Exhibit No.:	
Issue(s):	*Accounting Authority Order*
Witness:	*Jared Giacone*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Rebuttal Testimony*
Case No.:	*GU-2026-0225*
Date Testimony Prepared:	*July 22, 2026*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

JARED GIACONE

SPIRE MISSOURI INC., d/b/a Spire

CASE NO. GU-2026-0225

Jefferson City, Missouri
July 2026

** Denotes Confidential Information **

TABLE OF CONTENTS OF

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CASE NO. GU-2026-0225

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CASE NO. GU-2026-0225

Q. Please state your name and business address.

A. My name is Jared Giacone and my business address is 615 East 13th Street, Kansas City, Missouri 64106.

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

A. I am employed by the Missouri Public Service Commission ("Commission") as a Utility Regulatory Audit Supervisor.

Q. What is your education and employment history?

A. Please refer to the Schedule JG-r1, attached to this rebuttal testimony for my educational and employment history information.

Q. Have you previously filed testimony before the Commission?

A. Yes, please refer to Schedule JG-r1, attached to this direct testimony, for a list of the major audits and cases on which I have assisted and filed testimony.

Q. Are you the same Jared Giacone who provided the Initial Staff Recommendation in this case on April 8, 2026?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. First, I am sponsoring the Initial Staff Recommendation filed in this case on April 8, 2026, a copy of which is attached to this rebuttal testimony as Schedule JG-r2. I will also provide an explanation of the request of Spire Missouri, Inc. d/b/a Spire ("Spire" or "Spire Missouri"), describe Accounting Authority Orders ("AAOs"), provide an overview of utility regulation and respond to the direct testimony of David A. Yonce that was filed in this case on June 4, 2026.

SPIRE'S REQUEST AND AAOS

Q. What is an AAO?

A. An AAO is a request by a regulated utility, Spire in this instance, to maintain their books and records in a manner that does not conform with the Uniform System Of Accounts ("USOA").

Q. Will you briefly summarize your understanding of Spire's request?

A. Yes. According to page 1 of its Application as referenced in the direct testimony of David A. Yonce on page 2, line 22, Spire is requesting an AAO to track and defer unrecovered revenue requirement for recovery though its Weather Normalization Adjustment Rider ("WNAR") or through an amortization beginning with the effective date of rates in a future general rate case.[1] Page 8 of its Application clarifies that Spire proposes to track the monthly difference between actual billed volumetric revenues and the revenues based on the billing determinants established in Case No. GR-2025-0107, from November 1, 2025 to March 31, 2026.

[1] Application, page 9.

Q. Do the "revenues" based on the billing determinants established in Case No. GR-2025-0107 include an opportunity for Spire Missouri to earn a return on its investments?

A. Yes. The Commission need not be confused by Spire Missouri's Application or the direct testimony of Witness Yonce when "fixed costs" are referenced. This request is not about "fixed cost recovery", it is about not earning expected return on investment. If fixed costs weren't being recovered then no return on investment would be recovered either which would indicate a need for a rate case.

Q. Is Spire quantifying the AAO for unrecovered revenue requirement for all customer classes?

A. No. The request is specific to Spire East and West Residential and Small General Service classes according to its Application.[2]

Q. Does Spire have other customer classes that contribute to its authorized revenues?

A. Yes. According to Appendix 3 of the Stipulation and Agreement from Case No. GR-2025-0107,[3] Spire has Large General Service ("LGS"), large volume service, unmetered gaslight service, and large volume transportation service classes for Spire West and Spire East. Spire West also has a large general transportation class and Spire East has a liquid propane ("LP") class.

Q. What is a "deferral?"

[2] Application, page 8, paragraph 18.
[3] Attached as Schedule JG-r3.

A. In the context of an AAO request, a "deferral" is the booking of a particular cost, normally charged to expense on a utility's income statement in the current period, to the company's balance sheet as an asset. For financial reporting purposes, a deferral allows a utility to avoid taking a charge against earnings in the amount of that cost in the current period. For ratemaking purposes, a deferral allows a utility to seek subsequent amortization of the amount either with or without rate recovery of the deferred amount, even if it was incurred outside of a test year, test year update period, or true-up period of a general rate proceeding.

Under normal accounting practices, a utility would charge to expense on its income statement all costs associated with an extraordinary event as the expense is incurred. If deferral of those costs is authorized through an AAO, the utility treats the costs associated with an extraordinary event as a regulatory asset and records them on its balance sheet to be amortized over some period of time.

Q. Is it the Commission's general practice to allow a utility to preserve deferrals on its balance sheet until such time that an amortization of the deferred costs can be included in the company's rates?

A. No. In some cases, utilities have agreed, or the Commission has ordered, that deferred costs begin to be amortized to expense a short time after the extraordinary event triggering the deferral has occurred, even if the company does not have a rate application on file. However, utilities still benefit from the deferral and amortization process in the absence of immediate rate recovery because they can spread the financial impact of the extraordinary event over a number of years rather than reflecting the entire impact in the year the extraordinary event occurred. This practice improves the earnings picture of the affected utility in the year the extraordinary event occurred.

Q. What are regulatory assets and liabilities?

A. Section 18 of the Code of Federal Regulations ("CFR"), Chapter I, Subchapter F, Part 201, Paragraph 31,[4] describes regulatory assets and liabilities as assets and liabilities that result from rate actions of regulatory agencies and states:

> Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts **but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services**; or 2) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required. [Emphasis added]

Q. Is the USOA's definition of amounts deferred to a regulatory asset ambiguous as to the probability of future recovery?

A. No. This AAO request to create a regulatory asset should only be approved by the Commission if they believe it is probable that the amount should be deferred from the period where it is currently recorded, which means the period of November 1, 2025, through March 31, 2026, and instead be included in a different period in order to incorporate the amounts for the purposes of developing the rates the utility is authorized to charge in the future.

Q. Is Spire requesting a regulatory asset be established on its balance sheet?

[4] Attached as Schedule JG-r4.

A. Yes. Spire is requesting to move the impact of the difference in actual versus expected revenues from its income statement to its balance sheet:

> The Company's proposal under this request is to establish a regulatory asset to track the monthly difference between actual billed volumetric revenues and the revenues based on the billing determinants established in Case No. GR-2025-0107, from November 1, 2025 to March 31, 2026, for the Spire East and West Residential and Small General Service classes.[5]

Q. Is Spire including carrying costs on the requested regulatory asset?

A. Yes. According to the Application:

> The Company proposes recording carrying costs on the regulatory asset at Spire Missouri's short-term borrowing rate, subject to Commission review.[6]

Q. What standard has the Commission used to determine whether it should authorize a utility to deviate from normal USOA accounting rules?

A. I am an auditor and not an attorney, but generally, the Commission in prior cases has stated that the standards for granting the authority to a utility to defer costs incurred outside of a test year as a regulatory asset are: 1) that the item pertains to an event that is extraordinary, unusual and unique, and not recurring; and 2) that the costs associated with the event are material.

Q. Should the Commission make ratemaking findings in the context of AAO requests?

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[5] Application, page 8, paragraph 18.
[6] Application, page 9.

A. No. The Commission has traditionally held, and the Missouri Court Of Appeals for the Western District has affirmed,[7] that AAO applications are for the sole purpose of determining the accounting treatment to be afforded to certain extraordinary items. Any decisions regarding rate recovery of deferred costs have always been and should continue to be reserved by the Commission for subsequent general rate proceedings.

Q. Does authorization of an AAO guarantee recovery in a future rate case of the amounts tracked through the AAO?

A. No. However, it is concerning that this seems to be the impression of the rating agencies and analysts.

Q. If Spire isn't requesting approval for recovery of the amount identified in its Application in customer rates at this time, then what is the harm in the Commission approving the accounting change to allow the amount to be deferred and addressed in a future rate case?

A. First, I do not believe it is an efficient use of time or resources to kick the can down the road to a future rate case to debate possible recovery for something that is not quantifiable for the time period requested and does not meet the AAO criteria for deferral. Second, authorizing the AAO to defer amounts could cause more rating agency and investor issues down the road due to the mere fact that creating a regulatory asset is

[7] Appeal of EU-2012-0027, WD77273 and WD77274, Opinion dated January 13, 2015, attached as Schedule JG-r5.

only allowed when the probability, or likelihood, of recovery of the amount through customer rates exists as outlined in the USOA's definition of a regulatory asset.

Q. What rating agency or investor issues do you envision if the Commission authorizes the requested AAO?

A. Regardless how Spire chooses to disclose or present a potential AAO approval, the Commission approval alone would signal, in my opinion, to investors the likelihood and expectation of recovery. I believe such a stance would cause more issues down the road depending on Spire's general rate proceeding where recovery is sought. In other words, if the AAO was approved but recovery through rates was not granted in a future general rate proceeding, then that could setup a more adverse investor reaction down the road. There is no need to authorize the request for revenues to be tracked and deferred if rate recovery is not the ultimate goal.

Q. Is rate recovery Spire's goal?

A. Yes. According to the Application[8] Spire stated:

> As the Company will be filing its annual weather normalization adjustment rider ("WNAR") in Summer 2026, the Company's proposal is to include the deferred balance with such filing. In the alternative, if the Commission does not permit the consideration of the deferred balance in the Company's WNAR filing, the Company would request to amortize the regulatory asset balance over a reasonable period, starting with the effective date of rates approved in a future rate case.

Q. If the Commission grants Spire's request for an AAO should it clarify where rate recovery would be determined such as in a WNAR filing or a general rate proceeding?

[8] Application, page 9.

A. Yes. This is vitally important to Spire's request for an AAO. If the Commission does not agree that recovery is appropriate through a WNAR or other interim revenue rider filing then Spire's request is moot. In Staff Data Request ("DR") no. 20, attached as Schedule JG-r6, Spire cited to ** [redacted]

[redacted]. **

Q. Should the Commission grant recovery of a prior period's authorized general rate case revenues that were not earned through a WNAR or other rider that qualifies as an alternative revenue program such as Spire's Infrastructure System Replacement Surcharge ("ISRS")?

A. No. Again, the Commission is not making changes to rates through this filing, but it should consider whether recovery would be appropriate through a WNAR or other revenue rider filing. The WNAR is specific to normalizing revenues due to variation in weather. The WNAR case filings are separate from general rate case proceedings. The annual authorized revenues from a general rate case should not be tracked to actual results in the manner Spire is requesting, but even if it is, it certainly would be inappropriate to use any resulting difference in general rate case authorized revenues and conflate them with a WNAR docket. The WNAR is not, and should not be, a catch all for seeking interim rate recovery of other non-weather normalizing items such as this request to recover Spire's precise monthly determination of annual revenues which I will explain below; Staff does not agree with such precise monthly determination of annual revenues. As Spire admits in DR 20,[9] ** [redacted] . **

Q. Is an AAO a request to establish a tracker?

A. No. Requests to establish a tracker or tracking mechanism are done through a general rate proceeding and not through an AAO. As I explained previously, AAOs are unique to regulated entities and for Missouri utilities, they grant the authority to the Commission to decide whether otherwise prohibited accounting treatment, which is deferral of costs to a regulatory asset or regulatory liability, should be granted for extraordinary events.

Q. Are AAOs and trackers similar?

A. To a certain degree, yes. The distinction with AAOs is whether the Commission should order, in insolation of traditional ratemaking decisions, the utility's books and records to be changed in an otherwise prohibited manner which ultimately impacts their public financial reporting. An authorized AAO does isolate and record

[9] Attached as Schedule JG-r6.

the cost, based on probability of future recovery, for it to be separately tracked and considered in a future rate case.

Trackers on the other hand are traditionally considered in the context along with other ratemaking decisions made during a general rate proceeding which could cause changes in a utility's books and records but it is not an isolated order.

Q. What is a tracker?

A. A tracker isolates or keeps specific record of, that is "tracks", a particular revenue, expense or investment and compares the tracked amounts to the amount of the same particular revenue, expense or investment included in a utility's authorized annual revenue requirement that is used to set customer rates. It could cause the creation of a regulatory asset or regulatory liability which is inherently allowed under the Uniform System Of Accounts ("USOA") without the need for an AAO, depending on Commission ratemaking decisions of the tracked amounts.

Q. Will you provide an example of a tracker and regulatory asset or regulatory liability that was created without a Commission approved AAO?

A. Yes. Property taxes are authorized to be tracked and cause the creation of a regulatory asset or regulatory liability under Section 393.400, RSMo. A separate AAO is not needed. Specifically, Evergy Missouri West was allowed to establish a property tax regulatory asset in Case No. ER-2024-0189 through the general rate proceeding. There was not an AAO, nor was it needed, for the creation of the regulatory asset.

