

Exhibit No.:
Issue(s): Payroll, Retirement Work
in Progress, Payroll
Taxes, Overtime,
Payroll Lobbying Removal,
Severance
Witness: Nathan Bailey, CPA
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal /
Cross-Surrebuttal Testimony
Case No.: GR-2025-0107
Date Testimony Prepared: June 30, 2025

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

SURREBUTTAL / CROSS-SURREBUTTAL TESTIMONY

OF

NATHAN BAILEY, CPA

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

CASE NO. GR-2025-0107

*Jefferson City, Missouri
June 2025*

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1 **SURREBUTTAL / CROSS-SURREBUTTAL**

2 **TESTIMONY OF**

3 **NATHAN BAILEY, CPA**

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 Nathan Bailey. My business address is Fletcher Daniels State Office
9 Building, Room 201, 615 East 13th Street, Kansas City, MO 64106.

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

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

13 Q. Are you the same Nathan Bailey that filed direct testimony in this case on
14 April 23, 2025?

15 A. Yes.

16 **EXECUTIVE SUMMARY**

17 Q. What is the purpose of your surrebuttal / cross-surrebuttal testimony?

18 A. The purpose of my surrebuttal testimony is to provide an update upon certain
19 payroll, severance, Plant in Service and Retirement Work in Progress (“RWIP”) related changes
20 from Missouri Public Service Commission Staff’s (“Staff”) direct filing and respond to the
21 rebuttal testimonies of Angela Schaben, on behalf of the Office of Public Council (“OPC”), and
22 Eric Bouselli, on behalf of Spire Missouri Inc., d/b/a Spire (“Spire Missouri” or “Spire West”
23 or “Spire East”).

1 **PAYROLL**

2 Q. What updates does Staff propose to its direct filing for payroll
3 related adjustments?

4 A. Staff has made corrections and updates to its calculations that include associates
5 excluded from Spire West in Staff's direct filing as well as updating the Spire East and
6 Spire West allocators for associates to match Data Request response information. Staff updated
7 Operation and Maintenance ("O&M") rates to apply more granular rates for each employee
8 group. O&M rates differ by group for Spire East union, Spire East non-union, Spire West union
9 and Spire West non-union associates. These rates were updated and applied to overtime,
10 benefits and 401k expenses.

11 Q. How would you respond to OPC witness Angela Schaben's rebuttal testimony
12 regarding payroll calculations and expense? ¹

13 A. Ms. Schaben's testimony critiques the increase in Spire Missouri's payroll
14 expense. Ms. Schaben highlights the Spire East increase particularly when, "Spire just went
15 through an employee reduction event."² While it is reasonable for Ms. Schaben to expect that
16 a reduction in headcount would result in a reduction of cost, there are reasons that this might
17 not be the case.³

18 It is apparent that since the GR-2022-0179 case there has been significant inflation,
19 including in wages.⁴ Inflation was more than 7.9% in 2022 alone. According to the table
20 Ms. Schaben provides in testimony, it appears there has been a companywide headcount

¹ *Rebuttal Testimony of Angela Schaben*, GR-2025-0107 page 9, lines 8-11.

² *Rebuttal Testimony of Angela Schaben*, GR-2025-0107 page 9, lines 4-5.

³ *Rebuttal Testimony of Angela Schaben*, GR-2025-0107 page 9, lines 4-5.

⁴ *Inflation, consumer prices for the United States | FRED | St. Louis Fed.* (n.d.). Fred.stlouisfed.org.
<https://fred.stlouisfed.org/graph/?g=WAVo>

1 reduction Spire Missouri witness Eric Bouselli notes that Staff had some mechanical errors in
2 the payroll and benefits calculations.

3 Q. Has Staff resolved those errors?

4 A. Yes.

5 **SEVERENCE**

6 Q. On page 15 of his rebuttal testimony, Spire Missouri witness Eric Bouselli notes
7 that Staff duplicated the severance adjustment. Has Staff removed the duplication?

8 A. Yes, this is reflected in the updated accounting schedules.

9 **PLANT IN SERVICE**

10 Q. What is Staff's position regarding Spire Missouri's stated intention to make
11 discrete adjustments after the True-Up cutoff date of May 31, 2025?

12 A. Spire Missouri's witness Eric Bouselli states in his rebuttal testimony that the
13 largest component of this adjustment would be for advanced meter installation, that the
14 depreciation expense impact would be approximately \$800,000 increase to expense and that
15 Staff would have sufficient time to review this expense. If, as Mr. Bouselli states, it is indeed,
16 "known and measurable, will not skew the matching principle, and will be in service with
17 sufficient time for Staff to review whether inclusion is appropriate or not,"⁵ Staff will review
18 the proposed adjustment(s). However, discrete adjustments are not allowable after the cutoff
19 without the Commission's express approval. Please see the testimony of Keith Majors, Staff's
20 witness on discrete adjustments.

⁵ *Rebuttal Testimony of Eric Bouselli*, GR-2025-0107 page 6, lines 14-17.

1 **RWIP**

2 Q. On page 2 of his rebuttal testimony, Spire Missouri witness Eric Bouselli notes
3 inconsistent rate base treatment of RWIP. What updates does Staff propose to its direct filing
4 for RWIP?

5 A. Staff identified and corrected a sign error in its direct filing that duplicated the
6 inclusion of RWIP in net plant.

7 Q. Does this conclude your surrebuttal / cross-surrebuttal testimony?

8 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 NATHAN BAILEY, CPA

STATE OF MISSOURI)
COUNTY OF Jackson) ss.

COMES NOW NATHAN BAILEY, CPA and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Nathan Bailey, CPA*; and that the same is true and correct according to his best knowledge and belief.

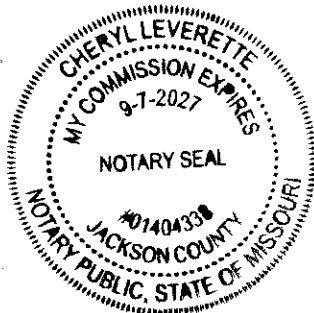
Further the Affiant sayeth not.

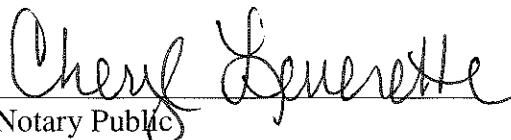


NATHAN BAILEY, CPA

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 25th day of June 2025.





Notary Public