

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

In the Matter of the Application of Spire )  
Missouri Inc. d/b/a Spire to Change its ) **File No. GO-2024-0214**  
Infrastructure System Replacement ) Tracking No. JG-2024-0103  
Surcharge in its Spire Missouri East )  
and West Service Territories )

**STAFF’S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”) and in response to the Commission’s January 18, 2024, *Order Directing Notice, Setting Intervention Deadline, Directing Filings, Setting Time for Responses, and Suspending Tariff Sheet* (Order) submits its recommendation to the Commission as set forth in detail in the attached appendices, and in support thereof states as follows:

1. On January 17, 2024, Spire Missouri Inc. (“Spire” or “Applicant”) filed its *Verified Application and Petition of Spire Missouri Inc. to Change its Infrastructure System Replacement Surcharge for its Spire Missouri East and West Service Territories, and Request for Waiver from 60 Day Notice Rule* (Application). In Spire’s application, it also requested a waiver from the 60 day notice requirement of 20 CSR 4240-4.017. Attached to Spire’s application is the following tariff sheet: P.S.C. MO. No. 9 Sixth Revised Sheet No. 12 Replacing Fifth Revised Sheet No. 12, bearing an effective date of February 16, 2024 filed in *Tariff Tracking No JG-2024-0103*.

2. On January 18, 2024, the Commission directed Staff to file its recommendation no later than April 16, 2024.

3. Section 393.1015.2.(2), RSMo, states the following:

The staff of the commission may examine information of the gas corporation to confirm that the underlying costs are in accordance

with the provisions of sections 393.1009 to 393.1015, and to confirm proper calculation of the proposed charge, and may submit a report regarding its examination to the commission not later than ninety days after the petition is filed. No other revenue requirement or ratemaking issues may be examined in consideration of the petition or associated proposed rate schedules filed pursuant to the provisions of sections 393.1009 to 393.1015.

4. Staff reviewed Spire's *Application*, and recommends the Commission reject Spire's proposed increase in its Infrastructure System Replacement Surcharge ("ISRS") rates, as filed on January 17, 2024 and assigned Tracking No. JG-2024-0103. Attached hereto as Appendix A and incorporated by reference herein is Staff's Memorandum, in which Staff provides a more comprehensive account of Staff's review.

5. Staff recommends the Commission approve Staff's proposed substitute ISRS rates as shown in Appendix B-1 and B-2. Staff's proposed revenue requirements are contained in Appendix C-1 and C-2. Staff does not oppose Spire's requested waiver of Commission Rule 20 CSR 4240-4.017(1).<sup>1</sup>

#### **Staff's Recommended ISRS Revenue Requirement**

6. The Applicant's requested ISRS revenue met the revenue threshold set forth in § 393.1012.1, RSMo, and exceeded the one million-dollar criteria set in the same section.<sup>2</sup>

7. Spire filed its *Application* to recover current qualifying ISRS costs related to gas plant placed into service during the period of September 1, 2023 through February 29, 2024. Spire's initial ISRS request included estimated plant additions for the

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<sup>1</sup> The 60 day waiver of the Commission's notice requirement.

<sup>2</sup> Section 393.1012.1., RSMo, states that the Commission ". . . may not approve an ISRS to the extent it would produce total annualized ISRS revenues below the lesser of one million dollars or one-half of one percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general rate proceeding. . . ."

months of January and February 2024, which Spire replaced with actual additions as amounts became available. The final costs for the ISRS-eligible additions were provided to Staff on March 13, 2024.

8. Staff recommends an ISRS revenue requirement for Spire West of \$10,680,422 and Spire East of \$6,097,529, for a total incremental increase of \$16,777,951.

### **Staff's Recommended Tariff Effective Date**

9. Spire's tariff is prohibited from going into effect until May 7, 2024. Commission Rule 20 CSR 4240-3.265 (16) states:

A natural gas utility may effectuate a change in an ISRS no more often than two (2) times during every twelve (12)-month period, with the first such period beginning on the effective date of the rate schedules that establish an initial ISRS. For the purposes of this section, an initial ISRS is the first ISRS granted to the subject utility or an ISRS established after an ISRS is reset to zero pursuant to the provisions of section (18) of this rule.

10. Spire is limited to only two ISRS filings during a twelve month period.<sup>3</sup> Case No. GO-2023-0203 went into effect May 6, 2023. The following case, GO-2023-0432 went into effect October 23, 2023. Given the limitations and past effective dates, ISRS GO-2024-0214 is prohibited from taking effect any sooner than May 7, 2024.

### **Reconciliation**

11. Spire's initial ISRS request did not include a reconciliation regarding subsection 6.

Section 393.1015.6.(2), RSMo, states:

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<sup>3</sup> Section 393.1015.3, RSMo, states: A gas corporation may effectuate a change in its rate pursuant to the provisions of this section no more often than two times every twelve months.

