

Exhibit No:	—
Issue:	Case Overview, Incremental Cost Analysis, New ISRS Legislation Impacts, Capitalization of Overheads
Witness:	Trisha E. Lavin
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Spire Missouri Inc.
Case No.:	GO-2022-
Date Testimony Prepared:	December 23, 2021

SPIRE MISSOURI INC.

CASE NO. GO-2022-

DIRECT TESTIMONY

OF

TRISHA E. LAVIN

DECEMBER 23, 2021

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DIRECT TESTIMONY OF TRISHA LAVIN

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Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A: My name is Trisha E. Lavin and my business address is 700 Market St., St. Louis, Missouri, 63101.

Q. WHAT IS YOUR PRESENT POSITION?

A: I am presently employed as a Regulatory Analyst at Spire Missouri Inc. (“Spire” or the “Company”).

Q: PLEASE STATE HOW LONG YOU HAVE HELD YOUR POSITION AND BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.

A: I have been in my current position since December 2018 when I joined Spire. In my position, I am responsible for assisting in many facets of regulatory research, planning, and modeling. I have assisted in the preparation of Spire’s, and its Spire East and Spire West operating units, regulatory mechanisms, including but not limited to the Company’s Infrastructure System Replacement Surcharge (“ISRS”) filings.

Q: WHAT WAS YOUR EXPERIENCE PRIOR TO ASSUMING YOUR CURRENT POSITION WITH THE COMPANY?

A: I obtained a bachelor’s degree of economics with a minor in international studies from the University of Illinois-Springfield in 2017 and received my master’s degree of political science from the same institution in 2019. During the master’s program I was a graduate assistant to the Director of the Center for Business and Regulation within the College of Business and Management. In this role, I undertook regulatory research to further understand the relationship between regulators and businesses, as well as assisted in

1 hosting the American Gas Association Rate Schools in Chicago, Illinois for both the
2 introductory and advanced courses.

3 **Q: HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI**
4 **PUBLIC SERVICE COMMISSION (“COMMISSION”)?**

5 Yes. I filed testimony in Case No. GR-2021-0108.

6 **PURPOSE OF TESTIMONY**

7 **Q: WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

8 A: The purpose of my Direct Testimony is to sponsor Spire Missouri’s ISRS application and
9 supporting appendices and to provide a general overview of the Company’s ISRS requests
10 for its Spire East and Spire West operating units. I will also provide a quick overview of
11 how the new ISRS legislation that became effective August of 2020 has impacted this
12 current ISRS filing. A more detailed breakdown of the new ISRS legislation can be found
13 in the Direct Testimony of Scott Weitzel. Finally, I will give an overview of Spire
14 witnesses for this ISRS application.

15 **ISRS FILING OVERVIEW AND APPENDICES**

16 **Q: PLEASE PROVIDE A DESCRIPTION OF THE COMPANY’S REQUESTS IN**
17 **THIS PROCEEDING.**

18 A: In this case, Spire is requesting recovery of the revenue requirements related to ISRS
19 eligible capital investments made from June 1, 2021, through December 31, 2021. In the
20 Company’s most recent rate case, Case No. GR-2021-0108, the Commission approved a
21 Partial Stipulation & Agreement (“Stipulation”) that included an agreement that there will
22 be a single Spire Missouri Inc. ISRS rate cap, even though the Company will maintain two
23 separate ISRS rates for its Spire East and Spire West operating units.

1 Therefore, pursuant to that Stipulation, Spire East’s revenue requirement in this
2 proceeding, before updating the proforma month of December 2021 with actual
3 information is \$4,239,370, and Spire’s West revenue requirement in this proceeding, before
4 updating the pro forma month of December 2021 with actual information, is \$7,077,898.

5 **Q: PLEASE DESCRIBE THE WORKPAPERS AND APPENDICES THE COMPANY**
6 **HAS PROVIDED IN SUPPORT OF ITS APPLICATION IN THIS CASE.**

7 A: The Company’s current filing consists of the supporting appendices and schedules for both
8 Spire East and Spire West. Additionally, concurrently with this filing, Spire is providing
9 Staff and OPC with documentation supporting mandated relocations, work order
10 authorization sheets for all ISRS eligible projects included in the filing, and models
11 detailing investments captured under blanket work orders for both Spire East and Spire
12 West.

