d/b/a Liberty Utilities	GR-2014-0152	Special Contact Customers Gas Contract
Missouri Gas Energy	GR-2014-0007	Gas Supply Incentive Plan Property Tax PGA Recovery
Laclede Gas Company	GR-2010-0171	Bad Debt in PGA, CAM
Atmos Energy Corporation	GR-2009-0417	Affiliated Transactions
Atmos Energy Corporation	GR-2008-0364	Affiliated Transactions
Missouri Gas Energy	GR-2009-0355	PGA tariff

GO-2019-0116

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COMPANY	CASE NO.	ISSUES
Laclede Gas Company	GT-2009-0026	Tariff Proposal, ACA Process
Missouri Gas Utility	GR-2008-0060	Carrying Costs
Laclede Gas Company	GR-2007-0208	Gas Supply Incentive Plan, Off-system Sales, Capacity Release
Laclede Gas Company	GR-2005-0284	Off-System Sales/GSIP
Laclede Gas Company	GR-2004-0273	Demand Charges
AmerenUE	EO-2004-0108	Transfer of Gas Services
Aquila, Inc.	EF-2003-0465	PGA Process, Deferred Gas Cost
Missouri Gas Energy	GM-2003-0238	Pipeline Discounts, Gas Supply
Laclede Gas Company	GT-2003-0117	Low-Income Program
Laclede Gas Company	GR-2002-356	Inventory, Off-System Sales
Laclede Gas Company	GR-2001-629	Inventory, Off-System Sales
Laclede Gas Company	GR-2001-387	ACA Price Stabilization
Missouri Gas Energy	GR-2001-382	ACA Hedging/Capacity Release
Laclede Gas Company	GT-2001-329	Incentive Plan
Laclede Gas Company	GO-2000-394	Price Stabilization
Laclede Gas Company	GT-99-303	Incentive Plan
Laclede Gas Company	GC-99-121	Complaint PGA
Laclede Gas Company	GR-98-297	ACA Gas Cost
Laclede Gas Company	GO-98-484	Price Stabilization
Laclede Gas Company	GR-98-374	PGA Clause
Missouri Gas Energy	GC-98-335	Complaint Gas Costs
United Cities Gas Company	GO-97-410	PGA Clause
Missouri Gas Energy	GO-97-409	PGA Clause
Missouri Gas Energy	GR-96-450	ACA Gas Costs
Missouri Public Service	GA-95-216	Cost of Gas
Missouri Gas Energy	GO-94-318	Incentive Plan

COMPANY	CASE NO.	ISSUES
Western Resources Inc.	GR-93-240	PGA tariff, Billing Adjustments
Union Electric Company	GR-93-106	ACA Gas Costs
United Cities Gas Company	GR-93-47	PGA tariff, Billing Adjustments
Laclede Gas Company	GR-92-165	PGA tariff
United Cities Gas Company	GR-91-249	PGA tariff
United Cities Gas Company	GR-90-233	PGA tariff
Associated Natural Gas Company	GR-90-152	Payroll
KPL Gas Service Company	GR-90-50	Service Line Replacement
KPL Gas Service Company	GR-90-16	ACA Gas Costs
KPL Gas Service Company	GR-89-48	ACA Gas Costs
Great River Gas Company	GM-87-65	Lease Application
Grand River Mutual Tel. Company	TR-87-25	Plant, Revenues
Empire District Electric Company	WR-86-151	Revenues
Associated Natural Gas Company	GR-86-86	Revenues, Gas Cost
Grand River Mutual Telephone	TR-85-242	Cash Working Capital
Great River Gas Company	GR-85-136	Payroll, Working Capital
Missouri-American Water Company	WR-85-16	Payroll