Q. Did Evergy Missouri West ("EMW") disclose the property tax regulatory asset on its financial statements?

A. Yes, in its fourth quarter financial statements EMW specifically identified the property tax regulatory asset balance. The Commission approved a stipulation and agreement through the ER-2024-0189 general rate proceeding which settled property taxes and other issues in the case.

Q. Is the Commission precluded from contemplating how a request for an AAO might affect ratemaking treatment in the future?

A. Not to my knowledge, though I am not an attorney. Requests for AAOs are a formal process, not afforded to non-regulated entities and authorize regulated entities to change their normal accounting process to account for an extraordinary financial item in a manner that is otherwise prohibited. The Commission should consider the probability of future recovery as stated in the USOA's definition of regulatory assets and liabilities when deciding whether this request for deferral is appropriate.

Q. Has Spire disclosed this request for an AAO in its earnings calls with investors?

A. Yes. Spire disclosed this request for an AAO in its second quarter earnings call on May 6, 2026, and identified that usage declines related to weather were the primary driver of its reduction in full-year earnings guidance.

Q. What information did Spire disclose about the requested AAO?

A. The Chief Financial Officer ("CFO") stated that the margin impact is mechanical and weather driven and not reflective of a change in strategy or the regulatory framework supporting their long term growth plans. The CFO reaffirmed a long term adjusted EPS growth target of 5-7% supported by strong rate base growth in

Missouri and Tennessee. Specifically for Spire Missouri it was noted that full year 2026 rate base growth of 7% is expected.

The Chief Executive Officer ("CEO") answered an analyst question specifically about the AAO and stated that traditionally an AAO sets up a regulatory asset for future recovery.

Q. Does Staff ever support the use of AAOs?

A. Yes. Staff understands that, at times, situations exist that severely impact utility operations. The most significant examples of the appropriate use of AAOs relate to "acts of God" like ice storms and tornadoes. Utility ratemaking generally does not account for major natural disasters when setting rates that customers pay for utility service. So that would be an example of the potential for the appropriate use of an AAO to separately record items related to the unexpected and unaccounted for natural disaster, that the utility was forced to incur while providing utility service.

At other times, Staff has supported granting a utility the authority to defer costs when there are permanent major changes to utility operations. Recent examples of this nature are the deferral of costs associated with power plant closures.

Q. Did you review previous AAO cases that have been filed with the Commission in preparing your rebuttal testimony?

A. Yes. Please see the attached Schedule JG-r7 for a compilation of the prior AAOs that I reviewed in preparing this testimony. The list is not exhaustive since I did a cursory review of all prior AAOs filed with this Commission.

Q. Has the Commission ever authorized an AAO that allowed revenues to be deferred?

A. Yes. Although Staff opposed the requested AAO, the Commission non-unanimously granted Union Electric Company d/b/a Ameren Missouri ("Ameren") an AAO related to revenues in Case No. EU-2012-0027 ("Ameren Case"). There was a dissenting opinion filed by one of the Commissioners.

Q. Was there anything unique about the lost revenues in that Ameren Case?

A. Yes. There is a very drastic difference in what Spire is requesting in the present case from the circumstances in the Ameren Case. More particularly, there was a significant catalyst that drove the loss of revenues in the Ameren Case. That catalyst was the loss of Ameren's largest customer at the time, Noranda, which was an aluminum smelter. While the Commission's approval of Ameren's AAO was not unanimous, Ameren did in fact experience an extraordinary and material change in its ongoing operations as the Commission noted on page 4 of its Order.[10]

Q. When the deferral was reviewed in Ameren's ER-2014-0258 general rate proceeding, was recovery of the deferral allowed in rates?

A. No. In my opinion, approval of the AAO kicked the can down the road to a general rate proceeding and caused an unnecessary deferral since rate recovery was denied. Once rate recovery was denied, Ameren had to write-off the regulatory asset deferral.

[10] Attached as Schedule JG-r8.

Q. Did Spire identify a loss of its largest customer or another extraordinary cause as a reason in its Application or in Mr. Yonce's direct testimony?

A. No. The loss of its largest customer certainly was not identified as a reason. The cause identified by Spire crosses between usage decline relative to Heating Degree Days ("HDDs") and unfavorable weather despite the stated claim by Spire on page 6 of the Application that January 2026 was 2% colder than normal. Colder than normal temperatures would inherently suggest usage should be higher but Spire's most significant claim of usage decline was in January. Further, as noted in the Initial Staff Recommendation, no other utility has filed an AAO nor has claimed to my knowledge, that they experienced significant usage decline this past winter. This is particularly interesting since the graphs supporting Spire's Application and in the direct testimony of David A. Yonce as outlined below, portray significant usage decline for Spire East. Spire East geographically coincides with Spire Missouri's eastern Missouri service territory. Another gas utility also serves residential customers, though smaller customer count, in the eastern portion of Missouri and that utility has not requested an AAO for usage decline.

Q. Has Spire previously sought an AAO for revenues?

A. Yes, in Case No. GU-2011-0392. That request was related to additional costs and potential loss of revenues that resulted from a tornado that affected its service area.

Q. Was the AAO for revenues authorized by the Commission?

A. No, not for revenues. The Commission authorized an AAO for the extraordinary costs associated with the tornado, but not for loss of revenues.[11]

Q. Was the revenue requirement increase approved in Spire's most recent general rate case, GR-2025-0107, stated in an amount by month or stated as an annual revenue requirement increase?

A. Annual. There is not a revenue requirement amount stated or agreed to by month and because revenues and expenses are cyclical, vary by season for example; any attempt to divide or allocate an annual revenue requirement by month, that is not explicitly approved by the Commission, is flawed.

Q. Why is that important?

A. Spire is attempting to show a 5% materiality test and requesting to track revenue on a monthly basis against a baseline monthly revenue requirement that no party nor the Commission to my knowledge agreed to in Spire's most recent general rate proceeding, GR-2025-0107. Staff witness Melissa Reynolds provides additional testimony regarding Spire's accounting for usage and Staff's concerns with the relevancy and accuracy of data.

Q. If this Commission wanted to grant Spire's request, what amount should be authorized for the AAO deferral?

A. I am unable to determine a value to recommend. I disagree with Spire's monthly allocation of the annual revenue requirement. I reviewed the Stipulation and Agreement the Commission approved from Case No. GR-2025-0107 and did not locate a

[11] GU-2011-0392 Report and Order attached as Schedule JG-r9.

monthly revenue requirement calculation that could be used to compare to Spire's actual earned revenues. As previously stated, the annual revenue requirement is cyclical and varies due to natural fluctuation in customer usage, often reflective of outdoor air temperature—especially for the residential customer class. That means the annual revenue requirement cannot be divided equally by month and further, cannot be allocated by month in any other manner to suit a particular party's interest if a monthly allocation of revenue requirement was not explicitly agreed to and approved by the Commission. Even though the speculative triggering event is long past, this request for an AAO still cannot be quantified. A complete full year of actual results after the effective date of rates from the most recent rate case authorizing annual revenues would be needed before any sort of comparison to earned versus actual revenues could be made.

Q. If a comparison of authorized annual revenues versus actual annual revenues after the effective date of rates from the most recent rate case showed a deficiency of actual revenues, would an AAO be appropriate?

A. No. Generally, a utility is, or should be, tracking their authorized versus actual revenues which should provide the insight to utility management for consideration, among other management actions and decisions, for when to file a general rate proceeding. Obviously, there are other management decisions and actions that go into rate case timing and the ability to manage earned returns, but a utility should be well aware whether or not it is earning its authorized revenues and if not, it at least has the ability to address that concern through a new general rate proceeding.

Q. Did you do any analysis of Spire Missouri's billed revenue compared to expenses?

A. Yes. I reviewed January 2026 through March 2026 revenues from the revenue files provided to Staff monthly. Since the result of Spire Missouri's prior general rate case GR-2025-0107 resulted in a stipulation and agreement that authorized annual revenues inclusive of consideration for annual expenses, but not specifically identified by either an annual or monthly amount of expenses, I used Spire Missouri's quarterly financial report for the 1st quarter of 2026. My analysis showed that billed volumetric usage, the billed customer charge and the billed demand charge revenue exceeded its expenses for the time period. My analysis and supporting documentation is attached as Schedule JG-r10.

Q. If revenues exceed expenses what is that providing for?

A. A return on investment. Authorized revenues includes an amount of return on investment that is able, meaning the opportunity but not the guarantee, to be earned.

Q. What does revenues not exceeding expenses indicate?

A. Temporary periods of revenues not exceeding expenses could occur, but any sustained situation where revenues do not exceed expenses indicates a rate case should be initiated.

Q. What concerns did Spire present in Case No. GR-2025-0107 with allowing recovery of revenue impacts through interim rate adjustments, like the WNAR due to increases or decreases in usage due to variations in either weather, conservation, or both?

A. In Case No. GR-2025-0107, Spire witness Scott A. Weitzel, on page 11, line 7 of his direct testimony, admits that the WNAR addresses weather variations, but claims it does not address conservation. Witness Weitzel cites to Section 386.266(3) of the Revised Statutes of Missouri ("RSMo").

Q. Does Spire's Application or Mr. Yonce's direct testimony for this AAO cite conservation as the reason for decreased usage?

A. Not specifically. Spire has not identified a cause for its claim of decreased usage. Page 1 of the Application cites that the AAO relates to "significant decline in customer usage during the 2025-2026 Heating season and its impact on the Company's ability to collect its authorized revenue requirement". Page 5 of the Application cites "drastic usage reduction has occurred relative to HDDs compared to recent years." Mr. Yonce's Schedule DAY-D-2 states in part that "[v]olatile weather and conservation efforts pose challenges. Spire Missouri Inc.'s revenue is exposed to fluctuations in natural gas usage due to weather variations and conservation efforts." I found no statement in the Application or testimony that supports conservation as the reason for the decline in usage.

Q. If it could be determined that conservation was the reason for Spire's claim of significantly reduced usage, will this AAO provide the solution?

A. No. Spire should address concerns with weather, conservation and usage declines through a general rate proceeding where all relevant factors are considered.

Q. Does the graph presented in the direct testimony of David A. Yonce on page 4, line 1 represent all customer class usage relative to HDDs?

A. No. The figure is specific to Spire East Residential.

Q. Does the graph presented in the direct testimony of David A. Yonce on page 8, line 8 represent all customer class billed revenue compared to billing determinants?

A. No. Again the graph is specifically for Spire East Residential.

Q. What about the graphs on pages 5 and 6 of Spire's Application, do those represent all customer classes?

A. No. Again the graphs are specific to Spire East residential.

Q. Why is the data being presented in the graphs important to highlight?

A. Spire claims, as noted in the direct testimony of David A. Yonce on page 2, beginning on line 22, that the Company experienced a significant and unprecedented decline in customer usage during the 2025-2026 heating season, beginning almost immediately after new rates became effective on October 24, 2025. Yet, the very broad statement of such drastic decline in customer usage is only being supported by one customer class, Spire East Residential.

Q. Is it fair to portray and support such dire usage decline by only focusing on a single customer class for only half of the state?

A. No. Spire is completely ignoring the overall impact of usage for all customers by focusing on a single customer class for one side of the state.

Q. Is it possible that other customer classes could have normal or expected usage or even increased usage?

A. Yes. While granular detail by customer class by service area is helpful, one must understand how Spire's request compares to, and how it could be offset by, all customer classes and Spire Missouri as a whole. Witness Yonce does not show that comparison or potential offset in direct testimony when describing the apparent effects on its operations and ability to earn its authorized revenues from all customers as a whole.

Q. Is it only Spire East residential customers that have a WNAR?

A. No. Spire East Small General Service and Spire West Residential and Spire West Small General Service also have a WNAR.

Q. Should it matter whether a particular class has a WNAR when analyzing customer usage?

A. No. Again, the granular detail is helpful but a general statement on customer usage does not support the reality of all customer classes when it is solely being portrayed by a single residential class.

Q. Would you consider the potential for usage declines to be risk?

A. Yes.

Q. Are utilities compensated for risk through the ratemaking process?

A. Yes. One of the largest considerations of the return on equity ("ROE"), in my opinion, is compensating for risk. Risk and the opportunity, not the guarantee, for investors to be compensated for their investment. Without risk there would be no need for utilities to be investor owned and use equity, they could finance their operations solely with debt. In other words, shareholders' investment is not insured or guaranteed by anyone and their investment in a public utility is no different than an investment in any other public company. Investors always risk their funds with any investment that is not guaranteed. That means their investment could increase, stay the same, or it could decrease even to the point of essentially losing all of their invested capital.

