

**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-2019-0356**
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-2019-0357**
Replacement Surcharge in its Spire Missouri)
West Service Territory)

STIPULATION AND AGREEMENT REGARDING INCOME TAX ISSUE

COME NOW Spire Missouri Inc., on behalf of itself and its two operating units, Spire East and Spire West (the “Company” or “Spire”), and the Staff of the Missouri Public Service Commission (“Staff”), and for their Stipulation and Agreement Regarding Income Tax Issue (“Stipulation”), respectfully state as follows:

1. On July 15, 2019, Spire filed applications to change its ISRS for both its Spire East and Spire West service territories, and updated the applications on September 11, 2019. On September 18, 2019, the Commission issued a procedural order requiring a list of issues to be filed by September 30, 2019 which Staff did.

2. Issue C on the issues list stated as follows: “How should income taxes be calculated for purposes of developing the ISRS revenue requirement in these cases?” The parties believe they have reached a resolution of Issue C, the terms of which are contained herein.

3. Accordingly, the Signatories agree that, for purposes of these cases, the revenue requirement before grossing up for taxes will be reduced to reflect a tax deduction related to interest expense. The interest expense deduction will be calculated by multiplying the approved ISRS rate base by the Company’s cost of debt from its last general rate proceedings (1.89%). After accounting for the interest deduction, the revenue requirement will be multiplied by the

marginal income tax rate. At that point, the tax gross up will be split 52%/48% with 52% of the tax gross up included in the Company's total ISRS revenue requirement. Should the UOI change as a result of an agreed revision or Commission order, income taxes will be adjusted accordingly using the same methodology.

GENERAL PROVISIONS

4. This Stipulation is being entered into solely for the purpose of settling the issue explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

5. This Stipulation is a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Stipulation, or in any way condition its approval of same. No Signatory shall assert the terms of this agreement as a precedent in any future proceeding.

6. This Stipulation has resulted from negotiations among the parties to this case, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

7. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issue addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

8. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

9. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

10. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §386.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to

the issue resolved herein. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

11. OPC and the City of St. Joseph has reviewed this Stipulation and has agreed not to oppose it.

WHEREFORE, the Signatories respectfully request that the Commission issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Goldie T. Bockstruck

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**ATTORNEYS FOR THE MISSOURI
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ATTORNEYS FOR SPIRE MISSOURI INC.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 2nd day of October, 2019.

/s/ Goldie T. Bockstruck _____