

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

In the Matter of Spire Missouri Inc.’s)
Request for Authority to Implement a)
General Rate Increase for Natural Gas) GR-2022-
Service Provided in the Company’s)
Missouri Service Areas)

SPIRE MISSOURI INC.’S NOTICE OF INTENDED RATE CASE FILING

COMES NOW Spire Missouri Inc. (“Spire” or “the Company”), on behalf of its operating units, Spire Missouri East (“Missouri East”) and Spire Missouri West (“Missouri West”) and, pursuant to Commission Rule 20 CSR 4240-4.017(1), files this Notice of Intended Rate Case Filing, respectfully stating as follows:

1. Spire is committed to providing safe and reliable natural gas service to its customers. We are active listeners and strive to provide a best-in-class experience for our customers while delivering programs and services that they expect and value. Because Spire is a regulated utility, the Missouri Public Service Commission (“Commission”) must partner with us to achieve these outcomes. The state regulatory construct has long recognized that, in order for public utilities to attract capital investment and deliver for Missourians, the utility’s rates must be both just and reasonable. Rates are just and reasonable when a utility recovers its full cost of service and is able to earn a reasonable return on its investments.

2. While the Company never intended to file another rate case immediately after the conclusion of File No. GR-2021-0108, it is essential that Spire’s rates reflect its full actual cost to provide the essential natural gas service that so many Missourians rely upon. Unfortunately, the rates resulting from the Commission’s decision in that case do not reflect the Company’s actual cost of service, nor do they allow it to earn a reasonable return on the investments it has made to benefit customers.

3. For example, the Commission ordered the Company “to cease capitalizing non-operational overhead costs, going forward, until Spire’s compliance with the USOA is shown.”¹ These overheads include the salaries and benefits for many of Spire’s 2,424 Missouri employees who show up every day ready to serve our customers. So long as the Company is under the directive to cease capitalizing its overhead costs, the Company is unable to fully account for those costs. These costs are significant, and the work they represent is important. This decision is unprecedented in Missouri regulation, and so are the drastic and uncertain outcomes that result from it. At this time, no one knows when the Company may begin capitalizing overheads again.

4. Additionally, the exclusion of overhead capitalization directly and substantially impairs Spire’s earnings ability. This makes Missouri a less attractive venue for capital investment and unfairly penalizes investors. It also makes Spire a riskier investment, as indicated by negative credit outlooks issued in direct response to the Commission’s decision in Spire’s last general rate case.

5. The Commission’s decisions in that case regarding inclusion of short-term debt in the Company’s capital structure, and return on equity, have resulted in Spire achieving the lowest overall rate of return of any Missouri utility. The Commission had never before included short-term debt in the capital structure of a Missouri utility until Spire’s last general rate case. This inclusion has the effect of significantly reducing Spire’s rate of return. Such a result is patently unfair in light of Spire’s operational performance, and ignores the current inflationary environment of the national economy. This decision on capital structure does not create adequate incentives to support infrastructure investments in Missouri—investments which benefit customers and support hundreds of good-paying jobs.

¹ GR-2021-0108, Amended Report and Order, p. 82.

6. For all of the foregoing reasons, and given Missouri's dated utility regulatory laws, Spire's only available option to remedy these issues is to initiate another general rate case immediately.² Therefore, Spire intends to file tariffs to initiate a new general rate case proceeding pursuant to 20 CSR 4240-4.017(1).

7. Spire expects that this rate case is likely to involve a limited number of financial, rate design and tariff issues that will be contested. Spire has not engaged in any *ex parte* discussion regarding any substantive issue pertaining to this filing with the office of the Commission (as defined in 20 CSR 4240-4.015(10)) within the ninety days immediately preceding the filing of this notice.

8. Given the limited number of anticipated issues in this case, and the proximity in time to Spire's last general rate case, Spire anticipates requesting that the Commission decline to further extend the procedural timeline by an additional six months as set forth in § 393.150.2 RSMo., and instead decide this matter within the time period set forth in § 393.150.1 RSMo. Prior to filing, Spire will confer with Commission Staff and the Office of the Public Counsel regarding an expedited case timeline and options for a streamlined rate case process.

WHEREFORE, Spire respectfully requests that the Commission and its Secretary accept this Notice regarding Spire's upcoming rate case filing.

² On November 11, 2021, Spire filed an *Application for Rehearing and Motion for Reconsideration* and the Office of the Public Counsel filed a *Second Application for Rehearing*. At the time of this filing, the Commission has not taken action on either of these motions though any order addressing these motions may moot issues anticipated in this rate case. Spire reserves the right not to file a new general rate case in the event the Commission reconsiders the issues discussed in this Notice.

Respectfully submitted,

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ATTORNEYS FOR SPIRE MISSOURI INC.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 5th day of January, 2022.

/s/ Rachel L. Niemeier