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Witness:	Trisha E. Lavin
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Spire Missouri Inc.
Case Nos.:	GO-2024-
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SPIRE MISSOURI INC.

GO-2024-

DIRECT TESTIMONY

OF

TRISHA E. LAVIN

JANUARY 17, 2024

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DIRECT TESTIMONY OF TRISHA LAVIN

Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A: My name is Trisha E. Lavin and my business address is 700 Market St., St. Louis, Missouri, 63101.

Q: WHAT IS YOUR PRESENT POSITION?

A: I am presently employed as a Senior Regulatory Analyst at Spire Missouri Inc. (“Spire” or the “Company”).

Q: PLEASE STATE HOW LONG YOU HAVE HELD YOUR POSITION AND BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.

A: I have been in my current position since September 2022. In my position, I am responsible for assisting in many facets of regulatory research, planning, and modeling. I assist in the preparation of Spire’s, and its Spire East and Spire West operating units, regulatory mechanisms, including but not limited to the Company’s Infrastructure System Replacement Surcharge (“ISRS”) filings.

Q: WHAT WAS YOUR EXPERIENCE PRIOR TO ASSUMING YOUR CURRENT POSITION WITH THE COMPANY?

A: I joined Spire as a Regulatory Analyst in 2018 and prior to that I obtained a bachelor’s degree of economics with a minor in international studies from the University of Illinois-Springfield in 2017 and received my master’s degree of political science from the same institution in 2019. During the master’s program I was a graduate assistant to the Director of the Center for Business and Regulation within the College of Business and Management. In this role, I undertook regulatory research to further understand the relationship between regulators and businesses, as well as assisted in hosting the American Gas Association Rate Schools in Chicago, Illinois for both the introductory and advanced courses.

Q: HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”)?

A: Yes. I filed testimony in Case No. GR-2021-0108, GO-2022-0171, GO-2023-0203 and GO-2023-0432.

PURPOSE

Q: WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A: The purpose of my Direct Testimony is to sponsor Spire Missouri’s ISRS application and supporting appendices and to provide a general overview of the Company’s ISRS requests for its Spire East and Spire West operating units and brief discussion on the Company’s competitive bidding process for replacements performed by contractors, handling of incremental costs, capitalization of overheads, and how the Engineering software upgrade impacts the Company’s work order drawings.

FILING OVERVIEW AND APPENDICES

Q: PLEASE PROVIDE A DESCRIPTION OF THE COMPANY’S REQUESTS IN THIS PROCEEDING.

A: The ISRS statutes allow the Company to recover all costs associated with its ISRS eligible projects that help enhance the safety and reliability of our system, including, under Section 393.1009(5) RSMo.,

“any cast iron or steel facilities including any connected or associated facilities that, regardless of their material, age, or condition, are replaced as part of a qualifying replacement project in a manner that adds no incremental cost to a project compared to tying into or reusing existing facilities.”

In this case, Spire is requesting recovery of the revenue requirements related to ISRS eligible capital investments made from September 1, 2023, through February 28, 2024. In the Company’s most recent rate case, Case No. GR-2022-0179, the Commission approved

a Full Unanimous Stipulation and Agreement (“Stipulation”) that included an agreement that there will be a single Spire Missouri Inc. ISRS rate cap, even though the Company will maintain two separate ISRS rates for its Spire East and Spire West operating units.

Therefore, pursuant to that Stipulation, Spire East’s revenue requirement in this proceeding, including the *pro forma* months of January 2024 and February 2024 is \$6,474,584, and Spire’s West revenue requirement in this proceeding, including the *pro forma* months of January 2024 and February 2024, is \$10,839,791. Spire will update the revenue requirements when actual costs for January and February 2024 are available.

Q: PLEASE DESCRIBE THE WORKPAPERS AND APPENDICES THE COMPANY HAS PROVIDED IN SUPPORT OF ITS APPLICATION IN THIS CASE.

A: The Company’s current filing consists of the supporting appendices and schedules for both Spire East and Spire West. Additionally, concurrently with this filing, Spire is providing Staff and OPC with documentation supporting mandated relocations, work order authorization sheets for all ISRS eligible projects included in the filing, Engineering cost analyses and drawings, and models detailing investments captured under blanket work orders for both Spire East and Spire West.

COMPETITIVE BIDDING PROCESS

Q: WHAT ARE THE ISRS COMPETITIVE BIDDING REQUIREMENTS?

