

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone/internet audio conference on the 1st day of July, 2020.

In the Matter of the Application of Spire)
Missouri Inc. to Change its Infrastructure)
System Replacement Surcharge in its) **File No. GO-2016-0332**
Spire Missouri West Gas Service)
Territory)

In the Matter of the Application of Spire)
Missouri Inc. to Change its Infrastructure)
System Replacement Surcharge in its) **File No. GO-2016-0333**
Spire Missouri East Gas Service)
Territory)

In the Matter of the Application of Spire)
Missouri Inc. to Change its Infrastructure)
System Replacement Surcharge in its) **File No. GO-2017-0201**
Spire Missouri West Service Territory)
)

In the Matter of the Application of Spire)
Missouri Inc. to Change its Infrastructure)
System Replacement Surcharge in its) **File No. GO-2017-0202**
Spire Missouri East Service Territory)
)

In the Matter of the Application of Spire)
Missouri Inc. to Establish an)
Infrastructure System Replacement) **File No. GO-2018-0309**
Surcharge in its Spire Missouri East)
Service Territory)

In the Matter of the Application of Spire)
Missouri Inc. to Establish an)
Infrastructure System Replacement) **File No. GO-2018-0310**
Surcharge in its Spire Missouri West)
Service Territory)

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: July 1, 2020

Effective Date: July 11, 2020

These cases are before the Commission on remand from the Missouri Court of Appeals, Western District. The Court of Appeals issued its mandates on March 18, 2020 remanding Spire Missouri Inc.'s (Spire Missouri) infrastructure system replacement surcharge (ISRS) cases in File Nos. GO-2016-0332 and GO-2016-0333 (2016 ISRS Cases),¹ GO-2017-0201 and GO-2017-0202 (2017 ISRS Cases),² and GO-2018-0309 and GO-2018-0310 (2018 ISRS Cases)³ for further proceedings at the Commission. On April 15, 2020, the Commission denied Spire Missouri's motion to consolidate the 2018 ISRS Cases with the 2016 and 2017 ISRS Cases, remanded to the Commission on the same date.

The Court of Appeals remanded the 2016 and 2017 ISRS Cases with directions for the Commission to determine refunds of the ISRS surcharges related to Spire Missouri's recovery of plastic components to its customers. The 2018 ISRS Cases were remanded to the Commission to remove from Spire Missouri's revenue requirement the cost incurred to replace cast iron and bare steel mains and service lines not shown to be worn out or deteriorated. The Court of Appeals also mandated that a refund of these costs should be given to ratepayers by the most expeditious means available.

Various procedures were set for each pair of cases and an evidentiary hearing on remand was set for the 2018 ISRS Cases. However, on May 29, 2020, prior to the start of the hearing, the parties jointly filed a Unanimous Stipulation and Agreement resolving

¹ *Matter of Application of Laclede Gas Co. to Change Its Infrastructure Sys. Replacement Surcharge in Its Missouri Gas Energy Serv. Territory*, 593 S.W.3d 582 (Mo. Ct. App. 2019), reh'g and/or transfer denied (Dec. 12, 2019), transfer denied (Mar. 17, 2020).

² *Matter of Laclede Gas Co. to change its infrastructure system replacement surcharge in its Missouri Gas Energy Serv. Territory*, 593 S.W.3d 572, 575 (Mo. Ct. App. 2019), reh'g and/or transfer denied (Dec. 12, 2019), transfer denied (Mar. 17, 2020).

³ *Matter of Spire Missouri Inc.*, 593 S.W.3d 546, 549 (Mo. Ct. App. 2019), reh'g and/or transfer denied (Dec. 12, 2019), transfer denied (Mar. 17, 2020).

the issues in all six cases. On June 2, 2020, the Commission held an on-the-record presentation regarding the stipulation and agreement.

The Unanimous Stipulation and Agreement provides that Spire Missouri shall make a one-time refund to its customers in the total amount of \$15,000,000 for the remanded 2016, 2017, and 2018 ISRS Cases. The stipulation and agreement also provides for use of the cost allocation method and refund amounts for each customer class set out in Exhibit 1 to the agreement, and that the refunds will be credited to all current customers as a one-time credit to their bills rendered on or after August 1, 2020. The parties also agreed to the regulatory accounting of the refunds and to the method for a final true-up of the ISRS amounts.

The parties agreed that there would be no further litigation of these cases and that the final resolution of these matters is a benefit to the ratepayers. The parties agreed that the ISRS revenue requirements for Spire East and Spire West should remain unchanged and that Spire Missouri will not file in a future ISRS case for the cost recovery of any portion of the facilities included in the 2018 ISRS Cases or for the disallowed plastics from any of the 2016, 2017, or 2018 ISRS Cases. The agreement does not prevent Spire Missouri from seeking cost recovery for the plastic, cast iron, or bare steel facilities in its next general rate case as appropriate.⁴

After reviewing the Unanimous Stipulation and Agreement, the Commission finds and concludes that the agreement is a reasonable resolution of the remanded issues before the Commission and its terms should be approved. The Commission further finds that the agreement will provide for the most expeditious method of issuing refunds to Spire Missouri's ratepayers in compliance with the mandates of the Court of Appeals.

