

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

| | | |
|--|---|-------------------------------------|
| In the Matter of Application of Spire |) | |
| Missouri, Inc. d/b/a Spire to Change its |) | |
| Infrastructure System Replacement |) | <u>Case No. GO-2023-0203</u> |
| Surcharge in its Spire Missouri East and |) | Tracking No. JG-2023-0115 |
| West Service Territories |) | |

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and in response to the Commission’s December 28, 2022, *Order Directing Notice, Setting Intervention Deadline, Directing Filings, and Setting Time for Responses* (“Order”) submits its *Staff Recommendation* to the Commission as set forth in detail in the attached appendices, and in support thereof states as follows:

1. On December 27, 2022, Spire Missouri filed its *Verified Application and Petition of Spire Missouri Inc. to Change its Infrastructure System Replacement Surcharge for Its Spire Missouri East and West Service Territories and Request for Waiver from 60 Day Notice Rule* (“Application”). In its Application, Spire Missouri Inc. (“Spire Missouri”) requested a waiver from the 60 day notice requirement of 20 CSR 4240-4.017. Attached to Spire Missouri’s Application is a specimen P.S.C. MO. No. 9 Fourth Revised SHEET No. 12 CANCELLING P.S.C. MO. No. 9 Third Revised SHEET No. 12, bearing an effective date of January 26, 2023.

2. The ISRS surcharges reflected on Spire Missouri’s initial proposed Sheet 12 equate to incremental annual ISRS revenues for Spire East of \$3,609,497, and Spire West of \$5,169,671, and total annual cumulative revenues of \$8,779,168.

3. On December 28, 2022, the Commission issued an Order directing anyone wanting to intervene in the matter do so by January 26, 2023, and Ordered Staff to file its recommendation by March 27, 2023.

4. On January 6, 2023, Missouri Industrial Energy Consumers (“MIEC”) filed its Application to Intervene in the matter, and on January 18, 2023, the Commission granted MIEC’s request to intervene.

5. Then on January 10, 2023, Spire Missouri filed a Substitute Tariff with an effective date of January 27, 2023, which was incorrect per Spire Missouri and resulted in a new Substitute Tariff along with a letter of explanation being filed on January 11, 2023. The Substitute Tariff is Spire Missouri’s Fourth Revised Tariff Sheet P.S.C. No. 9 Sheet No. 12 cancelling its Third Revised Tariff Sheet P.S.C. No. 9 Sheet No. 12 and is applicable to both Spire Missouri East and West operating units. This revised tariff sheet has an issue date of December 27, 2022 and an effective date of January 26, 2023.

6. On January 25, 2023, the Commission issued its *Order Suspending Tariff Sheets* that suspended until June 25, 2023, the tariff sheets and substituted tariff sheets filed by Spire Missouri on December 27, 2021, January 10, 2023, and January 11, 2023 (marked at Tariff Tracking No. JG-2023-0115). Staff’s recommendation is attached hereto as Appendix A, with supporting worksheets labelled as Appendices B-1, B-2, C-1, and C-2, each of which are incorporated herein by reference.

7. As discussed in Staff’s Memorandum, attached hereto as Appendix A, Auditing Staff and Procurement Analysis examined the Application and supporting direct testimony, work papers, work order authorizations, accounting entries for work orders,

and a sample of invoices supporting the work order authorizations. Staff also communicated with Spire Missouri personnel through email for clarification of the Application.

8. Based on Staff's review, and as shown in Appendices C-1 and C-2, Staff recommends an ISRS revenue requirement for Spire East of \$3,296,620 and Spire West of \$4,423,732, for a total incremental increase of \$7,720,352. Staff's proposed ISRS rates are contained in Appendices B-1 and B-2, attached hereto and incorporated by reference herein.

9. Staff does not object to Spire Missouri's request for a waiver from the 60 day notice provisions of 20 CSR 4240-4.017(1).

10. Staff also notes that Spire Missouri filed its FY 2022 Annual Report and is not delinquent on its FY 2022 assessments.

WHEREFORE, for the reasons stated above and in Staff's attached Memorandum, incorporated herein as Appendix A, Staff recommends the Commission issue an order in this case that:

1. Rejects Spire East's and Spire West's proposed increase in ISRS rates, as filed on December 27, 2022, January 10, 2023, and January 11, 2023, and assigned Tracking No. JG-2023-0115.

