

Exhibit No. 27

Exhibit No:	_____
Issue:	Cash Working Capital
Witness:	Timothy S. Lyons
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Spire Missouri Inc.
Case No:	GR-2021-0108
Testimony Date:	June 17, 2021

SPIRE MISSOURI INC.

CASE NO. GR-2021-0108

REBUTTAL TESTIMONY

REVENUE REQUIREMENT

OF

TIMOTHY S. LYONS

JUNE 17, 2021

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1 **REBUTTAL TESTIMONY OF TIMOTHY S. LYONS**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
3 **ADDRESS.**

4 A. My name is Timothy S. Lyons. I am a Partner at ScottMadden, Inc. My business
5 address is 1900 West Park Drive, Suite 250, Westborough, Massachusetts 01581.

6 **Q. ARE YOU THE SAME TIMOTHY S. LYONS WHO PREVIOUSLY**
7 **SPONSORED DIRECT TESTIMONY IN THIS PROCEEDING?**

8 A. Yes, I am. I provided direct testimony (“Direct Testimony”) before the Missouri
9 Public Service Commission (the “Commission”) on behalf of Spire Missouri, Inc.
10 (“Spire” or the “Company”).

11 **I. PURPOSE AND OVERVIEW OF TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. The purpose of this rebuttal testimony (“Rebuttal Testimony”) is to respond to the
14 Office of the Public Counsel’s (“OPC”) recommendation in the Direct Testimony
15 of John S. Riley regarding the CWC requirement. I will also address the Staff of
16 the Commission’s position on CWC and the Commission’s Assessment.

17 **Q. HAVE YOU PREPARED SCHEDULES SUPPORTING YOUR**
18 **TESTIMONY?**

19 A. No.

20 **Q. WHAT IS STAFF’S RECOMMENDATION REGARDING THE MISSOURI**
21 **PSC ASSESSMENT?**

22 A. Staff proposes to include the PSC Assessment in the CWC requirement but exclude
23 the PSC Assessment from prepayments.⁵ Staff prepared a workpaper showing the

1 Company's payment dates and amounts as well as the service period during the test
2 year. The workpaper shows that the Company's payments in aggregate
3 were prior to midpoint of the service period, consistent with prepayments.

4 **Q. WHAT IS THE COMPANY'S POSITION ON STAFF'S**
5 **RECOMMENDATION?**

6 The Company believes Staff has reversed the sign in its calculation of the CWC
7 requirement as a typographic error. Specifically, Staff's calculation of the CWC
8 requirement shows that the Company's payments in aggregate were after the
9 midpoint of the service period while Staff's workpaper shows the Company's
10 payments in aggregate were before the midpoint of the service period.

11 The Company has revised Staff's calculation of the CWC requirement to reflect the
12 correct amount. Further, the Company has discussed this concern with Staff and
13 expects this matter to be resolved without the need for further testimony.

14 **Q. PLEASE SUMMARIZE OPC'S RECOMMENDATION RELATED TO THE**
15 **COMPANY'S PROPOSED CWC REQUIREMENT.**

16 A. OPC proposes to increase the lead days for income tax payments from 38.00 days
17 to 365.00 days based on its position that Spire Missouri has not been required to
18 pay income taxes in at least the last three years.¹

19 **Q. WHAT IS THE COMPANY'S POSITION ON THESE**
20 **RECOMMENDATIONS?**

21 A. The Company opposes OPC's recommendation to increase the lead days for income
22 tax payments.

¹ Riley Direct, page 9.

1 **II. DISCUSSION**

2 **Q. WHAT IS THE OPC’S RECOMMENDATION REGARDING INCOME TAX**
3 **EXPENSE IN THE CWC REQUIREMENT?**

4 A. OPC proposes to increase the lead days for income tax payments from 38.00 days
5 to 365.00 days based on its position that Spire has not been required to pay income
6 taxes in at least the last three years. OPC states, “If you have no cost (payments)
7 at any time during the year, then your lag would be an entire year. Thus, the expense
8 lag should be negative 365 days (*i.e.*, one full year)”.²

9 **Q. WHAT IS THE COMPANY’S POSITION REGARDING OPC’S**
10 **RECOMMENDATION?**

11 A. The Company opposes OPC’s proposed lead days for income tax payments because
12 it does not reflect the Internal Revenue Service’s (“IRS”) payment schedule for
13 income taxes in accordance with IRS Publication 542.³ Specifically, IRS
14 Publication 542 states that estimated tax payments are due by the 15th day of the
15 4th, 6th, 9th, and 12th month of a corporation’s tax year. For the Company’s tax year
16 ending September 30, the estimated tax payments are due January 15th, March 15th,
17 June 15th, and September 15th. These payment dates were used to develop the
18 Company’s lead days for income tax payments in this rate case proceeding.
19 Regarding OPC’s discussion regarding the Company’s income tax expenses, if the
20 Commission determines in this rate case proceeding that the Company has no
21 income tax expenses, then the Company’s cash working capital requirement related
22 to income tax payments would be zero. If, on the other hand, the Commission

² Riley Direct, page 9.

³ <https://www.irs.gov/pub/irs-pdf/p542.pdf>

1 determines in this rate case proceeding that the Company has income tax expenses,
2 then the Company's income tax payments would be based on the IRS's payment
3 dates in IRS Publication 542. These payment dates were used by the Company to
4 determine its lead days for income tax expenses and overall cash working
5 requirement.

6 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

7 A. Yes, it does.

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

In the Matter of Spire Missouri Inc.'s)
Request for Authority to Implement a)
General Rate Increase for Natural Gas) File No. GR-2021-0108
Service Provided in the Company's)
Missouri Service Areas)

AFFIDAVIT

STATE OF VERMONT)
COUNTY OF CHITTENDEN) SS.
)

Timothy S. Lyons, of lawful age, being first duly sworn, deposes and states:

1. My name is Timothy S. Lyons. I am a Partner at ScottMadden, Inc. My business address is 1900 West Park Drive, Suite 250, Westborough, Massachusetts 01581.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony on behalf of Spire Missouri, Inc.
3. Under penalty of perjury, I declare that my answers to the questions contained in the foregoing rebuttal testimony are true and correct to the best of my knowledge and belief.

/s/ Timothy S. Lyons
Timothy S. Lyons

June 17, 2021
Date