Exhibit No.:	______________
Issue(s)	Depreciation/Smart Meters
Witness/Type of Exhibit:	Robinett/Rebuttal
Sponsoring Party:	Public Counsel
Case No.:	GR-2021-0108

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

SPIRE MISSOURI, INC.

CASE NO. GR-2021-0108

June 17, 2021

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

John A. Robinett
Utility Engineering Specialist

Subscribed and sworn to me this 17th day of June 2021.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI
TIFFANY HILDEBRAND
My Commission Expires
August 8, 2023
Cole County
Commission #15637121

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2023.

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REBUTTAL TESTIMONY
OF
JOHN A. ROBINETT
SPIRE MISSOURI

CASE NO. GR-2021-0108

Q. What is your name and what is your business address?

A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same John A. Robinett who filed direct testimony on behalf of the Missouri Office of the Public Counsel ("OPC") in this proceeding?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of this testimony is to address my concerns about Spire and Staff's depreciation recommendations in this case. Additionally, I will discuss my position related to the Growing Missouri Program Tariff recommendation provided by Spire Missouri. Finally, I will discuss the potential large unrecovered investment in current meter accounts if the Commission approves Spire's ultrasonic smart meter request.

Spire Missouri Depreciation Recommendation

Q. What is Spire's position on depreciation?

A. Spire witness Wesley E. Selinger discusses rate case requirements to comply with Commission rule 20 CSR 4240-40.090. This rule describes the requirement to submit a depreciation study, depreciation database, and property unit catalog at the time a utility files a general rate increase request. However, a company need not submit this information if the Commission Staff has received this information within three (3) years prior to the utility filing for a general rate increase or before five (5) years have elapsed since the last time the Commission's staff received a depreciation study, database, and property unit catalog from the utility. As Mr. Selinger points out on page 17 of his direct testimony, Spire has submitted depreciation studies, databases, and property unit catalogs in its most recent general rate cases, GR-2017-0215 and GR-2017-0216, less than five years ago.

Q. Did Spire file a depreciation study as part of their direct testimony in this case?

A. No. As discussed above, Spire cites to Commission rule 20 CSR 4240-40.090 and argues that the information submitted in case nos. GR-2017-0215 and GR-2017-0216 still meets the rule, thus negating the need to submit a study for this case.

Q. Do you agree with Spire's interpretation of 20 CSR 4240-40.090?

A. No. If Spire was recommending depreciation rates consistent with the depreciation studies provided in case nos. GR-2017-0215 and GR-2017-0216, then my answer would be that Spire did not need to file the depreciation study, depreciation database, and property unit catalog as part of this pending rate case.

Q. Is it your understanding that Spire is recommending the depreciation rates provided in depreciation studies filed in case nos. GR-2017-0215 and GR-2017-0216?

A. No. Spire's recommended depreciation rates are not consistent with the depreciation rate recommendations provided in the depreciation studies from those cases.

Q. Has Spire filed anything in this case to support its recommended depreciation rates?

A. No. Spire cited the Commission rule related to the requirement of submitting a depreciation study at the time of requesting a general rate increase proceeding and its submission of depreciation studies in 2017. The issue is that the depreciation rates Spire is recommending are not from the 2017 case depreciation studies. Spire's recommended depreciation rates are from a depreciation study that analyzed plant balances and reserves as of September 30, 2020. Spire has failed to support their recommended depreciation rates as they have not filed their most current depreciation study with supporting testimony from Spire's hired consultant.

Q. Does Spire indicate that they have performed an updated depreciation study?

A. Yes. Spire witness Mr. Selinger states the following on page 18 of his direct testimony:

> Spire has engaged the services of Gannett Fleming to provide an updated depreciation study in this proceeding, which will be provided to Commission Staff and OPC.

Q. Have you received this depreciation study and reviewed its conclusions?

A. Yes. However, my review of the depreciation study is of somewhat limited value given that Spire has not filed the study in this case and has therefore failed to support the depreciation rates it has recommended and is requesting.

Q. Are all of Spire's depreciation rate recommendations supported by the September 30, 2020 depreciation study?

A. No. Spire recommends a depreciation rate of 1.44% for transmission mains account 367. Although Spire's recommendation only produces annual depreciation expense of less than $30,000, this account is not found in or supported by the depreciation study that has not been filed in this case. Additionally, Spire's consultant recommended a depreciation rate of 12.35% for account 376.2 Cast Iron Mains in the September 2020 depreciation study. Spire, however, has recommended a depreciation rate of 3.12%, which is also not supported by the 2020 depreciation study that is not currently in the record of this case.

