

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held by telephone
and internet audio conference
on the 16th day of September,
2020.

In the Matter of Spire Missouri Inc.'s)
Verified Application for Issuance of a)
Depreciation Authority Order Related to)
Smart Meter Devices)

File No. GO-2020-0416

**ORDER APPROVING APPLICATION FOR
DEPRECIATION AUTHORITY ORDER**

Issue Date: September 16, 2020

Effective Date: October 16, 2020

Spire Missouri Inc. filed an application on June 25, 2020, seeking a depreciation authority order (DAO) for “smart meters.” Spire Missouri requests the Commission issue an order authorizing the company to use a new annual depreciation rate of 5.0% for the depreciation of smart meter devices and smart meter installations. Spire Missouri asks the Commission to issue an order no later than September 30, 2020, to allow the company to use the DAO in 2020 fiscal year reporting. In addition, Spire Missouri requests waiver of the 60-day notice requirement under Commission Rule 20 CSR 4240-4.017.

On June 29, 2020, Midwest Energy Consumers Group (MECG) applied to intervene. The Commission granted intervention for good cause on July 10, 2020, after no objections were received. Also on July 10, 2020, Missouri School Boards’ Association (MSBA) and Missouri Industrial Energy Consumers (MIEC) filed timely applications to intervene. The Commission granted both applications for good cause on July 22, 2020, after no objections were received.

Spire Missouri is a public utility and gas corporation, subject to the Commission's jurisdiction.¹ The company distributes and transports natural gas to customers throughout Missouri; its two operating units serve different regions. "Spire East" serves customers in St. Louis and 10 eastern Missouri counties; "Spire West" serves customers in Kansas City and 30 western Missouri counties. Different depreciation rates for meter and communication equipment accounts have been established for the two operating units.² Spire Missouri's application proposes to establish new plant accounts to apply uniform depreciation rates for "smart meters" across both operating units.

Spire Missouri's application reports the company has "recently invested in 10,000 smart meter devices for its residential customers, with installation to begin this fiscal year."³ Spire Missouri's application states the company "plans to continue to invest in smart meters over the next several years." According to the application, smart meters combine meter and meter-reader functions in a single device capable of two-way communication. Spire Missouri requests a DAO to allow the company to use a 5.0% depreciation rate, based on a 20-year service life and no net salvage, for two new plant accounts: Account 381.100 - Smart Meters and Account 382.100 - Smart Meter Installations.

On August 27, 2020, Staff recommended that the Commission approve Spire Missouri's application and issue a DAO allowing Spire Missouri to use a 5.0%

¹ Sections 386.020(43),(18), RSMo (Cum. Supp. 2019) (defining "public utility" and "gas corporation," respectively). All citations to Missouri statute are to the Revised Statutes of Missouri (2016), unless otherwise noted.

² Spire West's meter accounts have a 2.86% annual depreciation rate, based on a 35-year life with no net salvage, and communication equipment accounts have a 5.26% annual depreciation rate, based on a 19-year life with no net salvage. Spire East's meter accounts have a 2.37% annual depreciation rate, based on a 38-year life with 10.0% net salvage, and communication equipment accounts have a 5.0% annual depreciation rate, based on a 20-year life with no net salvage.

³ *Verified Application of Spire Missouri Inc.*, ¶6 (June 25, 2020).

depreciation rate for Account 381.100 - Smart Meters, based on a 20-year service life and no net salvage value; and a 5.0% depreciation rate for Account 382.100 - Smart Meter Installations, based on a 20-year service life and no net salvage value. Staff's recommendation advises the service life is based on the smart meter battery service life of 20 years, according to the device manufacturer.

Staff advises smart meter devices might otherwise be included in Spire Missouri's established meter or communications equipment accounts because the devices include operational features of both meters and communications equipment. Staff's recommendation concludes that approving the use of new accounts for smart meters and smart meter installations will permit the company to potentially recover its investment on a timeline better suited to the new equipment.

Staff's recommendation advises a DAO will not change current rates but will allow Spire Missouri to request depreciation expense recovery for smart meter devices in a general rate case proceeding.

No party filed a response opposing Staff's recommendation. On August 28, 2020, MSBA filed a statement in support of Staff's recommendation, and the Office of the Public Counsel (OPC) filed a response to Staff's recommendation indicating it does not oppose the proposed depreciation rates.⁴

The Commission has the authority, "in its discretion, to prescribe uniform methods of keeping accounts, records and books," to be used by public utilities."⁵ As provided by

⁴ OPC's response asserts "serious concerns regarding the prudence of the smart meter investments for which Spire is seeking this depreciation authority order." As OPC's filing acknowledges, "this docket is not the proper venue to challenge the prudence of Spire's investments." Thus, issues of prudence are not before the Commission in this case and are not decided in this order.

⁵ Section 393.140(4).

Section 393.240.2, the Commission may “ascertain and determine and by order fix the proper and adequate rates of depreciation of the several classes of property” of public utilities, including gas corporations.

The Commission has reviewed and considered Spire Missouri’s application, Staff’s recommendation, and all party filings. The Commission finds the application should be approved, as recommended by Staff.

In addition, the Commission will grant Spire Missouri’s request for waiver of the notice requirement under 20 CSR 4240-4.017. The Commission finds good cause exists for waiver, based on Spire Missouri’s verified declaration that it had no communication with the Office of the Commission regarding substantive issues in the application within 150 days before Spire Missouri filed its application.

THE COMMISSION ORDERS THAT:

1. Spire Missouri’s application for a depreciation authority order is granted, as recommended by Staff, and Spire Missouri is authorized to use a 5.0% depreciation rate, based on a 20-year service life and no net salvage value, for the plant accounts: Account 381.100 – Smart Meters and Account 382.100 – Smart Meter Installations.
2. The 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1) is waived in this matter for good cause.
3. This order shall become effective on October 16, 2020.
4. This file shall be closed on October 17, 2020.



BY THE COMMISSION

Morris L. Woodruff

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and
Holsman CC., concur.

Jacobs, Regulatory Law Judge