

Exhibit No.:
Issue(s): *Property Taxes, Rate Case Expense*
Witness: *Sydney Ferguson*
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 & BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

SURREBUTTAL / CROSS-SURREBUTTAL TESTIMONY

OF

SYDNEY FERGUSON

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

CASE NO. GR-2025-0107

Jefferson City, Missouri
June 2025

SURREBUTTAL / CROSS-SURREBUTTAL

TESTIMONY OF

SYDNEY FERGUSON

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

CASE NO. GR-2025-0107

Q. Please state your name and business address.

A. My name is Sydney Ferguson and my business address is 615 East 13th Street,
Kansas City, MO 64106.

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

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

Q. Are you the same Sydney Ferguson who filed Direct Testimony on
April 23, 2025, in this case?

A. Yes, I am.

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

A. My surrebuttal/cross-surrebuttal testimony responds to the rebuttal testimony of
Spire Missouri Inc., d/b/a Spire (“Spire Missouri”) Witness Eric Bouselli regarding the
appropriate regulatory treatment of rate case expense and property tax expense.
Specifically, I will address Spire Missouri’s proposals for 100% recovery of rate case expenses,
for a two-year normalization period for rate case expense and a two-year amortization period
for the property tax trackers, as well as the appropriate balances to use for Spire Missouri's
legacy property tax trackers.

RATE CASE EXPENSE

Q. Spire Missouri Witness Bouselli disagrees with Staff's recommended three-year amortization period for rate case expenses, stating Spire Missouri will "likely be in a two-year cycle moving forward." How does Staff respond?

A. While my direct testimony was based on Spire Missouri's historical three-year filing cycle, I am now recommending a two-year normalization period for rate case expense. This is consistent with Spire Missouri's request and its stated intention to file more frequently. Staff will reflect a two-year normalization period in the true-up filing in this case.

Q. Spire Missouri Witness Bouselli disagrees with your recommendation to continue the 50/50 sharing of rate case expense established in Case No. GR-2022-0179, arguing that 100% of these costs should be recoverable from ratepayers. Do you have a response?

A. Yes. Spire Missouri's position that ratepayers should bear 100% of the cost of a rate case is inconsistent with regulatory principles of fairness and balanced incentives. The 50/50 sharing mechanism, which the Commission approved in Spire Missouri's GR-2017-0215 is a well-established and equitable method that recognizes that a rate case provides benefits to both Spire Missouri's shareholders and its customers.

Shareholders are primary beneficiaries, as the rate case is the vehicle through which Spire Missouri seeks the opportunity to increase its revenues and earn a return on its investment. Ratepayers benefit from the regulatory scrutiny that ensures rates remain just and reasonable. Because both parties benefit, it is appropriate that they share in the costs.

Furthermore, requiring shareholders to bear a portion of the expense creates a crucial incentive for Spire Missouri to control these costs. If ratepayers were responsible for 100% of

1 the bill, Spire Missouri would have little motivation to be prudent in incurring legal and
2 consulting fees. The 50/50 sharing mechanism approved in previous rate cases is a fair and
3 reasonable precedent that appropriately balances the interests of Spire Missouri and its
4 customers, and Spire Missouri has presented no compelling new argument to abandon it.

5 **PROPERTY TAX TRACKERS**

6 Q. Spire Missouri Witness Eric Bouselli has testified on several adjustments.
7 How do you respond to Spire Missouri's position?

8 A. Staff and Spire Missouri have reached agreement on several items. Staff agrees
9 with Spire Missouri that the 2024 property tax statements should form the basis for the test year
10 expense and that the Kansas property tax tracker should be removed. We also agree that the
11 amortization for the property tax tracker established by the Missouri General Assembly should
12 be based on the trued-up balance as of May 31, 2025. Following discussions with
13 Spire Missouri, Staff has also corrected the mechanical issues with its calculations that
14 Spire Missouri identified. Finally, as noted previously, Staff now agrees that a two-year
15 amortization period for these tracked expenses is appropriate. Staff will reflect a two-year
16 amortization period in the true-up filing in this case.

17 However, Staff disagrees with Spire Missouri's proposal to use *projected* balances as
18 of September 30, 2025, for the legacy property tax trackers¹. The true-up period for this case
19 ends on May 31, 2025. It is a fundamental principle of ratemaking that revenues, expenses,
20 and investments in rate base are measured and synchronized for the same period.
21 Spire Missouri's proposal to use a balance four months after the end of the true-up period for

¹ Bouselli Rebuttal, page 21, line 22- page 22, line 4.

1 | this one specific item is inappropriate. It creates a mismatch between the timing of costs and
2 | revenues and violates the integrity of the test year. The correct and consistent approach is to use
3 | the known and measurable tracker balances as of May 31, 2025, which aligns with all other
4 | true-up components.

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

6 | 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 SYDNEY FERGUSON

STATE OF MISSOURI)
)
COUNTY OF Jackson) ss.

COMES NOW SYDNEY FERGUSON and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal / Cross-Surrebuttal Testimony of Sydney Ferguson*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



SYDNEY FERGUSON

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 30th day of June 2025.



Notary Public