Q. Do you support the depreciation recommendations of Spire for accounts 381.1 Smart Meters and Account 382.1[1] Smart Meter Installations?

A. No. Spire agreed to depreciation rates to be used for these accounts in GO-2020-0416. This was a depreciation authority order case that Spire requested to account for this equipment. Spire in its depreciation recommendation changes rates to reflect a 15 year average service life, with 0.00% net salvage, resulting in a 6.67% depreciation rate. In GO-2020-0416, Spire and Staff stipulated and agreed to a 20 year average service life based on the life of the internal batteries in the new smart meters, with a 0.00% net salvage, yielding a 5% depreciation rate. Spire provides zero description or support for changing a depreciation rate it requested, agreed to, and which was ultimately ordered by the Commission on September 16, 2020. Spire has presented no evidence of historical retirements or other documentation that would support changing the depreciation rate ordered by the Commission in the depreciation authority order case last September.

Q. Do you have other concerns with Spire's depreciation study of plant and reserve balances as of September 30, 2020, which has not been filed in this case?

A. Yes.

Q. What concerns do you have regarding the September 2020 depreciation study?

A. My largest remaining concern to Spire's recommendation is related to the general plant accounts that are square curves (SQ), also known as the accounts for general plant amortization. When the general plant amortization account's depreciation rates are first

[1] In Schedule WES-1 H11-Depr Adj Page 38 of 45 attached to the Direct Testimony of Spire Witness Wesley E. Selinger, account 381.1 smart meter installations is labeled Account 382.2 This appears to be an error. I will refer to the account as 382.1 because that is what the Commission ordered in case no. GO-2020-0416.

established, they are developed for a set life expectation of the dollars in the account and are also assumed to have a 0.00% net salvage value. Spire's recommendation accounts for portions of the accounts being fully accrued and adjusts the depreciation rate downward from its previously set mark. This recommendation by Spire is setting the Company up for under recovery of the assets.

Q. Why does Spire's recommendation to decrease depreciation rates on these accounts concern you?

A Spire's recommendation concerns me for two reasons. First, the Commission has not ordered depreciation rates for fully amortized plant to be 0.00% and the Company should be continuing to book depreciation expense for assets as long as they are on the books and not retired. The Commission has not ordered depreciation to be ceased when Spire has received full recovery if value is still on its books as in-service. The second reason is that Spire's recommended actions for these general plant accounts will result in new investments not being fully recovered by the time the assets in the accounts are to be retired based on the allowed amortization period because the new recommendation of depreciation rates does not reflect the full life of the assets since it is being weighted and reduced by assets that have been fully recovered by Spire. To simplify and re-state, Spire's recommendation is setting the Company up for under recovery of all general plant accounts that are amortized.

Q. Given the problems you point out, what should the Commission order for Spire's depreciation rates?

A. The Commission should reject Spire's recommended depreciation rates in this case as they are not supported by Spire's direct record. The Commission, based on Spire's direct testimony, could order depreciation rates recommended by Spire in Case Nos. GR-2017-0215 and GR-2017-0216, but that will result in two separate depreciation schedules for Spire, which is not what the Company is requesting in this case. The Commission should instead order depreciation rates consistent with my direct recommendation of converting Spire Missouri West to Spire Missouri East rates, supplemented by the Depreciation Authority Order issued in GO-2020-0416 and my adjustment to account 376.2 Cast Iron Mains to reflect the sunset provision of ISRS statute and to account for under recovered investment being driven by joint encapsulation additions and retirements.

Staff's Smart Meter and Smart Meter Installation Depreciation Recommendation

Q. What average service life is Staff recommending for the smart meters and smart meter installations accounts 381.1 and 382.1 respectively?

A. Based on the depreciation schedules attached in Appendix 3 to Staff's Cost of Service Report, Staff is recommending a 15 year average service life and 0.00% net salvage which equates to a 6.67% depreciation rate for accounts 381.1 and 382.1.

Q. Does this recommendation draw concern from you?

A. Yes.

Q. Why?

A. The first major reason is that the Commission just recently issued an order to set rates for these meter types and their installations that is different from what Staff is recommending. Staff filed a recommendation in case no. GO-2020-0416 on August 27, 2020, in which the same witness that filed Staff's depreciation recommendation in this case, Mr. David Buttig, P.E., recommended as follows:

> Staff recommends the Commission issue a DAO including the following:
> 1) 5.0% for Account 381.100 Smart Meters – Based on a 20-year service life and no net salvage
> 2) 5.0% for Account 382.100 Smart Meter Installations – Based on a 20-year service life and no net salvage

The Commission issued its order on September 16, 2020, approving the Depreciation Authority Order for smart meters at the 20 year average service life 0.00% net salvage equaling a 5.00% depreciation rate as requested by Spire and recommended by Staff.

