

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

In the Matter of the Application of)	
Spire Missouri Inc. for an Accounting)	
Authority Order Concerning its)	Case No. GU-2019-0011
Commission Assessment for the 2019)	
Fiscal Year.)	

PUBLIC COUNSEL’S POSITION STATEMENT

COMES NOW the Office of the Public Counsel (“OPC”) and for its statement of OPC’s positions on the issues before the Public Service Commission in this case, states as follows:

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

No. AAOs are to be used only under extraordinary circumstances since the general rule under the Federal Energy Regulatory Commission’s (FERC) Uniform System of Accounts (USOA) adopted by this Commission is to reflect in net income all items of profit and loss during the period incurred, not a future period.¹

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

No. The General Instructions of the FERC Uniform System of Accounts for natural gas companies describes an extraordinary item as follows:

¹ OPC witness Keri Roth Rebuttal Testimony, page 2, line 21 – page 3, line 3. See also 4 CSR 240-40.040.

7. *Extraordinary items.* It is the intent that net income shall reflect all items of profit and loss during the period with the exception of prior period adjustments as described in paragraph 7.1 and long-term debt as described in paragraph 17 below. **Those items related to the effects of events and transactions which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items.** Accordingly, they will be events and transactions of significant effect which are **abnormal and significantly different from the ordinary and typical activities of the company**, and **which would not reasonably be expected to recur in the foreseeable future.** (In determining significance, items should be considered individually and not in the aggregate. However, 1 the effects of a series of related transactions arising from a single specific and identifiable event or plan of action should be considered in the aggregate.) To be considered as extraordinary under the above guidelines, an item should be more than approximately 5 percent of income, computed before extraordinary items. Commission approval must be obtained to treat an item of less than 5 percent, as extraordinary. (Emphasis added)

The annual assessment is a normal and recurring expense that is not different from the ordinary and typical acts of the Company. Spire is singling out one increased expense that is not “extraordinary,” and requesting special deferred treatment without consideration for other items of profit or loss, which is inconsistent with the Commission’s Report and Order denying an AAO in Case Number WU-2017-0351 less than a year ago.² For the same reasons identified by the Commission last year, Spire’s request seeks to defer a recurring expense that is not unusual or extraordinary, and which Spire should have anticipated would increase following two simultaneous and prolonged Spire rate cases processed throughout the assessment period.

² *In the Matter of the Application of Missouri-American Water Company for an Accounting Authority Order Related to Property Taxes in St. Louis County and Platte County*, Report and Order, December 20, 2017.

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

No. In response to OPC's data request 1101, Spire responded that the Company is using total income for 12 months ending June 2018 of \$141.8 million to calculate whether Spire's request for an AAO meets FERC's 5% of income threshold. Five percent of \$141.8 million is approximately \$7.1 million. Spire's annual assessment for fiscal year 2019 is only \$4,904,390.63, and the increase in assessment from that used to set rates is \$1,440,278.15, or 1% of income.³

WHEREFORE, the Office of the Public Counsel respectfully offers this statement of its position on the issues before the Commission.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 3rd day of December 2018.

/s/ Marc Poston

³ OPC witness Keri Roth Rebuttal Testimony, page 7, lines 7 – 12.