Upon the inclusion in a gas corporation's base rates subject to subsections 8 and 9 of this section of eligible costs previously reflected in an ISRS, the gas corporation shall immediately thereafter reconcile any previously unreconciled ISRS revenues as necessary to ensure that revenues resulting from the ISRS match as closely as possible the appropriate pretax revenues as found by the commission for that period.

However, the Applicant provided Staff with the Commission authorized ISRS revenues on February 19, 2024. In Spire's application there is a total ISRS revenue under-collection of \$35,235 for Spire West, and a total ISRS revenue under-collection of \$43,657 for Spire East. The total under-collection is \$78,892.

14. Staff does not object to the Applicant's reconciliation calculations. Staff included the under-collections in its February 2024 ISRS revenue requirement models for both Spire West and Spire East.

#### **Spire's Customer Count**

15. Spire used the customer count from its most recent general rate case in File No. GR-2022-0179 to calculate its estimate of billing units in its *Application*. Section 393.1015.5(1), RSMo, states:

The monthly ISRS charge may be calculated based on a reasonable estimate of billing units in the period in which the charge will be in effect, **which shall** be conclusively established by dividing the appropriate pretax revenues by **the customer numbers reported by the gas corporation in the annual report it most recently filed with the commission** pursuant to subdivision (6) of section 393.140, and then further dividing this quotient by twelve. **Provided, however, that the monthly ISRS may vary according to customer class and may be calculated based on customer numbers as determined during the most recent general rate proceeding of the gas corporation so long as the monthly ISRS for each customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.** (Emphasis added.)

Staff agrees to adopt the Applicant's methodology for this *Application*.

### Staff's Procedural Recommendations

16. Staff does not object to Spire's request for a waiver from the 60 day notice provisions of 20 CSR 4240-4.017(1).

17. The Applicant is not delinquent on its FY 2023 assessments and Spire Missouri has filed its 2023 annual report with the Commission.

**WHEREFORE**, for the reasons stated above and in Staff's attached Memorandum, incorporated herein as Appendix A, Staff recommends the Commission issue an order in this case that:

1. Rejects Spire East's and Spire West's proposed increase in ISRS rates, as filed on January 17, 2024, assigned in Tracking No.JG-2024-0103. The page being rejected is as follows:

P.S.C. MO. No. 9

Sixth Revised Sheet No. 12 Replacing Fifth Revised Sheet No. 12

2. Approves Staff's proposed substitute ISRS rates as shown in Appendices B-1 and B-2. These rates are based on \$10,680,422 for Spire West and \$6,097,529 for Spire East being the appropriate cumulative revenue requirement for this proceeding.

3. Order Spire to submit corrected Tariff Sheets based on Staff's substituted ISRS rates as indicated above, and grant such other and further relief as the Commission finds appropriate under the circumstances.

Respectfully submitted,

**/s/ Eric Vandergriff**

Eric Vandergriff  
Associate Counsel  
Missouri Bar No. 73984  
P.O. Box 360  
Jefferson City, MO 65102  
573-522-9524 (Voice)  
Eric.Vandergriff@psc.mo.gov

Staff Counsel for the Missouri  
Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 16<sup>th</sup> day of April, 2024.

**/s/ Eric Vandergriff**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. GO-2024-0214, Tariff Tracking No. JG-2024-0103  
Spire Missouri Inc., d/b/a Spire (Combined)

**FROM:** Michael J. Ensrud, Research/Data Analyst, Procurement Analysis  
Sydney Ferguson, Utility Regulatory Auditor, Auditing  
Lindsey Smith, Utility Regulatory Auditor, Auditing  
Matthew R. Young, Utility Regulatory Audit Supervisor, Auditing  
David T. Buttig, PE, Senior Professional Engineer, Procurement Analysis

/s/ David M. Sommerer / 04-16-24  
Procurement Analysis/Date

/s/ Karen Lyons / 04-16-24  
Auditing/Date

**SUBJECT:** Staff Report and Recommendation Regarding Spire’s ISRS Tariff Submission  
in order to increase ISRS rates.

**DATE:** April 16, 2024

### STAFF MEMORANDUM

#### BACKGROUND

On January 17, 2024, Spire Missouri Inc., d/b/a Spire (“Spire Missouri” or “Company”) filed its *Verified Application and Petition of Spire Missouri Inc. to change its Infrastructure System Replacement Surcharge for its Spire Missouri East and West Service Territories and Request for Waiver from 60-day Notice Rule* (“petition”) along with associated work papers and the Direct Testimony of witness Trisha E. Lavin. Spire also filed a tariff sheet and cover letter.

Spire’s Petition indicates it is made pursuant to Sections 393.1009, 393.1012 and 393.1015 of the Revised Statutes of Missouri and 20 CSR 4240-2.060, 2.080 and 3.265 of the Rules of Practice and Procedure of the Missouri Public Service Commission (“Commission”).