Staff has filed no supportive direct testimony that addresses why it is recommending a change in depreciation rates for smart meters and smart meter installations. Staff has not provided any sort or regional/state study of depreciation rates authorized for similar accounts in its Cost of Service Report that could be a basis for changing rates.

The second more glaring issue is that these are new accounts and have yet to experience any retirements let alone enough retirements to even attempt to perform a statistical analysis of account lives experienced. This is evidenced in Staff's depreciation work papers:[2]

[2] The excerpts from Staff's work papers are represented here using screen captures of Microsoft's WordPad program. This is due to the DOS nature of the program used to generate the original work paper files.

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                    SPIRE MISSOURI, INC.

                ACCOUNT 381.10 SMART METERS

                    ORIGINAL LIFE TABLE

AVG AGE RET  0.0             1            PLACEMENT ANALYSIS
PLACEMENT BAND 2020-2020          EXPERIENCE BAND 2020-2020

 AGE AT   EXPOSURES AT   RETIREMENTS                PCT SURV
BEGIN OF  BEGINNING OF  DURING AGE  RETMT    SURV   BEGIN OF
INTERVAL  AGE INTERVAL    INTERVAL  RATIO   RATIO   INTERVAL

   0.0      2,413,909               0.0000  1.0000   100.00
   0.5                                               100.00

TOTAL       2,413,909
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                    SPIRE MISSOURI, INC.

                ACCOUNT 381.10 SMART METERS

 SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 2020-2020       1      EXPERIENCE BAND 2020-2020

 SURVIVOR   RESID  RANGE OF        SURVIVOR   RESID  RANGE OF
  CURVE     MEAS     FIT            CURVE     MEAS     FIT*

                          NOT FITTED

 * SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING.
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                    SPIRE MISSOURI, INC.

          ACCOUNT 382.10 SMART METER INSTALLATIONS

                    ORIGINAL LIFE TABLE

AVG AGE RET  0.0             1            PLACEMENT ANALYSIS
PLACEMENT BAND 2020-2020          EXPERIENCE BAND 2020-2020

 AGE AT   EXPOSURES AT   RETIREMENTS                PCT SURV
BEGIN OF  BEGINNING OF  DURING AGE  RETMT    SURV   BEGIN OF
INTERVAL  AGE INTERVAL    INTERVAL  RATIO   RATIO   INTERVAL

   0.0        288,305               0.0000  1.0000   100.00
   0.5                                               100.00

TOTAL         288,305
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                    SPIRE MISSOURI, INC.

          ACCOUNT 382.10 SMART METER INSTALLATIONS

 SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 2020-2020       1      EXPERIENCE BAND 2020-2020

 SURVIVOR   RESID  RANGE OF        SURVIVOR   RESID  RANGE OF
  CURVE     MEAS     FIT            CURVE     MEAS     FIT*

                          NOT FITTED

 * SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING.
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As can be seen in the previous images of work papers, the depreciation software was unable to fit any lives or curves to the data. Further evidence that a change in depreciation rates is premature and inappropriate is that the smart meter and smart meter installation accounts have not experienced any retirements as can be seen by the "% survival at begin of interval" column still being 100.00 in the images above from Staff's work papers.

Q. What is your opinion of Staff's position on depreciation rates for smart meters and smart meter installations accounts 381.1 and 382.1?

A. Staff's change in depreciation rate recommendation is unsupported and deviates from its own recommendation less than a year ago without the benefit of any retirement experienced for the assets. Staff's depreciation rates for smart meters and smart meter installations should be rejected and the Commission should order rates for accounts 381.1 and 382.1 consistent with its Order in Case No. GO-2020-0416 as there is no evidence or retirement history presented in this case to adjust depreciation rates. Moreover, if sufficient historical data to support the new depreciation rates *did* exist, that would cause other concerns. It could potentially mean that the meters, which are in the process of being placed into service, could be suffering from operational or manufacturing issues/flaws that were causing the very quick retirements after being placed into service.