⁴ The parties also included a "Mutual Non-Disparagement Provision" with regard to these cases.

Because this is a unanimous agreement, and so that refunds can proceed expeditiously, the Commission will make this order effective in ten days.

THE COMMISSION ORDERS THAT:

1. The Unanimous Stipulation and Agreement filed on May 29, 2020, is approved as a resolution of all issues on remand in File Nos. File Nos. GO-2016-0332, GO-2016-0333, GO-2017-0201, GO-2017-0202, GO-2018-0309, and GO-2018-0310. The signatory parties are ordered to comply with the terms of the Unanimous Stipulation and Agreement. A copy of the Unanimous Stipulation and Agreement is attached to this order and incorporated by reference.

2. This order shall be effective on July 11, 2020.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and
Holsman CC., concur.

Dippell, Senior Regulatory Law Judge

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Spire Missouri)
Inc. to Change its Infrastructure System)
Replacement Surcharge in its Spire Missouri East) **File No. GO-2016-0333**
Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Change its Infrastructure System)
Replacement Surcharge in its Spire Missouri West) **File No. GO-2016-0332**
Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Establish an Infrastructure System)
Replacement Surcharge in its Spire Missouri West) **File No. GO-2017-0201**
Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Establish an Infrastructure System)
Replacement Surcharge in its Spire Missouri East) **File No. GO-2017-0202**
Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Change its Infrastructure System) **File No. GO-2018-0309**
Replacement Surcharge in its Spire Missouri East)
Service Territory)

In the Matter of the Application of Spire Missouri)
Inc. to Change its Infrastructure System) **File No. GO-2018-0310**
Replacement Surcharge in its Spire Missouri West)
Service Territory)

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Spire Missouri Inc., on behalf of itself and its two operating units, Spire East and Spire West (the “Company” or “Spire”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”) (hereinafter “the Signatories”) and for their Unanimous Stipulation and Agreement (“Stipulation”), respectfully state as follows:

BACKGROUND

1. This Stipulation is presented by the Signatories to address mandates issued by the

Western District Court of Appeals in a series of ISRS Cases, including the Company's 2016 ISRS cases (WD 82199 CONS WD82299; File Nos. GO-2016-0332 and GO-2016-0333), 2017 ISRS cases (WD 82200 CONS WD82297; File Nos. GO-2017-0201 and GO-2017-0202) and 2018 ISRS cases (WD 82302 CONS WD 82373, File Nos. GO-2018-0309 and GO 2018-0310).

2. The 2016 and 2017 ISRS Cases were remanded to the Commission in order to refund ISRS surcharges related to the Company's recovery of plastic components to its customers. The 2018 ISRS Cases were remanded to the Commission in order to remove the cost incurred to replace cast iron and bare steel mains and service lines not shown to be worn out or deteriorated from the Company's revenue requirement. The Court also included in its mandate that a refund of these costs be made to ratepayers in the most expeditious and authorized means available.

3. The purpose of this agreement is to end further litigation on these matters and eliminate the need for the Company to re-file for recovery of costs associated with the 2018 ISRS facilities in future ISRS cases. This resolution reduces costs to customers by not having to expend additional resources to revisit these issues, acknowledges the work the Company has already done to prove that the 2018 facilities are in a worn out or deteriorated condition, and respects the Court's decision that costs must be refunded to the Company's ratepayers in an expedient manner, especially given the current economic uncertainty. To that end, the Signatories agree to the following:

REFUND

4. The Signatories agree and recommend that Spire shall make a one-time refund to its customers in the total amount of \$15,000,000 dollars for the remanded 2016, 2017, and 2018 ISRS Cases. For regulatory accounting purposes, the Company will apply the refund against the

provision recorded for FY2019 and prior revenue first, and the difference must be recorded in FY 2020 including a final true-up of the provision to match the refund.

5. The Signatories further agree that the cost allocation method and refund amounts for each customer class identified on Exhibit 1 to this Stipulation and Agreement be approved for Spire East and Spire West. The refunds shall be credited to all current customers as a one-time credit to their bills rendered on or after August 1, 2020, and shall be reflected as a separate line item on customers' bills. The bill credit shall be trued up in the Company's next ISRS filing.

NO CHANGE TO ISRS REVENUE REQUIREMENT

6. The Signatories agree and recommend that the current ISRS revenue requirements for Spire East and Spire West remain unchanged, as the Parties intend the refunds proposed herein to fully comprise the disallowed costs

COMPANY'S NEXT ISRS FILING

7. The Company agrees not to refile in a future ISRS case for cost recovery of any portion of the facilities included in the 2018 ISRS Cases. The Company also agrees not to refile for disallowed plastics from the 2016, 2017 or 2018 cases in any future ISRS case, regardless of any statutory changes which might allow recovery of these facilities. This stipulation does not prevent the Company from seeking cost recovery associated with replacing such disallowed plastic components, cast iron or bare steel facilities in its next general rate case proceeding. This stipulation is not intended to impact (1) any costs subject to any other pending case not the subject of this Stipulation, (2) recovery of costs associated with the Company's ongoing replacement of bare steel or cast iron, or (3) any ISRS proceedings conducted after the Company's next general rate case proceeding.

