

Exhibit No. 147

Exhibit No.:
Issues: *True-up Plant-In-Service*
Witness: *Karen Lyons*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *True-Up Rebuttal Testimony*
Case Nos.: *GR-2021-0108*
Date Testimony Prepared: *August 16, 2021*

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL AND BUSINESS ANALYSIS DIVISION
AUDITING DEPARTMENT

TRUE-UP REBUTTAL TESTIMONY
OF
KAREN LYONS

SPIRE MISSOURI, INC., d/b/a SPIRE
SPIRE EAST and SPIRE WEST
GENERAL RATE CASE

CASE NO GR-2021-0108

Jefferson City, Missouri
August 2021

1 **TRUE-UP REBUTTAL TESTIMONY**

2 **OF**

3 **KAREN LYONS**

4 **SPIRE MISSOURI, INC., d/b/a SPIRE**

5 **SPIRE EAST and SPIRE WEST**
6 **GENERAL RATE CASE**

7 **CASE NO. GR-2021-0108**

8 Q. Please state your name, employment position, and business address.

9 A. Karen Lyons, Utility Regulatory Supervisor with the Missouri Public
10 Service Commission (“Commission” or “PSC”), Fletcher Daniels State Office Building,
11 615 East 13th Street, Kansas City, Missouri 64106.

12 Q. Are you the same Karen Lyons who has previously provided testimony in
13 this case?

14 A. Yes. I filed direct, rebuttal, surrebuttal, and true-up direct testimony. I also
15 contributed to Staff’s Costs of Service Report (COS Report).

16 Q. Please summarize your true-up rebuttal testimony.

17 A. My true-up rebuttal testimony addresses Staff’s concern with the level of plant
18 additions Spire placed in service through the end of true up period, May 31, 2021. Specifically,
19 I will address the perceived process utilized by Spire to close as many workorders as possible
20 through May 31, 2021.¹ I will also address Staff’s true-up reconciliation.

21 Q. Please explain Staff’s concern with the perceived process Spire used to close
22 workorders through the true-up period May 31, 2021?

¹ Case No. GR-2021-0108, Karen Lyons True-Up Direct Testimony, page 4, lines 6-16.

True-Up Rebuttal Testimony of
Karen Lyons

1 A. As discussed in my true-up direct testimony, Staff met with Spire personnel on
2 June 29, 2021, to discuss the significant plant additions placed in-service through May 31, 2021,
3 for Spire East and Spire West. During this meeting Staff learned that Spire had a Company
4 initiative to close as many workorders as possible through May 31, 2021. Based on this
5 meeting, it was Staff's understanding that construction crews were transferred from projects
6 that would not be finished by May 31, 2021, to other projects that could be completed by
7 May 31, 2021. Staff was concerned about the potential impact to the customers for the projects
8 that were suspended and additional costs that Spire incurred as a result of this Company
9 initiative.

10 Q. After filing true-up direct testimony, did Staff obtain a better understanding of
11 Spire's process for closing workorders for the true-up in this case?

12 A. Yes. Staff submitted additional data requests and had additional discussions
13 with Spire personnel on this topic. In Spire's last general rate cases, Case Nos. GR-2017-0215
14 and GR-2017-0216, Spire completed projects at or before the true-up cut-off date but the
15 projects were not closed in its asset management system as of that date. As a result, the costs
16 associated with the projects were not included in Spire's cost of service in that case.² To avoid
17 this scenario in the current rate case, Spire chose to prioritize closing out projects in its asset
18 management system through the end of the true-up period, May 31, 2021.

19 Q. Does Spire's response to the data requests and discussions with Spire personnel
20 alleviate Staff's concerns with the potential delay in closing large capital projects, specifically
21 Infrastructure System Replacement Surcharge ("ISRS") projects?

² Case No. GR-2021-0108, Staff Data Request 0494, Schedule KL-tr1

True-Up Rebuttal Testimony of
Karen Lyons

1 A. No. Staff is not questioning the completion of legitimate capital projects through
2 the true-up, May 31, 2021, or the revenue requirement associated with these projects. Staff is
3 however concerned about the potential delay in completing large capital ISRS projects that were
4 suspended for a period of time and possible increased costs as a result of the delay.