Q. Do you have additional concerns about Staff's depreciation rate recommendations?

A. Yes. I earlier indicated my concern with Spire's general plant recommendations for accounts with square (SQ) curves. Staff appears to have accepted Spire's recommendations for their own recommendation in this case. As discussed previously, SQ curves depreciation rates should not be altered once set as the new investments that are being placed into service will not be fully accrued at the time of their retirement due to the shifting depreciation by weighting how much plant in the account is fully accrued.

Growing Missouri Program

Q. What is Spire requesting for the Grow Missouri Tariff Program?

A. Spire is requesting the Commission approve a five million dollar annual subsidy to entice industrial and rural expansion of its system by covering the cost of line extensions. Importantly, by Spire's own admission, the revenues received from the targeted businesses or residences would not cover the expenses and return of plant investments, thus making the projects uneconomic.

Q. Do you support this program?

A. No. If Spire wishes to provide service to these new prospective customers and not collect enough revenue to cover expenses and return, then Spire's shareholders should bear the burden.

Q. Do you agree with Spire's position that the Growing Missouri Program will promote economic growth in our rural areas?

A. No. To date, the vast majority of applications seen since Case Nos. GR-2017-0215 and GR-2017-0216 have been to provide line extensions to allow for fuel-type switching for several poultry farms with the added potential that a couple of residential customers might also connect to the new lines at some point in the future. The projects have not covered the expenses and return on the investment even after requiring the new customers to provide a portion of the extension costs that are booked as contributions in aid of construction.

Q. Should the Commission Approve the Growing Missouri Program Tariff as proposed by Spire?

A. No. As repeatedly stated in Spire witness Ms. Antrainer's testimony, the line extensions to be made under the Growing Missouri Program tariff are uneconomical. These line extensions to the poultry farms may not be possible if customers were charged an upfront rate sufficient to cover the costs of the line extension and then provide revenues to support the farm's portion of costs from Spire's system. If the customers on these line extensions are not even covering the costs to provide for their own extension, there is no possible way for them to be a benefit to other customers by spreading system costs over a larger customer base. If Spire wants to increase its risk exposure through uneconomic expansion, those risks should be borne by investors, not captive ratepayers.

Existing Meter Infrastructure Plant-in-Service/ Accumulated Reserves

Q. What is the current plant-in-service and accumulated depreciation reserves for the meter accounts and communication ERT equipment?

A. Based on Staff's direct accounting schedules for Spire Missouri East account 381 meters plant in service balance as of 12/31/2020 was $144,302,733 with accumulated reserve of $36,574,423. Account 397.2 Communication ERT equipment had a plant-in-service balance of $16,624,220 with accumulated reserve of $7,863,520. Spire Missouri East as of 12/31/2020 has net plant of $107,728,310 for meters account and $8,760,700 for communication ERT equipment account and has a total Missouri East net plant balance of $116,489,010 for meter related investment.

Based on Staff's direct accounting schedules for Spire Missouri West account 381 meters plant in service balance as of 12/31/2020 was $44,418,766 with accumulated reserve of $7,200,722. Account 397.2 Communication ERT equipment had a plant-in-service balance of $42,711,662 with accumulated reserve of $9,304,139. Spire Missouri East as of 12/31/2020 has net plant of $37,218,044 for meters account and $ 33,407,523 for communication ERT equipment account and has a total Missouri East net plant balance of $70,625,567 for meter related investment.

Total Spire Missouri unrecovered meter related investment is $187,114,577 as of 12/31/2020 based on Staff's filed accounting schedules.

Q. Do you have concerns related to the current meter investment based on parties' current positions?

A. Yes. If the Commission orders Spire's meter recommendation to begin the conversion to ultrasonic smart meters, then it will generate a very large problem that even Spire has not addressed in its testimony to this point. No parties' depreciation recommendations, including mine on behalf of OPC, take into account that the current diaphragm meter technology may be no longer being placed into service and may begin being retired at an accelerated pace. Currently all the parties' depreciation recommendations place a depreciation rate consistent with currently ordered live of roughly 32-35 years. The Commission may need to get creative in its order to address a potentially large stranded asset that could arise directly related to the Commission's decision on Spire's future meter infrastructure. The purpose of this testimony is just to make the Commission aware that a large issue may exist, which has not been properly addressed or reflected in any parties' testimony.

Q. Does OPC have a recommendation on how to address this issue?

A. There are several options/tools in the Commission's toolbox that could be used to address this potential concern. OPC is still internally discussing what the preferred method may be to recommend and hopes to present that recommendation in surrebuttal testimony.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.