The page being rejected is as follows:

P.S.C. MO. No. 9

Fourth Revised Sheet No. 12 / Replacing Third Revised Sheet No. 12

2. Approves Staff's proposed substitute ISRS rates as shown in Appendices B-1 and B-2. These rates are based on \$3,296,620 for Spire East and \$4,423,732 for

Spire West being the appropriate cumulative revenue requirement for this proceeding plus Staff's use of the most current customer count in calculating appropriate ISRS rates. Staff's proposed ISRS rates will generate this level of revenue based upon customer levels from the Company's most recent general rate case.

3. Order Spire to submit corrected Tariff Sheets based on Staff's substituted ISRS rates as indicated above, and grant such other and further relief as the Commission finds appropriate under the circumstances.

Respectfully submitted,

/s/ J. Scott Stacey

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 27th day of March, 2023.

/s/ J. Scott Stacey

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GO-2023-0203, Tariff Tracking No. JG-2023-0115
Spire Missouri Inc., d/b/a Spire (Combined)

FROM: Michael J. Ensrud, Research/Data Analyst, Procurement Analysis
Angela Niemeier, Lead Senior Utility Regulatory Auditor, Auditing
Amanda C. McMellen, Utility Regulatory Audit Unit Supervisor, Auditing
Sherrye Lesmes, Utility Regulatory Auditor, Auditing
Alexis L. Branson, Utility Regulatory Auditor, Auditing
David T. Buttig, P.E., Senior Professional Engineer, Procurement Analysis

/s/ David M. Sommerer 03-27-23 /s/ J. Scott Stacey 03-27-23
Procurement Analysis/Date Staff Counsel's Office/Date

SUBJECT: Staff Report and Recommendation Regarding Spire's ISRS Tariff
Submission in order to re-establish ISRS rates.

DATE: March 27, 2023

STAFF MEMORANDUM

On December 27, 2022, Spire Missouri Inc., d/b/a Spire ("Spire Missouri" or "Company" or "Spire") filed its *Verified Application and Petition of Spire Missouri Inc. to change its Infrastructure System Replacement Surcharge for its Spire Missouri East and West Service Territories and Request for Waiver from 60-day Notice Rule* ("Application") along with associated work papers and the Direct Testimony of Witness Trish E. Lavin. Spire also filed a tariff sheet and cover letter.

In its Application, Spire Missouri requests Commission approval in order to increase (reestablish) ISRS rates from the existing rate level of zero¹. The filing proposes to reestablish the infrastructure system replacement surcharge ("ISRS") for both its Spire Missouri East Service Territory ("Spire East"), and, Spire Missouri West Service Territory ("Spire West"). This was done in order to recover costs incurred for ISRS-eligible replacements made between October 1, 2022 and February 28, 2023 (with pro forma costs for the months of December 2022 through February 2023). The purpose of this proceeding is to determine the appropriate amount

¹ The ISRS rates were reset to zero as of December 26, 2022 as a result of the GR-2022-0179 proceeding.

of annual recovery (via the established ISRS charge) supported by the content of the case. The level of annual recovery is translated into monthly ISRS rates.

In its Application, Spire indicates its application is made pursuant to the following Statutes and Rules:

COMES NOW Spire Missouri Inc., (“Spire Missouri” or “Company”) by and through counsel and pursuant to Sections 393.1009, 393.1012 and 393.1015 of the Revised Statutes of Missouri and 20 CSR 4240-2.060, 2.080 and 3.265 of the Rules of Practice and Procedure of the Missouri Public Service Commission (“Commission”) and, for its Verified Application and Petition to Change its Infrastructure System Replacement Surcharge (“ISRS”) for its Spire Missouri East (“Spire East”) and Spire Missouri West (“Spire West”) Service Territories and Request for Waiver from the 60 Day Notice Rule ... (page 1)

The initial submission also consisted of a transmittal letter (cover letter) and a tariff sheet with a December 27, 2022 issue date and a January 26, 2023 effective date.

On December 28, 2022, the Commission suspended Spire’s initial tariff, until June 25, 2023. In the same Order, the Commission ordered Staff to file its recommendation no later than March 27, 2023.

