

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

In the Matter of the Application of Spire Missouri )  
Inc. to Change its Infrastructure System ) **File No. GO-2019-0115**  
Replacement Surcharge in its Spire Missouri )  
East Service Territory )

In the Matter of the Application of Spire Missouri )  
Inc. to Change its Infrastructure System ) **File No. GO-2019-0116**  
Replacement Surcharge in its Spire Missouri )  
West Service Territory )

**REPLY OF SPIRE MISSOURI INC. TO  
STAFF’S MAY 1, 2019 RESPONSE TO  
COMMISSION ORDER DIRECTING RESPONSE**

**COMES NOW** Spire Missouri Inc. (“Spire Missouri” or “Company”), on behalf of itself and its two operating units, Spire East and Spire West and, pursuant to the Commission’s May 1, 2019 Order Shortening Response Time, submits this Reply to the Staff Response to Order Directing Response and Second Corrected Revenue Requirement for Spire East filed May 1, 2019. In support thereof, Spire Missouri states as follows:

1. First, Spire continues to believe the input, time, and resources that Staff has provided in these cases to adapt the Company’s ISRS filings to the Commission’s guidance in its September 20, 2018 Report and Order in Case Nos. GO-2018-0309 and GO-2018-0310 (“2018 ISRS Cases”), have been incredibly valuable. Working collaboratively, the Company and Staff satisfied the evidentiary threshold for Spire’s ISRS investments described in that Report and Order and, regardless of the outcome in these cases, the Company hopes that such constructive cooperation can be achieved in future cases as well.

2. That being said, the Company opposes the adjustment to service transfer work orders included in Staff’s May 1, 2019 filing, and believes Staff’s April 25 filing more accurately captures the calculation of the percentage of plastic that was *actually replaced*. As stated at page

2 of the Commission’s April 24, 2019 Order Directing Filing and Setting Response Times, Staff was instructed that it need not make its calculations for blanket work orders, relocations, “*or any other type of work order that the parties have agreed are ISRS eligible.*” The Staff’s treatment of service transfer work orders in its April 25 revenue recommendation reflects the parties’ agreement that these costs are ISRS-eligible, and should be included in the ISRS. In the 2018 ISRS Cases, Staff erroneously applied its percentage-based method to adjust service line transfers and, since Staff was instructed in this case to replicate the method it used in the previous case, Staff may feel that repeating that calculation, though inaccurate, conforms to the Commission’s direction.

3. In this case, the Company and Staff reviewed in detail the nature of service line transfers, and reached an understanding that costs incurred to *transfer* service lines are ISRS-eligible. This is because service line transfers result in plastic *reuse* and not plastic replacement.<sup>1</sup> Simple logic dictates that no costs should be excluded where plastic is actually being reused rather than replaced. With respect to the actual replacement of ineligible plastic, Staff performed a comprehensive review of the Company’s 509 cost/engineering analyses, and worked with the Company to refine the process that ensures that ineligible costs to *replace* plastic have been removed from the Company’s ISRS request.

4. Service transfers are the part of a main replacement project in which an existing service line is reconnected to a new main; the costs involved in doing this are unavoidable. From a customer’s perspective, it is simply the final step in the process of replacing the cast iron or bare steel main on the customer’s street with new plastic main. Without the final step of connecting customer service lines to the new main, the main replacement cannot be completed and customers will not have access to gas service.

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<sup>1</sup> The Company term “service line *renewals*” refers to situations where a new service line is connected to the new main, thus replacing the existing service line, which, in some cases, is plastic.

5. Spire requests the Commission reject Staff's adjustment to service transfer costs and rely upon Staff's April 25, 2019 revenue requirement recommendation, to which both Staff and the Company agreed was calculated accurately based on the direction of the Commission's April 24, 2019 Order.<sup>2</sup>

WHEREFORE, the Company requests that the Commission accept this Reply and disregard the portion of Staff's May 1, 2019 pleading pertaining to an adjustment for service line transfers.

Respectfully Submitted,

SPIRE MISSOURI INC.

**/s/ Michael C. Pendergast #31763**

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### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or United States Mail, postage prepaid, on this 2nd day of May, 2019, to all counsel of record.

**/s/ Rick Zucker**

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<sup>2</sup> The Company still maintains its position that the percentage approach employed by Staff in the 2018 ISRS Cases bears no relationship to the actual costs to replace rather than reuse plastic. No party disputed that position, either in the 2018 ISRS cases or in these cases. The Company also reserves its due process objections to these post-hearing activities.