

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

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| In the Matter of Spire Missouri Inc.'s d/b/a |) | |
| Spire Request for Authority to Implement a |) | |
| General Rate Increase for Natural Gas |) | <u>Case No. GR-2021-0108</u> |
| Service Provided in the Company's |) | |
| Missouri Service Areas |) | |

JOINT STIPULATION OF FACTS

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and on behalf of itself, Spire, the Office of the Public Counsel, Legal Services of Eastern Missouri, Midwest Energy Consumers Group (MECG), Vicinity Energy Kansas City, Inc. (Vicinity), Renew Missouri, the Missouri School Boards' Association (MSBA), the Missouri Industrial Energy Consumers (MIEC), the National Housing Trust (NHT)¹ and submits the following *Joint Stipulation of Facts*:

Procedural History

1. On December 11, 2020, Spire Missouri Inc. d/b/a Spire (Spire Missouri), filed tariffs designed to implement general rate increases for gas service in its Spire Missouri East and Spire Missouri West territories.
2. As filed, the tariffs would increase the annual revenues of Spire Missouri by approximately \$112 million, of which \$47 million is already being recovered through Infrastructure System Replacement Surcharges (ISRS) charges.
3. Spire Missouri's ISRS charges would be reduced to zero.
4. Spire Missouri's proposed tariffs carry a proposed effective date of January 10, 2021.

¹ Staff has not received an objection or affirmative statement joining this stipulation of facts from the Consumers' Council of Missouri.

5. By orders issued on December 30, 2020, the Commission suspended Spire Missouri's general rate increase tariffs until November 10, 2021, the maximum amount of time allowed by the controlling statute.

6. The following parties have filed applications and were allowed to intervene: Consumers Council of Missouri (Consumers Council); Legal Services of Eastern Missouri; Midwest Energy Consumers Group (MECG); Missouri Industrial Energy Consumers (MIEC); Missouri School Boards' Association; National Housing Trust; Renew Missouri; and Vicinity Energy Kansas City, Inc.

7. On January 22, 2021, the Commission established the test year for these cases as the twelve-month period ending September 30, 2020, adjusted for known and measurable changes through May 31, 2021.

General Findings of Fact

8. Spire Missouri is an investor-owned gas utility providing retail gas service to large portions of Missouri through its two operating units or divisions, Spire Missouri East (formerly known as Laclede Gas Company or LAC) and Spire Missouri West (formerly known as Missouri Gas Energy or MGE).

9. Spire Missouri West serves approximately 520,000 customers on the western side of Missouri.

10. Spire Missouri East serves approximately 650,000 customers on the eastern side of Missouri.

11. Spire Missouri is a public utility, and a gas corporation, as those terms are defined in Subsections 386.020(18) and (43), RSMo. As such, Spire Missouri is subject to the Commission's jurisdiction pursuant to Chapters 386 and 393, RSMo.

12. Spire Missouri is a wholly-owned subsidiary of Spire Inc.

13. The Commission approved Spire Missouri's Cost Allocation Manual (CAM) in 2013. The Commission found in the last rate case that Spire Missouri's CAM should be rewritten, and the best way to accomplish that rewrite is to authorize a working group, comprised of Spire Missouri, Staff, Public Counsel, and any other interested stakeholders.

14. Since 2013, Spire Inc. has acquired Alagasco and Mobile Gas in Alabama and Wilmut Gas in Mississippi. Spire Inc. created a new shared services entity, Spire Services in July 15, 2015.

15. Spire Inc. owns three gas distribution systems as wholly-owned subsidiaries including Spire Missouri, Alabama Gas Corporation (Alagasco) in Alabama, and EnergySouth Inc. in Alabama and Mississippi.

16. Spire Inc. also holds gas marketing business segments and Spire STL Pipeline LLC. Spire STL Pipeline is an interstate transmission pipeline regulated by the Federal Energy Regulatory Commission (FERC).

The Rate Making Process

17. The rates Spire Missouri will be allowed to charge its customers are based on a determination of the company's revenue requirement. The revenue requirement can be expressed as the following formula:

$$RR = COS - CR$$

Where :

RR = Revenue Requirement

COS = Cost of Service

CR = Adjusted Current Revenues

And where the cost-of-service for a regulated utility can be defined by the following formula:

$$COS = O + (V - D) * R$$

O = Adjusted Operating Costs, Depreciation Expense and Taxes

V = Gross Valuation of Property Required for Providing Service

D = Accumulated Depreciation Representing Recovery of Gross Property Investment

R = Allowed Rate of Return

V - D = Rate Base (Gross Property Investment less Accumulated Depreciation)

(V - D)R = Return Allowed on Net Property Investment

18. A test year is a historical year used as the starting point for determining the basis for adjustments that are necessary to reflect annual revenues and operating costs in calculating any shortfall or excess of earnings by the utility.

19. Adjustments, such as annualization and normalization, are made to the test year results when the unadjusted results do not fairly represent the utility's most current annual level of existing revenue and operating costs.

20. A normalization adjustment is an adjustment made to a cost or revenue to reflect normal, on-going operations of the utility. Revenues or costs that were incurred in the test year that are determined to be atypical or abnormal will get specific rate treatment and generally require some type of adjustment to reflect normal or typical operations. The normalization process removes abnormal or unusual events from the cost of service calculations and replaces those events with normal levels of revenues or costs.

21. An annualization adjustment is made to a cost or revenue shown on the utility's books to reflect a full year's impact of that cost or revenue.

WHEREFORE, the Staff tenders this proposed *Joint Stipulation of Facts* on behalf of itself, Spire, the Office of the Public Counsel, Legal Services of Eastern Missouri,

Midwest Energy Consumers Group (MECG), Vicinity Energy Kansas City, Inc. (Vicinity), Renew Missouri, the Missouri School Boards' Association (MSBA), the Missouri Industrial Energy Consumers (MIEC), and the National Housing Trust (NHT).²

Respectfully submitted,

/s/ Curtis Stokes

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CERTIFICATE OF SERVICE

I certify that copies of the foregoing have been emailed to all parties and/or counsel of record on this 19th day of July, 2021.

/s/ Curtis Stokes

² Staff has not received an objection or affirmative statement joining this stipulation of facts from the Consumers' Counsel of Missouri.