

**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**

**STAFF'S RESPONSE TO SPIRE'S MOTION FOR CLARIFICATION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Response to Spire's Motion for Clarification*, states as follows:

1. On October 27, 2021, the Commission issued its *Report and Order* in this matter.

2. On October 29, 2021, Spire filed its expedited and confidential *Motion for Clarification*.

3. Also on October 29, 2021, the Commission directed that any responses to Spire's *Motion* be filed by 10:00 A.M. on November 2, 2021.

4. With respect to Capitalized Overheads, Staff's position on the overhead capitalization issue in the Spire rate case constituted a prospective accounting/USOA position, and not one that had revenue requirement impacts in this proceeding. No party to the Spire rate case, including Staff, proposed disallowing from rates the portion of Spire's capitalized plant costs added since its last rate case that related to overhead costs. Per the Commission's Order, the overhead costs charged by Spire to construction during the test year, update period and true-up period are all fully reflected as capitalized costs in the Spire rates that will result from this case. To add to rates an amount associated with an assumed expensing of those particular costs, as is

suggested by Spire in its Motion, would be wholly inappropriate as it would result in simultaneous double recovery in rates by Spire of those overhead costs; as rates would then reflect the costs being both capitalized and expensed at the same time. Staff strongly opposes Spire's suggestion on this point.

5. Staff understands the Commission's order on this issue as also being entirely prospective in nature; as of the effective date of rates Spire shall cease capitalizing non-operational overheads on a going-forward basis. As such, any negative financial impacts to the Company associated with the Commission's directive regarding construction overheads will not occur until after new rates become effective in this case. This negative impact results from the fact that Spire's rates will be based on an approach of capitalizing overheads while its books going forward will reflect ongoing expensing treatment of overheads for a period of time, thus reducing net income. The prospective impact of the Commission's Order on this point thus serves as an incentive for Spire to adjust its overhead accounting procedures to be consistent with the USOA as quickly as possible.

6. Once Spire and the parties agree to an appropriate capitalization approach, then the Commission's Order appears to contemplate Spire being able to resume capitalizing overheads to construction for its accounting purposes. Therefore, the duration and extent of Spire's "hit" on earnings as a result of the capitalized overhead issue will be directly tied to the level of cooperation Spire will be able to provide to the parties in addressing the underlying USOA issues following issuance of the Order. Staff commits to work with Spire and other parties on this matter on an expeditious basis

7. Once the Staff and Commission are satisfied with Spire's accounting procedures for construction overheads, Staff would support a deferral mechanism that would allow Spire a reasonable opportunity to recover properly recorded construction overhead costs as part of plant-in-service in subsequent rate cases.

**WHEREFORE**, Staff prays that the Commission will clarify its *Report and Order* as described herein; and grant such other and further relief as is just in the circumstances.

Respectfully submitted,

/s/ Kevin A. Thompson  
**KEVIN A. THOMPSON**  
Missouri Bar Number 36288  
Chief Staff Counsel

Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102  
573-751-6514 (Voice)  
573-526-6969 (Fax)  
kevin.thompson@psc.mo.gov

Attorney for the Staff of the  
Missouri Public Service Commission.

### **Certificate of Service**

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **2<sup>nd</sup> day of November, 2021**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Kevin A. Thompson