13 **NEW ISRS LEGISLATION IMPACTS**

14 **Q: PLEASE EXPLAIN HOW THE NEW LEGISLATION WILL IMPACT THIS**
15 **CURRENT ISRS FILING.**

16 A: Under the new legislation that was passed and became effective August 2020, eight new
17 sections were enacted to Section 393.1009, RSMo. More specifically, Section
18 393.1009(5)(a), RSMo was clarified to include,

19 “any cast iron or steel facilities including any connected or associated facilities that,
20 regardless of their material, age, or condition, are replaced as part of a qualifying
21 replacement project in a manner that adds no incremental cost to a project compared
22 to tying into or reusing existing facilities.”

1 The amendments to the eligible gas utility projects will enable the Company to recover all
2 costs associated with its ISRS eligible projects that help enhance the safety and reliability
3 of our system. Furthermore, the concerns that OPC has historically argued regarding
4 proving the worn out or deteriorated nature of the Company's cast iron and steel facilities
5 will no longer be relevant.

6 INCREMENTAL COSTS

7 **Q. HOW IS THE COMPANY TREATING INCREMENTAL COSTS IN THIS** 8 **FILING?**

9 A. After the Engineering Department finishes its analysis, the information is sent to the
10 Regulatory Team. The Regulatory Team reviews the information provided by the
11 Engineering Department, and if the analysis shows that an incremental cost is associated
12 with the replacement of the interspersed facilities, the incremental cost is removed from
13 the ISRS application so that only the cost of ISRS eligible facilities is included in the
14 Company's application. Company witness Kent Thaemert also provides testimony on this
15 issue.

16 **Q. CAN YOU PROVIDE AN EXAMPLE OF THIS TREATMENT?**

17 A. Yes. For instance, assume a particular project cost \$100 and the Company's
18 engineering/cost analysis for that project showed that the Company's approach is \$10 more
19 than using existing facilities making the total project cost \$110. That \$10 would then be
20 considered incremental costs and that dollar difference would then be backed out and not
21 included in the ISRS application. The Company would only include the initial \$100 as the
22 addition amount to be included in its ISRS filing.

23

1 **CAPITALIZATION OF OVERHEADS**

2 **Q. HOW IS THE COMPANY TREATING OVERHEADS IN THIS FILING?**

3 A. Overheads are included in this filing as they have been in previous ISRS cases for the
4 months of June 2021 through December 22, 2021. Due to the outcome of the Company's
5 last rate case, only direct charges and operational overhead costs will be included for
6 December 23, 2021 through December 31, 2021. Per the Commission's Amended Report
7 and Order in Case No. GR-2021-0108, the remaining non-operational overheads for the
8 period of December 23, 2021 through December 31, 2021 will be included as part of a
9 regulatory asset account for future recovery. Any issues regarding the prudence of these
10 overhead costs should be taken up in the Company's next rate case filing pursuant to
11 Section 393.1015.8, RSMo.

12 **OVERVIEW OF SPIRE WITNESSES**

13 **Q. PLEASE GIVE A BRIEF OVERVIEW OF WHAT THE OTHER SPIRE**
14 **WITNESSES DISCUSS IN THEIR TESTIMONY.**

15 A: Spire is also sponsoring the Direct Testimony of Scott Weitzel, Vice President of
16 Regulatory and Legislative Affairs, Ted Puszczek, Spire's Manager of Business Support,
17 and Kent Thaemert, Spire's Manager of Construction Engineering. Mr. Puszczek will be
18 discussing how Spire has improved its blanket work order process to enhance the
19 identification of ISRS work in light of concerns raised by Staff and OPC in the Company's
20 previous ISRS cases. Mr. Thaemert will address Spire's engineering analysis of ISRS
21 eligible projects under the new ISRS legislation. Mr. Weitzel will address the recent
22 changes in the ISRS legislation and treatment of overhead costs.

23

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CONCLUSION

2 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

3 **A. Yes, it does.**

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

In the Matter of Spire Missouri Inc.'s)
Request to Implement an Infrastructure)
System Replacement Surcharge for the) File No. GO-2022-
Company's Missouri Service Areas)
)

AFFIDAVIT

STATE OF MISSOURI)
) SS.
CITY OF SAINT LOUIS)
)

Trisha E. Lavin, of lawful age, being first duly sworn, deposes and states:

1. My name is Trisha E. Lavin. I am Regulatory Analyst for Spire Missouri Inc. My business address is 700 Market Street, Saint Louis, Missouri 63101.
2. Attached hereto and made a part hereof for all purposes is my direct testimony on behalf of Spire Missouri Inc.
3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Trisha Lavin
Trisha E. Lavin

12/23/21
Date