Q. If Spire is granted this AAO or any other mechanism that guarantees it will always earn its revenue requirement, do you believe the Commission should consider how that risk-free guarantee will impact the Commission's decision on Spire's ROE?

A. Yes. While I am not Staff's expert on cost of capital, I believe it is important to highlight the underlying fundamental concept of utility regulation.

Q. Do non-regulated utilities utilize AAOs?

A. No. The use of AAOs permit the creation of a regulatory asset or regulatory liability which are a product solely related to regulated entities. For example, through the start of 2026, the increase in oil and gas prices prompted many airlines to assess operations and create plans to counteract the unplanned rising cost of jet fuel to minimize the impact of one of their primary expenses on financial results. The airlines do not have an option to sit idle in the face of significantly rising costs and then request an AAO to spread the financial impact out over several years.

Q. What is the regulatory compact?

A. The regulatory compact in my view is essentially the grant of an exclusive right to provide utility service within a designated area in exchange for an obligation to serve customers and submit to regulatory oversight, including rate regulation. In return, the utility is given a reasonable opportunity—but not a guarantee—to recover its prudent costs and earn a fair return on its investments.

Q. How does the airline example and the regulatory compact tie together?

A. Airlines must compete for customers, are not granted monopoly status and they have to adapt to business risk and changing economic conditions. Private companies or airlines in my example can adapt by raising or lowering fees and prices to whatever point the competitive market will sustain, they can cut costs, cut services or routes, or overall add value to attempt to combat the changing reality of the use of their product and the positive or negative financial impacts of those efforts to combat risk are immediately recognized in their financial statements with no option to spread the impact over several years. The airlines are not subject to rate regulation with a mechanism to recover their fixed costs and have an opportunity to earn a return on their investments driven by an authorized ROE. There are risks involved in regulated and non-regulated entities and regulators and ratepayers should not be the safety net of a regulated entity for the normal, recurring and routine risk of operations, that are not driven by an extraordinary event, by guaranteeing revenues when risk compensation is already inherently embedded in the approved rates and charges. To guarantee a utility earns its revenue requirement is to throw a wrench in the regulatory compact and would discourage efficient utility operations.

Q. How does this request for the loss of authorized revenue compare historically with Spire's authorized and actual earned revenue?

A. Staff issued data request number 66 attached as Schedule JG-r11. Based on the data provided in the supplemental response, also attached in Schedule JG-r11, it shows fluctuation, as I would expect, in Spire's actual versus authorized returns.

Q. What fluctuation are you referring to?

A. Fluctuation meaning that for two of the six years, based on the data provided, Spire earned more revenues than were authorized and for four years Spire earned less revenues than authorized.[12]

Q. Do you have any concerns with the way Spire represented the revenues in its supplemental response to data request number 66?

A. Yes. For volumetric customer usage revenue and the customer charge revenue, Spire used billed usage by month which seems reasonable. However, for WNAR revenues the data provided in the response (Schedule JG-r11 page 4) departs from the monthly billed amounts used for the volumetric and customer charge revenues and instead uses another method for WNAR revenues. I do not understand Spire's reason for using an alternative method solely for WNAR revenues when billed WNAR revenues are available by month in the same report that the volumetric and customer charge billed revenues appear in. It is my understanding that Spire is attempting to show the WNAR accumulation period[13] revenues in its analysis that are reviewed and approved in its

[12] Attached Schedule JG-r11, page 4.

[13] Spire's WNAR cases are filed annually on July 1 for the accumulation period of September through August and once approved by the Commission, goes onto customer bills starting in September. Spire's current accumulation period is for September 2025 through August 2026 and was filed on July 1, 2026 which will show on customer bills starting in September 2026.

WNAR filings, not the Commission authorized WNAR revenues in effect for each time period. In the attached Schedule JG-r11 page 6, I show Fiscal Year ("FY") 2025 revenues using billed WNAR revenues in the same manner as the volumetric and customer charge billed amounts by month in lieu of Spire's alternative method for WNAR revenues.

Q. How does the FY 2025 total revenue billed amount change if WNAR billed revenue was used in the same method as billed volumetric and billed customer charge revenues?

A. It shows that if billed WNAR revenue is used, Spire earned its full authorized revenues for FY 2025 (October 2024-September 2025) and even exceeded authorized revenues by approximately $6.2 million[14] when compared to the full year of authorized revenues in effect for the same time period.

Q. Did Spire file an AAO request for the Fiscal Year ("FY") 2021 where their data response[15] shows it earned 103% of their authorized revenues?

A. No.

Q. What percent of authorized revenues does the data request response data show that Spire actually earned for FY 2025 which ended September 30, 2025?

A. 98%.

Q. Does the historical analysis demonstrate the need for Spire's requested AAO to defer a specific monthly amount of actual versus authorized revenue shortfall?

[14] Attached Schedule JG-r11, page 5-6.
[15] Attached Schedule JG-r11, page 4.

A. No. While the period of time being requested in this case is not represented in the data, since FY 2026 is not yet complete, it does demonstrate that fluctuation in authorized versus earned revenues is expected to, and does, occur. It is entirely possible for any utility to earn more revenue than authorized and it also possible and expected that a utility at times would not earn their authorized revenues. The authorized revenues are not a guarantee. The authorized revenues provide the opportunity for a utility to earn the authorized revenues which includes the opportunity, through ROE, to be compensated for the risk involved. Sound monopoly utility regulation should never guarantee that authorized revenues will be earned. Such a guarantee would discourage efficient utility operations and investment and, if granted ratemaking treatment in a future general rate case, could be considered single-issue and retroactive ratemaking.

Q. What is single-issue ratemaking?

A. Generally, single-issue ratemaking is increasing or decreasing a utility's total authorized revenue based on just one variable in the rate setting process. Single-issue ratemaking basically isolates a single revenue, expense, investment or Return On Equity ("ROE") piece of the much larger rate case puzzle. A utility does not file a rate case for each single expense item. Take payroll for example, a utility does not file a rate case each time it raises employee pay. There are numerous types of revenues, expenses, investment and ROE considerations in a rate case.

Q. What is retroactive ratemaking?

A. Retroactive ratemaking is taking another bite at the apple after just and reasonable rates, which included an opportunity to earn a return on investment, are set in a general rate proceeding. It is an attempt to set new rates that allow recovery of a prior time period's actual results, positive or negative, while just and reasonable rates were effective with the underlying concept being that the prior time period's rates were unjust and unreasonable.

Q. Are a utility's rates that are approved by the Commission presumed to be just and reasonable until a new rate review is completed and the Commission sets new rates?

A. Yes. Barring any appeals, once a utility's rates are approved by the Commission they are determined to be just and reasonable until a new rate review is completed and the Commission approves new rates.

Q. Does Staff agree that revenues annualized in Case No. GR-2025-0107 should be tracked?

A. No. First, this is a request to defer the costs for future ratemaking recovery. Second, even if Spire is requesting to establish a tracker, that should be done through a general rate case. Isolating and deferring just one variable of the ratemaking process is not appropriate in this situation.

Q. What happens if the Commission denies Spire's AAO request?

A. As noted above, Spire has already disclosed and adjusted their earnings guidance provided to investors to reflect the impact of any usage decline that might exist for last winter. Without approval of an AAO, the final 2026 fiscal year results, reflective of any potential usage decline would be reported after Spire's fiscal year ends on September 30, 2026. That is important to note because the full year of operating results is the best indicator of actual performance and customer usage, especially since Spire's most recent rate increase has not been in effect for a full year and because usage for other months of the year could offset the purported usage declines from last winter.

Q. What other avenues exist to address the underlying concerns in Spire's Application and Witness Yonce's direct testimony?

A. A general rate proceeding option has and continues to exist to address and mitigate earnings and usage declines while giving all parties an opportunity to review the other pieces of the rate case puzzle along with it. The generally unlimited ability, barring any "stay-out" provisions ordered by the Commission, to file for rate increase requests is yet another piece of the regulatory compact that is granted to utilities in exchange for being subject to regulation. In addition, since the apparent triggering event of the request for AAO ended four months ago, Spire could propose a historical test year in a newly filed rate case to capture the effects of the apparent event.

Q. Is there a need for an AAO if Spire proposed a historical test year to encompass the apparent period of usage decline from November 1, 2025 through March 31, 2026, in a newly filed rate case?

A. No.

Q. Why is that important?

A. As stated above in describing deferrals, an AAO is a deferral to preserve an item that the Commission deems probable for subsequent rate recovery, even if the item was incurred outside of a test year, test year update period, or true-up period of a general rate proceeding. If Spire were to propose a historical test year period that encompasses the period in question in a future general rate case then there is no need for an AAO. Spire could propose an adjustment to the historical test year and demonstrate why a change to current rates reflected in the test year is needed in order to account for any anomaly it might have been experienced. That would allow all parties to the general rate proceeding and this Commission the opportunity to review the information and any other revenue, expense or investment impacts associated with it since all related information would already be preserved and recorded within a historical test year.

Q. Are you aware whether Spire intends to file a rate case?

A. According to the CEO on Spire's second quarter 2026 earnings call, its initial plan is to file in the fall, around November.

Although Spire is preparing for a future test-year rate case, a future test year is not required to be used. A rate case using the historical test year option to encompass the time period of concern with usage decline is a viable alternative to this AAO request. However, it is my opinion that Spire wants it all; Spire wants this AAO to defer the historical piece, that would otherwise only be included in a historical test year that covered the time period in question, for consideration in a future test year rate case and it also wants the benefit of a future test year. I don't fault Spire for such a request in the sense that Spire has an obligation to its shareholders, but Spire Missouri is regulated by this Commission and this Commission will decide whether to guarantee shareholder returns along with ensuring safe, reliable utility service at just, reasonable and affordable rates.

Q. In previous general rate cases, did Spire identify concerns with rating agency downgrades, recovering its authorized revenue requirement, weather trends and conservation?

A. Yes. This is the same story, just a different type of case. There is nothing new or extraordinary being requested with this AAO that the Commission has not considered in Spire's historical cases. Since Spire has apparently failed to address this routine and ongoing issue through the appropriate venue, which is a general rate proceeding, it has now turned to another alternative by filing this request for an AAO.

PURPOSE OF UTILITY REGULATION

Q. Why is the purpose of utility regulation important to consider?

A. I think the purpose why utilities are regulated is an important consideration for the Commission to recall when analyzing Spire's request.

Q. What is the purpose of utility regulation?

A. In essence, it was long ago determined that the major infrastructure needed to provide utility service to consumers is cost, labor and land intensive and not conducive to duplication or competition. A gas utility, for example, has vast underground infrastructure to distribute their product to consumers. That vast infrastructure and the safety considerations of it are not conducive for the infrastructure to be duplicated by competing companies. That and the general need for the product creates a natural monopoly. In lieu of competition and subjection to free-market enterprise, the natural monopolies are regulated. Regulation avoids the duplicative and cost prohibitive infrastructure investment needed or that might not otherwise be made due to profitability of a service area for instance. It is that barrier to entry from competition that drives the need for regulation. It is the expensive and extensive infrastructure investment and upgrades needed where utilities have an opportunity to earn a return on their investments used to provide service.

It is that history and nature of utilities that require regulation. The core of utility regulation, because utilities are monopolies with captive consumers, is to:

- protect consumers
- set rates
- grant exclusive service territories of captive consumers; and
- ensure a utility has an opportunity to earn a return on their investments in the system used to provide their service.

Q. Was utility regulation established for, and is the purpose of utility regulation, to guarantee shareholder returns?

A. No. Utility regulation is not like the Federal Deposit Insurance Corporation ("FDIC") that provides deposit insurance, or the guarantee, up to a set amount, that funds deposited at a bank are free from risk. This Commission is required to, and does, provide an opportunity for Spire Missouri to earn a return on its investments used in providing utility service but they should not guarantee that a return on investment will be earned.

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 Application for an Accounting Authority Order	)))	**Case No. GU-2026-0225**

AFFIDAVIT OF JARED GIACONE

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW JARED GIACONE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Jared Giacone;* and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

JARED GIACONE

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 20th day of July 2026.

B. L. STIGGER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES JANUARY 2, 2028
JACKSON COUNTY
COMMISSION #24332661

Notary Public

Jared Giacone

Present Position:

I am a Utility Regulatory Audit Supervisor with the Missouri Public Service Commission. I have been employed by the Missouri Public Service Commission Since April 2019.