In its Petition, Spire Missouri requests Commission approval in order to increase existing infrastructure system replacement surcharge (“ISRS”) rates from the current rate level.<sup>1</sup> The filing proposes to increase the ISRS for both its Spire Missouri East Service Territory (“Spire East”),

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<sup>1</sup> The existing ISRS rates were in place since October 23, 2023, as the result of GO-2023-0432 proceeding.

and, Spire Missouri West Service Territory (“Spire West”). This was done in order to recover costs incurred for ISRS-eligible replacements made between September 1, 2023 and February 28, 2024 (with pro forma costs for the months of January 1, 2024 through February 28, 2024). The purpose of this proceeding is to determine the appropriate amount of annual recovery (via the established ISRS rates) that is supported by the content of the case. The level of annual recovery is translated into monthly ISRS rates.

On January 18, 2024, the Commission issued “*Order Directing Notice, Setting Intervention Deadline, Directing Filings, Setting Time for Responses, and Suspending Tariff Sheets*”, directing the Staff to file its recommendation no later than April 16, 2024. The tariff sheets filed by Spire Missouri were suspended until July 15, 2024, or until otherwise ordered by the Commission.

### **SUMMARY OF REVENUES REQUESTED**

In this case, the cumulative revenue requirement for the East District is shown on Appendix A, Schedule 17 of Spire’s Petition while the West District’s cumulative is shown on Appendix B, Schedule 17. While the incremental revenue requirements for both East and West are provided on Appendix A, Schedule 16, and Appendix B, Schedule 16, the previous approved revenue requirements from Case No. GO-2023-0432 were not separately listed by Spire but found in the Commission’s Order in that previous ISRS case.

Staff has summarized what Spire seeks to recover in the way of a cumulative revenue requirement that is implicit in the pending case. **Spire’s original proposal, prior to updates to actual amounts**, can be summarized as an annual request for the following:

	<b><u>INCREMENTAL</u></b> <b><u>GO-2024-0214</u></b>	<b><u>CUMULATIVE</u></b> <b><u>GO-2024-0214</u></b>
<b>EAST</b>	<b>\$6,474,584</b>	<b>\$13,219,396</b>
<b>WEST</b>	<b>\$10,839,791</b>	<b>\$24,207,537</b>
<b>TOTAL</b>	<b>\$17,314,375</b>	<b>\$37,426,933</b>



In contrast to what Spire is requesting, Staff’s analysis of Spire’s pending submission has resulted in a lower annual revenue requirement being the appropriate amount of recovery that is justified. **Staff’s position** is that the following figures should be used in lieu of Spire’s (above) figure.

	<u>INCREMENTAL</u> <u>GO-2024-0214</u>	<u>CUMULATIVE</u> <u>GO-2024-0214</u>
EAST	\$6,097,529	\$12,842,341
WEST	\$10,680,422	\$24,048,168
TOTAL	<hr/> \$16,777,951	<hr/> \$36,890,509

The difference for Spire’s East District between Spire’s initial revenue request and Staff’s counter position is \$377,055 annually. The difference for Spire’s West District between Spire’s initial revenue request and Staff’s counter position is \$159,369 annually. The total reduction between what Spire sought and what Staff proposed as the appropriate annual revenue requirement is \$536,424.

The following content of Staff’s memo will go into the details as to why the Staff’s figures are appropriate and should supersede those figures initially proposed by Spire.

**UNIQUE EFFECTIVE DATE**

The earliest date the tariff page can go into effect is limited by both Commission Rule and Missouri Statute. Commission Rule 20 CSR 4240-3.265 (16) states:

A natural gas utility may effectuate a change in an ISRS **no more often than two (2) times during every twelve (12)-month period**, with the first such period beginning on the effective date of the rate schedules that establish an initial ISRS. For the purposes of this section, an initial ISRS is the first ISRS granted to the subject utility or an ISRS established after an ISRS is reset to zero pursuant to the provisions of section (18) of this rule [Emphasis added.].

Section 393.1015.3, RSMo, states:

A gas corporation may effectuate a change in its rate pursuant to the provisions of this section no more often than two times every twelve months.

Spire is limited to only two ISRS filings during a twelve-month period. Case No. GO-2023-0203 went into effect May 6, 2023. The following case, GO-2023-0432, went into effect October 23, 2023. Given the limitations and past effective dates, ISRS GO-2024-0214 is prohibited from taking effect any sooner than May 7, 2024

### **AUDITING REVIEW AND REVENUE CALCULATIONS**

Staff recommends an ISRS revenue requirement for Spire West of \$10,680,422 and Spire East of \$6,097,529 for a total incremental increase of \$16,777,951.

Section 393.1012.1, RSMo, states:

The commission may not approve an ISRS to the extent it would produce total annualized ISRS revenues below the lesser of one million dollars or one-half of one percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general rate proceeding. The commission may not approve an ISRS to the extent it would produce total annualized ISRS revenues exceeding ten percent of the gas corporation's base revenue level approved by the commission in the gas corporation's most recent general rate proceeding.

