

Exhibit No.:	
Issue(s):	CPR Audit Recommendations Negative Reserve Balances
Witness:	Michelle Antrainer
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Spire Missouri Inc.
Case Nos.	GR-2025-0107
Date Prepared:	June 30, 2025

SPIRE MISSOURI INC.

CASE NO. GR-2025-0107

SURREBUTTAL TESTIMONY

OF

MICHELLE ANTRAINER

JUNE 30, 2025

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SURREBUTTAL TESTIMONY OF MICHELLE ANTRAINER

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Michelle Antrainer, and my business address is 700 Market Street, St. Louis, MO 63101.

Q. ARE YOU THE SAME MICHELLE ANTRAINER THAT SUBMITTED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

A. Yes, I submitted direct and rebuttal testimony on behalf of Spire Missouri Inc. (“Spire Missouri” or “Company”) in this rate case.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to respond to various issues, positions and statements made in the rebuttal testimony of the Missouri Public Service Commission Staff (“Staff”) and the Office of Public Counsel (“OPC”) which was filed with the Commission on May 30, 2025. Specifically, I will provide surrebuttal testimony responding to the following issues: CPR audit recommendations from Grant Thornton and the treatment of assets with negative depreciation reserve.

Q. ARE YOU SPONSORING ANY SCHEDULES WITH YOUR SURREBUTTAL TESTIMONY?

A. No.

II. CPR AUDIT RECOMMENDATIONS AND NEGATIVE RESERVE BALANCES

Q. OPC WITNESS ROBINETT RECOMMENDS SPIRE MISSOURI IMPLEMENT THE RECOMMENDATIONS OF THE CONTINUING PROPERTY RECORD

1 **AUDIT (“CPR AUDIT” OR THE “INDEPENDENT AUDIT”) IF IT HAS NOT**
2 **ALREADY DONE SO. DO YOU AGREE?**

3 A. Not entirely. The Company has already implemented many of the recommendations made
4 by Grant Thornton in the audit and has provided the parties a plan for implementing new
5 processes and procedures to address additional recommendations. There are other
6 recommendations that involve automating processes that will require additional review to
7 determine the cost benefit of implementing the change.

8 **Q. IN ADDITION, MR. ROBINETT RECOMMENDS THAT ALL OF THE ITEMS**
9 **THAT GRANT THORTON WAS UNABLE TO FIND AND VERIFY DURING THE**
10 **AUDIT SHOULD BE REMOVED FROM THE BOOKS AND RECORDS OF SPIRE**
11 **MISSOURI. HOW DO YOU RESPOND?**

12 A. As stated in my rebuttal testimony, I do not agree with this recommendation. While the
13 Company does not dispute that additional retirements may be necessary, further internal
14 investigation is required before simply retiring assets from Company records.
15 Reconciliations between internal Company systems are continuing, and applicable
16 retirements are occurring upon identification of differences between systems.

17 **Q. HOW DO STAFF AND OPC PROPOSE TO ADDRESS THE RESERVE**
18 **DEFICIENCY RELATED TO THE CONVERSION FROM DIAPHRAGM**
19 **METERS TO ULTRASONIC METERS IN SPIRE MISSOURI EAST?**

20 A. Staff witness Eubanks and OPC witness Robinett both propose to create a non-rate base
21 asset amortized over a 20-year period to allow Spire Missouri to collect the original cost
22 of the diaphragm meters but earn no return on those meters.

23 **Q. DO YOU AGREE WITH MS. EUBANKS AND MR. ROBINETT?**

1 A. I agree with Staff's and OPC's proposed treatment of the diaphragm meter reserve
2 deficiency, except for the recovery period, but want to reiterate that the reserve deficiency
3 existed prior to the introduction of the ultrasonic meters. I recommended a similar
4 treatment for this asset reserve deficiency in my direct testimony, only with a shorter (15-
5 year) recovery period. For all meters not being replaced with advanced technology that will
6 remain in plant account 381000, Company witness Spanos is recommending a shorter
7 service life and an increased depreciation rate to prevent this situation from recurring.