Educational Background and Work Experience:

I earned a Bachelor of Science degree in Business Administration with an emphasis in Accounting in 2007 from DeVry University in Kansas City, MO. I was previously employed in sales and finance operations for semi-truck dealerships. Prior to that, I was a Compliance Auditor with the Missouri Gaming Commission for 6 years. In May 2026 upon completion of 12 credit hours of master's degree coursework, I received a graduate certificate in Public Utility Regulation and Economics from New Mexico State University.

Case Participation:

Company Name	Case Number	Case Type	Utility Type
Ameren	ER-2026-0291 (OPEN DOCKET)	Rate case	Electric
Spire	GU-2026-0225 (OPEN DOCKET)	Accounting Authority Order (AAO)	Gas
Empire	EA-2025-0299	Certificate of Convenience and Necessity (CCN)	Electric—New Simple Cycle Gas
Empire	ER-2024-0261	Rate Case	Electric
Ameren	GR-2024-0369	Rate Case	Gas
MRG Utilities, LLC	WA-2025-0090 SA-2025-0091 **Withdrawn by Company**	Certificate of Convenience and Necessity (CCN)	Water—New Utility Sewer—New Utility
Confluence Rivers Utility Operating Company, Inc.	*SM-2025-0080* **Withdrawn by Company**	Certificate of Convenience and Necessity (CCN)	Sewer—Merger
Evergy Missouri West	ER-2024-0189	Rate case	Electric
Confluence Rivers Utility Operating Company, Inc.	SM-2024-0130	Acquisition of a regulated utility and transfer of Certificate of Convenience and Necessity (CCN)	Sewer—Merger
Confluence Rivers Utility Operating Company, Inc.	WA-2023-0450 SA-2023-0451	Certificate of Convenience and Necessity (CCN)	Water—Acquisition Sewer—Acquisition
Evergy Missouri Metro	EO-2023-0423	Other-Construction Audit	Electric

Company Name	Case Number	Case Type	Utility Type
Evergy Missouri West	EO-2023-0424	Other-Construction Audit	Electric
Spire	GA-2023-0374	Certificate of Convenience and Necessity (CCN)	Gas—Expansion
Liberty Utilities (Midstates Natural Gas)	GT-2023-0229	Infrastructure System Replacement Surcharge (ISRS)	Gas
Ameren	ER-2022-0337	Rate case	Electric
Ameren	EC-2023-0037	Complaint	Electric
Evergy Missouri Metro	ER-2022-0129	Rate case	Electric
Evergy Missouri West	ER-2022-0130	Rate case	Electric
Evergy Missouri Metro Evergy Missouri West	EA-2022-0043	Certificate of Convenience and Necessity (CCN)	Electric—New Solar
Spire	GR-2021-0108	Rate case	Gas
Missouri-American Water Company	SA-2021-0074	Certificate of Convenience and Necessity (CCN)	Sewer—Acquisition
Spire	GO-2021-0030	Infrastructure System Replacement Surcharge (ISRS)	Gas
Raytown Water Company	WR-2020-0264	Rate case	Water
Spire	GO-2020-0230	Infrastructure System Replacement Surcharge (ISRS)	Gas
Spire	GO-2020-0229	Infrastructure System Replacement Surcharge (ISRS)	Gas
Empire	ER-2019-0374	Rate case	Electric
Spire	GO-2019-0357	Infrastructure System Replacement Surcharge (ISRS)	Gas
Spire	GO-2019-0356	Infrastructure System Replacement Surcharge (ISRS)	Gas

STAFF MEMORANDUM

TO: Missouri Public Service Commission Official Case
File No. GU-2026-0225
Spire Missouri, Inc.

FROM: Jared Giacone, Utility Regulatory Audit Supervisor, Auditing Department

/s/ Jared Giacone / 04/8/2026
Auditing Department / Date

SUBJECT: Staff Recommendation to Deny Spire Missouri's Application for an Accounting Authority Order for Certain Accounting Procedures for Deferring Revenues Resulting from a Purported Decline in Customer Usage

DATE: April 8, 2026

Spire Missouri's Request

On March 6, 2026, Spire Missouri, Inc. ("Spire Missouri") filed a confidential application for an Accounting Authority Order ("AAO"), which included a Request for Waiver of 60-Day Notice Rule and a Motion for Expedited Treatment ("Application").

The Application requests different accounting treatment for what Spire Missouri characterizes as a "drastic" change in customer usage for the period of November 1, 2025, through March 31, 2026,[1] or a period beginning only one week after rates went into effect on October 24, 2025, from Spire Missouri's prior general rate case, Case No. GR-2025-0107.[2] Spire Missouri asserts that the "drastic usage reduction has occurred relative to heating degree days ('HDDs') compared to recent years."[3]

Background of AAOs

An AAO is an order from the Commission allowing a utility to account for a reporting item in a different manner than normally prescribed for on the utility's financial records. An AAO allows a utility to defer costs associated with an extraordinary event. Under normal accounting practices, a utility would charge to expense as incurred on its income

[1] Application, Paragraph 12.
[2] Application, Paragraph 13.
[3] Application, Paragraph 13.

statement all costs associated with an extraordinary event. If deferral of those costs is authorized through an AAO, the utility treats the costs associated with an extraordinary event as a regulatory asset and records them on its balance sheet to be amortized over some period of time, typically determined through a general rate case proceeding, although direct recovery through the cost of service is not required for a utility to amortize a regulatory asset, and amortization may be authorized during the AAO proceeding by an Order of the Commission. If a utility experiences extraordinary savings those savings can also be deferred, but as a regulatory liability, with the regulatory liability then later returned to its customers through an amortization in rates. Examples of savings that have been deferred to an AAO are savings related to the closing of a generating plant and income tax rate reductions.

An AAO gives the utility an opportunity to obtain rate recovery of the deferred items in the future. AAOs have usually been used to allow utilities to capture certain unanticipated costs that have not been included in ongoing rate levels. The Commission has taken the position that the costs in question must be associated with an event that is extraordinary, unusual or unique in nature and not recurring. The costs associated with the event must be material, which means significant. The classic example of an extraordinary event is the occurrence of a natural disaster, such as a tornado, wind or ice storm or major flood that affects a utility's service territory.

AAOs deviate from the Commission's general ratemaking methodology, but the Commission has "substantial discretion" in determining whether an AAO is appropriate in a particular case.[4] However, the Commission has typically limited the use of AAOs in the past to extraordinary events. Nonetheless, Staff recommends that the Commission deny Spire Missouri's application for the reasons explained below.

<u>Staff's Recommendation</u>

The Applicant's request for an AAO is not appropriate as customer usage and revenues are routine and ongoing in nature, and neither are associated with the type of rare, catastrophic or unanticipated events for which AAOs have been and should be used. In addition:

[4] *Office of Pub. Counsel v. Evergy Mo. West, Inc.*, 609 S.W.3d 857, 866 (Mo. App. W.D. 2020).

- This request is not something unaccounted for in the development of Spire Missouri's current rates
- There is no "out-of-pocket" expense
- Varying customer usage should be expected
- This is not widespread across other utilities, as would be expected
- There has not been enough time to determine if Spire Missouri will experience an overall reduction in earnings

As mentioned in paragraph 12 of the Application, the regulatory process to address billing determinants, usage and heating degree days ("HDDs") is through a rate case. Any departure of actual usage experienced from the usage levels used to set rates during the rate case may be considered as risk, or otherwise known as the opportunity for a utility to earn a profit. Profit is not guaranteed for a regulated monopoly utility and an AAO is not the appropriate venue to address the concerns of purported significantly decreased natural gas usage due to purported unfavorable weather and the inability of Spire Missouri to collect sufficient revenue to recover its fixed costs and earn a reasonable rate of return. Instead, a rate case is the proper venue to address Spire Missouri's opportunity to earn a reasonable rate of return and to address concerns with billing determinants used to set rates. An AAO will not solve the "opportunity to earn a reasonable rate of return"[5] problem that Spire Missouri claims to have. Unless future weather and actual HDDs exactly align with or are more favorable to Spire's earnings than the normalized billing determinants used in Spire Missouri's last rate case then this request for an AAO will not fix the problem that Spire Missouri claims to have. Instead, the fix to Spire Missouri's claimed problem is to file a rate case.

Part 201 of the Uniform System of Accounts[6] ("USOA") general instructions item number 7 regarding accounting treatment of extraordinary items does not support Spire Missouri's request for a deferral. Paragraph 10 of the Application quotes the USOA as stating that extraordinary items are those that are of "unusual nature and infrequent occurrence," and that extraordinary events are "abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future." Revenues are the foundation of a utility's operations and occur

[5] Application, Paragraph 13.
[6] Title 18 Code of Federal Regulations ("CFR"), Chapter I, Subchapter F.

every day and have occurred since regulation of monopoly utilities was established. Revenues are "usual," "ordinary," "typical," "normal" and "recurring" for Missouri utilities. The USOA provides no support for Spire Missouri's attempt to label the divergence from expected revenues as extraordinary in nature since revenues fail the "abnormal," "significantly different from the ordinary and typical activity" and "reasonably expected to recur" multi-prong test according to the USOA definition quoted.

Generally, there is no recognition for costs associated with unanticipated and unusual, extraordinary events[7] in the normal ratemaking process, except when an AAO has previously been authorized. Ratemaking is premised upon allowing recovery from customers of prudently incurred normal and ongoing expenses necessary to provide utility service. For instance, one aspect of the rationale of historic test year utility ratemaking is to promote efficient operations by utilities, encouraging a utility to contain expenses and invest wisely, where necessary, to ensure safe and reliable service. In other words, use of an AAO is generally considered only for situations in which a utility, when acting prudently and depending on the situation, experiences events that are so rare and infrequent that no ongoing rate allowance is normally included in its customer rates for the item. When a utility's service territory is affected by a catastrophic event, the utility has the obligation to expend funds necessary to continue to serve customers. Staff has long maintained that good regulatory policy requires some possible consideration of rate recognition of the prudently incurred out-of-pocket costs incurred by a utility to continue service in the aftermath of an extraordinary event, depending on the circumstances. There is no extraordinary event involved here, and normalized customer usage and revenues are in fact included in Spire Missouri's current rates.

There is no "out-of-pocket" expenditure associated with lost revenues due to a decline in usage, just a reduction in the earnings level of the utility. Use of an AAO to guarantee that a utility covers its revenue requirement is not an appropriate use of deferral accounting. In other words, use of an AAO in this manner would guarantee a certain rate of return because of a purported decline in revenues.

The fact that Spire Missouri might incur varying levels of customer usage that impact revenues should not be a surprise and should be expected. Spire Missouri had the

[7] Such as tornadoes, floods and other major storms.

opportunity to anticipate usage trends and future usage that might not meet the level used in development of their customer rates. The Commission is charged with setting just and reasonable rates and allowing for the opportunity of monopoly investor-owned utilities to earn a reasonable return. The Commission set just and reasonable rates that became effective on October 24, 2025. When the utility determines that revenues are not sufficient to cover their expenses and earn a reasonable return, it has the ability to file a rate case. There is no provision of which Staff is aware that would prohibit Spire Missouri from filing a rate case and any attempt to carve out just one variable of ratemaking from an 11-month rate case process should be denied.

This Commission regulates other natural gas distribution utilities in the State, across different geographic certificated areas. Spire Missouri is the only utility to date to claim "extreme" usage disruption because of weather for the 2025 winter season with the filing of this AAO. The lack of widespread and severe weather impact across multiple gas utilities in the State does not support an AAO. Some of the most recent AAOs granted were for items beyond the utility's control and they were issued across multiple utilities. The notable examples are: 1) the impact of COVID-19; and 2) the February 2021 cold weather event commonly known as Winter Storm Uri. Those were significant, unexpected items for which the customer rates authorized at the time of the event did not include an allowance for the extreme, unusual and infrequent impact of the event.

Considering all relevant factors, there is no guarantee that Spire Missouri will experience an overall reduction in earnings due to any decline in customer usage compared to the usage used in setting its current customer rates. All or a part of any decrease in usage could be offset by decreases in other Spire Missouri costs compared to the amounts included in its rates, thus mitigating or even eliminating in total any detrimental financial impact. At this time, Staff has no opinion on whether offsetting decreases in expenses has or will occur. New customer rates for Spire Missouri resulting from the most recent general rate case, GR-2025-0107, have only been in effect for approximately six months. The effective date of rates was October 24, 2025. A full year of financial results with new rates in effect and a rate case filed by Spire Missouri would be necessary before any meaningful determination of how much, if any, the percentage of net income Spire Missouri claims would be impacted, actually has on Spire Missouri's overall net income position.

