

**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 ) **File No. GO-2020-0229**  
Replacement Surcharge in its Spire Missouri )  
East Service Territory )

In the Matter of the Application of Spire Missouri )  
Inc. to Change its Infrastructure System ) **File No. GO-2020-0230**  
Replacement Surcharge in its Spire Missouri )  
West Service Territory )

**VERIFIED RESPONSE TO ORDER DIRECTING FILING  
AND IN SUPPORT OF UNANIMOUS STIPULATION AND AGREEMENT**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Verified Response to Order Directing Filing And in Support of Unanimous Stipulation and Agreement (Response)*, states as follows:

1. On April 16, 2020, the Staff of the Missouri Public Service Commission, Spire Missouri, Inc. (Spire), and the Office of the Public Counsel (OPC) (collectively the “Signatories”) filed a *Unanimous Stipulation and Agreement (Stipulation)* resolving all outstanding issues in the above-captioned Spire East and Spire West Infrastructure System Surcharge (ISRS) cases. The Commission, on joint motion of the Signatories, suspended the procedural schedule and cancelled hearings.

2. On April 21<sup>st</sup>, the Commission issued its *Order Directing Filing (Order)* directing Staff to file, no later than April 28<sup>th</sup>, a verified supplemental report to address two requests of the Commission for further information regarding the settlement.

3. In its first request, the Commission asks Staff to verify whether the ISRS revenue requirements agreed to by the parties reflect an accurate recovery for

replaced facilities. Staff believes it does, and offers the following explanation in its support of the agreed to revenue requirements.

- Spire East: In Staff's Recommendation filed April 3<sup>rd</sup>, Staff made an alternative revenue requirement recommendation consistent with recent cases (excluding plastic facilities, but including the cost of cast iron, bare steel and copper facilities) of \$5,136,356. The Stipulation includes an agreed to revenue requirement of \$5,519,188. The difference between the two numbers represents the amount of the tax treatment settlement that is a part of the Stipulation. The difference is largely due to an allowance made for the same treatment of income taxes that was agreed to by the parties on this issue in the stipulation and agreement approved by the Commission in case nos. GO-2019-0356 and GO-2019-0357.
- Spire West: In Staff's Recommendation filed April 3<sup>rd</sup>, Staff made an alternative revenue requirement recommendation consistent with recent cases (excluding plastic facilities, but including the cost of cast iron, bare steel and copper replacements) of \$5,599,040, an amount limited due to the statutory 10% cap. The Stipulation includes an agreed to revenue requirement of \$5,599,040.

4. In its second request, the Commission asks the Staff to provide the amount of the agreed to revenue requirement that is attributed to the cost of replaced cathodically protected steel facilities. In answer, Staff points out in the history of ISRS cases that have come before the Commission there has never been an effort or a method to identify specific costs associated with the replacement of cathodically protected bare steel

facilities. To do so would involve establishing a process and a method to identify these costs. Once such a method has been accepted by the parties, the company would need to prepare and present the information to the parties who would need sufficient time to review and vet the information. Ultimately, in any future Court decision that may call for removal of the costs of replacing cathodically protected bare steel facilities from a revenue requirement, the Commission would have to rely on an acceptable, yet to be developed process and method to accomplish the removal, not unlike how the Commission previously determined an acceptable approach to identify and remove the costs of plastic facilities from the revenue requirement. To this end, Staff and Spire are working on developing an agreeable way to do this.

5. For purposes of this filing, Spire informed Staff that it has reviewed its work orders and information management system to formulate an estimate of the amount of costs in the revenue requirement that may be attributed to bare steel facilities that were later cathodically protected. The Company estimates are \$236,515 for Spire East and \$2,131,756 for Spire West. Based on an initial review of Spire's estimates, Staff considers them to be reasonable. But in the event the Court later issues a decision requiring an adjustment to remove amounts attributable to replacement of cathodically protected bare steel facilities, Staff reserves its right to (1) conduct a more thorough analysis of the process and method used to identify Spire's estimated costs, and (2) if appropriate, recommend an alternative method to determine these costs.

6. Staff reiterates its support for the settlement of the issues resolved in the Stipulation and recognizes that each Signatory comes to this "black box" settlement agreement after extensive negotiations and for its own reasons. For reasons discussed

above, Staff considers the revenue requirements agreed to by the Signatories to be fair and reasonable, in the public interest, and recommends the Commission approve the Unanimous Stipulation and Agreement.

**WHEREFORE**, Staff prays the Commission accept its Response and approve the Unanimous Stipulation and Agreement.

Respectfully submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin

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Missouri Public Service Commission

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### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 28<sup>th</sup> day of April, 2020, to all counsel of record.

**/s/ Robert S. Berlin**

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**AFFIDAVIT OF KAREN LYONS**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COMES NOW Karen Lyons and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Verified Response to Order Directing Filing and in Support of Unanimous Stipulation and Agreement; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

/s/ Karen Lyons  
KAREN LYONS