

**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 Replacement    )    File Nos. GO-2019-0115  
Surcharge in its Spire Missouri East    )                   GO-2019-0116  
Service Territory                            )

**RESPONSES OF SPIRE MISSOURI, INC. TO  
PUBLIC COUNSEL DATA REQUEST NOS. 8523 –  
8537**

Present below are the Responses of Spire Missouri, Inc. (“Spire” or “Company”) Data Request Nos 8523-8537 as submitted by the Office of the Public Counsel on February 26, 2019. These responses were prepared by or under the supervision of Wes Selinger.

**DATA REQUEST/RESPONSE.**

8523. Please provide all documentation that defines how overhead is determined and charged for each project claimed as ISRS eligible.

**Response: The Company is unclear of how to respond to this request because the definition of “overhead” is vague. There are a variety of types of overheads, including department clearings, mechanical equipment clearings, vehicle hours, pension and group insurance, and other indirect charges etc. This request needs to be more narrowly defined in order for the Company to answer in a meaningful way.**

8524. Please provide a narrative response as to why overhead costs on the projects claimed as ISRS eligible range between 50 to 60 percent of total project cost. Include a description of what, if any, safeguards Spire has put in place or are otherwise operational to detect and safeguard that overhead included in base rates is not being charged under ISRS rates.

**Response: The calculation of overheads allocated to capital projects is performed according to the Company’s accounting practices. To the extent that such overheads are capitalized, the capitalized portion is excluded from the O&M expense that is otherwise used to set rates in a rate case thereby ensuring there is no “double counting” of such costs.**

8525. Please provide a narrative response describing Spire’s “strategic replacement program” and setting forth the purpose for the replacements of mains as part of that strategic replacement program?

**Response: The word “strategic” is simply used to define a program where replacement**

work mandated by safety requirements is performed in the most orderly and efficient manner so that customers are charged less for the work performed and the utility services that it will enable the Company to provide. Please also see the testimony presented by the Company in August and September 2018 in several ISRS cases, including Case Nos. GO-2018-0309 and GO-2018-0310.

8526. Does the strategic replacement program result in an increased pressure system?

**Response:** It may or may not facilitate such a result depending on what facilities are being replaced, the existing pressure capabilities of the facilities being replaced, and other factors. It is typical that pressure is increased to allow for the use of smaller main, fewer regulator stations, and outside meters, all of which benefit the customer due to lower installation and operating costs.

8527. Please provide the plant in service and reserve balances separately for the cast iron mains, steel mains, and plastic mains for year end balances beginning with December 31, 2003 when the ISRS statute was passed through December 31, 2018.

**Response:** See the table below with the requested information for periods covered by the Company's current ISRS filings.

<b>Cast Iron Main - Plant and Reserve Balances</b>				
<u>Company</u>	<u>Plant Account</u>	<u>End Date</u>	<u>Plant Balance</u>	<u>Reserve Balance</u>
Missouri East	376200-Mains - Cast Iron	12/31/2017	\$ 22,637,731.68	\$ 1,362,636.12
Missouri East	376200-Mains - Cast Iron	12/31/2018	\$ 25,389,658.63	\$ (920,285.63)
Missouri West	376.20 - Mains - Cast Iron	12/31/2017	\$ 36,504,559.96	\$ 9,013,629.82
Missouri West	376.20 - Mains - Cast Iron	12/31/2018	\$ 36,559,010.24	\$ 7,627,215.96

<b>Steel Iron Main - Plant and Reserve Balances</b>				
<u>Company</u>	<u>Plant Account</u>	<u>End Date</u>	<u>Plant Balance</u>	<u>Reserve Balance</u>
Missouri East	376100-Mains - Steel	12/31/2017	\$ 237,714,137.00	\$ 140,021,977.68
Missouri East	376100-Mains - Steel	12/31/2018	\$ 237,514,163.87	\$ 140,154,562.04
Missouri West	376100-Mains - Steel	12/31/2017	\$ 235,536,551.58	\$ 106,426,963.22
Missouri West	376100-Mains - Steel	12/31/2018	\$ 235,446,129.69	\$ 104,420,483.46

<b>Plastic Main - Plant and Reserve Balances</b>				
<b>Company</b>	<b>Plant Account</b>	<b>End Date</b>	<b>Plant Balance</b>	<b>Reserve Balance</b>
Missouri East	376300-Mains - Plastic	12/31/2017	\$ 505,192,356.98	\$ 82,707,524.78
Missouri East	376300-Mains - Plastic	12/31/2018	\$ 564,354,114.30	\$ 86,389,474.42
Missouri West	376300-Mains - Plastic	12/31/2017	\$ 348,908,261.24	\$ 78,928,926.35
Missouri West	376300-Mains - Plastic	12/31/2018	\$ 456,716,558.39	\$ 83,194,534.16

8528. Please provide the plant in service and reserve balances separately for the cast iron service lines, steel service lines, copper service lines, and plastic service lines for year end balances beginning with December 31, 2003 when the ISRS statute was passed to December 31, 2018.