Spire Missouri's requested ISRS revenues exceed one-half of one percent of the natural gas utility's base revenue level the Commission approved in the most recent Spire Missouri rate case, Case No. GR-2022-0179. It also exceeds the one million-dollar criteria. Spire Missouri's ISRS revenues, including the amounts requested in this filing, do not exceed ten percent of the base revenue levels approved by the Commission in the last Spire Missouri rate case.

In this Petition, Spire Missouri filed to recover current qualifying ISRS costs related to gas plant placed into service during the period of September 1, 2023 through February 29, 2024. Spire's initial ISRS request included estimated plant additions for the months of January and February 2024, which Spire replaced with actual additions as amounts became available. The final costs for the ISRS-eligible additions were provided to Staff on March 13, 2024. Staff's recommended ISRS revenue requirement is based on the actual cost of ISRS-eligible plant placed into service through February 29, 2024.

As part of its examination of Spire Missouri's Petition, Auditing Staff reviewed supporting work papers, work order authorizations, accounting entries for work orders, a sample of invoices supporting the work order costs, and an ISRS revenue reconciliation provided by Spire. Staff communicated throughout its review with Spire Missouri's personnel for clarification of the Petition.

### **Blanket Work Orders**

Staff reviewed Spire Missouri's work papers concerning "blanket work orders." Blanket work orders are work orders that cover a large number of tasks and do not close for an extended period of time. Spire Missouri categorized tasks in the blanket work orders as either ISRS-eligible or ISRS-ineligible. Spire Missouri then calculated the percentage of eligible versus ineligible tasks and applied the ineligible task percentage to the total blanket work order costs to calculate the dollar amount that is not ISRS-eligible. At this time, Staff does not propose any adjustments related to blanket work orders.

### **Taxes and Depreciation**

Consistent with past ISRS reviews, Auditing Staff verified that the calculation of the ISRS revenue requirement for ISRS-qualifying plant reflects the net book cost at the latest whole month prior to the effective date of the ISRS rates. The statutory timeline attached to this case marks July 2024 as the month the current ISRS petition will become effective. As such, Staff and Spire accrued the accumulated depreciation reserve and Accumulated Deferred Income Taxes ("ADIT") on ISRS additions through June 2024, which is the most recent full month prior to the effective date of rates in this case.

Staff included in its ISRS revenue requirement calculations the tax deductions associated with interest expense and capitalized overheads (263a deductions) associated with ISRS plant additions in this period. These tax deductions are directly associated with, and incremental to, the ISRS plant additions in this proceeding.

### **Reconciliation**

Section 393.1015.5.(2), RSMo, states:

At the end of each twelve-month calendar period the ISRS is in effect, the gas corporation shall reconcile the differences between the revenues resulting from an ISRS and the appropriate pretax revenues as found by the commission for that period and shall submit the reconciliation and a proposed ISRS adjustment to the commission for approval to recover or refund the difference, as appropriate, through adjustments for an ISRS charge.

Spire's current ISRS rider became effective on May 7, 2023 as a result of Case No. GO-2023-0203. Spire indicated that it will include an ISRS revenue reconciliation in its next ISRS petition that will comply with subsection 5 cited above.

Section 393.1015.6.(2), RSMo, states:

Upon the inclusion in a gas corporation's base rates subject to subsections 8 and 9 of this section of eligible costs previously reflected in an ISRS, the gas corporation shall immediately thereafter reconcile any previously unreconciled ISRS revenues as necessary to ensure that revenues resulting from the ISRS match as closely as possible the appropriate pretax revenues as found by the commission for that period.

Spire's initial ISRS request did not include a reconciliation but after a discussion with Spire Missouri regarding subsection 6, the reconciliation for the Commission authorized ISRS revenues was provided to Staff on February 19, 2024. The reconciliation compared a) the ISRS revenues authorized by the Commission<sup>2</sup> prior to Spire's last rate case, Case No. GR-2022-0179, and b) the actual amount of ISRS revenue. For Spire West, there is a total ISRS revenue under-collection of \$35,235 and for Spire East, a total ISRS revenue under-collection of \$43,657, for a total under-collection of \$78,892. At this time, Staff has no objection to these reconciliation calculations and has included the under-collections in its February 2024 ISRS revenue requirement models for both Spire West and Spire East.

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<sup>2</sup> ISRS revenues authorized by the Commission in Case Nos. GO-2022-0171 and GO-2022-0339.