Staff recommends, for the reasons described above, that the Commission deny Spire Missouri’s Application request for an AAO for what Spire Missouri characterizes as a “drastic” change in customer usage for the period of November 1, 2025, through March 31, 2026.

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 3rd day of September, 2025.

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	)))))	**<u>Case No. GR-2025-0107</u>** Tracking No. JG-2025-0078

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: September 3, 2025 Effective Date: September 13, 2025

On November 25, 2024, Spire Missouri, Inc. d/b/a Spire filed tariff sheets designed to implement a general rate increase for natural gas service in its Missouri service areas. The Commission suspended the tariff sheets until October 24, 2025, and set a procedural schedule including a hearing. On August 4, 2025, Spire, the Commission's Staff, the Office of the Public Counsel, Consumers Counsel of Missouri, Midwest Energy Consumers Group, Missouri Industrial Energy Consumers, and Missouri School Boards' Association filed their *Full and Unanimous Stipulation and Agreement* (Agreement). After suspending the procedural schedule and canceling the scheduled evidentiary hearing, the Commission held an on-the-record presentation of the Agreement on August 27, 2025.

The Agreement provides for an increase to Spire's total revenue requirement by $210 million above what was approved in Spire's last rate case. That increase includes an increase of $104,600,000 for Spire East and an increase of $105,400,000 for Spire West. The revenue requirement includes capital additions through May 31, 2025, including infrastructure replacement surcharge (ISRS) rebasing. Spire's next ISRS filing will include capital additions starting June 1, 2025. The Agreement addresses pensions and post-employment benefits, main balances, certain low-income and energy efficiency programs, customer service and ISRS reporting, leak trackers, and modifications to WNAR tariffs. Those agreements are detailed in the Agreement and its attachments which are attached to this order.

After reviewing the unopposed Agreement, the Commission determines that its terms are a reasonable resolution of the issues therein and will result in just and reasonable rates. Therefore, the Commission will approve the Agreement. Spire has requested that new rates take effect no later than October 24, 2025. Therefore, so Spire may timely file tariff sheets to implement the rates approved in this order, the Commission finds it reasonable to make this order effective in less than 30 days.

THE COMMISSION ORDERS THAT:

1. The Agreement filed on August 4, 2025, is approved. The signatory parties are ordered to comply with the terms of the Agreement. A copy of the Agreement and its attachments are attached to this order.

2. The tariff sheets filed by Spire on November 25, 2024, and assigned Tracking No. JG-2025-0078, are rejected.

3. Spire is authorized to file tariff sheets sufficient to recover revenues as determined by the Commission in this order.

4. This order shall become effective on September 13, 2025.

BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Kolkmeyer,
and Mitchell CC., concur.

Fewell, Regulatory Law Judge

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	))))	File No. GR-2025-0107

<u>FULL AND UNANIMOUS STIPULATION AND AGREEMENT</u>

COME NOW Spire Missouri Inc. ("Spire Missouri" or "Company"), Staff of the Missouri Public Service Commission ("Staff"), the Office of Public Counsel ("OPC"), Consumers Council of Missouri ("CCM"), Missouri Industrial Energy Consumers ("MIEC"), Missouri School Boards' Association ("MSBA"), and Midwest Energy Consumers Group ("MECG") (collectively, the "Signatories") and submit this *Full and Unanimous Stipulation and Agreement* to the Missouri Public Service Commission ("Commission"), stating the following:

1. This Stipulation is being entered into for the purpose of settling all contested issues in this case.

2. The Signatories are available for an on-the-record presentation of the Stipulation if the Commission determines that is necessary.

3. **Admission of Testimony.** The Signatories consent to the admission of, and request that the Commission admit into the record in this proceeding, without the need for witnesses to take the stand, all written testimony submitted in this case.

4. **Effective Date of Rates.** The Signatories agree that rates will be implemented no later than October 24, 2025. The foregoing rate effective date is a material term of this Stipulation.

5. **Total Revenue Requirement.** The Signatories agree to an increase in Spire Missouri's total annual revenue requirement of $210 million above the revenue requirement approved by the Commission in Spire Missouri's last general rate case. This amount resolves all issues impacting Spire Missouri's revenue requirement raised in this case. This increase allocated to Spire Missouri East is $104,600,000 and the increase to Spire Missouri West is $105,400,000.

6. **Infrastructure System Replacement Surcharge ("ISRS").** The Signatories agree that for the purposes of calculating ISRS, the weighted average cost of capital shall be 7.05% post-tax. Revenue for purposes of the statutory ISRS cap for Spire Missouri is $936,584,235. The Company will track interspersed plastic main retirements associated with cast iron and bare steel ISRS replacements.

7. **Rate Base.** The Signatories agree that the revenue requirement reflects all capital additions through May 31, 2025, including ISRS rebasing. The total rate base plant in service is $4,379,605,253. The Company's next ISRS filing will reflect ISRS-eligible plant beginning as of June 1, 2025.

8. **Depreciation.** The Signatories agree to the depreciation rates provided in **Appendix 1**.

9. **Customer Counts, Billing Determinants, and Revenue Allocation.** The Signatories agree to the customer counts, billing determinants, and revenue allocation in **Appendix 2**.

10. **Rate Design.** The Signatories agree to implementation of the rates set out in the schedule attached as **Appendix 3**.

11. **Weather Normalization Adjustment Rider ("WNAR").** The Signatories agree to modify the WNAR tariff as provided in the specimen tariff attached as **Appendix 4**, including

adding the Small General Service class to the tariff. The Signatories acknowledge that the WNAR rates approved in Case No. GO-2026-0001[1] will be listed on P.S.C. MO. No. 9, Fourth Revised Sheet No. 13.9, but will be incorporated into the compliance tariffs filed in this case as P.S.C. MO. No. 9, Second Revised Sheet No. 13.8. P.S.C. MO. No. 9, Fourth Revised Sheet No. 13.9 will be canceled as part of the compliance tariffs filed in this case. In addition, if the effective date of rates in this case is not October 24, 2025, the subtitle "For service on or after October 24, 2025" on specimen Sheet Nos. 13 through 13.2 will be changed to the effective date of rates, and the subtitle "For service on and after January 1, 2022 through October 23, 2025" on specimen Sheet Nos. 13.5 through 13.7 will be changed to reflect that the sheets are effective through the day before rates are effective in this case.

12. **Amortizations.** The Signatories agree that the Amortization Schedule attached as **Appendix 5** reflects the agreed upon amortization balances and rates.

13. **Regulatory Asset and Liability Expiration Tracker.** The Signatories agree to establishing this mechanism to track excess amortizations that occur when the assets or liabilities become fully amortized between rate cases. In future rate cases, the balance will be amortized over a 5-year period.

14. **Diaphragm Asset Recovery.** The diaphragm asset recovery for Missouri East diaphragm meters being replaced by advanced meters will be placed into a regulatory asset and amortized over 20 years with no return on investment.

[1] *In the Matter of Spire Missouri Inc. d/b/a Spire's Application to Update its Weather Normalization Adjustment Rider (WNAR) for Spire East and Spire West,* requested effective date of September 1, 2025, for Spire's WNAR tariff sheet, P.S.C. MO. No. 9, Fourth Revised Sheet No.13.9.

15. **Cast Iron Main Balance.** The negative reserve at May 31, 2025, for Missouri East cast iron main plant account balance will be placed into a regulatory asset and amortized over 3 years with no return on investment.

16. **Rate Case Expense.** The Signatories agree that the rate case expense will be normalized and recovered over a 2-year period.

17. **Property Tax Tracker.** The Signatories agree that the base level for Missouri property taxes used to track property taxes used to set rates beginning with the effective date of rates in this case is $27,606,038 for Spire Missouri East and $31,272,089 for Spire Missouri West. The Property Tax Tracker will continue and be amortized over a 2-year period.

18. **Pension and Other Post Employment Benefits ("OPEBs").** The Signatories agree to annual pension funding of $26,200,000 for Spire Missouri East and $1,400,000 for Spire Missouri West (amounts stated prior to application of transfer rate). The rates established in this case for ASC 715 expenses include an allowance of $0 for Spire Missouri East and $0 for Spire Missouri West (amounts stated prior to application of transfer rate). The Signatories agree that the Company's existing tracking mechanisms for pension and OPEBs, on the terms approved by the Commission in the Company's prior general rate proceedings, shall continue. The pension and OPEB asset or liability balances shall be included in the respective rate bases of Spire Missouri East and West.

19. **Advanced Leak Detection Tracker.** The Signatories agree that the Company will implement an Advanced Leak Detection tracker to track costs incurred to ensure compliance with the pending federal Leak Detection and Repair regulation. Internal labor costs will be excluded.

20. **Peak Demand Data.** The Signatories agree that the Company will track and provide coincident peak and non-coincident peak daily demand data for all rate classes in the next rate case, and subsequent rate cases going forward.

21. **Low-Income Assistance Programs.** The Signatories agree to implement the Limited Income Customer Charge Pilot Program, which will have a funding cap of $6,000,000 and will be funded evenly by ratepayer and shareholder contributions. This program will reduce or credit the monthly customer charge by $22 once the applicant is approved. For purposes of this Stipulation, the term "shareholder contributions" means funding from Spire Missouri Inc. or an affiliate that is not and will not be recovered through customer rates. Spire will provide key metrics, including but not limited to customer participation levels, cross-program support, overall disconnection rates, bad debt, and arrearage levels, during its quarterly income-eligible stakeholder meetings. A specimen tariff for this program is attached as **Appendix 6**. The Signatories agree that in lieu of allocating funds to the Company proposed Keeping Warm program, those funds will continue to be contributed to the Critical Needs Program. The Signatories also agree that the low income collaborative shall evaluate quarterly the success of all programs and determine whether funds should be reallocated based on program or customer needs.

22. **Energy Efficiency Programs.** The Signatories agree that the weatherization funding for Spire Missouri West will increase to $950,000 to be equal to the Spire Missouri East weatherization funding level. The Signatories also agree that the Company will implement the PAYS Fast Track program.

23. **Residential Heat Pump Pilot Program.** Spire will implement a residential heat pump pilot program focused on income-eligible customers. To qualify for participation, customers must meet one of the following requirements below:

a. Participation in federal, state, or local subsidized housing program.

b. Proof of resident income levels at or below 80% of area median income (AMI) or 200% of federal poverty level.

c. Fall within a census tract included on Spire Missouri's list of eligible low-income census tracts.

The total budget requested for this pilot program is $600,000, with $300,000 for Spire Missouri East and $300,000 for Spire Missouri West over a three-year cycle. 10% of the budget may be used for outreach and administrative efforts to run this program effectively.

24. **Transportation Tariffs.** The Signatories agree to update the transportation tariffs as recommended by Staff witness Anne Crowe, specifically Sheet Nos. 9.12-14 and 9.25.

25. **Certificate of Convenience and Necessity ("CCN") Audit.** In Case Nos. GA-2023-0374, GA-2023-0389, and GA-2024-0257, the Company was directed to audit its CCN tariffs to confirm the accuracy of the listed sections in which the Company has authorization to serve customers The Signatories agree that the CCN tariffs filed by the Company in this case reflecting the findings of the audit should be approved.

26. **Continuing Property Record Audit.** The Signatories agree that the Company will continue implementing the recommendations and action plans provided by the independent third-party auditor. The Signatories also agree that the Company will implement the following:

a. Provide a detailed roadmap of its process improvements related to meters, mains, and service lines no later than three months from the effective date of rates;

b. Implementation of new policies and procedures shall occur no later than six months from the effective date of rates;

c. File all new and revised policies and procedures in this case no later than six months from the effective date of rates;

d. Identify any necessary tariff revisions no later than six months from the effective date of rates.

27. **Customer Service.** The Signatories agree to the following:

a. Sheet No. R-22.2 will be revised to reflect its policy of applying the Cold Weather Rule prior to disconnecting customers from November 1 through March 31. The only exception to this policy is for ACI Safety inspections and locked meters showing consumption.

b. Spire Missouri will develop and submit a report to Customer Experience Staff on a monthly basis showing the number of disconnections for the previous month broken down daily by reason for disconnection. The Company will provide a status report on the development of this report within two months from the effective date of rates.

c. Spire Missouri will submit a report to Customer Experience Staff on a monthly basis showing the total number of delayed transfer/vacant with usage meters for the previous month. This reporting will begin as of the effective date of rates. If the Company falls behind on working these field activities, additional communication will be provided to the impacted occupants and to Commission Staff.

d. Spire Missouri will meet with Staff on a quarterly basis, rather than the current monthly basis, continuing to provide updates regarding estimated bills, call center statistics, outreach/education events and payment assistance. During these meetings, Spire Missouri will also provide updates and seek Staff input regarding improvements and changes to processes surrounding disconnections and reconnections. Issues regarding the above topics should be proactively and promptly communicated to Staff outside of these meeting times as they occur. Staff holds the right to schedule a meeting outside of these quarterly meetings should it see the need.

e. Spire Missouri will make efforts to complete more of its disconnections earlier in the week than on Thursdays when it could cause customers to be without service over the weekend should Spire Missouri's schedule become full on Friday. These efforts will be shared and discussed at the quarterly meetings with Staff.

f. Spire Missouri will reconnect a customer who has been disconnected due to delayed transfer or a meter exchange either on the same day or no later than the next working day.

