

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

| | | |
|--|---|-------------------------------------|
| In the Matter of Application of Spire |) | |
| Missouri, Inc. d/b/a Spire to Change its |) | |
| Infrastructure System Replacement |) | <u>Case No. GR-2025-0026</u> |
| Surcharge in its Spire Missouri East and |) | Tracking No. JG-2025-0010 |
| West Service Territories |) | |

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and in response to the Commission’s July 24, 2024, *Order Directing Notice, Setting Intervention Deadline, Directing Filings, Suspending Tariff Sheet, and Setting Time for Responses* (“Order”) submits its *Staff Recommendation* to the Commission as set forth in detail in the attached appendices, and in support thereof states as follows:

1. On July 19, 2024, Spire Missouri, Inc. d/b/a Spire (“Spire Missouri”) 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 its Application, Spire Missouri requested a waiver from the 60-day notice requirement of 20 CSR 4240-4.017. Attached to Spire Missouri’s Application was associated work papers and the Direct Testimony of Trisha E. Lavin.

2. On July 19, 2024, Spire Missouri also filed a Tariff Revision of P.S.C. MO. No. 9 Seventh Revised SHEET No. 12, CANCELLING P.S.C. MO. No. 9 Sixth Revised SHEET No. 12, bearing an effective date of August 18, 2024. The Tariff sheet is applicable to Spire Missouri East and West operating units. The Tariff revision sheet was assigned Tracking No. JG-2025-0010.

3. The ISRS surcharges reflected on Spire Missouri's proposed Sheet 12 equate to incremental annual ISRS revenues for Spire East of \$6,381,351 and Spire West of \$11,347,579, and total annual cumulative revenues of \$43,939,017.

4. On July 24, 2024, the Commission issued an Order directing anyone wanting to intervene in the matter do so by August 24, 2024, and Ordered Staff to file its recommendation by October 17, 2024.

5. The Commission further ordered the tariff sheet filed by Spire Missouri on July 19, 2024 with Tracking No. JG-2025-0010, be suspended until January 25, 2025, or unless otherwise ordered by the Commission.

6. As of the date of this Pleading and Staff's Recommendation Memorandum, no one has filed an application to intervene in this matter.

7. Staff's recommendation is attached hereto as Appendix A, with supporting worksheets labelled as Appendices B-1, B-2, C-1, and C-2, each of which are incorporated herein by reference.

8. As discussed in Staff's Memorandum, attached hereto as Appendix A, Auditing Staff and Engineering Analysis examined the Application and supporting direct testimony, work papers, work order authorizations, accounting entries for work orders, and a sample of invoices supporting the work order authorizations. Staff also communicated with Spire Missouri personnel through email and telephone for clarification of the Application.

9. Based on Staff's review, and as shown in Appendices C-1 and C-2, Staff recommends a cumulative ISRS revenue requirement for Spire East of \$18,514,612 and Spire West of \$35,127,562, for a total annual revenue increase of \$53,642,174.

Staff's proposed incremental ISRS revenue requirements for Spire East are \$5,672,271 and for Spire West of \$11,079,394. The cumulative revenue requirements are reflected in Appendices B-1 and B-2, and attached hereto and incorporated by reference herein.

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

11. Staff also notes that Spire Missouri filed its FY 2024 Annual Report and is not delinquent on its FY 2024 assessments.

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 July 19, 2024, and assigned Tracking No. JG-2025-0010.

The page being rejected is as follows:

P.S.C. MO. No. 9

Seventh Revised Sheet No. 12 / Replacing Sixth 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 \$18,514,612 for Spire East and \$35,127,562 for Spire West being the appropriate cumulative revenue requirement for this proceeding. Staff further requests the Commission approve a total (both districts) annual revenue increase of \$53,642,174.

3. 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 appropriate

ISRS rates. Staff's proposed ISRS rates will generate sufficient revenue to reimburse Spire Missouri for valid ISRS costs submitted in this case.

4. Approve the requested 60-day waiver of the notice requirement set forth in Commission Rule 20 CSR 4240-4.017(1).

5. Order Spire to submit corrected Tariff Sheets based on Staff's substituted ISRS rates as indicated above and in Appendices B-1 and B-2.

6. Approve an effective date of the Commission Order on Compliance that is at least 10 days after the issuance date of the Order on Compliance, and grant such other and further relief as the Commission finds appropriate under the circumstances.

Respectfully submitted,

/s/ J. Scott Stacey

J. Scott Stacey
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**ATTORNEY FOR STAFF OF THE
PUBLIC SERVICE COMMISSION**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 17th day of October, 2024.

