

Exhibit No.:
Issue(s): Capitalized Overheads
Witness: Matthew R. Young
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 AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

MATTHEW R. YOUNG

**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

10

11

13

14

16

17

19

20

21

22

23

1 accounts based on their underlying cost drivers. For example, payroll taxes are allocated to
2 various accounts based on the labor costs that generated the taxes. The portion of overheads
3 booked to the balance sheet (e.g., plant-in-service) are capitalized overheads.

4 Q. Have there been any disputes before the Commission regarding Spire Missouri's
5 capitalized overheads?

6 A. Yes. Capitalized overheads were in the scope of several proceedings, beginning
7 with Spire Missouri's Infrastructure System Replacement Surcharge ("ISRS")
8 Case Nos. GO-2019-0115 and GO-2019-0116 and later addressed in the following
9 Spire Missouri rate cases: Case Nos. GR-2021-0108 and GR-2022-0179. In Spire Missouri's
10 most recent rate case, GR-2022-0179, the Commission approved a stipulation establishing the
11 cost recovery of capitalized overheads Spire Missouri had deferred into regulatory assets to
12 comply with prior Commission orders.

13 Q. What cost recovery was approved?

14 A. Paragraph six of the *Full Unanimous Stipulation and Agreement* ("Stipulation")
15 in Case No. GR-2022-0179 states:

16 The Signatories agree that deferred overhead costs related to
17 construction in the amount of \$17,302,405 will be amortized over 15
18 years and will receive rate base treatment, and that ineligible
19 non-operational overheads in the amount of \$25,491,724 will be
20 amortized over 15 years and will not receive rate base treatment. Spire
21 Missouri will not seek recovery of any amounts of ineligible
22 non-operational overheads deferred subsequent to September 30, 2022.

23 Q. Did Spire Missouri account for the deferred overheads as it agreed to?

24 A. Yes. Staff verified that Spire Missouri began amortizing the regulatory assets
25 according to the *Stipulation*. As such, the test year amortization expense matches the ongoing
26 amortization and no adjustment to expense is necessary.

1 Q. Does Staff's rate base reflect deferred capitalized overheads as described in the
2 *Stipulation* cited above?

3 A. Yes. Staff's rate base includes the unamortized portion of the eligible regulatory
4 asset measured at the December 31, 2024 update period. Staff's accounting schedules will
5 reflect the May 31, 2025 balance in its true-up revenue requirement.

6 Q. Does this conclude your direct testimony?

7 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)
Rate Increase for Natural Gas Service Provided)
in the Company's Missouri Service Areas)


Case No. GR-2025-0107

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 *Direct Testimony of Matthew R. Young*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



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 17th day of April 2025.





Notary Public

Matthew R. Young

Educational and Employment Background and Credentials

I am employed as a Utility Regulatory Audit Supervisor for the Missouri Public Service Commission (“Commission”). I earned a Bachelor of Liberal Arts Degree from The University of Missouri – Kansas City in May 2009 and a Master of Science in Accounting, also from The University of Missouri – Kansas City, in December 2011. I have been employed by the Commission as a Regulatory Auditor since July 2013.

As a Utility Regulatory Audit Supervisor, I perform rate audits and prepare miscellaneous filings for consideration by the Commission. I review 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. In addition, I oversee the work product produced by other Staff auditors.

Cases in which I have served as a subject matter expert, and the scope of my contributions, are listed below:

Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
GR-2024-0369	Ameren Missouri	AMI Deferral, Meter Reading Expense, Discrete Adjustments	
ER-2024-0261	Empire	AMI Asset, Plant Amortization, Asbury Retirement AAO, Customer First, Pensions, OPEBs, SERP, Construction Accounting, Income Taxes, Environmental Tracker	
GO-2024-0214	Spire Missouri	Revenue Requirement	
ER-2024-0189	Evergy West	Border Customers, Capitalized Overheads, Common Use Billings, Hawthorn Solar Investment, Income Taxes, Off System Sales, PAYS® Program, Miscellaneous Revenues	
WA-2023-0450 SA-2023-0451	Confluence Rivers	Rate Base, Purchase Price	

Matthew R. Young

GO-2023-0432	Spire Missouri	Revenue Requirement	
GT-2023-0229	Liberty Midstates	Revenue Requirement, Capitalized Overheads	
EA-2022-0328	Evergy West	Production Tax Credits	Yes
ER-2022-0337	Ameren Missouri	Plant, Reserve, Sioux Deferral, Fuel Inventory, Fuel Expense, Fuel Prices, Coal Refinement, Intangible Amortization, Extended Amortization, Incentive Compensation, Exceptional Performance Bonus, Income Taxes, IRA Tracker, Capitalized Overheads	
GO-2022-0339	Spire Missouri	Revenue Requirement	
GR-2022-0179	Spire Missouri	Capitalized Overheads	
GO-2022-0171	Spire Missouri	Capitalized Overheads	
ER-2022-0129 ER-2022-0130	Evergy Metro Evergy West	Prospective Tracking, Income Taxes, Fuel Expense and Inventory, DSM Opt-Out and Iatan Regulatory Assets, Plant, Reserve, Amortization Expense.	
EO-2022-0105	Evergy Metro	Revenue Requirement Issues	
ER-2021-0240 GR-2021-0241	Ameren Missouri	Incentive Compensation	
GR-2021-0108	Spire Missouri	Capitalized Overheads, Income Taxes, Rate Base Amortizations	Yes
SA-2021-0017	Missouri American Water Company	Feasibility Studies, Construction Cost Estimates	Yes
GO-2021-0030 GO-2021-0031	Spire – East and Spire – West	ISRS Rate Base	
GA-2021-0010	Spire – West	Costs to Expand Distribution System	
WR-2020-0264	Raytown Water Company	Tank Painting and Tower Maintenance, Taxes, Leases, Capitalized Depreciation	

