

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

In the Matter of the Application of Spire)	
Missouri, Inc. d/b/a Spire’s Request for)	
Authority to Implement a General Rate)	Case No. GR-2022-0179
Increase for Natural Gas Service Provided)	
In the Company’s Missouri Service Areas)	

**SPIRE MISSOURI’S NOTICE OF INTENT TO RESUME
CAPITALIZATION OF CERTAIN OVERHEADS**

COMES NOW Spire Missouri, Inc. d/b/a/ Spire (“Spire” or the “Company”), by and through counsel, and states the following:

1. In Case No. GR-2021-0108, the Missouri Public Service Commission (“Commission”) found that Spire was not properly capitalizing overheads. In its Amended Report and Order on November 12, 2022, the Commission ordered Spire to cease recovery of non-operational overheads until the Company demonstrated compliance with the Uniform System of Accounts (“USOA”). The Commission also directed Spire to perform an overhead capitalization study and directed the Staff of the Commission (“Staff”) to perform an audit to determine Spire’s compliance with the USOA.

2. For the recovery of overheads, the Commission ordered the following: non-operational overheads associated with plant additions to be recognized as used and useful after the effective date of the tariff sheets may be posted to a regulatory asset account; disallowed capitalized overheads as expenses are not recoverable outside a rate case test year, and any disallowed capitalized non-operational overheads as expenses that remain in the regulatory asset account through the test year, update or true-up period of Spire’s next rate case would be reviewed by the Commission during that rate case; and the Company’s overhead costs determined to be in

compliance with the USAO would be included in rate base at the first opportunity, whether in a rate case or an Instructure System Replacement Surcharge (“ISRS”) case.

3. Following the Commission’s order, Spire conducted the capitalization study with input from and review by Staff. This study was performed both internally and by a third-party consultant. In addition to collaborating with Staff throughout the audit process, Spire also discussed the process, shared the results of the studies, and conducted meetings with the Office of the Public Counsel (“OPC”). On March 18, 2022, Staff completed its audit and filed its report with a list of recommendations for the Commission to consider when authorizing Spire to resume capitalizing overheads.

4. In its response on March 28, 2022, Spire generally agreed with Staff’s recommendations, only requesting that the Commission issue an order giving the Company the accounting authority to defer costs associated with overheads to a regulatory asset.

5. On April 1, 2022 Spire filed the current rate case, Case No. GR-2022-0179, and, complying with the Commission’s Amended Report and Order, requested to resume capitalization of overheads in accordance with Staff’s recommendations and the results of the capitalization study and recover deferred overhead costs through a regulatory asset.

6. On April 13, 2022 the Commission granted Spire the authority to defer and book to a regulatory asset account the non-operational overheads associated with plant additions to be recognized as used and useful after December 23, 2021. Consistent with the Commission’s Amended Report and Order, the Commission ordered for the regulatory asset to be included in rate base, if appropriate, at the first of a rate or ISRS case. The Commission also ordered for any disallowed non-operational overheads that remain in the regulatory asset account through the test

year, update, or true-up period of the next rate case to be reviewed for the appropriate treatment during that rate case.

7. On June 3, 2022, Spire filed Case No. GO-2022-0339 to adjust its ISRS. In its report, Staff recognized that the Company had shown compliance with the USOA, there were construction costs associated with ISRS investments that were deferred to a regulatory asset between January 1, 2022 and June 30, 2022, and it was appropriate to include those costs in the ISRS rate base consistent with the Commission's Amended Report and Order. Spire agreed with Staff's recommendations and the two parties filed a stipulation to accept Staff's recommendations on September 21, 2022, which the OPC did not oppose.

8. In Staff's Direct Testimony, filed August 31, 2022, Staff Witness Matthew R. Young provided Staff's recommendations regarding Spire's capitalization of overheads. Staff recommends that Spire continue to defer to the regulatory asset the overheads that are related to construction and not recovered in rates through September 30, 2022 and resume capitalization of overheads to plant-in-service on October 1, 2022.

9. Spire agrees with Staff's recommendation to resume capitalization of overheads to plant-in-service on October 1, 2022, as the Company has shown its compliance with the USOA and adhered to the Commission's directions in the Amended Report and Order. Resuming on October 1 coincides with the Company's new fiscal year, which will reduce complexity in resuming capitalization and effectuating the changes recommended by Staff and agreed to by Spire in Case No. GR-2021-0108. This will also benefit customers as overhead costs will no longer be deferred into the regulatory asset, and instead be capitalized using the appropriate percentages agreed on by Staff and the Company after the Commission ordered study and audit.

10. Spire has communicated with both Staff and the Office of the Public Counsel regarding its intention to resume capitalization of agreed overheads as supported by Staff's audit and the Company's overheads study. These parties do not oppose Spire's decision to resume capitalizing overheads as of October 1, 2022.

WHEREFORE Spire respectfully requests that the Commission accept this notice to resume capitalization of overheads to plant-in-service on October 1, 2022 and provide its approval of Staff's recommendation and Spire's decision.

Respectfully submitted,



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ATTORNEYS FOR SPIRE MISSOURI, INC

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail to all counsel of record on this 30th day of September, 2022.

/s/ 

Matt Aplington