

Exhibit No.:
Issue(s): *Line Locate Expense,
Injuries & Damages, Oil
Revenue, Miscellaneous
Gas Revenue, Other
Miscellaneous Revenue,
Uncollectibles*

Witness: *Lindsey Smith*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *GR-2025-0107*
Date Testimony Prepared: *April 23, 2025*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

LINDSEY SMITH

**SPIRE MISSOURI INC.,
d/b/a Spire**

CASE NO. GR-2025-0107

*Jefferson City, Missouri
April 2025*

1
2
3
4
5
6
7
8
9
10
11
12

**TABLE OF CONTENTS OF
DIRECT TESTIMONY OF
LINDSEY SMITH
SPIRE MISSOURI INC.,
d/b/a Spire
CASE NO. GR-2025-0107**

EXECUTIVE SUMMARY1
LINE LOCATE EXPENSE.....2
INJURIES AND DAMAGES.....3
MISCELLANEOUS REVENUES4
UNCOLLECTIBLES5
AMORTIZATION EXPENSE6

1 **DIRECT TESTIMONY**

2 **OF**

3 **LINDSEY SMITH**

4 **SPIRE MISSOURI INC.,**

5 **d/b/a Spire**

6 **CASE NO. GR-2025-0107**

7 Q. Please state your name and business address.

8 A. My name is Lindsey Smith. My business address is 615 East 13th Street, Kansas
9 City, MO 64106.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by the Missouri Public Service Commission (“Commission”) as
12 a Utility Regulatory Auditor.

13 Q. Please describe your educational background and experience.

14 A. I attended the University of Central Missouri where I earned a Bachelor of
15 Science degree in finance and a Bachelor of Science degree in economics. I am currently
16 pursuing a Master of Business Administration degree at the University of Central Missouri as
17 well. I have been employed by the Commission since June 2023 with the Auditing Department.

18 Q. Have you previously filed testimony before this Commission?

19 A. Yes, I have. Please refer to Schedule LS-d1, attached to this direct testimony,
20 for a list of the audits on which I have assisted.

21 **EXECUTIVE SUMMARY**

22 Q. What is the purpose of your Direct testimony?

1 A. The purpose of my Direct testimony is to discuss Staff’s position in this case
2 regarding: line locate expense, injuries and damages expense, oil revenue, miscellaneous gas
3 revenue, other miscellaneous revenue, propane revenue, uncollectibles, and amortizations.

4 Q. Throughout this testimony, do you provide any recommendations that should be
5 specifically reflected in the Commission’s Report and Order in this case?

6 A. While Staff will be making many recommendations for the level of annual
7 expense and rate base levels that will ultimately impact the ordered revenue requirement in this
8 case, the issues I address in this testimony typically do not require specific ordered language.

9 **LINE LOCATE EXPENSE**

10 Q. What is line locate expense, generally?

11 A. Line locate expense is the cost incurred to detect and locate underground
12 gas lines.

13 Q. Briefly explain the background of the line locate expenses as it relates to
14 Spire Missouri Inc., d/b/a Spire’s territories (“Spire Missouri”, generally, or “Spire East” or
15 “Spire West,” as applicable).

16 A. ** [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 Q. [REDACTED]

22 A. [REDACTED]
23 [REDACTED]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] ** Staff will review its adjustment and make any necessary

changes at the true-up period.

INJURIES & DAMAGES

Q. Briefly explain injuries and damages expense.

A. Injuries and damages expense represent the portion of legal claims against a utility that is not subject to reimbursement under the utility’s insurance policies. Injuries and damages expense normally consists of the following components:

- General Liability
- Auto Liability
- Workers Compensation

Generally Accepted Accounting Principles normally require companies to book injury and damages claims on an accrual basis. This means the expense is based on estimated future claims payout amounts, rather than the actual cash payments made. However, for ratemaking purposes, Staff’s position is that injuries and damages expense should be measured on a “cash” basis; *i.e.*, be based upon actual cash payouts by the utility for claims made against it. This approach results in the actual cash payments forming the basis for the amount allowed in utility rates for recovery instead of the accrued book expense.

Q. How did Staff determine the level of injuries and damages costs to include in the cost of service?

1 A. For injuries and damages expense, Staff calculated a three-year average of actual
2 cash payouts net of insurance recoveries in Account 925 and used that average to represent a
3 normalized level of actual claims paid. Staff used a three-year average because the actual cash
4 payments fluctuated year to year. Staff subtracted the normalized level of actual claims paid
5 from the test year to calculate its adjustment.

6 **MISCELLANEOUS REVENUES**

7 **Late Fee and Reconnect/Disconnect Revenue**

8 Q. Can you explain what late fee and reconnect/disconnect revenue is, generally?

9 A. Late fees are fees incurred by customers for remittances past the due date.
10 Reconnect/disconnect revenue is revenue collected by utilities from fees incurred by customers
11 due to the discontinuance or start of service.