### **Engineering Review**

The legacy Spire distribution system that is being replaced contains a combination of cast iron, steel, and plastic pipes that have been repaired and added onto for more than one hundred years. As a result, within the scope of any particular main replacement project, multiple pipe material types of diverse vintages can be encountered. When such projects are identified, Spire must decide how to most cost effectively install its new distribution mains. That planning process considers, on a case-by-case basis, the relative cost of reusing or abandoning certain parts of the existing system. When necessary, Spire performs analyses to find the incremental cost of reusing existing facilities versus abandoning those existing facilities and installing all new pipe. The purpose of examining those two different construction scenarios is to attempt to quantify which approach (reuse or abandonment) would result in a lower total construction cost.

Staff has examined similar analyses in prior ISRS applications from Spire and has observed that it is almost always more cost effective to abandon short sections of interspersed plastic or steel pipe from the legacy distribution system than to attempt to reuse them. Reuse often would require additional excavation, street repairs, and potentially longer construction timelines. The benefits of reusing existing short sections of pipe is small due to the low material costs of pipe and the high costs of the equipment, time, and labor needed to tie into them.

A common scenario observed by Staff is one in which a new distribution main is being installed on the opposite side of the street from the existing main. The existing main may contain short sections of plastic pipe interspersed with sections of cast iron pipe. Reuse of the existing plastic pipe in the new distribution system would mean spending thousands of dollars in time and materials in order to reuse tens or hundreds of dollars' worth of plastic pipe.

Staff recognizes that every construction site is different and poses unique challenges. To address that, Spire has provided incremental cost analyses for each of the ISRS eligible projects that contain interspersed plastic pipe or other facilities. The incremental cost analyses include maps that overlay the two construction scenarios that were considered by Spire: reuse or abandonment of existing facilities. The construction costs for the two scenarios were estimated by Spire using the same material and labor costs in order to provide an "apples-to-apples" comparison. In the

event that the construction plan chosen by Spire to execute is the more expensive of the two scenarios, the cost difference between the two plans is subtracted from the ISRS application and is labeled as an “incremental cost.” In that way, Spire still performs the construction in the way that it prefers, but the costs from choosing the more expensive option are offset in order to limit impacts to customers.

### **The Customer Count**

Although the Commission rules are silent on using past rate case “customer counts”<sup>3</sup> in ISRS proceedings, state statute does allow (as an exception) for such use (Section 393.1015, RSMo). There exists the following exception for the customer “count” (from previous rate cases) to be used to determine ISRS rates:

5. (1) The monthly ISRS charge may be calculated based on a reasonable estimate of billing units in the period in which the charge will be in effect, **which shall be** conclusively established by dividing the appropriate pretax revenues by **the customer numbers reported by the gas corporation in the annual report it most recently filed with the commission** pursuant to subdivision (6) of section 393.140, and then further dividing this quotient by twelve. **Provided, however, that the monthly ISRS may vary according to customer class and may be calculated based on customer numbers as determined during the most recent general rate proceeding of the gas corporation so long as the monthly ISRS for each customer class maintains a proportional relationship equivalent to the proportional relationship of the monthly customer charge for each customer class.** [Emphasis added.]

Spire used the customer count from its most recent general rate proceeding - Case No. GR-2022-0179. The Staff agrees with this methodology for this particular case.

As of the issuance of this memorandum, Spire Missouri is not delinquent on its FY 2023 assessments and Spire Missouri has filed its 2023 annual report with the Commission.

Staff has no objection to Spire Missouri Inc.'s Request for Waiver of the 60-day Notice Provisions of Commission Rule 20 CSR 4240-4.017(1).

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<sup>3</sup> The term “customer count” refers “billing units that historically occurred”. For ISRS purposes, “customer counts” are annualized “billing units” or “billing frequency”.

## **RECOMMENDATION**

Based upon the rationale stated above, Staff recommends the Commission issue an order in this case that:

1. Rejects Spire East's and Spire West's proposed increase in ISRS rates, as filed on January 17, 2024 and assigned Tracking No. JG-2024-0103.

The page being rejected is as follows:

P.S.C. MO. No. 9

Sixth Revised Sheet No. 12 / Replacing Fifth Revised Sheet No. 12

2. Approves Staff's proposed substitute ISRS rates as shown in Appendix B-1 and B-2. Staff's proposed revenue requirements are contained in Appendix C-1 and C-2. The rates in Appendix B-1 are based on \$12,842,341 for Spire East and in Appendix B-2 are \$24,048,168 for Spire West being the appropriate revenue requirement for this proceeding. The Staff requests that the Commission approve a total (both districts) annual revenue increase of \$36,890,509. Staff's use of both the customer charge in current tariffs, and the most current customer count from Case No. GR-2022-0179 in calculating proper ISRS rates is appropriate. Staff's proposed ISRS rates will generate sufficient revenue to reimburse Spire for valid ISRS costs submitted in this case.
3. Approve the requested waiver of Commission Rule 20 CSR 4240-4.017(1) – the 60-day waiver of notice requirement.
4. Approve an effective date for Staff's tariff sheet and effective date of the Commission Order on Compliance that is at least 10 days after the issuance date of the Order on Compliance. The new rates cannot be effective until May 7, 2024.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of Spire	)	
Missouri Inc. d/b/a Spire to Change its	)	File No. GO-2024-0214
Infrastructure System Replacement	)	Tracking No. YG-2024-0103
Surcharge in its Spire Missouri East and	)	
West Service Territories	)	

**AFFIDAVIT OF DAVID T. BUTTIG, PE**

STATE OF MISSOURI     )  
  )     ss.  
COUNTY OF COLE     )

COMES NOW DAVID T. BUTTIG, PE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

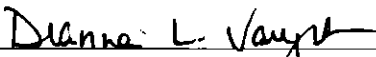
Further the Affiant sayeth not.