On January 10, 2023, a “substitute” tariff sheet was filed. No cover letter was provided with this substitute. This substitute sheet switches two rates for the western service area when Staff compared this substitute tariff to the sheet initially filed. It also changed the effective date from January 26, 2023 to January 27, 2023.

On January 11, 2023, a second substitute tariff sheet (third sheet) was filed – this one having a cover letter. The cover letter makes reference to transposed rates, but reverses the effective date back to the originally-filed effective date of January 26, 2023.

The cover letter states the following:

Enclosed for filing is P.S.C. MO. No. 9, Fourth Revised Sheet No. 12, which is applicable to both Spire Missouri’s East and West operating units of Spire Missouri, Inc. [Emphasis added.]

On January 25, 2023, Staff filed its MOTION TO SUSPEND TARIFF SHEETS. That document proposed to clarify that the probable intent of Spire's three (3) tariff sheets submitted in that the second substitute supersedes the original submission as being Spire's revised, proposed rates. The second substitute is the sheet that Spire proposes as being the corrected filing.

In response to the above motion, on January 25, 2023, the Commission issued ORDER SUSPENDING TARIFF SHEET. The Commission's response was as follows:

- 1. The tariff sheet filed by Spire Missouri on December 28, 2022, Tracking No. JG-2023-0115, and substituted on January 10 and January 11, 2023, is suspended until June 25, 2023, or until otherwise ordered by the Commission.*

In Spire's initial application filed December 27, 2022, Spire requested incremental annual ISRS revenues in the amount of \$8,779,168 (\$3,609,497 for Spire East and \$5,169,671 for Spire West). The requested increase was based upon actual costs for October 2022 and November 2022 and projected costs for December 2022 through February 2023. In the course of processing the Petition, the Company updated its numbers to reflect actual costs for December 2022 through February 2023. Since the existing ISRS is presently zero, due to Case No. GR-2022-0179, the incremental ISRS and the cumulative ISRS are the same.

AUDITING REVIEW AND REVENUE CALCULATIONS

Staff recommends an ISRS revenue requirement for Spire East of \$3,296,620 and Spire West of \$4,423,732 for a total incremental increase of \$7,720,352.

Section 393.1015.3, RSMo, states:

A gas corporation may effectuate a change in its rate pursuant to the provisions of this section no more often than two times every twelve months.²

² Past practice has been that the resetting of ISRS rates to zero does not count toward the 2 filing in a 12 month period provision. In other words, Spire is allowed to file one more ISRS prior to December 26, 2023 without violating this provision but is prohibited from filing two.

Because this filing is the first ISRS filing since the last general Spire rate case, Staff asserts Spire Missouri's filing complies with Section 393.1015.3, RSMo.

Section 393.1012.1, RSMo, states:

The commission may not approve an ISRS to the extent it would produce total annualized ISRS revenues below the lesser of one million dollars or one-half of one percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general rate proceeding. The commission may not approve an ISRS to the extent it would produce total annualized ISRS revenues exceeding ten percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general rate proceeding.

Spire Missouri's requested ISRS revenues for Spire Missouri exceed one-half of one percent of the natural gas utility's base revenue level the Commission approved in the most recent Spire Missouri rate case, Case No. GR-2022-0179. It also exceeds the one million dollar criteria. Spire Missouri's ISRS revenues, including the amounts requested in this filing, do not exceed ten percent of the base revenue levels approved by the Commission in the last Spire Missouri rate case.

In this Application, Spire Missouri filed to recover current qualifying ISRS costs incurred during the period of October 1, 2022 through February 28, 2023. The ISRS recovery requested for December 2022 through February 2023 plant in service additions were included on an estimated basis at the time Spire Missouri filed its Application. Spire Missouri provided Staff with updated work papers supporting actual ISRS plant addition costs through February 2023 on March 16, 2023. The actual ISRS costs through February 2023 are incorporated in Staff's recommended ISRS revenue requirement.

As part of its examination of Spire Missouri's Application, Auditing Staff reviewed supporting work papers, work order authorizations, accounting entries for work orders, and a sample of invoices supporting the work order authorizations. Staff communicated throughout its review with Spire Missouri's personnel through email for clarification of the Application.

