Exhibit No.: _____
Issue(s): Discrete Adjustments/Depreciation
Witness/Type of Exhibit: Robinett/Rebuttal
Sponsoring Party: Public Counsel
Case No.: GR-2025-0107

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

Submitted on Behalf of the Office of the Public Counsel

SPIRE MISSOURI, INC.

FILE NO. GR-2025-0107

May 30, 2025

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OF

JOHN A. ROBINETT

SPIRE MISSOURI

CASE NO. GR-2025-0107

Q. What is your name and what is your business address?

A. John A. Robinett, PO Box 2230, Jefferson City, Missouri 65102.

Q. Are you the same John A. Robinett who filed direct testimony on behalf of the Missouri Office of the Public Counsel ("OPC") in this proceeding?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of this testimony is three-fold. First, I will provide my valuation of discrete adjustments for accumulated depreciation reserve through the operation of law date. Second, I will address my concerns related to Staff and Spire's recommendations related to Cast Iron mains depreciation rates. Third and finally, I will address concerns related to how Spire is treating meters in the Spire Missouri East district.

Discrete Adjustments

Q. Did Spire provide recommended discrete adjustments?

A. Yes. It is my understanding that Spire has requested the inclusion of $145 million dollars' worth of capital investment from September of 2024 through October 24, 2025.

Q. Should the Commission approve the discrete adjustments proposed by Spire?

A. The Commission should only grant the discrete plant additions for Spire Missouri between September 2024 and October 24, 2025, if the Commission makes discrete adjustments to reflect retirements that are projected and occur between the same time periods. In addition, if the Commission grants the discrete additions the Commission also needs to account for

discrete salvage and cost of removal (actuals and projections) through the date of new rates. Finally, the Commission would need to make a discrete adjustment to the plant-in-service and accumulated depreciation reserve balances in order to project out the accrued depreciation expense that will occur between September of 2024 and October 24, 2025. This should result in an adjustment to reserve that will ultimately reduce rate base and, in turn, lower the amount of authorized return on investment included in rates for the existing plant-in-service.

Q. Have you calculated the amount of any of the discrete adjustments you just identified the Commission should make if it allows Spire Missouri's proposed discrete adjustments?

A. I have undertaken to calculate what the accumulated depreciation reserve For Spire Missouri West and Spire Missouri East would be as of the operation of law date for this case. Specifically, I have calculated an accumulated depreciation reserve balance of $1,027,043,774 for Spire Missouri East and $784,545,326.29 for Spire Missouri West. This represents an additional $80,168,221.29 in depreciation reserves for Spire Missouri West and $119,256,683.95 in depreciation reserves for Spire Missouri East if discreetly adjusted to extend to October 24, 2025. My calculations of these values are attached as Schedule JAR-R-1.

Q. Did you make any assumptions when calculating your discrete adjustments?

A. I did.

Q. What assumptions did you make?

A. I used the starting point of Staff's direct accounting schedules, provided with the direct filing. I then projected depreciation accrual though the operation of law date of October 24, 2025, utilizing the ordered depreciation rates from GR-2021-0108.

Q. Is your approach in this case similar to the projections you made on behalf of OPC in the Ameren Missouri Gas and Missouri American Water Company rate cases?

A. It is generally similar but is also subject to some very stark differences, in that, I have not projected plant growth in this case, nor have I accounted for retirements and net salvage though the operation of law date.

Q. Why is your methodology different in the current case?

A. It is not intentional. I issued discovery on May 23, 2025, in order to perform the calculations in a similar fashion to my recommendations in Ameren Missouri Gas and Missouri American Water company and I will update the values in surrebuttal testimony to reflect actual retirements and projected retirements and actual and projected net salvage through October 24, 2025, the operation of law date.

If the Commission is to allow for Spire Missouri's discrete adjustment, then it should update accumulated depreciation reserves through the operation of law date by increasing depreciation reserve for Spire Missouri East by $119,256,683.95 and for Spire Missouri West by $80,168,221.29.

Cast Iron Mains Depreciation Rates

Q. What did Spire recommend related to the depreciation rates for Cast Iron Mains Account 376.2?

A. Spire is recommending 19.00% depreciation rate for Spire Missouri East and 11.23% depreciation rate for Spire Missouri West.

Q. What did Staff recommend related to the depreciation rates for Cast Iron Mains Account 376.2?

A. Staff is recommending 19.07% depreciation rate for Spire Missouri East and 11.28% depreciation rate for Spire Missouri West.

Q. Will Staff and Spire's recommended depreciation rates recover the current plant-in-service balances for cast iron mains before the projected completion of the replacement programs?

A. Based on my calculations, neither Staff nor Spire's recommended depreciation rates will recover the current plant-in-service balances by the projected completion of the replacement programs. This is true even before one considers the amounts that would need to be collected for the net salvage component that will be driven by cost of removal for these accounts, which both Staff and Spire are currently recommending at negative 150%. Attached as schedule JAR-R-2 is an Excel file that projects accruals based on Staff and Spire's recommended depreciation rates for cast iron mains for Spire Missouri East and Spire Missouri West.