A: Section 393,1012.4 requires that in order for a gas corporation to establish or change an ISRS, it must have developed and filed a pre-qualification process for contractors seeking to participate in competitive bidding to install ISRS-eligible plant. In addition, this section requires that a gas corporation use, “...competitive bidding process for no less than twenty-

five (25) percent of the combined external installation expenditures made by the gas corporation's operating units in Missouri.”

Q: DOES THE COMPANY HAVE A PRE-QUALIFICATION PROCESS IN PLACE?

A: Yes. Spire developed and filed its pre-qualification process for contractors with the Commission on April 29, 2021, in Case No. GO-2021-0382.

Q: HAS THE COMPANY COMPETITIVELY BID NO LESS THAN TWENTY-FIVE PERCENT OF ITS COMBINED EXTERNAL INSTALLATION EXPENDITURES FOR ITS ISRS ELIGIBLE PROJECTS?

A: Yes.

Q: PLEASE BRIEFLY DESCRIBE HOW THE COMPANY DETERMINED THAT IT MET THE TWENTY-FIVE PERCENT THRESHOLD?

A: The Company's West service territory uses contractors for ISRS installations, while its East service territory does not. Therefore, all calculations surrounding the twenty-five percent threshold is solely based on Spire West. All ISRS projects for Spire Missouri West that are completed utilizing a contractor for installation are tracked by Operations Analytics. Those projects are then identified as Competitive Bid projects or non-bid projects. The Competitive Bid project bucket total is then divided by the total installation bucket which results in the Competitively Bid percentage. This calculation is detailed in Schedule TEL-D1 of my testimony.

INCREMENTAL COSTS

Q: HOW IS THE COMPANY TREATING INCREMENTAL COSTS IN THIS FILING?

A: Spire is remaining consistent in the treatment of incremental costs. As with the four previous ISRS filings, after the Engineering Department finishes its analyses, the information is sent to the Regulatory Department. The Regulatory Team then reviews the information provided, and if the analyses show incremental costs are associated with the replacement of the interspersed facilities, that incremental cost is then removed from the ISRS application and recovery is not sought on that incremental piece.

Q: PLEASE PROVIDE A BRIEF EXAMPLE.

A: Assume a particular project costs \$100 and the Company's engineering cost analysis for that project indicates that the Company's replacement approach is \$10 more than using existing facilities, thus making the total project cost \$110. That \$10 would then be considered an incremental cost and would be backed out and not included in the ISRS application. Only the \$100 of the addition amount would be included for recovery.

CAPITALIZATION OF OVERHEADS

Q. HOW IS THE COMPANY TREATING OVERHEADS IN THIS FILING?

A. As part of the Full Unanimous Stipulation and Agreement from Case No. GR-2022-0179, Spire and other parties agreed to regulatory treatment of the under recovered overhead amounts. Effective October 1, 2022, the Company resumed capitalization of overheads consistent with the rates approved in Staff's Audit Report relating to Case No. GR-2021-0108.

ENGINEERING SOFTWARE UPGRADE IMPACT

Q: WHAT IS THE NEW SOFTWARE BEING UTILIZED BY THE COMPANY?

A: Spire upgraded its GIS platform from ArcGIS to ArcPro mid-2023. This upgrade allowed the Company to standardize construction drawings across all service areas.

Q: HOW DOES THIS NEW SOFTWARE IMPACT THE COMPANY'S ISRS FILINGS?

A: With each filing the Company submits project drawings from the Engineering department that aid in the Company's incremental cost calculation and adjustment. The new software changed how the information depicted in the drawings is displayed. The changes are minimal, but some key differences with the new template include the colors associated with existing asset material, and the proposed main is now depicted as a black line. However, all work order drawings can still be tied back to more detail provided in the Company's work order Authorization Sheets.

Q: DID THE COMPANY INFORM STAFF OF THESE CHANGES PRIOR TO THIS CURRENT FILING?

A: Yes.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

	Sep-Dec	Jan	Feb	Total
Competitively Bid	3,120,282	3,011,826	10,753,791	16,885,899
Total Contractor	14,357,630	8,001,079	17,178,841	39,537,550
Competitively Bid %	21.7%	37.6%	62.6%	42.7%

*Assumes contractor payroll is charged to 1702 - Professional Services - Pipeline Management - Construction