MUTUAL NON-DISPARAGEMENT PROVISION

8. The Company, Staff, and OPC all agree that, in communicating publicly regarding these cases, their litigation and resolution, no party to this Stipulation and Agreement will make any disparaging public comments regarding (1) any other party or its conduct, (2) the litigation of these cases, (3) the refunds issued, or (4) the ISRS charges or the underlying issues in these cases. This provision shall not be interpreted to prevent or apply to statements regarding the ISRS in general (without specific application to these cases or any particular party) and shall further not apply to any statements made or positions taken in any other current or future litigation.

GENERAL PROVISIONS

9. This Stipulation is being entered into solely for the purpose of settling the issues explicitly set forth above. Unless otherwise explicitly provided herein, none of the Signatories to this Stipulation shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any cost of service methodology or determination, method of cost determination or cost allocation or revenue-related methodology.

10. This Stipulation has resulted from negotiations among the parties to this case, and the terms hereof are interdependent. If the Commission does not approve this Stipulation unconditionally and without modification, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof.

11. This Stipulation embodies the entirety of the agreements between the Signatories in this case on the issue addressed herein, and may be modified by the Signatories only by a written amendment executed by all of the Signatories.

12. If approved and adopted by the Commission, this Stipulation shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the

validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms.

13. If the Commission does not approve this Stipulation without condition or modification, and notwithstanding the provision herein that it shall become void, (1) neither this Stipulation nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with RSMo. §536.080 or Article V, Section 18 of the Missouri Constitution, and (2) the Signatories shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

14. If the Commission accepts the specific terms of this Stipulation without condition or modification, only as to the issues in these cases explicitly set forth above, the Signatories each waive their respective rights to present oral argument and written briefs pursuant to RSMo. §536.080.1, their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, their respective rights to seek rehearing pursuant to §386.500, and their respective rights to judicial review pursuant to §386.510. This waiver applies only to a Commission order approving this Stipulation without condition or modification issued in this proceeding and only to the issue resolved herein. It does not apply to any matters raised in any prior or subsequent Commission proceeding nor any matters not explicitly addressed by this Stipulation.

WHEREFORE, the Signatories respectfully request that the Commission issue an order in this case approving the Stipulation subject to the specific terms and conditions contained therein.

Respectfully submitted,

/s/ Matt Aplington
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Counsel for Office of Public Counsel

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 29th day of May, 2020

/s/ Goldie T. Bockstruck

**Spire Missouri East
ISRS Settlement - Bill Credit Calculation**

**Exhibit 1
Page 1**

Total ISRS Revenues 4,950,000

<u>Customer Rate Class</u>	<u>Number of Customers*</u>	<u>Customer Charge</u>	<u>Ratio to Residential Customer Charge</u>	<u>Weighted Customer Nos.</u>	<u>Customer Percentage</u>	<u>One Time Bill Credit</u>	<u>Current ISRS Revenues</u>
Residential	604,973	22.00	1.0000	604,973	86.0155%	7.04	4,257,766
SGS	36,743	35.00	1.5909	58,455	8.3111%	11.20	411,401
LGS	3,882	125.00	5.6818	22,055	3.1358%	39.99	155,220
LV	67	914.25	41.5568	2,784	0.3959%	292.47	19,596
Unmetered Gas Light	84	6.00	0.2727	23	0.0033%	1.92	161
Interruptible	20	837.40	38.0636	761	0.1082%	267.89	5,358
General L.P	36	17.94	0.8155	29	0.0042%	5.74	208
Vehicular Fuel	8	23.38	1.0627	8	0.0012%	7.48	59
Large Volume Transportati	147	2,131.41	96.8823	14,242	2.0249%	681.85	100,232
Total	645,960				100.0000%		<u>4,950,000</u>

*Test Year Customers - GR-2017-0215

**Spire Missouri West
ISRS Settlement - Bill Credit Calculation**

**Exhibit 1
Page 2**

Total ISRS Revenues 10,050,000

<u>Customer Rate Class</u>	<u>Number of Customers*</u>	<u>Customer Charge</u>	<u>Ratio to Residential Customer Charge</u>	<u>Weighted Customer Nos.</u>	<u>Customer Percentage</u>	<u>One Time Bill Credit</u>	<u>Current ISRS Revenues</u>
Residential	469,947	20.00	1.0000	469,947	82.9794%	17.75	8,339,433
SGS	31,727	30.00	1.5000	47,591	8.4031%	26.62	844,516
LGS	3,628	130.17	6.5085	23,613	4.1694%	115.50	419,021
LV	460	1,095.27	54.7635	25,191	4.4481%	971.80	447,030
Total	505,762				100.0000%		<u>10,050,000</u>

*Test Year Customers - GR-2017-0216

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 1st day of July 2020.





Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

July 1, 2020

File/Case No. GO-2016-0332, GO-2016-0333, GO-2017-0201, GO-2017-0202, GO-2018-0309, and GO-2018-0310

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.