Blanket Work Orders

Staff reviewed Spire Missouri's work papers concerning "blanket work orders." Blanket work orders are work orders that cover a large number of tasks and do not close for an extended period of time. Spire Missouri categorized tasks in the blanket work orders as either ISRS-eligible or ISRS-ineligible. Spire Missouri then calculated the percentage of eligible versus ineligible tasks and applied the ineligible task percentage to the total blanket work order costs to calculate the dollar amount that is not ISRS-eligible. At this time, Staff does not propose any disallowances related to blanket work orders.

Taxes and Depreciation

Consistent with past ISRS reviews, Auditing Staff verified that the calculation of the ISRS revenue requirement for ISRS-qualifying plant reflects the net book cost at the latest whole month prior to the effective date of the ISRS rates. Staff included all accumulated depreciation and deferred income taxes on ISRS qualifying infrastructure replacement costs through June 2023, which is the most recent full month prior to the effective date of rates in this case.

Staff included in its ISRS revenue requirement calculations the tax deductions associated with interest expense and capitalized overheads (263a deductions) associated with ISRS plant additions in this period. All of these tax deductions are directly associated with and incremental to the ISRS plant additions in this proceeding. Staff included an amount of current income taxes net of these adjustments for Spire West.

ENGINEERING REVIEW

The legacy Spire distribution system that is being replaced contains a combination of cast iron, steel, and plastic pipes that have been repaired and added onto for more than one hundred years. As a result, within the scope of any particular main replacement project, multiple pipe material types of diverse vintages can be encountered. When such projects are identified, Spire must decide how to most cost effectively install its new distribution mains. That planning process considers, on a case-by-case basis, the relative cost of reusing or abandoning certain parts of the existing system. When necessary, Spire performs analyses to find the incremental cost of reusing existing facilities versus abandoning those existing facilities and installing all new pipe.

The purpose of examining those two different construction scenarios is to attempt to quantify which approach (reuse or abandonment) would result in a lower total construction cost.

Staff has examined similar analyses in prior ISRS applications from Spire and has observed that it is almost always more cost effective to abandon short sections of interspersed plastic or steel pipe from the legacy distribution system than to attempt to reuse them. Reuse often would require additional excavation, street repairs, and potentially longer construction timelines. The benefits of reusing existing short sections of pipe is small due to the low material costs of pipe and the high costs of the equipment, time, and labor needed to tie into them.

A common scenario observed by Staff is one in which a new distribution main is being installed on the opposite side of the street from the existing main. The existing main may contain short sections of plastic pipe interspersed with sections of cast iron pipe. Reuse of the existing plastic pipe in the new distribution system would mean spending thousands of dollars in time and materials in order to reuse tens or hundreds of dollars' worth of plastic pipe.

Staff recognizes that every construction site is different and poses unique challenges. To address that, Spire has provided incremental cost analyses for each of the ISRS eligible projects that contain interspersed plastic pipe or other facilities. The incremental cost analyses include maps that overlay the two construction scenarios that were considered by Spire: reuse or abandonment of existing facilities. The construction costs for the two scenarios were estimated by Spire using the same material and labor costs in order to provide an "apples-to-apples" comparison. In the event that the construction plan chosen by Spire to execute is the more expensive of the two scenarios, the cost difference between the two plans is subtracted from the ISRS application and is labeled as an "incremental cost." In that way, Spire still performs the construction in the way that it prefers, but the costs from choosing the more expensive option are offset in order to limit impacts to customers.

CONTRACTOR PRE-QUALIFICATION

Changes to Section 393.1012, RSMo introduced in 2020 included new requirements for any gas corporation seeking to establish or change an ISRS to create a pre-qualification process for

outside contractors who want to participate in competitive bidding for ISRS-eligible projects. In addition to the requirements placed on gas corporations, Section 393.1015, RSMo also included a new requirement for the Commission:

By December 31, 2023, and annually thereafter, the commission shall submit a report to the general assembly on the effects of subsection 4 of this section, including gas corporation compliance, potential legislative action regarding subsection 4 of this section, the costs of installing ISRS-eligible gas utility plant projects prior to the implementation of subsection 4 of this section compared to after the implementation of subsection 4 of this section, and any other information regarding the processes established under subsection 4 of this section that the commission deems necessary.