28. **Customer Service Reporting.** The Signatories agree that the Company and Staff will work to develop a single monthly customer experience report that will include the reporting provisions included in this Stipulation and the monthly reporting currently provided by the Company's customer experience team.

29. **ISRS Reporting.** The Signatories agree that the Company will file an annual (CY) report that includes the following information for Spire East and Spire West, separately:

a. PHMSA F7100.1-1 Annual Reports;

b. Annual service line leaks by material and leak grade;

c. Miles of main by material type and diameter replaced, separately identifying ISRS-eligible mains;

d. Total footage of service lines replaced, separately identifying ISRS-eligible service lines;

e. Loaded and unloaded average cost of main replacement per foot, separately identifying ISRS-eligible main;

f. Loaded and unloaded average cost of service line replacement, separately identifying ISRS-eligible service lines;

g. Miles of main, by material type and pipeline diameter, Spire Missouri considers to be ISRS-eligible;

h. An explanation of the attributes Spire Missouri uses for determining a project is ISRS-eligible;

i. ISRS spending projections for the following year until ISRS is no longer authorized by statute;

j. Annual actual ISRS total spending and associated ISRS approved revenue requirements;

k. ISRS bill impact per residential customer, calculated from the approved ISRS revenues;

l. Miles of main repaired per year;

m. Feet of service line repaired per year; and

n. Percentage of ISRS-eligible miles replaced per year.

The Company will meet with Staff and OPC at least two weeks before filing, and the first report the Company files will contain five years' worth of data. The Company will file subsequent annual (CY) reports encompassing the agreed-upon details above.

30. **Propane.** The Signatories agree that the Company will continue to treat propane related items according to Section 14 of the Stipulation and Agreement in Case No. GR-2013-0171, specifically that the propane cavern associated equipment and inventory, and any associated

revenues, expenses, and investment shall be accounted for "above the line" for ratemaking purposes.

31. **Other Tariff Changes.** The Signatories agree to the tariff changes listed below. The Signatories also agree to the further clean-up tariff changes provided in the Company's minimum filing requirements.

Tariff Sheet	**As Proposed By**	**Change**
Sheet No. R-7	Witness Johnson	Advanced Meter Reading Opt Out – change wording, added in the information from SB 4 that needs to be included.
Sheet No. R-22.2	Witness Johnson	CWR – change 24 hours to 72 hours from SB4.
Sheet No. R-29	Witness Dean	Red Tag - Clarified language throughout the tariff sheet Increased funding levels to $200,000 and amount customer may receive to $2,000
Sheet No. R-30 - 30.1	Witness Dean	Added rebates – smart thermostat $75, insulation $0.40/sq ft. up to $750 max
Sheet No. R-30.19 - 30.20	Witness Dean	Eliminate Home Comfort program Change sheet to Reserved for Future Use
Sheet No. 11.5	Appendix 2	PGA sales volumes updated to agreed upon billing determinants
Sheet 17.1	Witness Johnson	Eliminate EGM equipment charge Replace EGM equipment charge language
Sheet 19.1	Witness Johnson	Change tariff sheet to Spire Missouri Remove charge for move inside meter to outside and move inside meter to new inside location Replace all other costs to time and material
Sheet 19.2	Witness Johnson	Miscellaneous charges – advanced meter opt-out – keep one time charge as $100, change monthly charge to $15. Change wording to match SB4.

GENERAL PROVISIONS OF AGREEMENT

32. This Stipulation is being entered into for the purpose of fully resolving the above-captioned matter and disposing of the issues specifically addressed herein. In presenting this Stipulation, none of the Signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking, tariff, or procedural principle, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation, whether approved or not, in any other proceeding except as otherwise expressly specified herein.

33. This Stipulation has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this Stipulation in total or approves it with modifications or conditions to which a Party objects, then this Stipulation shall be void and no Party shall be bound by any of its provisions. The agreements herein are specific to this proceeding and are made without prejudice to the rights of the Signatories to take other positions in other proceedings except as otherwise noted herein. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void, 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 Party has for a decision in accordance with Section 536.080, of the Revised Statutes of Missouri ("RSMo") or Article V, Section 18, of the Missouri Constitution, and 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 or 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 further purpose whatsoever.

34. If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect to the issues resolved herein, their respective rights as follows: (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo.; (2) to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo.; (3) to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo.; (4) to seek rehearing pursuant to Section 386.500, RSMo.; and (5) to judicial review pursuant to Section 386.510, RSMo. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned case and do not apply to any issues or matters raised in any prior or subsequent Commission order, or any issue or other matters not explicitly addressed by this Stipulation.

35. This Stipulation and the attached Appendices contain the entire agreement of the Signatories concerning the issues addressed herein. The intent of the Signatories to this Stipulation has been fully and exclusively expressed in these documents.

36. This Stipulation does not constitute a contract with the Commission. Acceptance of this Stipulation by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigatory powers or other statutory powers which the Commission presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information.

WHEREFORE, the Signatories respectfully request the Commission approve this Stipulation and grant any other relief as is just and reasonable.

Respectfully submitted,

/s/ J. Antonio Arias

Matthew Aplington, MoBar #58565
Chief Legal Officer
Spire Missouri Inc.
700 Market Street, 6th Floor
St. Louis, MO 63101
(314) 342-0785
matt.aplington@spireenergy.com

J. Antonio Arias, MoBar #74475
Director, Associate General Counsel - Regulatory
Spire Missouri Inc.
700 Market Street, 6th Floor
St. Louis, MO 63101
(314) 342-0655
antonio.arias@spireenergy.com

Sreenivasa Rao Dandamudi, MoBar #50734
Director, Associate General Counsel - Regulatory
Spire Missouri Inc.
700 Market Street, 6th Floor
St. Louis, MO 63101
(314) 342-0702
sreenu.dandamudi@spireenergy.com

ATTORNEYS FOR SPIRE MISSOURI INC.

/s/ J. Scott Stacey
J. Scott Stacey Deputy Counsel
Missouri Bar No. 59027
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102 573-522-6279
573-751-9285 (Fax)
scott.stacey@psc.mo.gov

ATTORNEY FOR STAFF OF THE PUBLIC SERVICE COMMISSION

/s/ John Clizer
John Clizer (#69043)
Senior Counsel
Missouri Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
Telephone: (573) 751-5324
Facsimile: (573) 751-5562
E-mail: john.clizer@opc.mo.gov

ATTORNEY FOR THE OFFICE OF PUBLIC COUNSEL

/s/ John B. Coffman
____
John B. Coffman MBE #36591
John B. Coffman, LLC
871 Tuxedo Blvd. St. Louis, MO 63119-2044
Ph: (573) 424-6779
E-mail: john@johncoffman.net

ATTORNEY FOR CONSUMERS COUNCIL OF MISSOURI

/s/ Terry M. Jarrett
Terry M. Jarrett, MO Bar 45663
306 Monroe St.
Jefferson City, MO 65101
Telephone: (573) 415-8379
Facsimile: (417) 864-7018
Email: terry@healylawoffices.com

ATTORNEY FOR MISSOURI SCHOOL BOARDS' ASSOCIATION

/s/ Tim Opitz
Tim Opitz, Mo. Bar No. 65082
Opitz Law Firm, LLC
308 E. High Street, Suite B101
Jefferson City, MO 65101
T: (573) 825-1796
tim.opitz@opitzlawfirm.com

ATTORNEY FOR MIDWEST ENERGY CONSUMERS GROUP

<u>/s/ Diana M. Plescia</u>
Diana Plescia
Curtis, Heinz, Garrett & O'Keefe, P.C.
130 S. BEMISTON, Suite 200
St. Louis, Missouri, 63105
Telephone: (314) 725-8788
Facsimile: (314) 725-8789
Email: dplescia@chgolaw.com

ATTORNEY FOR MISSOURI INDUSTRIAL ENERGY CONSUMERS

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent either by electronic mail to all Signatories of record on this 4th day of August, 2025.

/s/ J. Antonio Arias

Appendix 1

Spire Missouri (Gas)				
Schedule of Depreciation Rates				
GR-2025-0107				
	Depreciable Plant	**Average Service Life**	**Net Salvage**	**Depreciation Rate**
	Production Plant			
305	Structures and Improvements	55.00	-5.00%	1.91%
307	Other Power Equipment	50.00	-5.00%	2.10%
311	Propane Equipment (Rate set to zero because fully accrued)			0.00%
311.1	Propane Stg Cavern (Rate set to zero because fully accrued)			0.00%
	Underground Gas Storage			
350.2	Rights of Way	80.00	0.00%	1.25%
351.2	Compressor Station Structure	50.00	-10.00%	2.20%
351.4	Other Structures	50.00	-10.00%	2.20%
352	Wells	75.00	-20.00%	1.60%
352.1	Storage Leaseholds	90.00	0.00%	1.11%
352.2	Reservoirs	90.00	0.00%	1.11%
352.3	Non-Recoverable Gas	90.00	0.00%	1.11%
352.4	Wells - Oil & Vent Gas	55.00	-20.00%	2.18%
353	Lines	70.00	-25.00%	1.79%
354	Compressor Station Equipment	55.00	-10.00%	2.00%
355	Meas. & Reg. Equipment	55.00	-10.00%	2.00%
356	Purification Equipment	50.00	-15.00%	2.30%
357	Other Equipment	30.00	-5.00%	3.50%
	Transmission Plant			
367	Mains - Transmission	80.00	15.00%	2.00%
371.7	Other Equipment	40.00	-5.00%	2.63%
	Distribution Plant			
374.2	Land Rights	80.00	0.00%	1.25%
375	Structures and Improvements	50.00	-10.00%	2.20%
375.1	Structures and Improvements - Meas & Reg	50.00	-20.00%	2.40%
375.2	Structures and Improvements - Svc Centers	50.00	-20.00%	2.40%
375.3	Structures and Improvements - Garages	50.00	-20.00%	2.40%
375.41	Structures and Improvements - Leased Property	50.00	-20.00%	2.40%
375.7	Structures and Improvements - MN	50.00	-20.00%	2.40%
376.1	Steel Mains	75.00	-70.00%	2.26%
376.21	Cast Iron Mains - East	65.00	-150.00%	19.05%

Appendix 1

376.22	Cast Iron Mains - West	65.00	-150.00%	11.17%
376.3	Plastic Mains	65.00	-50.00%	2.31%
378	Meas & Reg Station Equipment	40.00	-40.00%	3.50%
379	City Meas & Reg Station Equipment	45.00	-20.00%	2.66%
380.1	Steel Services	45.00	-110.00%	4.59%
380.2	Plastic & Copper Services	45.00	-80.00%	4.00%
381	Meters	28.00	0.00%	3.54%
381.1	Ultrasonic Meters	20.00	0.00%	5.00%
382	Meter Installations - West	60.00	-2.00%	1.70%
382.1	Ultrasonic Meter Installation	20.00	0.00%	5.00%
383	House Regulators	55.00	0.00%	1.82%
385	Comm & Ind Meas & Reg Eqpt	43.00	-15.00%	2.68%
386	Other Prop-Cust Premises	15.00	0.00%	0.00%
387	Other Equipment	50.00	-10.00%	2.20%
	General Plant			
390.2	Structures and Improvements	40.00	0.00%	2.38%
390.7	Structures - Gen Plant - Monat	40.00	0.00%	2.38%
391	Office Furniture & Equipment	20.00	0.00%	5%
391.1	Data Processing Systems	5.00	0.00%	20%
391.2	Mechanical Office Equipment	15.00	0.00%	6.67%
391.3	Data Processing Software	10.00	0.00%	10%
391.4	Data processing systems	5.00	0.00%	20%
391.95	Enterprise Software (Rate set to zero because included in amortization schedule)			0.00%
391.96	Enterprise Hardware	10.00	0.00%	10.00%
392.1	Transportation Eqpt - Cars	7.00	20.00%	11.43%
392.2	Transportation Eqpt-Trucks	11.00	20.00%	7.27%
393	Stores Equipment	30.00	0.00%	3.33%
394	Tools, Shop & Garage Equipment	25.00	0.00%	4.00%
394.5	Equipment-CNG Fuel Stations	0.00	0.00%	4.00%
395	Laboratory Equipment	20.00	0.00%	5.00%
396	Power Operated Equipment	13.00	20.00%	6.15%
397	Communication Equipment	15.00	0.00%	6.67%
397.1	Communication Equipment	15.00	0.00%	6.67%
397.2	Communication Equipment	7.50	0.00%	0.00%
398	Miscellaneous Equipment	20.00	0.00%	5.00%