Q. Why do you say that neither will recover the current level of plant-in-service balances by the completion date of the replacements?

A. Review of my calculation in Schedule JAR-D-2 projected for Spire Missouri East a 4-year accrual value of approximately $22.5 million for both Staff and Spire's recommendations. Based on the response to Staff data request 0027.1, the December 31, 2024, plant-in-service balance for account 376.2 is $29,681,711 with a reserve balance of negative $5,970,559.01. So, in order to collect the current plant-in-service balance, Spire would need to collect $35,652,270 dollars over the next 4 years to recover the original plant-in-service value as

of December 31, 2024. The approximately $22.5 million Staff and Spire are projecting to be collected is roughly $13 million short of what would need to be collected over the next four years prior to the end of the cast iron replacement program.

Compounding this issue is the additional problem that the plant-in-service values that remain will not be retired all at once at the end of the projected completion of the replacement programs. So, the current calculation is based on four years of depreciation expense derived from the December 31, 2024, balances, but these will not actually be the balances for the entirety of the remaining life of the assets and the replacement program. It is also again worth saying this is just to recover the current plant-in-service values and does not take into account the 150% cost of removal recommendations by Staff and Spire. This recommendation means that Spire would need to collect an additional 150% of the original cost of the plant-in-service when it is retired. So, if net salvage is included, the total amount Spire Missouri East would need to collect is $74,204,277.50. However, the current reserve is negative $5,970,559.01. So, Spire Missouri East needs to collect the $74,204,277.50 and the $5,970,559.01 for a total of $80,174,836.51 before the end of the replacement program.

For Spire Missouri West Staff and Spire's recommendation would result in a 6-year accrual value of approximately $24.4 million. Based on the response to Staff data request 0027.1, the December 31, 2024, plant-in-service balance for Spire Missouri West is $36,099,900 with a positive reserve balance of $12,156,599. As with Spire Missouri East, this means that, to collect the current plant-in-service balance, Spire would need to collect $23,943,301 over the next 6 years to recover the original plant-in-service value as of December 31, 2024. This result is better than Spire Missouri East because, based on my projections, Staff and Spire's estimations would allow for the collection of current plant-

in-service values by the slimmest of margins. However, there remains the issue I previously discussed for Spire Missouri East regarding the fact that the plant-in-service values will not be retired all at once. So, there is the potential that, depending on when retirements occur in Spire Missouri West, the Company may still not fully recover the current plant-in-services balances of its cast iron mains account by the end of the replacement program. In addition, these calculations have also not taken into account cost of removal. As with Spire East, Staff and Spire's recommended 150% cost of removal will increase the total amount that will need to be recovered. For Spire West, I have calculated that amount to be a total of $90,249,750.35. This amount will be reduced by the existing $12,156,599.28 in positive depreciation reserve, to yield a final amount needing to be collected of $78,093,151.07.

Q. What recommendations do you have related to the cast iron mains accounts?

A. Based on what I have reviewed, I continue to believe that the current depreciation recommendations for Spire's cast iron main accounts will result in significant future negative reserve balances. For the reasons I laid out in my direct testimony, I continue to recommend that Spire not be permitted to recover a return on any stranded asset balances that are created due to the shortfall of depreciation expense collection that results from these recommended depreciation rates in any potential future rate case.

Plastic Mains Depreciation Rates

Q. What did Spire recommend related to the depreciation rates for Plastic Mains Account 376.3?

A. Spire is recommending a 60-year average service life for plastic mains with a negative 50% net salvage to arrive at a depreciation rate recommendation of 2.51%.

Q. What did Staff recommend related to the depreciation rates for Plastic Mains Account 376.3?

A. Staff is recommending a 60-year average service life for plastic mains with a negative 40% net salvage to arrive at a depreciation rate recommendation of 2.33%.

Q. Do you take issues with the lives selected by Staff and Spire related to Plastic Mains account 376.3?

A. Yes.

Q. What concerns do you have related to the lives of plastic mains?

A. As was laid out in my direct testimony, I first raised concerns related to the early retirement of plastic patches in the 2017 Infrastructure System Replacement Surcharge (ISRS) cases (Case Numbers GR-2017-0215 and 0216). Those concerns still exist today and, based on the Commission's decision in GR-2021-0108, the Commission understood the concern and ordered depreciation rates according to my recommendations related to Plastic mains in that case. In Case Number GR-2021-0108 the Commission found the following related to the average service life for plastic mains:

> The Commission finds that the depreciable life of plastic mains should remain at 75 years, as this has been established as the lifespan in prior Commission cases, and no argument was raised to cause the Commission to change the authorized service life of plastic mains.

Both Staff's and Spire's recommendations have ignored the most recent Commission decision on the lives of the plastic mains and Spire Expert witness' own testimony in those ISRS cases that stated that the plastic mains should have longer lives than the cast iron it is replacing. The Commission should again rule against Staff and Spire's recommendations for shortened lives of plastic mains in account 376.3.