Staff anticipates that Spire will continue to administer its contractor pre-qualification process as required by Section 393.1012, RSMo. As already addressed above, Witness Trisha E. Lavin's testimony offers assurance that Spire is abiding by the requirements that relate to third party bidding.

In mid-to-late 2023, Staff intends to submit data requests to Spire to gather information to verify continuing compliance with the statute and to collect all necessary data that would be required to make conclusions about its effects.

The Customer Count

Although the Commission rules are silent on using past rate case "customer counts"³ in ISRS proceedings, State Statute does allow (as an exception) such use. Section 393.1015, RSMo, allows for the following exception for the customer "count" (from previous rate cases) to be used to determine ISRS rates.

5. (1) The monthly ISRS charge may be calculated based on a reasonable estimate of billing units in the period in which the charge will be in effect, **which shall be** conclusively established by dividing the appropriate pretax revenues by **the customer numbers reported by the gas corporation in the annual report it most recently filed with the**

³ The term "customer count" refers "billing units that historically occurred". For ISRS purposes, "customer counts" are annualized "billing units" or "billing frequency".

commission pursuant to subdivision (6) of section 393.140, and then further dividing this quotient by twelve. **Provided, however, that the monthly ISRS may vary according to customer class and may be calculated based on customer numbers as determined during the most recent general rate proceeding of the gas corporation so long as the monthly ISRS for each customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.** [Emphasis added.]

Spire used the customer count from its most recent general rate proceeding, Case No. GR-2022-0179. The Staff agrees with this methodology for this particular case⁴.

As of the issuance of this memorandum, Spire Missouri is not delinquent on its FY 2021 assessments and Spire Missouri has filed its 2021 annual report with the Commission.

Staff has no objection to Spire Missouri Inc.'s Request for Waiver of the 60 day Notice Provisions of Commission Rule 20 CSR 4240-4.017(1).

Use of Customer Charge in Calculating ISRS Rates

Both Spire West's and Spire East's proposed district ISRS rates are calculated on "customer charges" that vary from those on file in EFIS as being the tariffed customer charge – at least in some cases. Some proposed ISRS rates for each district do match the tariffed rate, but the majority of proposed ISRS rates are calculated on customer charge that are lower than what is actually on file.

Missouri **Rules** requires a matching of tariffed customer charge in calculation of ISRS rates.

20 CSR 4240-3.265 Natural Gas Utility Petitions for Infrastructure System Replacement Surcharges

(14) The monthly ISRS shall vary according to customer class and shall be calculated based on the customer numbers reported in the most recent annual report of the natural gas utility so long as the monthly ISRS for each *customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.* [Emphasis added.]

⁴ The customer count from the rate case is "more current" than is the customer count from the 2021 annual report.

Missouri **Statute** requires a matching of tariffed customer charge in calculation of ISRS rates.

Mo. Revised Statute 393.1015.1

Provided, however, that the monthly ISRS may vary according to customer class and may be calculated based on customer numbers as determined during the most recent general rate proceeding of the gas corporation *so long as the monthly ISRS for each customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.* [Emphasis added.]

Staff's proposed rates are based upon use of tariffed customer charges - consistent with the above rule and statute.

REQUEST FOR WAIVER

Spire's Application contains the following:

22. *Commission Rule 20 CSR 4240-4.017(1) provides, in part, as follows:*

Any person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case. Such notice shall detail the type of case and issues likely to be before the commission and shall include a summary of all communication regarding substantive issues likely to be in the case between the filing party and the office of the commission that occurred in the ninety (90) days prior to filing the notice.

Commission Rule 20 CSR 4240-4.017(1)(D) permits a party to request a waiver of the above cited rule for good cause.

Such a request for the 60-day waiver is fairly common.⁵ There is a history of Staff not opposing prior requests for waiver, and the Commission routinely approving such waiver requests. Staff is not opposed to such waiver and Commission approval would be consistent with past practice.

⁵ Like most such waiver requests, no specific cause or justification is being offered.

RECOMMENDATION

Based upon the rationale stated above, Staff recommends the Commission issue an order in this case that:

1. Rejects Spire East's and Spire West's proposed increase in ISRS rates, as filed on December 27, 2022 and assigned Tracking No. JG-2023-0115.