Appendix 2

Customer Counts

Spire Missouri East

Residential	625,100
Small General Service	36,996
Large General Service	4,460
Unmetered Gas Light	N/A (billed per unit)
LP	33
Large Volume	29
Large General Transport	146

Spire Missouri West

Residential	507,456
Small General Service	30,725
Large General Service	3,111
Unmetered Gas Light	N/A (billed per unit)
Large Volume	32
Large Volume Transport	401
Large General Transport	235

Appendix 2

Volumes

Spire Missouri East

Residential (Ccfs)	472,672,164
Small General Service (Ccfs)	86,667,141
Large General Service (Ccfs)	140,424,000
Unmetered Gas Light (units/month)	587
LP (gallons)	15,546
Large Volume (Ccfs)	4,006,726
Large General Transport (Ccfs)	180,803,211

Spire Missouri West

Residential (Ccfs)	347,981,494
Small General Service (Ccfs)	64,114,750
Large General Service (Ccfs)	65,945,268
Unmetered Gas Light (units/month)	10
Large Volume (Ccfs)	7,313,958
Large Volume Transport (Ccfs)	274,461,751
Large General Transport (Ccfs)	13,328,807

Appendix 2

Revenue Allocation ($)

Spire Missouri East

Residential	$402,515,805
Small General Service	$46,014,163
Large General Service	$38,883,309
Unmetered Gas Light	$61,670
LP	$14,917
Large Volume Service	$1,503,038
Large General Transport	$17,857,551
Total Revenue	$506,850,453

Spire Missouri West

Residential	$343,370,593
Small General Service	$36,204,684
Large General Service	$25,141,400
Unmetered Gas Light	$2,460
Large Volume Service	$1,730,151
Large Volume Transport	$20,637,537
Large General Transport	$2,646,957
Total Revenue	$429,733,782

Appendix 3

Spire Missouri West	
RESIDENTIAL SERVICE	
Customer Charge	$ 22.00
Winter billing months (November - April)	$ 0.60966
Summer billing months (May - October)	$ 0.55916

Spire Missouri East	
RESIDENTIAL SERVICE	
Customer Charge	$ 22.00
Winter billing months (November - April)	$ 0.50550
Summer billing months (May - October)	$ 0.48671

SMALL GENERAL SERVICE	
Customer Charge	$ 57.00
Charge for gas delivery - per Ccf	$ 0.23690

SMALL GENERAL SERVICE	
Customer Charge	$ 52.00
Charge for gas delivery - per Ccf	$ 0.26456

LARGE GENERAL SERVICE	
Customer Charge	$ 250.00
Charge for gas delivery - per Ccf	$ 0.23972

LARGE GENERAL SERVICE	
Customer Charge	$ 185.00
Charge for gas delivery - per Ccf	$ 0.20639

LARGE VOLUME SERVICE	
Fixed monthly charge	$ 2,090.00
Additional Meter	$ 293.38
Winter (November - March)	
First 36,000 Ccfs	$ 0.17150
All additional gas	$ 0.13310
Summer (April - October)	
First 36,000 Ccfs	$ 0.10650
All additional gas	$ 0.07046

LARGE VOLUME	
Customer Charge	$ 1,220.00
Demand charge	$ 1.28
First 36,000 Ccfs	$ 0.17841
All additional gas	$ 0.05228

GENERAL L.P. GAS SERVICE	
Customer Charge	$ 26.50
per gallon	$ 0.28450

UNMETERED GASLIGHT SERVICE	
per unit rate	$ 20.50

UNMETERED GASLIGHT SERVICE	
per unit rate	$ 8.75

LARGE VOLUME TRANSPORTATION	
Fixed monthly charge	$ 1,590.00
Additional Meter	$ 293.38
EGM	$ 25.00
Winter (November - March)	
First 36,000 Ccfs	$ 0.07287
All additional gas	$ 0.05673
Summer (April - October)	
First 36,000 Ccfs	$ 0.04545
All additional gas	$ 0.03007

LARGE VOLUME TRANSPORTATION	
Customer Charge	$ 2,595.00
First 36,000 Ccfs	$ 0.04547
All additional gas	$ 0.01903
Demand	$ 0.71765

LARGE GENERAL TRANSPORTATION	
Customer Charge	$ 250.00
EGM	$ 25.00
Winter (November -March)	$ 0.16520
Summer (April - October)	$ 0.09522

Appendix 4

P.S.C. MO. No. 9		First Revised	SHEET No. 13
CANCELLING	P.S.C. MO. No. 9	Original	SHEET No. 13

Spire Missouri Inc. d/b/a/ Spire — For: Spire Missouri

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

For service on or after October 24, 2025

APPLICABILITY
The Weather Normalization Adjustment Rider ("WNAR" or Rider) is applicable to each Ccf of gas delivered under the terms of the residential ("RS") and small general service ("SGS") rate schedules throughout the service areas of Spire East and Spire West. The Rider rates will be calculated separately for Spire East and Spire West as detailed below and will be applied as a separate line item on a customer's bill.

The Company will make an annual rate filing by July 1 to adjust the WNAR with an effective date of September 1. Staff will file its recommendation to the Commission regarding the filing by August 1. The WNAR rate will remain in effect for the twelve (12) months of September through August.

CALCULATION OF ADJUSTMENT
The Weather Adjustment to Usage ("WAU") will be calculated for each billing cycle and billing month as follows:

$$\mathrm{WAU}_i = \sum_{j=1}^{18}\left(\left(NDD_{ij} - ADD_{ij}\right)\cdot C_{ij}\right)\cdot \beta$$

Where:

i	=	the applicable billing month
WAU_i	=	Weather Adjustment to usage for the billing month in Ccfs
j	=	the billing cycle
NDD_{ij}	=	the total normal heating degree days for billing cycle j in billing month i based upon the daily normal weather as agreed to in the most recent rate case
ADD_{ij}	=	the total actual heating degree days, base 65° at St. Louis Lambert International Airport Weather Station (Spire East) and MCI Airport Weather Station (Spire West) for billing cycle j in billing month i
C_{ij}	=	the total number of customer charges charged in billing cycle j and billing month i
β	=	the weather sensitivity coefficient for each class as provided below:

	RS	SGS
Spire East		
Spire West		

The revenue adjustment ("RA") for each billing month for each class shall be calculated as follows:

$$RA_i = WAU_i \times GDC_i$$

DATE OF ISSUE: — DATE EFFECTIVE:

ISSUED BY: Scott A. Weitzel, VP, Regulatory & Governmental Affairs
Spire Missouri Inc., St. Louis, MO 63101

Appendix 4

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

For service on or after October 24, 2025

CALCULATION OF ADJUSTMENT (Continued)

Where

GDC_i = the Gas Delivery Charge for month i as shown on Tariff Sheet No. 2 for RS and Tariff Sheet No. 3 for SGS and reflected in the table below:

	May through October		November through April	
	RS	SGS	RS	SGS
Spire East				
Spire West				

CALCULATION OF WNAR RATE
The WNAR rate ("WR") will be calculated as follows:

$$\mathrm{WR} = \frac{\mathrm{TRA}}{\mathrm{Annual\ Ccf}}$$

Where:

TRA = the total recovery amount calculated as follows:

$$\mathrm{TRA} = \left(\sum_{\mathrm{i=June}}^{\mathrm{May}} \mathrm{RA_i}\right) + \mathrm{TA} + \mathrm{DA}$$

Annual Ccf = Annual volumetric billing determinants in Ccfs as reflected in the table below:

	RS	SGS
Spire East		
Spire West		

Spire Missouri Inc., St. Louis, MO 63101
P.S.C. MO. No. 9 Third Revised SHEET No. 13.2
CANCELLING P.S.C. MO. No. 9 Second Revised SHEET No. 13.2

Spire Missouri Inc. d/b/a/ Spire For: Spire Missouri

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

For service on or after October 24, 2025

CALCULATION OF WNAR RATE (Continued)

TA = True up amount. The True-up Amount ("TA") will be the difference between the WNAR revenue billed and the TRA for the recovery period. For the billing months of September through May, the WNAR revenue billed shall be the actual revenue billed. For the billing months of June, July, and August the WNAR revenue billed shall be estimated using the volumetric billing determinants for those months as set in the last general rate case and the appropriate GDC. These billing determinants are reflected in the table below:

Residential

	June	July	August
Spire East			
Spire West			

Small General Service

	June	July	August
Spire East			
Spire West			

DA = Deferred amount. There shall be a limit of $0.05 per Ccf on upward adjustments for the WNAR rate and no limit on downward adjustments. Any TRA not recovered due to this cap of $0.05 per Ccf will be deferred for recovery from customers in the next recovery period.

Each month, interest at Spire's short-term borrowing rate shall be applied to the Company's average beginning and ending monthly TRA balances. Corresponding interest income and expense amounts shall be recorded on a net cumulative basis for the WNA deferral period.

DATE OF ISSUE: DATE EFFECTIVE:

ISSUED BY: Scott A. Weitzel, VP, Regulatory & Governmental Affairs

Spire Missouri Inc., St. Louis, MO 63101

P.S.C. MO. No. 9		First Revised	SHEET No. 13.3
CANCELLING	P.S.C. MO. No. 9	Original	SHEET No. 13.3

Spire Missouri Inc. d/b/a/ Spire — For: Spire Missouri

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

Applicable for the months of September xxxx through August xxxx

Residential (RS)	Spire East	Spire West
Sum of Weather Revenue Adjustments for June xxxx through May xxxx (ARA[1])	$	$
Interest on ARA (I_{RA})	$	$
True-Up Amount for September xxxx through August xxxx (TA)	$	$
Interest on True-Up Amount (I_{TA})	$	$
Deferred from previous recovery (if applicable) (DA)	$	$
Interest on DA (I_{DA})	$	$
Total Recovery Amount (TRA = ARA + I_{RA} + TA + I_{TA} + DA + I_{DA})	$	$
Annual Volumetric Billing Determinants (Ccf)	0	0
Weather Normalization Adjustment Rider Rate (WNAR Rate) (TRA ÷ Annual Volumetric Billing Determinants)	$ 0.0000/Ccf	$ 0.0000/Ccf

[1] The Annual Revenue Adjustment ("ARA") is the sum of the billing month revenue adjustment ("RA") for each of 12 billing months ending with the May billing month.

DATE OF ISSUE: DATE EFFECTIVE:

ISSUED BY: Scott A. Weitzel, VP, Regulatory & Governmental Affairs
Spire Missouri Inc., St. Louis, MO 63101

Appendix 4

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

Applicable for the months of September xxxx through August xxxx

Small General Service (SGS)	Spire East	Spire West
Sum of Weather Revenue Adjustments for June xxx through May xxxx (ARA[1])	$	$
Interest on ARA (I_{RA})	$	$
True-Up Amount for September xxxx through August xxxx (TA)	$	$
Interest on True-Up Amount (I_{TA})	$	$
Deferred from previous recovery (if applicable) (DA)	$	$
Interest on DA (I_{DA})	$	$
Total Recovery Amount (TRA = ARA + I_{RA} + TA + I_{TA} + DA + I_{DA})	$	$
Annual Volumetric Billing Determinants (Ccf)	0	0
Weather Normalization Adjustment Rider Rate (WNAR Rate) (TRA ÷ Annual Volumetric Billing Determinants)	$ 0.0000/Ccf	$ 0.0000/Ccf

[1] The Annual Revenue Adjustment ("ARA") is the sum of the billing month revenue adjustment ("RA") for each of 12 billing months ending with the May billing month.

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

For service on and after January 1, 2022 through October 23, 2025

APPLICABILITY
The Weather Normalization Adjustment Rider ("WNAR") is applicable to each Ccf of gas delivered under the terms of the residential rate schedule throughout the service areas of Spire East and Spire West. The Rider will be applied as a separate line item on a customer's bill.