12 Q. What has Staff included in the cost of service for late fee and
13 reconnect/disconnect revenue?

14 A. For both late fee and reconnect/disconnect revenue, Staff has included a
15 two-year average of the 12 months ending September 2024 and September 2023 in the cost of
16 service for Spire West and Spire East. Staff chose to include a two-year average due to no
17 discernable trend being identified but a slight change being shown between the years.
18 Using only a two-year average allows the most up-to-date normalization.

19 **Oil, Miscellaneous Gas, and Other Miscellaneous Revenue**

20 Q. What is oil, miscellaneous gas, and other miscellaneous revenue?

21 A. Oil revenue is any revenue that Spire Missouri has generated from the use of oil.
22 Miscellaneous gas revenue is any revenue that Spire Missouri has generated from the use of gas
23 that is not directly from providing utility service. Other miscellaneous revenue is any other

1 revenue that is generated from not providing utility service such as transportation storage
2 revenue or rent revenue.

3 Q. What has Staff included in the cost of service for oil, gas, and other
4 miscellaneous revenue?

5 A. Staff has included oil, gas, and other miscellaneous revenue at the test year level
6 for Spire East and Spire West as there is little to no change in these revenues throughout
7 the years.

8 **UNCOLLECTIBLES**

9 Q. What are uncollectibles, and why are they included in cost of service?

10 A. Uncollectibles is the expense portion of retail revenues Spire Missouri is unable
11 to collect from retail customers due to bill non-payment. After a certain amount of time has
12 passed, delinquent customer accounts are written off and turned over to a third-party collection
13 agency for recovery. If the collection agency successfully collects some portion of previously
14 written off delinquent amounts owed, then those collected amounts reduce current write-offs.
15 Offsetting successful collection agency recoveries against total write-offs creates the “new
16 write-off” amount used to determine the annualized level of uncollectibles. They are included
17 in the cost of service because they are costs to the company that should be recoverable.

18 Q. What level of uncollectibles has Staff included in the cost of service?

19 A. Staff has included a three-year average of the net write-offs for the 12 months
20 ending September 2022, September 2023, and September 2024 to reflect the appropriate level
21 of uncollectible costs.

22 Q. Please explain why this amount is appropriate.

1 A. This normalization over a three-year period is appropriate because there is no
2 discernable trend and it reflects better timing with Spire Missouri’s next rate proceeding.

3 **AMORTIZATION EXPENSE**

4 **Forest Park – Spire East**

5 Q. Please explain this amortization and the ratemaking treatment proposed by Staff
6 in this case.

7 A. In Case No. GR-2017-0215, Spire East sold property that contained one of its
8 service centers (referred to as the Forest Park property) and partially replaced it with another
9 service center (referred to as the Manchester facility) while also relocating its corporate
10 headquarters. As part of the sale of the Forest Park property, Spire East received funds from
11 the buyer to relocate its employees and equipment to other facilities. The Commission adopted
12 Staff’s proposal regarding an increase to depreciation reserve and creation of a regulatory
13 liability to record the rate base offset of the relocation expense and then amortize the balance
14 over five years. In Case No. GR-2022-0179, Staff reset the unamortized balance at
15 May 31, 2022, over a three-year period to better reflect Spire Missouri’s rate case timing and
16 avoid over-refunding customers. The Forest Park amortization will be fully amortized in
17 September 2025. For this rate case proceeding, Staff did not remove the amortization as
18 September 2025 is after Staff’s true-up cutoff. Staff recommends this amortization to be subject
19 to the prospective tracking mechanism as described by Staff witness Keith Majors.

20 **St. Peters Lateral – Spire East**

21 Q. Please explain this amortization and the ratemaking treatment proposed by Staff
22 in this case.

23 A. In 2017, Spire East (Laclede Gas Company at that time) contracted with
24 MoGas Pipeline, LLC (“MoGas”) to supply the Spire East territory with pipeline services at a

1 reduced price per volume of natural gas. This contract was entered into with the agreement that
2 Spire East would not build the St. Peters Pipeline to bypass MoGas. At the time the contract
3 was agreed to, Spire East had already incurred \$2 million in pre-construction costs on the
4 lateral. The MoGas contract ultimately resulted in cost savings for customers over the life of
5 the contract. As part of Case No. GR-2017-0215, the parties agreed to a four-year amortization
6 of the costs. In Case No. GR-2022-0179, Staff reset the unamortized balance at May 31, 2022,
7 over a three-year period to reflect better timing with Spire Missouri's next rate proceeding so
8 as to avoid over-recovery of these costs in rates. The St. Peters Lateral asset was fully amortized
9 in December 2024. Staff recommends this amortization to be subject to the prospective tracking
10 mechanism as described by Staff witness Keith Majors.