The page being rejected is as follows:

P.S.C. MO. No. 9

Fourth Revised Sheet No. 12 / Replacing Third Revised Sheet No. 12

2. (Rejects the tariff sheet (no cover letter) (second submission – January 10, 2023)
3. (Rejects the tariff sheet (cover letter) (third submission – January 11, 2023)
4. Approves Staff's proposed substitute ISRS rates as shown in Appendices B-1 and B-2. Staff's proposed revenue requirements are contained in Appendix C-1 and C-2. These rates are based on \$3,296,620 for Spire East and \$4,423,732 for Spire West being the appropriate revenue requirement for this proceeding. The Commission will be approving a total (both districts) annual revenue increase of \$7,720,352. Staff's use of the most current customer count from Case No. GR-2022-0179 in calculating appropriate ISRS rates is appropriate. Staff's proposed ISRS rates will generate this level of revenue based upon customer levels from the Company's most recent general rate case.

The page (based on Staff's recommendation) being approved is as follows:

P.S.C. MO. No. 9

Fourth Revised Sheet No. 12 / Replacing Third Revised Sheet No. 12

5. Approve the requested waiver of Commission Rule 20 CSR 4240-4.017(1) – the 60-day waiver of notice requirement.

SPIRE MISSOURI INC. - East
CASE NO. GO-2023-0203 & JG-2023-0115

Staff's Total ISRS Rev Req **\$3,296,620**

| <u>Customer Rate Class</u> | <u>Cust #</u> | <u>Customer Charge</u> | <u>Ratio To Residential</u> | <u>Weighted Cust #</u> | <u>19.94870146</u> | <u>Cal ISRS Charge</u> | <u>ISRS Revenues</u> |
|-----------------------------|-----------------------|------------------------|-----------------------------|------------------------|-----------------------|------------------------|---------------------------|
| Residential | 618,822 | \$20.00 | 1.0000 | 618,822 | 82.8609% | \$0.37 | \$2,731,610 |
| SGS | 36,043 | \$40.72 | 2.0360 | 73,384 | 9.8261% | \$0.75 | \$323,930 |
| LGS | 4,921 | \$145.43 | 7.2715 | 35,783 | 4.7914% | \$2.67 | \$157,954 |
| LV | 37 | \$1,063.73 | 53.1865 | 1,968 | 0.2635% | \$19.56 | \$8,687 |
| Unmetered Gas Light | 66 | \$6.99 | 0.3495 | 23 | 0.0031% | \$0.13 | \$102 |
| General I-P | 31 | \$20.87 | 1.0435 | 32 | 0.0043% | \$0.38 | \$143 |
| Large Volume Transportation | 152 | \$2,211.60 | 110.5800 | 16,808 | 2.2506% | \$40.68 | \$74,195 |
| <u>TOTAL</u> | <u>660,072</u> | | | <u>746,820</u> | <u>100.00%</u> | | <u>\$3,296,620</u> |

SPIRE MISSOURI INC. -West
CASE NO. GO-2023-0203 & JG-2023-0115

Staff's Total ISRS Rev Req \$4,423,732

| <u>Customer Rate Class</u> | <u>Cust #</u> | <u>Customer Charge</u> | <u>Ratio To Residential</u> | <u>Weighted Cust #</u> | | <u>Cal ISRS Charge</u> | <u>ISRS Revenues</u> |
|----------------------------|----------------|------------------------|-----------------------------|------------------------|----------------|------------------------|----------------------|
| Residential | 496,132 | \$20.00 | 1.0000 | 496,132 | 79.7737% | \$0.59 | \$3,528,976 |
| SGS | 30,149 | \$43.70 | 2.1850 | 65,876 | 10.5922% | \$1.30 | \$468,571 |
| LGS | 3,513 | \$189.61 | 9.4805 | 33,305 | 5.3552% | \$5.62 | \$236,898 |
| LV | 28 | \$1,595.40 | 79.7700 | 2,234 | 0.3591% | \$47.28 | \$15,887 |
| LGS Transport | 220 | \$195.39 | 9.7695 | 2,149 | 0.3456% | \$5.79 | \$15,288 |
| LV Transport | 359 | \$1,238.36 | 61.9180 | 22,229 | 3.5742% | \$36.70 | \$158,111 |
| TOTAL | 530,401 | | | 621,924 | 100.00% | | \$4,423,732 |