8 **Q. WHY DO YOU NOT AGREE WITH THE 20-YEAR AMORTIZATION PERIOD**
9 **AND CONTINUE TO RECOMMEND THE 15-YEAR PERIOD?**

10 A. The historical depreciation rates for diaphragm meters were based on a 35-year service life,
11 while the average field life experienced was closer to 18 to 20 years. The variance between
12 the depreciation service life and the average field life is approximately 15 to 17 years.
13 Therefore, Spire Missouri believes that a 15-year amortization period for recovery of the
14 diaphragm meter stranded asset regulatory asset is appropriate; however, the Company is
15 open to the possibility of a 20-year amortization period.

16 **Q. STAFF WITNESS EUBANKS STATED STAFF CALCULATED A RESERVE**
17 **IMBALANCE OF APPROXIMATELY (\$49) MILLION FOR THE METER**
18 **ACCOUNT 381 AND A RESERVE IMBALANCE OF APPROXIMATELY \$23**
19 **MILLION FOR METER ACCOUNT 382 IN THE TEST YEAR. DO YOU AGREE**
20 **WITH THESE IMBALANCES?**

21 A. The reserve imbalance that Ms. Eubanks calculated considers Spire Missouri total balances
22 for both meter plant accounts 381000 and 382000. Spire Missouri East and Spire Missouri
23 West small diaphragm meter replacements are occurring on different timeframes. The

recommended regulatory treatment to address any reserve deficiency is considering only the Spire Missouri East plant account 381000 balance.

Q. STAFF WITNESS EUBANKS ESTIMATES THE 20-YEAR AMORTIZATION WILL BE APPROXIMATELY \$3.2 MILLION ANNUALLY, WITH THE REGULATORY ASSET BALANCE TO BE UPDATED IN TRUE-UP ONCE ALL DIAPHRAGM METERS ARE RETIRED. HOW DO YOU RESPOND?

A. I reviewed the methodology that Ms. Eubanks used for her calculation and found it similar to the calculation included in my direct testimony. The final amortization amount will be determined by the diaphragm meter plant balance as of May 31, 2025, along with the appropriate amortization period.

Q. OPC WITNESS ROBINETT RECOMMENDS THAT, FOR SPIRE MISSOURI EAST, THE REMAINING NONCONVERTED METERS SHOULD BE SEPARATED BY SIZE INTO DIFFERENT SUB-ACCOUNTS, WITH THE RESIDENTIAL METERS WITH DIFFERENT ENCODER RECEIVER TRANSMITTER (“ERT”) DEVICES INSTALLED TO BE GIVEN A 10% DEPRECIATION RATE, AS THE LONGEST TIME THOSE METERS WOULD REMAIN IS FEWER THAN 10 YEARS. DO YOU AGREE?

A. I agree with Mr. Robinett that the remaining diaphragm meters that are less than 375 CFH should be assigned a shorter depreciation service life and 10% is a reasonable estimate for the rate. However, the Company does not believe that all electronic reading “ERT” devices should be given the same 10% depreciation rate. “ERT” devices are not limited to specific meter sizes; therefore, the ERT devices could be used on the larger-sized meters that are still included in the 381000 plant account balance.

1 **Q. OPC WITNESS ROBINETT STATES THAT OPC RECOMMENDS A**
2 **DEPRECIATION RATE FOR LARGE METERS THAT REFLECTS THE**
3 **AVERAGE AGE OF THE RETIREMENTS THAT SPIRE MISSOURI IS SEEING,**
4 **BUT POTENTIALLY REDUCED DUE TO THE REPLACEMENT OF SUCH**
5 **METERS FOR SPIRE MISSOURI'S FUTURE NETWORK. HOW DO YOU**
6 **RESPOND?**

7 A. In his rebuttal testimony, Company witness Spanos recommended a service life of 28 years
8 for assets included in plant account 381.00, which includes the larger-sized meters. This
9 service life is a decrease from the existing 35 years approved in the previous rate case.