11 **Transition Costs**

12 Q. Please explain this amortization and the ratemaking treatment proposed by Staff
13 in this case.

14 A. On April 19, 2018, the effective date of rates in Case No. GR-2017-0215 and
15 GR-2017-0216, the *Stipulation*¹ signed by the parties and approved by the Commission in those
16 cases allowed Spire East and Spire West to recover \$5.3 and \$4.2 million, respectively, of
17 acquisition transition costs over four years. There are costs Spire Missouri incurred through
18 the acquisition of Missouri Gas Energy by Laclede Gas Company in 2013. In Case No.
19 GR-2022-0179, Staff recommended including an amortization over a three-year period of the
20 remaining balance at May 31, 2022, to best match recovery of this cost with the effective date
21 of rates in that case. The Transition Costs asset for both Spire East and Spire West was fully
22 amortized in December 2023, in between rate cases. Staff has removed the test year

¹Case No. GR-2017-0216, Partial Non-unanimous Stipulation and Agreement, page 2

1 amortization. Staff recommends this amortization to be subject to the prospective tracking
2 mechanism as described by Staff witness Keith Majors.

3 **Equity Software, and Other Non-Depreciable Items**

4 Q. Please explain the amortizations that relate to equity software and other
5 non-depreciable items and the ratemaking treatment proposed by Staff in this case.

6 A. Certain items such as leasehold improvements, franchises and consents, land and
7 land rights, intangible plant and software costs are items that Spire East and Spire West include
8 in their rate base but are not assets that have a depreciation rate assigned to them. In place of
9 this, Spire East and Spire West amortize and recover the asset over the life of that asset. Both
10 Spire East and Spire West amortize portions of various software packages that are utilized in
11 operations, specifically in account 391. Staff does not propose an adjustment for the remaining
12 amortization of software assets 391.3 or 391.5 for either Spire East or Spire West in this current
13 rate proceeding, as the amortization periods are still 10 and 15 years, respectively. Spire
14 Missouri did propose an adjustment to the remaining amortization of the 391.95 software assets.
15 Spire Missouri Witness Eric Bouselli stated in his direct testimony, on Page 15 lines 4-6,
16 “The rapid change in the technology landscape has either forced us to seek alternative
17 applications sooner than originally intended in certain cases, or to understand that 15 year lives
18 for other applications may not be practical.” Staff reviewed this claim and believes Spire
19 Missouri’s request is appropriate. Staff’s adjustment reduces the amortization period of
20 account 391.95 to five years.

21 Q. Does this conclude your direct testimony?

22 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Spire Missouri Inc. d/b/a Spire's)
Request for Authority to Implement a General) Case No. GR-2025-0107
Rate Increase for Natural Gas Service Provided)
in the Company's Missouri Service Areas)

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 *Direct Testimony of Lindsey Smith*; and that the same is true and correct according to her best knowledge and belief.

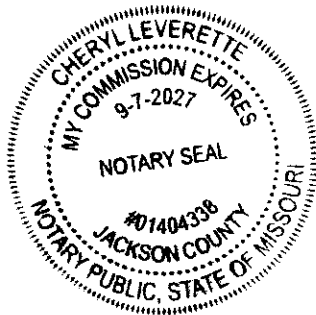
Further the Affiant sayeth not.

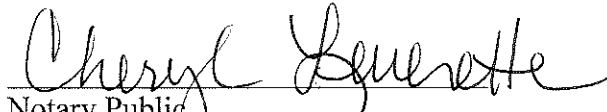


LINDSEY SMITH

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 21st day of April 2025.





Notary Public

Lindsey Smith

Educational and Employment Background and Credentials

I am currently employed as a Utility Regulatory Auditor for the Missouri Public Service Commission (“Commission”). I earned a Bachelor of Business Administration in Finance and a Bachelor of Business Administration in Economics from The University of Central Missouri in May 2023. I have been employed by the Commission since June 2023.

As a Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings for consideration by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases in which I have participated and the scope of my contributions are listed below:

Case/Tracking Number	Company Name- Type of Case; Issues
WA-2025-0090 SA-2025-0091	MRG Utilities Certificate of Convenience and Necessity
GO-2025-0026	Spire, Inc. Infrastructure System Replacement Surcharge
ER-2024-0189	Evergy Missouri West Advertising Expense, Credit Card Fees, CS-11-Misc. Adjustments, Incentive Compensation, Income Eligible Program (Costs Only), Meter Replacement O&M, Outside Services, Rate Case Expense (Including Sharing), Critical Needs Program (Cost Recovery Only)
GO-2024-0214	Spire, Inc. Infrastructure System Replacement Surcharge
SA-2024-0129	Confluence Rivers Certificate of Convenience and Necessity
GO-2023-0432	Spire, Inc. Infrastructure System Replacement Surcharge
WA-2023-0450 SA-2023-0451	Confluence Rivers Certificate of Convenience and Necessity