/s/ J. Scott Stacey

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. GR-2025-0026, Tariff Tracking No. JG-2025-0010
Spire Missouri Inc., d/b/a Spire (Combined)

FROM: David Sommerer, Regulatory Compliance Manager, Procurement Analysis
Sydney Ferguson, Utility Regulatory Auditor, Auditing
Lindsey Smith, Utility Regulatory Auditor, Auditing
Keith Majors, Utility Regulatory Audit Unit Supervisor, Auditing
David T. Buttig, PE, Senior Professional Engineer, Procurement Analysis

/s/ Karen Lyons / 10-17-24
Auditing / Date

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

DATE: October 17, 2024

BACKGROUND

On July 19, 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 (“RSMo”) 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.¹ The filing proposes to increase the ISRS for both its Spire Missouri East Service Territory (“Spire East”), and, Spire Missouri West Service Territory (“Spire West”). This was done in order to recover costs incurred for ISRS-eligible replacements made between March 1, 2024 and August 31, 2024 (with pro forma costs for the months of July, 2024 and August, 2024).

¹ The existing ISRS rates have been in place since May 13, 2024, as the result of GO-2024-0214 proceeding.

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 July 24, 2024, the Commission issued its *Order Directing Notice, Setting Intervention Deadline, Directing Filings, Suspending Tariff Sheet, and Setting Time for Responses*, and directed Staff to file its recommendation no later than October 17, 2024. The tariff sheets filed by Spire Missouri were suspended until January 15, 2025, 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:

| | <u>INCREMENTAL</u> <u>GR-2025-0026</u> | <u>CUMULATIVE</u> <u>GR-2025-0026</u> |
|-------|---|--|
| EAST | \$6,381,351 | \$19,223,692 |
| WEST | \$11,347,579 | \$24,715,325 |
| TOTAL | <hr/> \$17,728,930 | <hr/> \$43,939,017 |

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

| | <u>INCREMENTAL</u> <u>GR-2025-0026</u> | <u>CUMULATIVE</u> <u>GR-2025-0026</u> |
|--------------|---|--|
| EAST | \$5,672,271 | \$18,514,612 |
| WEST | \$11,079,394 | \$35,127,562 |
| TOTAL | <hr/> \$16,751,665 | <hr/> \$53,642,174 |

The difference for Spire’s East District between Spire’s initial incremental revenue request and Staff’s counter position is \$709,080 annually. The difference for Spire’s West District between Spire’s initial incremental revenue request and Staff’s counter position is \$268,185 annually. The total reduction between what Spire sought and what Staff proposed as the appropriate incremental annual revenue requirement is \$977,265. The Staff notes that Spire appears to have inadvertently omitted previously approved incremental revenues from Spire West cumulative revenues from Case No. GO-2024-0214 in the amount of \$10,680,422.

The following content of Staff’s memo will describe the reasons why 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-2023-0432, went into effect October 23, 2023. The following case GO-2024-0214, went into effect May 13, 2024. Given the limitations and past effective dates, ISRS GR-2025-0026 is prohibited from taking effect any sooner than October 24, 2024.

AUDITING REVIEW AND REVENUE CALCULATIONS

Staff recommends an ISRS revenue requirement for Spire West of \$11,079,394 and Spire East of \$5,672,271 for a total incremental increase of \$16,751,665.

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 March 1, 2024, through August 31, 2024. Spire's initial ISRS request included estimated plant additions for the months of July and August 2024, which Spire replaced with actual additions as amounts became available. The final costs for the ISRS-eligible additions were provided to Staff on September 19, 2024. Staff's recommended ISRS revenue requirement is based on the actual cost of ISRS-eligible plant placed into service through August 31, 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 January 2025 as the month the current ISRS petition will become effective. As such, Staff calculated the accrued accumulated depreciation reserve and Accumulated Deferred Income Taxes ("ADIT") on ISRS additions through December 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 ISRS rider became effective on May 6, 2023, as a result of Case No. GO-2023-0203 and was the first ISRS rider after Case No. GR-2022-0179. Spire included an ISRS revenue reconciliation in its ISRS calculations that complied with subsection 5 cited above.

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”² 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**

² The term “customer count” refers “billing units that historically occurred”. For ISRS purposes, “customer counts” are annualized “billing units” or “billing frequency”.

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 2024 assessments and Spire Missouri has filed its 2024 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).

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 July 19, 2024, and assigned Tracking No. JG-2025-0010.

The page being rejected is as follows:

P.S.C. MO. No. 9

Seventh Revised Sheet No. 12 / Replacing Sixth 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 **\$18,514,612** for Spire East and in Appendix B-2 are **\$35,127,562** 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 **\$53,642,174**. 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 can be effective no sooner than October 24, 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 |) | File No. GR-2025-0026 |
| its Infrastructure System Replacement |) | |
| Surcharge in its Spire Missouri East and |) | |
| West Service Territories |) | |

AFFIDAVIT OF DAVID M. SOMMERER

STATE OF MISSOURI)
)
) ss.
COUNTY OF COLE)

COMES NOW DAVID M. SOMMERER 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.