10 **Q. OPC WITNESS ROBINETT STATES THAT THE COMMISSION SHOULD**
11 **DISALLOW THE RETURN ON THE INVESTMENT IN SPIRE MISSOURI**
12 **EAST'S ACCOUNT 397 AND OPINES THAT SPIRE MISSOURI'S**
13 **REPLACEMENT ACTIONS WILL LIKELY CREATE A RESERVE DEFICIENCY**
14 **BY PLACING NEW MODULES ON EXISTING METERS NOT YET TO THE**
15 **SAMPLING 10-YEAR DATE THAT WILL NOT REACH THE EXPECTED LIVES**
16 **OF THE MODULES. HOW DO YOU RESPOND?**

17 A. I do not agree with this recommendation. ERT module installation is necessary in order to
18 move all Spire Missouri East customers off the Landis and Gyr system prior to that contract
19 expiring. While the current plan is to replace the existing diaphragm meters with the
20 attached ERT device when the meter reaches the ten-year age for testing, other factors
21 could impact the treatment of these assets. ERT devices are not limited to specific meter
22 sizes; therefore, the ERT devices could be used on the larger-sized meters that are still
23 included in the 381000 plant account balance. Nonetheless, the Company agrees that any

1 AMR devices included in plant account 397.1 should be treated consistently with the
2 diaphragm meter reserve deficiency and be transferred to a regulatory asset. This asset
3 should then be amortized over a reasonable period.

4 **Q. OPC WITNESS ROBINETT RECOMMENDS THE COMMISSION DISALLOW**
5 **50% OF THE RETURN ON THE ULTRASONIC METERS IN-SERVICE TO**
6 **DATE BECAUSE SPIRE MISSOURI'S CUSTOMERS HAVE NOT SEEN THE**
7 **BENEFITS PROMISED BY THE CONVERSION. HOW DO YOU RESPOND?**

8 A. I disagree with this recommendation. There is no basis for a 50% disallowance on the return
9 for the advanced meters being deployed by Spire Missouri. As stated in prior testimony,
10 these meters are being replaced because the existing Landis & Gyr network is being retired.
11 A change in metering equipment is required to continue providing customer reads for
12 billing and usage monitoring purposes. Additionally, many utilities in the state and the
13 overall industry are deploying advanced meters as it is important to utilize the best
14 technology with advanced safety features for customers. While the Company
15 acknowledges the new network has not yet been established, the advanced meters are being
16 used to provide service to customers. Installing a meter reading network takes time and this
17 meter replacement effort is the first step that will ultimately lead to giving our customers
18 additional detail on their energy consumption. Our customers are receiving significant
19 benefits today from the advanced meters Spire Missouri has deployed by reducing the need
20 for estimating reads, given the existing network is going away, and with the advanced
21 safety features these meters offer, as described in my rebuttal testimony.

22 **Q. OPC WITNESS ROBINETT RECOMMENDS THAT THE COMMISSION**
23 **ORDER THE CREATION OF AN APPROXIMATELY \$6 MILLION**

REGULATORY ASSET WITH NON-RATE BASE TREATMENT AND GRANT RECOVERY OF THE NEGATIVE RESERVE BALANCE AT DECEMBER 31, 2024 FOR CAST IRON MAINS IN SPIRE MISSOURI EAST. MR. ROBINETT STATES THE REGULATORY ASSET WOULD BRING THE CURRENT RESERVE DEFICIENCY BACK TO ZERO, AND OPC RECOMMENDS A THREE-YEAR AMORTIZATION OF THAT BALANCE. HOW DO YOU RESPOND TO THIS RECOMMENDATION?

A. I disagree. A negative asset reserve balance should not simply be addressed through amortization of the negative amount existing during a rate case proceeding. It is better to address the cause of the deficiency than to apply a short-term fix. Increasing the depreciation rate will allow the negative reserve to correct using standard accounting principles. If this recommendation is approved, the issue will continue to exist.

III. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

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) File No. GR-2025-0107
In the Company’s Missouri Service Areas)

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

1. My name is Michelle Antrainer. I am Manager, Rates & Planning for Spire Missouri Inc. My business address is 700 Market St., St. Louis, Missouri 63101.

2. This affidavit is attached to my surrebuttal testimony, which is filed on behalf of Spire Missouri Inc.

3. I hereby swear and affirm that my answers to the questions contained in my surrebuttal testimony are true and correct to the best of my knowledge, information, and belief.


Michelle Antrainer

Subscribed and sworn to before me this 30 day of June 2025.

Lisa M. Reed
Notary Public