Spire Missouri East Meters

Q. Do you have recommendations related to Spire Missouri East's meter accounts?

A. Yes. I have two specific recommendations related to Spire Missouri East meters. First, I recommend the Commission order the separation of the residential meters that are less than 10 years old from the remaining large meters into new subaccounts for plant-in-service and accumulated depreciation reserves. Then depreciation rates should be calculated based on the lives being experienced for each type of meter. For the residential meters less than 10 years old (where the meter's Encoder Receiver Transmitters ("ERTs") have been replaced but not the meters themselves not replaced) a 10.00% depreciation rate should be applied. For the large meters OPC data request number 8526 Spire indicated that the useful life of its large meters is 49.98 years. Based on this a different depreciation rate should be used for large meters than the aggregated rate that Staff and Spire have recommended, but I am at this time not able to determine the correct rate for large meters in the Spire Missouri East Territory. More discovery related to Spire Missouri's plan for large meters is needed related to the transition from the Landis & Gyr contract that expire in April of 2025.

Q. Did Staff address concerns you discussed in your direct related to the negative reserve for Spire Missouri East meters from the switch from Landis and Gyr after the contract expired?

A. No. Staff witness Ms. Claire M. Eubanks, P.E., stated that Staff plans to address the amortization periods related to the meter stranded assets in rebuttal. In my direct testimony I recommended a 20-year recovery period, which is 5 years longer than what Spire recommended, due to my concerns related to the level of stranded investment that was present

during test year information found in the Staff accounting schedules but have become and will continue to become clearer with the true-up information and filings.

Q. Please summarize your recommendations for this case to date.

A. Both in my direct testimony and this rebuttal testimony I have several recommendations for how the Commission should treat depreciation stranded investments in Spire Missouri East accounts, and discrete adjustments prior to the operation of law date. Combined, those recommendations are as follows:

I recommend the Commission order a 20-year amortization of the stranded asset created for Spire Missouri East's conversion to ultrasonic meters.

For Spire Missouri East the remaining nonconverted meters should be separated by size into different sub-accounts with the residential meters that got different ERT devices installed should be given a 10% depreciation rate as the longest those meters would remain are under 10 years.

For the large meters in that account I would recommend a depreciation rate that reflects the average age of the retirements that Spire is seeing but potentially reduced due to the replacement of these for Spire's future network.

I recommended in direct testimony that the Commission deny Spire Missouri's request for general plant amortization for the reasons discussed above. If the Commission nevertheless authorizes general plant amortization, it should order Spire Missouri to keep recording the original cost and associated retirement units for all additional assets to the relevant accounts and retire all general plant that exceeds the amortization period.

I recommend recovery for the cost of the depreciation study supplied in this case over a five-year period consistent with the filing requirements of a depreciation study in Commission Rule 20 CSR 4240-40.090.

I recommend Spire implement the recommendations of the independent audit if it has not already done so. In addition, all of the items that Grant Thornton was not able to find and verify during the audit should be removed from the books and records of Spire Missouri.

I recommend that Spire Missouri should be granted a non-rate base asset for the reserve deficiency related to the conversion to ultrasonic meters. This means Spire will be allowed to collect for the original cost of the meters but not be allowed to earn a return on the investment. I recommend at a minimum a 20-year amortization based on the current balances discussed and the simple fact that reserve deficiency will only continue to grow until the transitions to ultrasonic AMI meters in Spire Missouri East is completed.

I recommend the Commission disallow the return on the investment in Spire Missouri East for account 397.1 Communication ERT/AMR. It is my opinion that Spire by its replacement actions will likely create a reserve deficiency by placing new modules on existing meters not yet to the sampling 10-year date that will not reach the expected lives of the modules.

I recommend the Commission disallow 50% of the return on the ultrasonic meters in-service to date because Spire's customers have not seen the benefits that were promised by the conversion. Meters are still being read by van routes. Spire admits that the network to unlock the functions and interval reading of the meters does not happen without the network which has not been established.

I recommend a depreciation rate of 2.00% be ordered for account 376.3 plastic mains which is calculated by using a 75-year average service life and -50% net salvage value.

I recommend that the Commission order the creation of a regulatory asset with non-rate base treatment and grant recovery of the negative reserve balance at December 31, 2024, for cast iron mains in Missouri East. The regulatory asset would be approximately $6 million to bring the current reserve deficiency back to zero and I recommend a three-year amortization of that balance.

Q. Does this conclude your rebuttal testimony?

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 JOHN A. ROBINETT

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

John A. Robinett, of lawful age and being first duly sworn, deposes and states:

1. My name is John A. Robinett. I am a Utility Engineering Specialist for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

John A. Robinett
Utility Engineering Specialist

Subscribed and sworn to me this 28th day of May 2025.

TIFFANY HILDEBRAND
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES AUGUST 8, 2027
COLE COUNTY
COMMISSION #15637121

Tiffany Hildebrand
Notary Public

My Commission expires August 8, 2027.