  
\_\_\_\_\_  
DAVID T. BUTTIG, PE

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15<sup>th</sup> day of April 2024.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

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**AFFIDAVIT OF MICHAEL J. ENSRUD**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

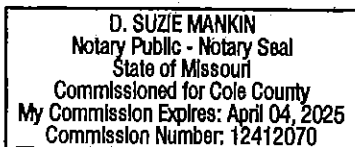
**COMES NOW MICHAEL J. ENSRUD**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

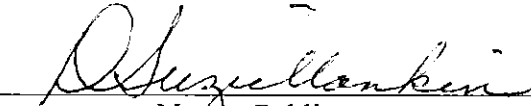
Further the Affiant sayeth not.

  
\_\_\_\_\_  
MICHAEL J. ENSRUD

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 15<sup>th</sup> day of April 2024.



  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

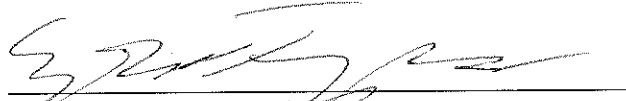
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Surcharge in its Spire Missouri East and )  
West Service Territories )

**AFFIDAVIT OF SYDNEY FERGUSON**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

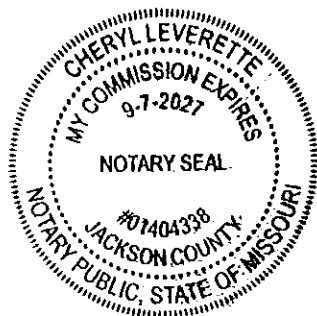
COMES NOW SYDNEY FERGUSON, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
SYDNEY FERGUSON

**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 10<sup>th</sup> day of April 2024.



  
\_\_\_\_\_  
Notary Public

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

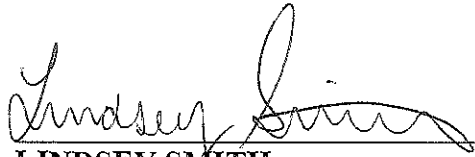
In the Matter of the Application of Spire	)	
Missouri Inc. d/b/a Spire to Change its	)	File No. <u>GO-2024-0214</u>
Infrastructure System Replacement	)	Tracking No. <u>YG-2024-0103</u>
Surcharge in its Spire Missouri East and	)	
West Service Territories	)	

**AFFIDAVIT OF LINDSEY SMITH**

STATE OF MISSOURI     )  
  )     ss.  
COUNTY OF JACKSON    )

COMES NOW LINDSEY SMITH, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

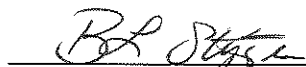
Further the Affiant sayeth not.

  
\_\_\_\_\_  
LINDSEY SMITH

**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 10<sup>th</sup> day of April 2024.

B. L. STIGGER  
NOTARY PUBLIC - NOTARY SEAL  
STATE OF MISSOURI  
MY COMMISSION EXPIRES JANUARY 2, 2028  
JACKSON COUNTY  
COMMISSION #24332661

  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of Spire	)	
Missouri Inc. d/b/a Spire to Change its	)	File No. <u>GO-2024-0214</u>
Infrastructure System Replacement	)	Tracking No. <u>YG-2024-0103</u>
Surcharge in its Spire Missouri East and	)	
West Service Territories	)	

**AFFIDAVIT OF MATTHEW R. YOUNG**

STATE OF MISSOURI     )  
   )  
 COUNTY OF JACKSON    )     ss.

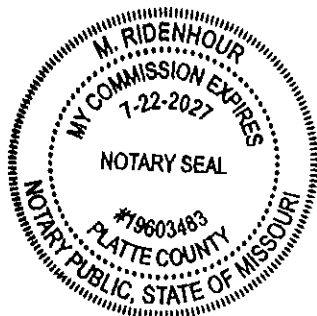
COMES NOW MATTHEW R. YOUNG, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

