

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

In the Matter of Spire Missouri Inc.'s)	
Request for Authority to Implement a)	<u>File No. GR-2025-0107</u>
General rate Increase for Natural Gas)	Tracking No. JG-2025-0045
Service Provided in the Company's)	
Missouri Service Areas)	

RESPONSE TO SPIRE MISSOURI INC.'S MOTION TO ESTABLISH TEST YEAR

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and states its non-opposition to the test year and true-up period proposed by Spire Missouri Inc. ("Spire Missouri"). Staff requests that the Commission deny Spire Missouri's proposal to include, in its revenue requirement, anticipated future costs occurring past the true-up period via discrete pro forma adjustments. Staff states in support as follows:

1. On November 25, 2024, Spire Missouri filed tariffs to increase its revenues along with a separate *Motion to Establish its Test Year, True-Up Date, and to Allow Parties to Make Discrete Adjustments Beyond the True-Up Date* ("Motion").
2. In its Motion, Spire Missouri proposed a historical test year of the twelve months ending September 30, 2024, with a true-up of significant items through May 31, 2025. Staff does not oppose these proposed dates.
3. Spire Missouri is also requesting inclusion of a pro forma discrete adjustment that goes beyond the true-up date of May 31, 2025. Spire Missouri proposes to include in the revenue requirement investments set forth in the Direct Testimony of Eric Bouselli and adjustments for expenses in regards to the same. Spire Missouri claims these investments and expenses will be known and measurable prior to the operation of law date. Spire further states all of the discrete adjustments will be

representative of the conditions Spire Missouri will be experiencing at the time of the rates go into effect.

4. Spire Missouri further states within Eric Bouselli's testimony that Spire Missouri anticipates placing approximately \$145 million in capital investment in service between June 2025 and the end of October 2025, and the allowance of discrete adjustments beyond the true-up period will allow Spire Missouri to present a more complete picture of its operations as of the operation of law date. Spire's request is an attempt to include in the revenue requirement something that has not been completed or even started at this point. Spire Missouri is essentially asking for preapproval of inclusion of potential adjustments and then asking to include an estimate of investment in customer rates.

5. Isolated adjustments are included in the cost of service sparingly, as they technically violate the matching principle. Staff does not oppose allowing parties to present the use of discrete adjustments; however, Staff does not agree to any isolated adjustment prior to an audit being performed as Staff does not know the entire situation surrounding the request. Spire Missouri's proposal to include estimated or potential investments of \$145 million beyond the true-up date would not only violate the known and measurable standard¹ and the matching principle,² but would also violate the used and useful standard³ and §393.270.4, RSMo, which provides that in setting rates, the Commission must consider all relevant factors, including "a reasonable average return

¹ The known and measurable standard requires rates to be based upon known and measurable costs.

² The matching principle states that a utility's revenues, expenses, rate base, and rate of return are analyzed over a common period of time.

³ "The property upon which a rate of return can be earned must be utilized to provide service to its customers. That is, it must be used and useful. This used and useful concept provides a well-defined standard for determining what properties of a utility can be included in rate base." *State ex el. Union Electric v. Public Service Commission*, 765 S.W.2d 618, 622 (Mo. App. W.D.1988).

upon capital actually expended.” Moreover, the prudence of costs related to investments is dealt with in rate cases after a project is used and useful. Here, Spire Missouri is asking for estimated costs to be included in rates prior to investments being completed; wherein, customers would be paying for a rate increase prior to receiving a benefit from such. Therefore, Staff does not agree or accept inclusion of adjustments for potential investments and for purposes of setting rates at this time.

WHEREFORE, Staff respectfully requests the Commission grant Spire Missouri’s motion related to the test year and true-up period, and order a historical test year ending September 30, 2024, and a true-up period ending May 31, 2025. Staff further requests the Commission deny the use of discrete adjustments for purposes of setting rates.

Respectfully submitted,

/s/ J. Scott Stacey

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**Attorney for the Staff of the
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 6th day of January, 2025.

/s/ J. Scott Stacey