5 Q. Did Spire incur additional costs related to their true-up process?

6 A. Spire did not incur any measurable increase in costs related to closing projects
7 in its asset management system.³ If ISRS projects were delayed due to Spire's true-up process,
8 it is possible that Spire incurred additional ISRS-related costs as a result of the delay.

9 Q. Is Staff proposing an adjustment for this issue to Spire East's and Spire West's
10 plant-in-service in this case?

11 A. No. Staff's concerns relate to ISRS projects that will likely be included in
12 Spire East's and Spire West's next ISRS filing. Staff will continue to review the ISRS capital
13 projects in Spire's ISRS filing following this rate case.

14 Q. Has Staff completed a true-up reconciliation?

15 A. Yes. Attached to this testimony as Schedule KL-tr2 is Staff's true-up
16 reconciliation for Spire East and Spire West.

17 Q. Does this conclude your true-up direct testimony?

18 A. Yes, it does.

³ Case No. GR-2021-0108, Staff Data Request 0494, Schedule KL-tr1.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Spire Missouri Inc.'s d/b/a)
Spire Request for Authority to Implement a)
General Rate Increase for Natural Gas Service)
Provided in the Company's Missouri Service)
Areas)

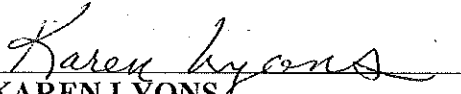
Case No. GR-2021-0108

AFFIDAVIT OF KAREN LYONS

STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss.

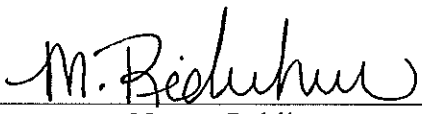
COMES NOW KAREN LYONS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *True-Up Rebuttal Testimony*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


KAREN LYONS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 16th day of August, 2021.


Notary Public



M. RIDENHOUR
My Commission Expires
July 22, 2023
Platte County
Commission #19603483

Missouri Public Service Commission

Respond Data Request

Data Request No.	0494
Company Name	Spire-Investor(Gas)
Case/Tracking No.	GR-2021-0108
Date Requested	8/2/2021
Issue	General Information & Miscellaneous - Other General Info & Misc.
Requested From	Lew Keathley
Requested By	Kevin Thompson
Brief Description	True Up Plant additions
Description	Reference meeting held on June 29, 2021 with Spire representatives to discuss plant additions. It is Staff's understanding that Spire shifted construction crews to other construction projects so that projects could be completed by the May 31, 2021 true up period. 1. Did Spire incur any additional overtime during its Company initiative to close as many workorders through May 31, 2021. If so, provide the amount of overtime Spire incurred for this initiative. Did Spire incur any other additional costs as a result of this initiative? Requested from Karen Lyons, (Karen.lyons@psc.mo.gov).
Response	Please see the attached.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **GR-2021-0108** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Spire-Investor(Gas)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Spire-Investor(Gas)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security :	Public
Rationale :	NA

**Spire Missouri
GR-2021-0108**

Response to Staff Data Request 0494

Reference meeting held on June 29, 2021 with Spire representatives to discuss plant additions. It is Staff's understanding that Spire shifted construction crews to other construction projects so that projects could be completed by the May 31, 2021 true up period. 1. Did Spire incur any additional overtime during its Company initiative to close as many workorders through May 31, 2021. If so, provide the amount of overtime Spire incurred for this initiative. Did Spire incur any other additional costs as a result of this initiative?

Karen Lyons (karen.lyons@psc.mo.gov)

Response

Spire did not incur any measurable increase in costs through additional overtime or for other reasons as part of the focus of getting projects completed. The operational practices undertaken during this time period were consistent with what has done in the past, specifically leading to similar filings such as ISRS.

The Company recalls discussing with Staff lessons learned from its last rate case, in which many completed projects could have been closed out during the true-up period without additional field work, but were not timely closed out in our asset management systems. The Company attempted not to repeat this scenario in relation to this rate case.