*Matthew Young*  
 \_\_\_\_\_  
 MATTHEW R. YOUNG

**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 11th day of April 2024.



*M. Ridenhour*  
 \_\_\_\_\_  
 Notary Public

**SPIRE MISSOURI INC. - East District**  
**CASE NO. GO-2024-0214 JG-2024-0103**

Staff's Total ISRS Rev Req **\$12,842,341**

<u>Customer Rate Class</u>	<u>Cust #</u>	<u>Customer Charge</u>	<u>Ratio To Residential</u>	<u>Weighted Cust #</u>	<u>19.94870146</u>	<u>Cal ISRS Charge</u>	<u>ISRS Revenues</u>
Residential	618,822	\$20.00 x	1.0000	618,822	82.8612%	\$1.43	\$10,641,315
SGS	36,043	\$40.72 x	2.0360	73,384	9.8262%	\$2.92	\$1,261,910
LGS	4,921	\$145.43 x	7.2715	35,783	4.7914%	\$10.42	\$615,328
L:V	37	\$1,063.73 x	53.1865	1,968	0.2635%	\$76.22	\$33,840
Unmetered Gas Light	66	\$6.99 x	0.3495	23	0.0031%	\$0.50	\$397
General L-P	31	\$20.87 x	1.0435	32	0.0043%	\$1.50	\$556
Large Volume Transportation	152	\$2,211.30 x	110.5650	16,806	2.2503%	\$158.44	\$288,995
<b><u>TOTAL</u></b>	<b><u>660,072</u></b>			<b><u>746,818</u></b>	<b><u>100.00%</u></b>		<b><u>\$12,842,341</u></b>

\* Due to rounding to the nearest penny, the designed ISRS rates **will under-collect by \$1774.72** However, it should be noted that the total amount collected will be trued-up a

**SPIRE MISSOURI INC. -West District  
CASE NO. GO-2024-0214 & JG-2024-0103**

Staff's Total ISRS Rev Req **\$24,048,168**

<u>Customer Rate Class</u>	<u>Cust #</u>	<u>Customer Charge</u>	<u>Ratio To Residential</u>	<u>Weighted Cust #</u>	<u>19.94870146</u>	<u>Cal ISRS Charge</u>	<u>ISRS Revenues</u>
Residential	496,132	\$20.00	1.0000	496,132	79.7737%	\$3.22	\$19,184,122
SGS	30,149	\$43.70	2.1850	65,876	10.5922%	\$7.04	\$2,547,235
LGS	3,513	\$189.61	9.4805	33,305	5.3552%	\$30.55	\$1,287,817
L:V	28	\$1,595.40	79.7700	2,234	0.3591%	\$257.04	\$86,366
LGS Transp	220	\$195.39	9.7695	2,149	0.3456%	\$31.48	\$83,107
LV Transp	359	\$1,238.36	61.9180	22,229	3.5742%	\$199.52	\$859,520
<b>TOTAL</b>	<b>530,401</b>			<b>621,924</b>	<b>100.00%</b>		<b>\$24,048,168</b>

\* Due to rounding to the nearest penny, the designed ISRS rates **will under-collect by \$1163.07**. However, it should be noted that the total amount collected will be trued-up at a later date .

Spire Missouri East  
 ISRS - Case # GO-2024-XXXX  
 ISRS Revenue Requirement Calculation  
 Appendix A - Schedule 8

Spire Missouri East  
 ISRS Revenue Requirement Calculation

ISRS Activity:

Gas Utility Plant Projects - Main Replacements and Other Projects Extending Useful Life of Mains:

<u>Work Orders Placed in Service</u>	
Gross Additions	15,214,908
Deferred Taxes	(70,040)
Accumulated Depreciation	<u>(143,548)</u>
<b>Total Net</b>	<b>15,001,320</b>

Gas Utility Plant Projects - Service Line Replacements and Insertion Projects:

<u>Work Orders Placed in Service</u>	
Gross Additions	23,453,934
Deferred Taxes	(54,060)
Accumulated Depreciation	<u>(483,218)</u>
<b>Total Net</b>	<b>22,916,656</b>

Gas Utility Plant Projects - Regulator Stations:

<u>Work Orders Placed in Service</u>	
Gross Additions	247,032
Deferred Taxes	(1,445)
Accumulated Depreciation	<u>(3,201)</u>
<b>Total Net</b>	<b>242,386</b>

Gas Utility Plant Projects - Main Relocations net of Reimbursements:

<u>Work Orders Placed in Service</u>	
Gross Additions	918,537
Deferred Taxes	(4,622)
Accumulated Depreciation	<u>(9,583)</u>
<b>Total Net</b>	<b>904,332</b>

Increase in Accumulated Deferred Income Taxes and Accumulated Depreciation Associated with Eligible Infrastructure System Replacements which are included in a Currently Effective ISRS

Total Incremental Accumulated Depreciation	(1,135,323)
Total Incremental Accumulated Deferred Taxes	<u>(311,655)</u>