Further the Affiant sayeth not.



DAVID M. SOMMERER

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 11th day of October 2024.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



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 Infrastructure System Replacement)
Surcharge in its Spire Missouri East and)
West Service Territories)

File No. GR-2025-0026

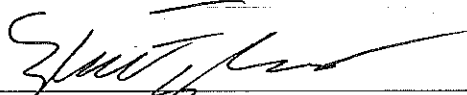
AFFIDAVIT OF SYDNEY FERGUSON

STATE OF MISSOURI)
COUNTY OF Jackson)

ss.

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.

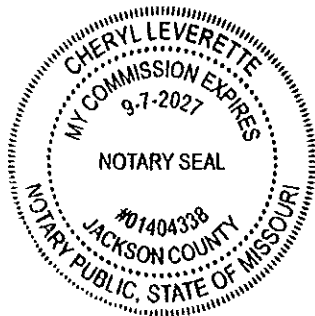
Further the Affiant sayeth not.



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 15th day of October 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) File No. GR-2025-0026
its Infrastructure System Replacement)
Surcharge in its Spire Missouri East and)
West Service Territories)

AFFIDAVIT OF LINDSEY SMITH

STATE OF MISSOURI)
COUNTY OF Jackson) ss.

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.

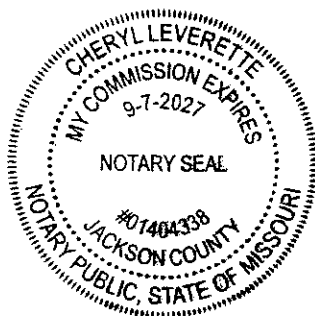
Further the Affiant sayeth not.

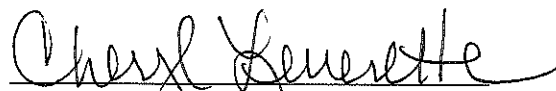


LINDSEY SMITH

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 15th day of October 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) File No. GR-2025-0026
its Infrastructure System Replacement)
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.

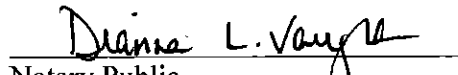
Further the Affiant sayeth not.


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 15th day of October 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

SPIRE MISSOURI INC. - East District
CASE NO. GR-2025-0026 JG-2025-0010

Staff's Total ISRS Rev Req **\$18,514,612**

| <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% | \$2.07 | \$15,341,425 |
| SGS | 36,043 | \$40.72 x | 2.0360 | 73,384 | 9.8262% | \$4.21 | \$1,819,276 |
| LGS | 4,921 | \$145.43 x | 7.2715 | 35,783 | 4.7914% | \$15.02 | \$887,110 |
| L:V | 37 | \$1,063.73 x | 53.1865 | 1,968 | 0.2635% | \$109.88 | \$48,787 |
| Unmetered Gas Light | 66 | \$6.99 x | 0.3495 | 23 | 0.0031% | \$0.72 | \$572 |
| General L-P | 31 | \$20.87 x | 1.0435 | 32 | 0.0043% | \$2.16 | \$802 |
| Large Volume Transportation | 152 | \$2,211.30 x | 110.5650 | 16,806 | 2.2503% | \$228.42 | \$416,640 |
| TOTAL | 660,072 | | | 746,818 | 100.00% | | \$18,514,612 |

* Due to rounding to the nearest penny, the designed ISRS rates **will over-collect by \$2631.54** However, it should be noted that the total amount collected will be trued-up at

**SPIRE MISSOURI INC. -West District
CASE NO. GR-2025-0026 & JG-2025-0010**

Staff's Total ISRS Rev Req **\$35,127,562**

| <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% | \$4.71 | \$28,022,569 |
| SGS | 30,149 | \$43.70 | 2.1850 | 65,876 | 10.5922% | \$10.28 | \$3,720,789 |
| LGS | 3,513 | \$189.61 | 9.4805 | 33,305 | 5.3552% | \$44.62 | \$1,881,136 |
| L:V | 28 | \$1,595.40 | 79.7700 | 2,234 | 0.3591% | \$375.46 | \$126,156 |
| LGS Transp | 220 | \$195.39 | 9.7695 | 2,149 | 0.3456% | \$45.98 | \$121,396 |
| LV Transp | 359 | \$1,238.36 | 61.9180 | 22,229 | 3.5742% | \$291.44 | \$1,255,516 |
| TOTAL | 530,401 | | | 621,924 | 100.00% | | \$35,127,562 |

* Due to rounding to the nearest penny, the designed ISRS rates **will over-collect by \$1422.11**. However, it should be noted that the total amount collected will be trued-up at a later date .