Matthew R. Young

Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
GO-2020-0229 GO-2020-0230	Spire – East and Spire – West	ISRS Rate Base	
GA-2020-0105	Spire – West	Costs to Expand Distribution System	
WA-2019-0366 SA-2019-0367	Missouri American Water Company	Sale of Assets, Rate Base	
WA-2019-0364 SA-2019-0365	Missouri American Water Company	Sale of Assets, Rate Base	
GO-2019-0356 GO-2019-0357	Spire – East and Spire – West	Overhead Costs in Rate Base, Reconciliation	Yes
ER-2019-0335	Ameren Missouri	Incentive Compensation, Fuel Inventory	
WO-2019-0184	Missouri American Water Company	ISRS Rate Base	
SA-2019-0161	United Services Inc.	Application for Certificate, Rate Base	
ER-2018-0145 ER-2018-0146	Kansas City Power & Light & KCP&L Greater Missouri Operations	Fuel Prices & Inventories, Purchased Power Expense, Pensions, OPEBs, SERP, Outside Services	
WM-2018-0104	Missouri American Water Company	Rate Base	
WM-2018-0023	Liberty Utilities	Sale of Assets, Rate Base	
WR-2017-0343	Gascony Water Company	Rate Base	Yes
GR-2017-0215 GR-2017-0216	Laclede Gas Company & Missouri Gas Energy	Pensions, OPEBs, SERP, Incentive Compensation, Equity Compensation, Severance Costs	Yes

Matthew R. Young

Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
WR-2017-0139	Stockton Hills Water Company	Revenue, Expenses, Rate Base	
ER-2016-0285	Kansas City Power & Light	Forfeited Discounts, Bad Debt Expense, Customer Growth, Cash Working Capital, Payroll and Payroll Related Costs, Incentive Compensation, Rate Case Expense, Renewable Energy Standards Cost Recovery, Property Taxes	Yes
SR-2016-0202	Raccoon Creek Utility Operating Company	Rate Base	
ER-2016-0156	KCP&L Greater Missouri Operations	Payroll, Payroll Benefits, Payroll Taxes, Incentive Compensation, Injuries and Damages, Insurance Expense, Property Tax Expense, Rate Case Expense	
SR-2016-0112	Cannon Home Association	Revenues and Expenses, Rate Base	
WR-2016-0109 SR-2016-0110	Roy-L Utilities	Revenues and Expenses, Rate Base	
WO-2016-0098	Missouri American Water Company	ISRS Revenues	
WR-2015-0246	Raytown Water Company	Revenues and Expenses, Rate Base	
SC-2015-0152	Central Rivers Wastewater Utility	Verification of amounts identified in Complaint	
WR-2015-0104	Spokane Highlands Water Company	Revenues and Expenses, Rate Base	
GR-2015-0026	Laclede Gas Company	Plant Additions and Retirements, Contributions in Aid of Construction	

Matthew R. Young

Case/Tracking Number	Company Name	Scope of Audit	Testified at Hearing
GR-2015-0025	Missouri Gas Energy	Plant Additions and Retirements, Contributions in Aid of Construction	
WR-2015-0020	Gascony Water Company	Revenues and Expenses, Rate Base	
SM-2015-0014	Raccoon Creek Utility Operating Company	Sale of Assets, Rate Base, Acquisition Premium	
ER-2014-0370	Kansas City Power & Light	Injuries & Damages, Insurance, Payroll, Payroll Benefits, Payroll Taxes, Property Taxes, Rate Case Expense	Yes
SR-2014-0247	Central Rivers Wastewater Utility	Revenues and Expenses, Rate Base, Affiliated Transactions	
HR-2014-0066	Veolia Energy Kansas City	Payroll, Payroll Benefits, Payroll Taxes, Bonus Compensation, Property Taxes, Insurance Expense, Injuries & Damages Expense, Outside Services, Rate Case Expense	
GO-2014-0179	Missouri Gas Energy	Plant Additions, Contributions in Aid of Construction	
GR-2014-0007	Missouri Gas Energy	Advertising & Promotional Items, Dues and Donations, Lobbying Expense, Miscellaneous Expenses, PSC Assessment, Plant in Service, Depreciation Expense, Depreciation Reserve, Prepayments, Materials & Supplies, Customer Advances, Customer Deposits, Interest on Customer Deposits	
SA-2014-0005	Central Rivers Wastewater Utility	Application for Certificate, Revenue and Expenses, Plant in Service, Depreciation Reserve. Other Rate Base Items	