**Spire Missouri East
ISRS - Case # GO-2022-0203
ISRS Revenue Requirement Calculation
Appendix C1**

**Spire Missouri East
ISRS Revenue Requirement Calculation**

ISRS Activity:

Gas Utility Plant Projects - Main Replacements and Other Projects Extending Useful Life of Mains:

| | |
|--------------------------------------|------------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 12,279,475 |
| Deferred Taxes | (39,199) |
| Accumulated Depreciation | <u>(136,602)</u> |

Total Net 12,103,674

Gas Utility Plant Projects - Service Line Replacements and Insertion Projects:

| | |
|--------------------------------------|------------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 17,230,985 |
| Deferred Taxes | (16,776) |
| Accumulated Depreciation | <u>(352,039)</u> |

Total Net 16,862,170

Gas Utility Plant Projects - Regulator Stations:

| | |
|--------------------------------------|----------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | - |
| Deferred Taxes | - |
| Accumulated Depreciation | <u>-</u> |

Total Net -

Gas Utility Plant Projects - Main Relocations net of Reimbursements:

| | |
|--------------------------------------|-----------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 1,499,216 |
| Deferred Taxes | (5,397) |
| Accumulated Depreciation | <u>(14,116)</u> |

Total Net 1,479,703

**Increase in Accumulated Deferred Income Taxes and Accumulated Depreciation
Associated with Eligible Infrastructure System Replacements which are included in a
Currently Effective ISRS**

| | |
|--|---|
| Total Incremental Accumulated Depreciation | - |
| Total Incremental Accumulated Deferred Taxes | - |

Total ISRS Rate Base 30,445,547

Overall Rate of Return per GR-2022-0179 8.25%

UOI Required 2,511,758

Income Tax Conversion Factor 1.31305

Revenue Requirement on Capital 3,298,064 786,306

Depreciation Expense 784,862

Net Property Taxes -

ISRS Undercollection -

Total ISRS Revenues 4,082,926

Total ISRS Rate Base 30,445,547

Weighted Cost of Debt per GR-2022-0179 1.9296%

Interest Deduction 587,477

Marginal Income Tax Rate 23.84%

Income Tax Reduction due to Interest 140,055

Income Tax Conversion Factor 1.31305

Revenue Requirement Impact of Interest Deductibility 183,899 602,407

263A Transfers Reduction 2,390,846

Service Transfers Deduction -

263A and Service Transfers Tax Deductible Items 2,390,846

Income Tax Factor 23.84%

Income Tax Reduction due to Deductible Items 569,978

Income Tax Conversion Factor 1.31305

Revenue Requirement Impact of Interest Deductibility 748,409 (146,002)

Total Rev Req on Capital 2,511,758

Net Income Taxes -

Depr Expense 784,862

Net Property Tax -

ISRS Under or Over Collection 0

Total ISRS Revenues 3,296,620

Spire Missouri West
ISRS - Case # GO-2023-0203
ISRS Revenue Requirement Calculation
Appendix C2

Spire Missouri West
ISRS Revenue Requirement Calculation

ISRS Activity:

Gas Utility Plant Projects - Main Replacements and Other Projects Extending Useful Life of Mains:

| | |
|--------------------------------------|--------------------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 34,167,375 |
| Deferred Taxes | (137,483) |
| Accumulated Depreciation | <u>(298,842)</u> |
| Total Net | <u>33,731,050</u> |

Gas Utility Plant Projects - Service Line Replacements and Insertion Projects:

| | |
|--------------------------------------|-------------------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 3,237,767 |
| Deferred Taxes | (3,478) |
| Accumulated Depreciation | <u>(68,379)</u> |
| Total Net | <u>3,165,910</u> |

Gas Utility Plant Projects - Regulator Stations:

| | |
|--------------------------------------|-------------------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 2,002,876 |
| Deferred Taxes | (7,206) |
| Accumulated Depreciation | <u>(23,006)</u> |
| Total Net | <u>1,972,664</u> |

Gas Utility Plant Projects - Main Relocations net of Reimbursements:

| | |
|--------------------------------------|-------------------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 1,157,727 |
| Deferred Taxes | (4,394) |
| Accumulated Depreciation | <u>(12,400)</u> |
| Total Net | <u>1,140,933</u> |

