

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 12th day of November, 2020.

In the Matter of the Application of Spire Missouri Inc. d/b/a Spire to Change its Infrastructure System Replacement Surcharge in its Spire Missouri East Service Territory)
) **File No. GO-2021-0030**
) Tariff No. YG-2021-0020
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In the Matter of the Application of Spire Missouri Inc. d/b/a Spire to Change its Infrastructure System Replacement Surcharge in its Spire Missouri West Service Territory)
) **File No. GO-2021-0031**
) Tariff No. YG-2021-0021
)
)

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: November 12, 2020

Effective Date: November 22, 2020

On August 4, 2020, Spire Missouri Inc., (Spire) filed applications with the Missouri Public Service Commission pursuant to Sections 393.1009, 393.1012, and 393.1015, RSMo., and Commission Rules 20 CSR 4240-2.060, 20 CSR 4240-2.080, and 20 CSR 4240-3.265, requesting that the Commission authorize changes to the Spire Missouri East and Spire Missouri West Infrastructure System Replacement Surcharges (ISRS). Spire Missouri East's application requests an adjustment to its ISRS rate schedule that provides for the recovery of ISRS-eligible infrastructure system costs incurred during the period March 1, 2020, through August 31, 2020, and pro forma ISRS costs for the months of July and August 2020. Spire Missouri West's application requests an adjustment to its rates and charges to reflect the annual reconciliation of the difference between the

revenues resulting from its ISRS and the appropriate pretax revenues for the period October 8, 2018 through June 30, 2020. Spire also filed tariff revisions (assigned Tariff Nos. YG-2021-0020 and YG-2021-0021) to implement those adjustments for Spire Missouri East and Spire Missouri West. So that the Commission had adequate time to consider the applications and the tariff sheets, the Commission suspended those tariff sheets until December 2, 2020.¹

Spire also seeks a waiver of the Commission's 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D). In support thereof, Spire certifies that it has had no communication with the office of the Commission regarding any substantive issue likely to be in this case during the preceding 150 days.

The Commission directed notice and established an intervention deadline. The Commission granted intervention to the Missouri School Boards' Association (MSBA). The Staff of the Missouri Public Service Commission (Staff) filed a recommendation on October 2, 2020, that the Commission reject Spire's revised tariff sheets in both files. Staff recommended that the Commission approve Staff's proposed incremental pre-tax revenue amount of \$3,456,165, with a total current and cumulative ISRS surcharge of \$22,289,633 for Spire Missouri East. Staff recommended that the Commission approve Spire's proposal to adjust its rates and charges to reconcile an under-recovery of \$1,788,274 for Spire Missouri West. Spire and OPC filed responses to Staff's recommendations that partially disagreed with Staff's recommendation.

¹ Section 393.1015.2(3), RSMo, requires the Commission to issue an order to become effective not later than 120 days after the petition is filed. This requirement was amended to 180 days effective August 28, 2020.

None of the responses requested an evidentiary hearing, so a procedural conference was held on October 20, 2020, to determine the need for a procedural schedule and evidentiary hearing. At the procedural conference, the parties stated that no hearing was requested because they anticipated being able to timely reach an agreement. The Commission ordered the parties to file an agreement, a status report, or a procedural schedule by October 23, 2020.

On October 23, 2020, Spire, Staff, and the Office of the Public Counsel (OPC) (collectively “Signatories”) filed their *Unanimous Stipulation and Agreement* purporting to resolve the issues between the Signatories in both files. MSBA was not a signatory to the *Unanimous Stipulation and Agreement*, but authorized the Signatories to represent that it does not object to the Stipulation and Agreement. Where all parties are not signatories to a stipulation and agreement, Commission Rule 20 CSR 4240-2-115(2) allows seven days to object to the stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a unanimous stipulation and agreement. More than seven days have passed since the stipulation and agreement was filed, and no party has objected. Therefore, the Commission will treat the stipulation and agreement as a unanimous.

