

*Exhibit No.:*  
*Issue(s):* *Credit Card Processing  
Fees, Federal and State  
Income Tax Expense  
Lag*  
*Witness:* *Antonija Nieto*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Rebuttal Testimony*  
*Case No.:* *GR-2021-0108*  
*Date Testimony Prepared:* *June 17, 2021*

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL AND BUSINESS ANALYSIS DIVISION**  
**AUDITING DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**ANTONIJA NIETO**

**SPIRE MISSOURI, INC. d/b/a SPIRE  
SPIRE EAST and SPIRE WEST  
GENERAL RATE CASE**

**CASE NO. GR-2021-0108**

*Jefferson City, Missouri  
June 2021*

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ANTONIJA NIETO  
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2 **REBUTTAL TESTIMONY**

3 **OF**

4 **ANTONIJA NIETO**

5 **SPIRE MISSOURI INC. d/b/a SPIRE**

6 **CASE NO. GR-2021-0108**

7 Q. Please state your name, employment position, and business address.

8 A. Antonija Nieto, Senior Utility Regulatory Auditor with the Missouri Public  
9 Service Commission (“Commission” or “PSC”), Fletcher Daniels State Office Building,  
10 615 East 13th Street, Kansas City, Missouri 64106.

11 Q. Are you the same Antonija Nieto who has previously provided testimony in  
12 this case?

13 A. Yes. I contributed to Staff’s Cost of Service Report (“COS Report”) filed on  
14 May 12, 2021 in the Spire Missouri Inc. rate case designated as Case No. GR-2021-0108.

15 **EXECUTIVE SUMMARY**

16 Q. Please summarize your rebuttal testimony.

17 A. The purpose of my rebuttal testimony is to respond to the Office of Public  
18 Counsel (“OPC”) witness Amanda C. Conner regarding the treatment of credit card processing  
19 fees. I will also respond to OPC witness John S. Riley’s testimony on the federal and state  
20 income tax expense lag calculation within cash working capital.

21 **CREDIT CARD PROCESSING FEES**

22 Q. What is the OPC’s position on this issue?

1           A.       Consistent with its position in Case No. GR-2017-0215, OPC opposes including  
2 a level of credit card processing fees in the cost of service, with Ms. Connor testifying: "...it is  
3 unfair to subsidize fees for credit cards among all ratepayers."<sup>1</sup>

4           Q.       Did the Commission address OPC's position that it is unfair to subsidize fees  
5 for credit cards among all ratepayers?

6           A.       Yes. In Case No. GR-2017-0215, Spire East (then also known as Laclede Gas  
7 Company (LAC)) sought, and the Commission approved, recovery of these costs. The  
8 Commission stated on page 70 of its Amended Report and Order,

9                     ..., it is reasonable to allow Spire Missouri to recover fees resulting from  
10 the use of credit and debit cards to pay LAC bills from all LAC customers  
11 rather than from just those customers who use the credit or debit cards to  
12 pay their bills, just as it currently does for MGE customers. *That policy*  
13 *does not result in an undue or unreasonable preference among*  
14 *customers* because all customers can use the convenience of a credit or  
15 debit card if that tool is available to them [emphasis added].<sup>2</sup>

16           In this current case, Staff has included in its cost of service a level of credit card  
17 processing fees for both Spire East and Spire West.

18           Q.       How did Staff calculate the annualized amount of credit card fees?

19           A.       Based on the Amended Report and Order in the last rate case,  
20 Case No. GR-2017-0215, Staff determined the actual credit card transaction costs by  
21 calculating the amount of expense recorded in the general ledger for those costs for  
22 the 12 months ending December 31, 2020 and accordingly adjusted the test year for both Spire  
23 East and Spire West.

24           Q.       Are other Missouri utilities awarded the same or similar treatment for credit card  
25 processing fees?

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<sup>1</sup> Direct Testimony of Amanda C. Conner, Case No. GR-2021-0108, page 8.

<sup>2</sup> GR-2017-0215, Amended Report and Order, March 7, 2018, page 70.