**Total ISRS Rate Base** 37,617,716

**Overall Rate of Return per GR-2022-0179** 8.25%

**UOI Required** 3,103,462

**Income Tax Conversion Factor** 1.31305

**Revenue Requirement on Capital** 4,075,001

**Depreciation Expense** 971,271

**Net Property Taxes** 1,589,213

**ISRS Undercollection** 43,657

**Total ISRS Revenues** 6,679,143

**Total ISRS Rate Base** 37,617,716

**Weighted Cost of Debt per GR-2022-0179** 1.9296%

**Interest Deduction** 725,871

**Marginal Income Tax Rate** 23.84%

**Income Tax Reduction due to Interest** 173,048

**Income Tax Conversion Factor** 1.31305

**Revenue Requirement Impact of Interest Deductibility** 227,220

**263A Transfers Reduction** 1,088,007

**Service Transfers Deduction** -

**263A and Service Transfers Tax Deductible Items** 1,088,007

**Income Tax Factor** 23.84%

**Income Tax Reduction due to Deductible Items** 259,381

**Income Tax Conversion Factor** 1.31305

**Revenue Requirement Impact of Interest Deductibility** 340,580

**Total Rev Req on Capital** 3,103,462

**Net Income Taxes** 403,739

**Depr Expense** 971,271

**Net Property Tax** 1,575,401

**ISRS Under or Over Collection** 43,657

**Total ISRS Revenues** **6,097,529**

Spire Missouri West  
 ISRS - Case # GO-2024-XXXX  
 ISRS Revenue Requirement Calculation  
 Appendix B - Schedule 8

Spire Missouri West  
 ISRS Revenue Requirement Calculation

ISRS Activity:

Gas Utility Plant Projects - Main Replacements and Other Projects Extending Useful Life of Mains:

<u>Work Orders Placed in Service</u>	
Gross Additions	54,246,080
Deferred Taxes	(291,950)
Accumulated Depreciation	(513,099)
<b>Total Net</b>	<b>53,441,031</b>

Gas Utility Plant Projects - Service Line Replacements and Insertion Projects:

<u>Work Orders Placed in Service</u>	
Gross Additions	5,376,642
Deferred Taxes	(17,831)
Accumulated Depreciation	(130,722)
<b>Total Net</b>	<b>5,228,089</b>

Gas Utility Plant Projects - Regulator Stations:

<u>Work Orders Placed in Service</u>	
Gross Additions	56,356
Deferred Taxes	(140)
Accumulated Depreciation	(1,293)
<b>Total Net</b>	<b>54,923</b>

Gas Utility Plant Projects - Main Relocations net of Reimbursements:

<u>Work Orders Placed in Service</u>	
Gross Additions	5,721,877
Deferred Taxes	(33,356)
Accumulated Depreciation	(58,580)
<b>Total Net</b>	<b>5,629,941</b>

Increase in Accumulated Deferred Income Taxes and Accumulated Depreciation  
 Associated with Eligible Infrastructure System Replacements which are included in a  
 Currently Effective ISRS

Total Incremental Accumulated Depreciation	(1,419,624.69)
Total Incremental Accumulated Deferred Taxes	(1,055,554.21)

<b>Total ISRS Rate Base</b>	<b>61,878,805</b>
Overall Rate of Return per GR-2022-0179	8.25%
<b>UOI Required</b>	<b>5,105,001</b>
<b>Income Tax Conversion</b>	<b>1.31305</b>
<b>Revenue Requirement on Capital</b>	<b>6,703,122</b>

Depreciation Expense	1,260,558
Net Property Taxes	3,498,306
ISRS Under/Over Collection	35,235

<b>Total ISRS Revenues</b>	<b>11,497,221</b>
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<b>Total ISRS Rate Base</b>	<b>61,878,805</b>
Weighted Cost of Debt per GR-2022-0179	1.9296%
<b>Interest Deduction</b>	<b>1,194,013</b>
<b>Marginal Income Tax Rate</b>	<b>23.84%</b>
Income Tax Reduction due to Interest	284,652.80
<b>Income Tax Conversion Factor</b>	<b>1.31305</b>
<b>Revenue Requirement Impact of Interest Deductibility</b>	<b>373,763</b>

<b>263A Transfers Reduction</b>	<b>1,349,762</b>
<b>Service Transfer Reduction</b>	<b>-</b>
<b>263A and Service Transfers Tax Deductible Items</b>	<b>1,349,762</b>
<b>Income Tax Factor</b>	<b>23.84%</b>
<b>Income Tax Reduction due to Deductible Items</b>	<b>321,783</b>
<b>Income Tax Conversion Factor</b>	<b>1.31305</b>
<b>Revenue Requirement Impact of Interest Deductibility</b>	<b>422,518</b>

<b>Total Rev Req on Capital</b>	<b>5,105,001</b>
<b>Net Income Taxes</b>	<b>801,840</b>
<b>Depr Expense</b>	<b>1,260,558</b>
<b>Net Property Tax</b>	<b>3,477,788</b>
<i>ISRS Under/Over Collection</i>	35,235
<b>Total ISRS Revenues</b>	<b>10,680,422</b>