Increase in Accumulated Deferred Income Taxes and Accumulated Depreciation
Associated with Eligible Infrastructure System Replacements which are included in a
Currently Effective ISRS

| | |
|--|---|
| Total Incremental Accumulated Depreciation | - |
| Total Incremental Accumulated Deferred Taxes | - |

| | |
|--|-------------------------|
| Total ISRS Rate Base | 40,010,557 |
| Overall Rate of Return per GR-2022-0179 | <u>8.25%</u> |
| UOI Required | <u>3,300,871</u> |
| Income Tax Conversion | <u>1,313,050</u> |
| Revenue Requirement on Capital | <u>4,334,209</u> |

| | |
|-----------------------------------|---------|
| Depreciation Expense | 779,448 |
| Net Property Taxes | - |
| ISRS Under/Over Collection | - |

| | |
|----------------------------|-------------------------|
| Total ISRS Revenues | <u>5,113,657</u> |
|----------------------------|-------------------------|

| | |
|---|-----------------------|
| Total ISRS Rate Base | 40,010,557 |
| Weighted Cost of Debt per GR-2022-0179 | <u>1.9296%</u> |
| Interest Deduction | 772,044 |
| Marginal Income Tax Rate | <u>23.84%</u> |
| Income Tax Reduction due to Interest | <u>184,055.22</u> |
| Income Tax Conversion Factor | <u>1.31305</u> |
| Revenue Requirement Impact of Interest Deductibility | <u>241,674</u> |

| | |
|---|------------------|
| 263A Transfers Reduction | 1,431,971 |
| Service Transfer Reduction | - |
| 263A and Service Transfers Tax Deductible Items | <u>1,431,971</u> |
| Income Tax Factor | <u>23.84%</u> |
| Income Tax Reduction due to Deductible Items | <u>341,382</u> |
| Income Tax Conversion Factor | <u>1.31305</u> |
| Revenue Requirement Impact of Interest Deductibility | <u>448,251</u> |

| | |
|-----------------------------------|-------------------------|
| Total Rev Req on Capital | 3,300,871 |
| Net Income Taxes | 343,413 |
| Depr Expense | 779,448 |
| Net Property Tax | - |
| ISRS Under/Over Collection | - |
| Total ISRS Revenues | <u>4,423,732</u> |

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Spire)
Missouri Inc. d/b/a Spire to Change its) Case No. GO-2023-0203
Infrastructure System Replacement)
Surcharge in its Spire Missouri East and)
West Service Territories)

AFFIDAVIT OF ALEXIS L. BRANSON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ALEXIS L. BRANSON and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

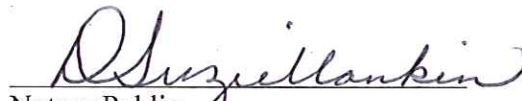
Further the Affiant sayeth not.


ALEXIS L. BRANSON

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 22th day of March 2023.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
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. d/b/a Spire to Change its) Case No. GO-2023-0203
Infrastructure System Replacement)
Surcharge in its Spire Missouri East and)
West Service Territories)

AFFIDAVIT OF DAVID T. BUTTIG, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW DAVID T. BUTTIG, PE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

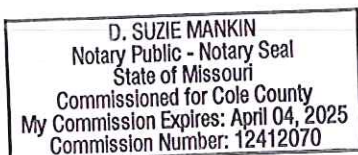
Further the Affiant sayeth not.



DAVID T. BUTTIG, 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 23rd day of March 2023.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Spire)
Missouri Inc. d/b/a Spire to Change its) Case No. GO-2023-0203
Infrastructure System Replacement)
Surcharge in its Spire Missouri East and)
West Service Territories)

AFFIDAVIT OF SHERRYE LESMES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW SHERRYE LESMES and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

S Lesmes
SHERRYE LESMES

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 27th day of March 2023.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070

D Suzie Mankin
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Spire)
Missouri Inc. d/b/a Spire to Change its)
Infrastructure System Replacement)
Surcharge in its Spire Missouri East and)
West Service Territories)

Case No. GO-2023-0203

AFFIDAVIT OF AMANDA McMELLEN

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW AMANDA McMELLEN and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.




AMANDA McMELLEN

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 27th day of March 2023.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public