1           A.     Yes. In February 2007, Kansas City Power and Light Company (KCPL), now  
2 known as Evergy Metro, Inc. d/b/a Evergy Missouri Metro, implemented a similar credit and  
3 debit card payment program, offering its rate payers a simplified way of paying bills. In  
4 September 2009, KCP&L Greater Missouri Operations Company (GMO), now known as  
5 Evergy Missouri West Inc., implemented a comparable credit and debit card payment program,  
6 including the associated fees into the cost of service. Additionally, in the recent Empire District  
7 Electric Company’s rate case, Case No. ER-2019-0374, the Commission decided that: “As bank  
8 fees are already recovered in the cost of service, credit card transaction fees should be similarly  
9 treated.” and ultimately concluded: “The Commission finds that credit card fees should be  
10 included in the Company’s revenue requirement so that individual fees are no longer required.”<sup>3</sup>

11           **FEDERAL AND STATE INCOME TAX EXPENSE LAG**

12           Q.     What is Staff’s position on the federal and state income tax expense lag within  
13 cash working capital calculation?

14           A.     In this rate case Staff accepted Spire’s calculated federal and state income tax  
15 expense lag of 38 days, which is consistent with quarterly tax payments. This coincides with  
16 the Internal Revenue Code requirement for filing and paying corporate income taxes on a  
17 quarterly basis.<sup>4</sup>

18           Q.     What is the OPC’s position on federal and state income tax expense lag within  
19 cash working capital calculation?

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<sup>3</sup> ER-2019-0374, Amended Report and Order, July 23, 2020, page 76.

<sup>4</sup> § 6655 Internal Revenue Code, (requiring corporations to make quarterly income tax payments of at least 25% of the total annual payment).

Rebuttal Testimony of  
Antonija Nieto

1           A.     OPC’s position is that since Spire, Inc. has not made any actual tax payments  
2 for at least the last three years, the expense lag should be 365 days and not 38 days, as proposed  
3 by the Company and accepted by Staff. OPC witness Riley states in his direct testimony: “The  
4 income tax reset would change the Company’s working capital requirement for income taxes  
5 from a positive \$446,136 to a negative \$12,643,686. This would reduce the total CWC in rate  
6 base from a positive \$12,672,247 to a negative \$417,575. A \$13,089,822 difference.”<sup>5</sup>

7           Q.     Has OPC witness Riley’s rebuttal testimony changed Staff’s opinion on the  
8 expense lag calculation for income tax?

9           A.     No. Staff accepted the Company’s position based on the Internal Revenue Code  
10 requirement for filing and paying corporate income taxes on a quarterly basis.<sup>6</sup> Staff has  
11 historically assigned or accepted federal and state income tax lags based on the statutory  
12 required quarterly, equal tax payments.

13          Q.     Does this conclude your rebuttal testimony?

14          A.     Yes, it does.

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<sup>5</sup> Direct Testimony of John S. Riley, Case No. GR-2021-0108, page 10.

<sup>6</sup> § 6655 Internal Revenue Code, (requiring corporations to make quarterly income tax payments of at least 25% of the total annual payment).

**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 ) Case No. GR-2021-0108  
General Rate Increase for Natural Gas )  
Service Provided in the Company's )  
Missouri Service Areas )

**AFFIDAVIT OF ANTONIJA NIETO**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

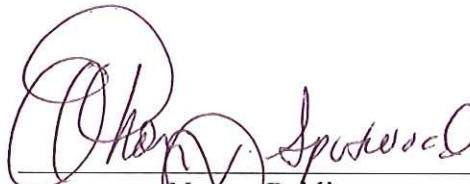
**COMES NOW ANTONIJA NIETO** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Antonija Nieto*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
**ANTONIJA NIETO**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 15<sup>th</sup> day of June 2021.

  
\_\_\_\_\_  
Notary Public



EBONEY JACKSON-SPOTWOOD  
My Commission Expires  
April 8, 2023  
Clay County  
Commission #19865798