**Spire Missouri East
ISRS - Case # GR-2025-0026
ISRS Revenue Requirement Calculation**

**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 | 16,783,119 |
| Deferred Taxes | (174,447) |
| Accumulated Depreciation | (154,885) |

Total Net 16,453,787

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

| | |
|--------------------------------------|------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 31,578,379 |
| Deferred Taxes | (230,868) |
| Accumulated Depreciation | (699,834) |

Total Net 30,647,677

Gas Utility Plant Projects - Regulator Stations:

| | |
|--------------------------------------|-----------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 1,523,558 |
| Deferred Taxes | (14,825) |
| Accumulated Depreciation | (22,445) |

Total Net 1,486,288

Gas Utility Plant Projects - Main Relocations net of Reimbursements:

| | |
|--------------------------------------|-----------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 2,312,769 |
| Deferred Taxes | (22,675) |
| Accumulated Depreciation | (27,066) |

Total Net 2,263,028

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 | (1,597,701) |
| Total Incremental Accumulated Deferred Taxes | (345,342) |

Total ISRS Rate Base 48,907,737

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

UOI Required 4,034,888

Income Tax Conversion Factor 1.31305

Revenue Requirement on Capital 5,298,010

Depreciation Expense 1,269,887

Net Property Taxes -

ISRS Undercollection 176,247

Total ISRS Revenues 6,744,144

Total ISRS Rate Base 48,907,737

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

Interest Deduction 943,724

Marginal Income Tax Rate 23.84%

Income Tax Reduction due to Interest 224,984

Income Tax Conversion Factor 1.31305

Revenue Requirement Impact of Interest Deductibility 295,415

| | |
|---|-----------|
| 263A Transfers Reduction | 2,480,449 |
| Service Transfers Deduction | - |
| 263A and Service Transfers Tax Deductible Items | 2,480,449 |
| Income Tax Factor | 23.84% |
| Income Tax Reduction due to Deductible Items | 591,339 |
| Income Tax Conversion Factor | 1.31305 |
| Revenue Requirement Impact of Interest Deductibility | 776,458 |

Total Rev Req on Capital 4,034,888

Net Income Taxes 191,249

Depr Expense 1,269,887

Net Property Tax -

ISRS Under or Over Collection 176,247

Total ISRS Revenues 5,672,271

**Spire Missouri West
ISRS - Case # GR-2025-0026
ISRS Revenue Requirement Calculation**

**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 | 79,338,265 |
| Deferred Taxes | (870,548) |
| Accumulated Depreciation | <u>(783,528)</u> |

Total Net 77,684,189

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

| | |
|--------------------------------------|------------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 7,276,561 |
| Deferred Taxes | (56,556) |
| Accumulated Depreciation | <u>(169,541)</u> |

Total Net 7,050,464

Gas Utility Plant Projects - Regulator Stations:

| | |
|--------------------------------------|----------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 911,325 |
| Deferred Taxes | (10,206) |
| Accumulated Depreciation | <u>(7,810)</u> |

Total Net 893,309

Gas Utility Plant Projects - Main Relocations net of Reimbursements:

| | |
|--------------------------------------|-----------------|
| <u>Work Orders Placed in Service</u> | |
| Gross Additions | 4,113,553 |
| Deferred Taxes | (43,627) |
| Accumulated Depreciation | <u>(46,956)</u> |

Total Net 4,022,970

**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 | (1,884,297) |
| Total Incremental Accumulated Deferred Taxes | (678,658) |

Total ISRS Rate Base 87,087,977

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

UOI Required 7,184,758

Income Tax Conversion 1.31305

Revenue Requirement on Capital 9,433,946

Depreciation Expense 1,766,055

Net Property Taxes -

ISRS Under/Over Collection 224,273

Total ISRS Revenues 11,424,274

Total ISRS Rate Base 87,087,977

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

Interest Deduction 1,680,450

Marginal Income Tax Rate 23.84%

Income Tax Reduction due to Interest 400,619.18

Income Tax Conversion Factor 1.31305

Revenue Requirement Impact of Interest Deductibility 526,033

263A Transfers Reduction (578,705)

Service Transfer Reduction -

263A and Service Transfers Tax Deductible Items (578,705)

Income Tax Factor 23.84%

Income Tax Reduction due to Deductible Items (137,963)

Income Tax Conversion Factor 1.31305

Revenue Requirement Impact of Interest Deductibility (181,153)

Total Rev Req on Capital 7,184,758

Net Income Taxes 1,904,308

Depr Expense 1,766,055

Net Property Tax -

ISRS Under/Over Collection 224,273

Total ISRS Revenues 11,079,394