The Stipulation

The Signatories agree that the Commission should issue an order approving the *Unanimous Stipulation and Agreement*, which authorizes an ISRS revenue requirement of \$5,162,400 for Spire East and an ISRS revenue requirement of \$1,788,274 for Spire West.² That revenue requirement would be allocated to the rate classes according to the

² Subject to specific terms contained in paragraphs three, four, and five of the *Unanimous Stipulation and Agreement*.

rate design described in Staff's October 2, 2020 Memorandum.³ The tax treatment detailed in the *Unanimous Stipulation and Agreement* is the same as the Commission approved in Spire's previous ISRS filings in File Nos. GO-2020-0229 and GO-2020-0230.⁴

In Spire's earlier ISRS proceedings, File Nos. GO-2019-0356 and GO-2019-0357, OPC challenged whether there was a state or federal mandate requiring the replacement of bare steel pipes to which cathodic protection was applied. The Western District Appellate Court of Appeals has since issued an opinion upholding the Commission's order. However, OPC may appeal that decision. The *Unanimous Stipulation and Agreement* provides that the treatment of the cathodic treated bare steel in this case shall be consistent with any final unappealable decision in File Nos. GO-2019-0356 and GO-2019-0357. If OPC is successful in its appeal, and the case is remanded without specific instructions regarding how a refund is to be made, the *Unanimous Stipulation and Agreement* provides that it shall be made in the same manner as temporary rate adjustments described in Section 386.520.2(2) RSMo. The Signatories agree that any refund shall be made regardless of the occurrence of a rate case occurring between this Commission order and a final appellate decision, and they each retain the right to request the Commission issue an order or hold an evidentiary hearing to determine the proper amount of any refund.

The Signatories have agreed to not address issues regarding the application of the \$15 million credit resulting from the remand of File Nos. GO-2016-0332, GO-2016-0333,

³ ISRS rates by class are attached to the *Unanimous Stipulation and Agreement*.

⁴ File Nos. GO-2020-0229 and GO-2020-0230, *Order Approving Stipulation and Agreement*, Issued May 13, 2020.

GO-2017-0201, GO-2017-0202, GO2018-0309 and GO-2018-0310, which was applied August 2020, in this proceeding. The *Unanimous Stipulation and Agreement* states that this issue may be raised in Spire Missouri's next general rate case proceeding or a subsequent ISRS filing.

After reviewing the *Unanimous Stipulation and Agreement*, the Commission finds that it is a reasonable resolution of the issues contained therein and should be approved. Based on the verified declaration that Spire has had no communication with the Commission in the prior 150 days regarding any substantive issues in this case, the Commission will grant the requested 60-day waiver. The Commission additionally finds there is good cause to make this order effective on November 22, 2020, to conform with the *Unanimous Stipulation and Agreement's* requirement that resulting rates are effective no later than December 2, 2020. The Commission rejects the tariff sheets filed by Spire and will order it submit tariff sheets conforming to the *Unanimous Stipulation and Agreement* approved in this order along with any request for expedited treatment.

THE COMMISSION ORDERS THAT:

1. Spire's request for waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D) is granted.
2. The *Unanimous Stipulation and Agreement* filed on October 23, 2020, is approved. The Signatories are ordered to comply with its terms. A copy of the *Unanimous Stipulation and Agreement* is attached to this order and incorporated by reference.
3. The tariff sheets filed on August 4, 2020, by Spire assigned Tariff Nos. YG-2021-0020 and YG-2021-0021, are rejected.

4. Spire shall file tariff sheets conforming with the *Unanimous Stipulation and Agreement* approved by this order, along with any request for expedited treatment, no later than November 13, 2020.

5. Staff shall file a statement regarding Spire's compliance tariffs no later than November 16, 2020, at 4:00 p.m.

6. This order shall be effective on November 22, 2020.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and
Holsman CC., concur.

Clark, Regulatory Law Judge