Signed: Michelle Antrainer

**Spire Missouri EAST
GR-2021-0108**

Revenue Requirement Reconciliation - TRUE UP
Staff Revenue Requirement - Filed August 6, 2021
Company Revenue Requirement - Filed August 6, 2021

Line No.			
1	Company Revenue Requirement TRUE UP		\$ 54,879,118
2			
3	MOPSC Staff Issue Values		
4	Rate of Return & Capital Structure		
5	Value of Capital Structure Issue - Staff / Company	(41,767)	
6	Capital Structure & Cost of Debt Impact on Interest Expense Deduction (Interest Expense Deduction Difference attributable to Capital Structure & Cost of Debt Differences)	(328,788)	
7			
8	Total value of Capital Structure Issue - Staff / Company		(370,554)
9	Revenue Requirement Value of Return on Equity (Staff - 9.37% / Spire - 9.95%)		(6,578,235)
10			(6,578,235)
11	Sub-Total Rate of Return and Capital Structure Differences		(6,948,789)
12			
13	Expense Issues:		
14	Annualize Depreciation Expense		(4,324,999)
15			
16	Total value of all other differences not at issue		(14,067,912)
17			
18	Staff Revenue Requirement TRUE UP*		\$ 29,537,418
19	*Does not include the value of settlements not approved by the Commission		
20			
21	Office of the Public Counsel Issue Values		
22	Value of Capital Structure Issue - Staff / OPC	(16,138,405)	
23	Capital Structure & Cost of Debt Impact on Interest Expense Deduction (Interest Expense Deduction Difference attributable to Capital Structure & Cost of Debt Differences)	469,953	
24			
25	Total value of Capital Structure Issue - Staff / OPC		(15,668,452)
26	Return on Equity - OPC - 9.25%		(1,408,049)
27	Sub-Total Rate of Return and Capital Structure Differences		(17,076,501)
28			
29	Depreciation Expense (Robinette)		8,867,103
30	Affiliate Transactions (Schallenberg) TOTAL SPIRE EAST AND WEST		(65,733,945)
31	Net Operating Loss Carryforward (Riley)		(3,243,880)
32	Cash Working Capital (Riley)		(1,552,327)
33	Incentive Compensation (Schallenberg)		(2,839,771)
34	Office of the Public Counsel - No Base Rate Increase		\$ -

Spire Missouri WEST

GR-2021-0108

Revenue Requirement Reconciliation - TRUE UP

Staff Revenue Requirement - Filed August 6, 2021

Company Revenue Requirement - Filed August 6, 2021

Line No.

1	Company Revenue Requirement TRUE UP		\$ 79,009,038
2			
3	MOPSC Staff Issue Values		
4	Rate of Return & Capital Structure		
5	Value of Capital Structure Issue - Staff / Company	(34,934)	
6	Capital Structure & Cost of Debt Impact on Interest Expense Deduction (Interest Expense Deduction Difference attributable to Capital Structure & Cost of Debt Differences)	263,200	
7			
8	Total value of Capital Structure Issue - Staff / Company		228,266
9	Revenue Requirement Value of Return on Equity (Staff - 9.37% / Spire - 9.95%)		(5,502,044)
10			<hr/>
11	Sub-Total Rate of Return and Capital Structure Differences		(5,273,778)
12			
13	Rate Base Issues :		
14	Remove Smart Meters		(306,775)
15	Expense Issues:		
16	Annualize Depreciation Expense		(2,916,142)
17			
18	Total value of all other differences not at issue		\$ (14,277,528)
19			
20	Staff Revenue Requirement TRUE UP*		\$ 56,234,814
21	*Does not include the value of settlements not approved by the Commission		
22			
23	Office of the Public Counsel Issue Values		
24	Value of Capital Structure Issue - Staff / OPC	(12,576,110)	
25	Capital Structure & Cost of Debt Impact on Interest Expense Deduction (Interest Expense Deduction Difference attributable to Capital Structure & Cost of Debt Differences)	366,218	
26			
27	Total value of Capital Structure Issue - Staff / OPC		(12,209,891)
28	Return on Equity - OPC - 9.25%		(1,097,244)
29	Sub-Total Rate of Return and Capital Structure Differences		(13,307,136)
30			
31	Depreciation Expense (Robinette)		7,972,873
32	Affiliate Transactions (Schallenberg) TOTAL SPIRE EAST AND WEST		(65,733,945)
33	Net Operating Loss Carryforward (Riley)		(2,165,549)
34	Cash Working Capital (Riley)		(1,768,042)
35	Incentive Compensation (Schallenberg)		(1,513,303)
36	Office of the Public Counsel - No Base Rate Increase		\$ -