

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

In the Matter of the Application of Spire)	
Missouri, Inc. d/b/a Spire to Change its)	
Infrastructure System Replacement)	Case No. GO-2022-0339
Surcharge in its Spire Missouri East and)	
West Service Territories)	

**SPIRE MISSOURI’S RESPONSE TO
STAFF RECOMMENDATION**

Spire Missouri, Inc. (“Spire Missouri or “the Company”) respectfully submits this Response to the Recommendation of the Staff of the Public Service Commission (“Staff”) as follows:

1. Spire Missouri submitted its Verified Application and Petition to Change its Infrastructure System Replacement Surcharge for its Spire Missouri East and West Service Territories and Request for Waiver from 60-Day Notice Rule (“Application”) on June 3, 2022.
2. On June 6, 2022, the Public Service Commission (“Commission”) ordered its Staff to evaluate Spire Missouri’s Application and report its findings in a filed recommendation by September 1, 2022. The Commission also directed the Office of the Public Counsel (“OPC”) and any other party to file any objection to Spire Missouri’s Application or request for a hearing by September 1, 2022.
3. Spire Missouri thereafter updated its Infrastructure System Replacement Surcharge (“ISRS”) revenue calculations by filing updated appendices on July 29, 2022. The updated appendices account for qualifying replacement projects through June 30, 2022.
4. Staff filed its Staff Recommendation on September 1, 2022, and no party filed an objection or requested a hearing.

5. Staff recommends that the Infrastructure System Replacement Surcharge (“ISRS”) revenue requirements be increased by \$4,087,972 and \$6,393,116 for Spire Missouri East and Spire Missouri West, respectively.

6. Staff also reviewed Spire Missouri’s derivation of ISRS-eligible costs from blanket work orders and treatment of capitalized overheads. Staff recommends that the Commission not disallow any costs related to blanket work orders or capitalized overheads, and Spire Missouri agrees with these conclusions.

7. In addition, Staff’s Recommendation details Staff’s audit of Spire Missouri’s contractor prequalification procedures under Section 393.1012, RSMo. Staff confirmed that Spire Missouri has established a prequalification process for third-party contractors to offer bids to perform ISRS-eligible projects and has otherwise complied with all relevant statutory requirements. The Company agrees with Staff’s analysis of Spire Missouri’s contractor prequalification process.

8. Staff’s Recommendation also discusses the status of the Company’s capitalization of certain non-operational overhead costs. Staff concludes that the Commission has allowed for overheads that are related to ISRS projects to be included in the ISRS rate base once Spire Missouri has shown its compliance with the USOA. Because Spire Missouri has since demonstrated compliance with the USOA through time studies and has adjusted its capitalization rates accordingly, Staff added the authorized capital overhead costs to Spire Missouri’s ISRS plant in this case. The Company agrees with this conclusion and approach.

9. Staff’s recommended revenue calculations are overall lower than Spire Missouri’s figures. Spire Missouri’s Application proposes to increase Spire Missouri East’s ISRS revenue requirement by \$4,060,811 and Spire Missouri West’s by \$7,846,268. The Company’s updated

appendices calculate that the necessary ISRS revenue adjustments are \$4,683,275 and \$6,948,258 for Spire Missouri East and Spire Missouri West, respectively.

10. The difference between Staff and the Company's figures appears to be a result of disparities in accumulated depreciation and deferred income taxes.

11. Although the Company does not fully agree with Staff's revenue requirement calculation, because the differences between the two parties' final numbers are minor, and because the parties are each involved in numerous other ongoing cases before the Commission, Spire Missouri is willing to accept Staff's recommendations and resolve this docket on that basis.

12. As the Company is accepting Staff's recommendation, Spire Missouri believes September 15, 2022, is an appropriate and feasible date for filing either a joint stipulation to resolve this case, or status report regarding the same.

WHEREFORE, Spire Missouri submits this Response and requests that the Commission allow the parties until September 15, 2022 to file a joint stipulation resolving this docket, or a status report regarding the status of a potential stipulation.

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 8th day of September, 2022.

/s/ Matthew Aplington

Matthew Aplington