**Response: Please see the table below with the requested information for periods covered by the Company's current ISRS filings.**

<b>Company</b>	<b>Plant Account</b>	<b>Retirement Unit</b>	<b>End Date</b>	<b>Plant Balance</b>	<b>Reserve Balance</b>
Missouri East	380100-Services - Steel	Services - Steel	12/31/2017	\$ 39,035,497.59	\$ 36,682,552.05
Missouri East	380200-Services - Plastic & Copper	Services - Plastic	12/31/2017	\$ 668,233,454.33	\$ 246,575,432.48
Missouri East	380200-Services - Plastic & Copper	Services - Copper	12/31/2017	\$ 9,113,387.22	\$ 10,510,673.35
				\$ 716,382,339.14	\$ 293,768,657.88
Missouri East	380100-Services - Steel	Services - Steel	12/31/2018	\$ 39,189,716.83	\$ 36,333,748.94
Missouri East	380200-Services - Plastic & Copper	Services - Plastic	12/31/2018	\$ 701,649,399.62	\$ 253,830,369.97
Missouri East	380200-Services - Plastic & Copper	Services - Copper	12/31/2018	\$ 8,415,951.05	\$ 9,729,795.71
				\$ 749,255,067.50	\$ 299,893,914.62
Missouri West	380100-Services - Steel	Services - Steel	12/31/2017	\$ 7,227,631.00	\$ 5,141,249.00
Missouri West	380200-Services - Plastic & Copper	Services - Plastic	12/31/2017	\$ 414,769,703.65	\$ 217,468,288.43
Missouri West	380200-Services - Plastic & Copper	Services - Copper	12/31/2017	\$ -	\$ -
				\$ 421,997,334.65	\$ 222,609,537.43
Missouri West	380100-Services - Steel	Services - Steel	12/31/2018	\$ 7,090,114.69	\$ 4,632,875.20
Missouri West	380200-Services - Plastic & Copper	Services - Plastic	12/31/2018	\$ 439,085,067.74	\$ 219,149,209.78
Missouri West	380200-Services - Plastic & Copper	Services - Copper	12/31/2018	\$ -	\$ -
				\$ 446,175,182.43	\$ 223,782,084.98

8529. For each project please provide evidence of physical testing Spire used to determine mains and services were in worn out and/or deteriorated condition. If no testing was performed, please describe the process Spire used to determine that the mains or services being replaced were worn out and/or deteriorated?

**Response: Please see the Company's response to OPC DR 8519 in this proceeding.**

8530. Please provide a narrative description of what a service renewal is?

**Response: Generally speaking, a service renewal occurs when an existing service line is replaced with a new service line.**

8531. Please provide a narrative description of what a service transfer is?

**Response: Generally speaking, a service transfer occurs when an existing service line is “transferred” onto to a newly installed main.**

8532. Has Spire included as part of this ISRS application any costs associated with the moving of meters from inside of a residence to outside of a residence? If yes, please explain what is the nature of the costs included and please quantify their value.

**Response: As noted in the Company's response to DR 8526, the strategic replacement program typically involves the installation of smaller mains and an increase in system pressure, which in turn results in fewer regulator stations and more outside meters. The costs of these actions are taken into account in determining the net cost of replacing cast iron and unprotected steel mains under the Company’s strategic replacement program. Of course, moving inside meters to the outside of the customer’s premises has the added benefit of permitting meter inspections related to safety, billing or operational considerations to be undertaken without obtaining access to the premises. In the future, this will naturally result in lower costs and less inconvenience to customers. However, these indisputable future savings have not been included in the computation of the net cost to replace the cast iron and bare steel mains under the mandatory safety replacement programs**

8533. As part of this ISRS filing has Spire included costs for the installation of regulators at residences? If yes, please provide Spire’s authority for inclusion under this ISRS request.

**Response: The costs of the actual regulators are not included in the ISRS; however, the costs associated with reconnecting customers’ service lines will be included.**

8534. Please provide an average cost to run a new service line, install a new meter, and install a regulator at an individual residence.

**Response: The cost to renew a service and upgrade a meter can vary based on a wide variety of factors and assumptions; therefore, an average cost, such as that requested in this DR, cannot be calculated in any meaningful way without more specificity regarding which of the numerous possible configurations resulting from these factors and assumptions are being utilized.**

8535. Please provide all leak analysis or history on a project by project basis for all projects that are classified as strategic replacement.

**Response: The Company has generally plotted leak locations for MO East since approx. 2013 and for MO West since approx. 2015; however, the Company does not identify which specific main or service the leak is tied to. Please see the link below to the PHMSA annual report data. Follow the instructions to open the Gas Distribution Annual Data ZIP File under Related Links. This annual reporting information contains leak information for the Company. It should also be noted data for 2018 was sent to PHMSA recently and has not**

been uploaded.

<https://www.phmsa.dot.gov/data-and-statistics/pipeline/gas-distribution-gas-gathering-gas-transmission-hazardous-liquids>

8536. Please provide for 10 random projects with individual costs greater than \$25,000 in this ISRS request (excluding blanket work orders), all evidence in Spire's possession that the mains and services replaced were in worn out and deteriorated condition.

**Response: Other than facilities replaced because of relocations mandated by governmental entities, any replacements of plastic main were performed as part of a Commission mandated replacement programs or because of a leak, defect or other flaw, that was not the result of a third party action, that necessitated immediate replacement. This is precisely the type of work contemplated by the ISRS Statute and such facilities are, by definition, worn out or in a deteriorated condition. Furthermore, the engineering analyses provided by the Company of the various ISRS projects carried out under its replacement programs demonstrate that there is no cost associated with replacing rather than reusing any facilities, such as plastic, that may not be fully worn out or in a deteriorated condition, but instead a cost savings. The Company has provided multiple engineering analysis on all of its ISRS project with costs greater than \$25,000 that demonstrate this fact. Also please see the Company's responses to OPC DR's 8514 and 8519 in this proceeding.**

8537. Please identify, by work order number, each and every work order undertaken for the purpose of repairing leaks that were not designated as a blanket work order.

**Response: As discussed in the Company's application, such leak repairs would be customarily charged to a blanket work order so the Company has not accumulated information for leak repairs not charged to a blanket work order and does not believe that there would be any material level of such repairs.**