The Company will make an annual rate filing by July 1 to adjust the WNA Rider with an effective date that coincides with the read date of the first September billing cycle. Staff will file its recommendation to the Commission regarding the filing by August 1.

The WNAR rate will remain in effect for the twelve (12) billing months beginning with the September billing month.

CALCULATION OF ADJUSTMENT
The Weather Adjustment to Usage ("WAU") will be calculated for each billing cycle and billing month as follows:

$$\mathrm{WAU}_i = \sum_{j=1}^{18}\left(\left(NDD_{ij} - ADD_{ij}\right)\cdot C_{ij}\right)\cdot \beta$$

Where:

i	=	the applicable billing month
WAU_i	=	Weather Adjustment to usage for the billing month in Ccfs
j	=	the billing cycle
NDD_{ij}	=	the total normal heating degree days for billing cycle j in billing month i based upon Staff's daily normal weather as determined in the most recent rate case
ADD_{ij}	=	the total actual heating degree days, base 65° at St. Louis Lambert International Airport Weather Station (Spire East) and KCI Airport Weather Station (Spire West) for billing cycle j in billing month i
C_{ij}	=	the total number of customer charges charged in billing cycle j and billing month i
β	=	the coefficient of 0.139660 for Spire East and the coefficient of 0.129828 for Spire West

The revenue adjustment ("RA") for each billing month shall be calculated as follows

$$RA_i = WAU_i \times WRVR_i$$

Appendix 4

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

For service on and after January 1, 2022 through October 23, 2025

CALCULATION OF ADJUSTMENT (Continued)

Where
WRVR = the Weighted Residential Variable Rate applicable to the billing month. For the winter billing months (November through April), the WRVR shall be equal to the Residential Winter Charge for Gas Used of $0.36538 for Spire East and $0.37404 for Spire West. The WRVR for each of the summer billing months (May through October) is the average of the volumetric rates weighted by the number of customers whose usage ends in that block as normalized in the last general rate case. The WRVR for each billing month is reflected in the table below:

Spire East

May	June	July	August	September	October
$0.35385	$0.33527	$0.33253	$0.33206	$0.33481	$0.33491

Spire West

May	June	July	August	September	October
$0.34984	$0.34219	$0.34113	$0.34106	$0.34178	$0.34172

CALCULATION OF WNAR RATE
The WNAR rate is the Total Recovery Amount (“TRA”) divided by the annual volumetric billing determinants set for the residential rate class in the most recent general rate case. For Spire East – 471,806,950 and for Spire West – 376,024,242.

The Total Recovery Amount (“TRA”) is the sum of the Annual Revenue Adjustment (“ARA”) and the True-up Amount (“TA”).

The Annual Revenue Adjustment (“ARA”) is the sum of the billing month revenue adjustment (“RA”) for each of 12 billing months ending with the May billing month.

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

For service on and after January 1, 2022 through October 23, 2025

CALCULATION OF WNAR RATE (Continued)

The True-up Amount ("TA") will be the difference between the revenue billed through the WNAR and the ordered TRA for the recovery period. The revenue billed shall be the actual WNAR revenue billed for the billing months of September through May. The WNAR revenue billed for the billing months of June, July, and August shall be estimated using the volumetric billing determinates for those months as set in the last general rate case. These billing determinants are reflected in the table below:

Spire East

June	July	August
11,576,442	8,990,801	8,215,559

Spire West

June	July	August
8,875,407	6,355,281	5,854,349

OTHER TERMS
There shall be a limit of $0.05 per Ccf on upward adjustments for the WNAR rate and no limit on downward adjustment. Any TRA not recovered due to this cap of $0.05 per Ccf will be deferred for recovery from customers in the next recovery period.

Each month, interest at Spire's short-term borrowing rate shall be applied to the Company's average beginning and ending monthly TRA balances. Corresponding interest income and expense amounts shall be recorded on a net cumulative basis for the WNA deferral period.

Appendix 4

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

Applicable for the billing months of September 2024 through August 2025

	Spire East	Spire West
Sum of Weather Revenue Adjustments for June 2023 through May 2024 (ARA)	\$ 32,570,775.11	\$ 18,638,059.86
True-Up Amount for September 2023 through August 2024 (TA)	\$ 2,719,567.96	\$ 1,731,007.39
Interest on True-Up Amount (I_{TA})	\$ 460,302.14	\$ 285,486.89
Total Recovery Amount (TRA = ARA + I_{RA} + TA + I_{TA})	\$ 35,750,645.21	\$ 20,654,554.14
Annual Volumetric Billing Determinants	471,806,950	376,024,242
Weather Normalization Adjustment Rider Rate (WNAR Rate)	\$ 0.07577/Ccf	\$ 0.05493/Ccf
(TRA ÷ Annual Volumetric Billing Determinants)		

WEATHER NORMALIZATION ADJUSTMENT RIDER
WNAR

Appendix 5

Amortization Balance Base and Annual Amortization

				Spire Missouri East		Spire Missouri West	
Category	Rate Base	Amort Yrs	Continuation /Rebase	5/31/25 Balance	Amortization Expense	5/31/25 Balance	Amortization Expense
COVID AAO Asset	N	2	Rebase	669,843	334,922	1,303,405	651,702
Eligible A&G Overheads Asset	Y	15	Continuation	9,518,360	756,426	4,996,436	397,068
Ineligible A&G Overheads Asset	N	15	Continuation	10,695,052	849,938	10,689,673	849,510
Pension Asset – Pre-GR-2021-0108	Y	8	Continuation	46,119,555	8,751,096		
Pension Asset – Post-GR-2021-0108	Y	2	Rebase	-2,781,666	-1,390,833		
Pension Liability – Pre-GR-2021-0108	Y	8	Continuation			3,721,501	714,294
Pension Liability – Post-GR-2021-0108	Y	2	Rebase			7,592,171	3,796,086
Other Post-Employment Benefits (OPEBs) Liability	Y	8	Continuation	4,985,340	888,948	671,941	125,629
Other Post-Employment Benefits (OPEBs) Asset	Y	2	Rebase	0	0	2,500,000	1,250,000
Missouri Property Tax Asset	Y	2	New	11,563,845	5,781,923	21,138,721	10,569,360
Legacy Missouri Property Tax Asset	N	2	Rebase	1,684,581	842,291	1,655,795	827,897
TCJA Excess ADIT Liability	Y	ARAM	Continuation	54,396,541	7,597,100	3,467,094	551,726
MO Excess ADIT Liability	Y	10	Continuation	9,523,635	1,302,403	3,346,894	457,704
Energy Efficiency Asset	Y	10	Rebase	36,351,917	3,635,192	24,742,667	2,474,267
Low Income Energy Affordability Asset	Y	3	Rebase	2,665,852	888,617	2,478,842	826,281
Red Tag Asset	Y	3	Rebase	190,952	63,651	105,832	35,277
PAYS Asset	Y	5	Rebase	1,376,359	275,272	1,141,802	228,360
Diaphragm Asset Recovery	N	20	New	58,524,686	2,926,234		
Cast Iron Main Reserve Balance	N	3	New	6,444,987	2,148,329		

RULES AND REGULATIONS

40. Limited-Income Customer Charge Pilot Program

The Limited-Income Customer Charge Pilot Program (the "Program") is a pilot program designed to assist eligible residential customers with their fixed monthly customer charge in Spire Missouri's service territory. This program is provided pursuant to the Unanimous Stipulation and Agreement approved by the MoPSC in Case No. GR-2025-0107.

Purpose
The program will credit the fixed monthly customer charge.

Availability
This program is available to Spire Missouri residential customers whose income is at or below the 60% of the state median income, or level that matches current LIHEAP requirements, as verified by a Community Action Agency (CAA), other federal or state agency, or other verifying party that is agreed to by the Spire Low-Income Collaborative.

Funding
A total of $6,000,000 shall be allocated to the Low-Income Customer Charge Pilot Program.

Administration
The Program may be jointly administered by Spire Missouri and selected CAAs, United Way, or other similar social service agencies, including not for profits, in Spire Missouri's service territory. Administrative fees shall be no greater than 10% of the Program's funds.

Term
The program should run from October – September to coincide with period of LIHEAP eligibility. Each year, customers shall be income qualified by the verifying party in order to reenroll into the program.

Spire Low Income Collaborative
The Spire Low Income Collaborative ("Collaborative") is the collaborative defined in Paragraph 36.K. of Spire tariff Sheet 31.1, and may include any interested party to MoPSC Case No. GR-2025-0107, along with any verifying party or other interested stakeholder.

Spire agrees to discuss progress to date, forecasts on program needs, program targets, and suggestions for program improvement in the quarterly Spire Low Income Collaborative meetings. The members of the Collaborative will attempt to work out any issues involving the operation of the Program through negotiation, after which any party to MoPSC Case No. GR-2025-0107 may bring any such issue to the attention to the Commission.

RULES AND REGULATIONS

LIMITED-INCOME CUSTOMER CHARGE PILOT PROGRAM

	Spire East	Spire West
Customer Charge – per month	$22.00	$22.00
Customer Charge Credit – per month	($22.00)	($22.00)

Charge for Gas Delivered – This charge for Residential Gas Service (RS) is for the volume (Ccf) of gas delivered as set out on Sheet No. 2.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per Ccf for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 11.

Surcharges and Riders – Service provided hereunder shall be subject to the Infrastructure System Replacement Surcharge (ISRS) as set out on Sheet No. 12, adjustments under the Weather Normalization Adjustment Rider (WNAR) as set out in Sheet No. 13 and any license, occupation or other similar charges or taxes as authorized by Sheet No. 14.

Late Payment Charge – Unless otherwise required by law or other regulation, 1.5% will be added to the outstanding balance of all bills not paid by the delinquent date stated on the bill. The late payment charge will not be applied to outstanding balances under $2 or to amounts being collected through a pre-arranged payment agreement with the Company that is current.

Other Terms and Conditions – Service provided hereunder is subject to the Company's General Terms and Conditions as approved by the Missouri Public Service Commission.

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 3rd day of September 2025.

Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

September 3, 2025

File/Case No. GR-2025-0107

MO PSC Staff
Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounselservice@psc.mo.gov

Office of the Public Counsel (OPC)
Marc Poston
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@opc.mo.gov

Consumers Council of Missouri
John Coffman
871 Tuxedo Blvd.
St. Louis, MO 63119-2044
john@johncoffman.net

Midwest Energy Consumers Group
Tim Opitz
308 E. High Street, Suite B101
Jefferson City, MO 65101
tim.opitz@opitzlawfirm.com

Missouri Industrial Energy Consumers (MIEC)
Diana Plescia
130 S. Bemiston, Suite 200
St. Louis, MO 63105
dplescia@dmfirm.com

Missouri School Boards' Association
Terry Jarrett
306 Monroe St.
Jefferson City, MO 65101
terry@healylawoffices.com

MO PSC Staff
Scott Stacey
200 Madison Street
Jefferson City, MO 65101
scott.stacey@psc.mo.gov

Spire
Matthew Aplington
700 Market Street
Saint Louis, MO 63101
matt.aplington@spireenergy.com

Spire
J. Antonio Arias
700 Market Street, 6th Floor
St. Louis, MO 63101
antonio.arias@spireenergy.com

Spire
Sreenivasa Dandamudi
700 Market Street
St. Louis, MO 63101
sreenu.dandamudi@spireenergy.com

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

Sincerely,

Nancy Dippell

Nancy Dippell
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.

Uniform System of Accounts

For

Gas Utilities

As of April 1, 2004

Jurisdictional companies are required to maintain their books and records in accordance with the Commission's Uniform System of Accounts (USofA). The USofA provides basic account descriptions and accounting definitions that are useful in understanding the information reported in the Form Nos. 1, 1-F, 2, 2A, and 6.

In order to make the accounting regulations more accessible, the Commission's accounting requirements were extracted and reproduced here from the Code of Federal Regulations available on the U.S. Government Printing Office's GPO Access Web Site. The pages contained here are an exact copy of the pages contained in the bound version of the Code of Federal Regulations.

An official bound paper copy of the USofA can be obtained from the U. S. Government Printing Office, Superintendent of Documents, Mail Stop: SSOP, Washington, DC 20402-0001; by internet at http://bookstore.gpo.gov/ or by calling toll free (866) 512-1800. Ask for the Code of Federal Regulations, Title 18, Parts 1-399. The cost is $62. The accounting requirements for jurisdictional electric companies, natural gas companies, and oil pipeline companies are found at Parts 101, 201, and 352, respectively.

SUBCHAPTER F—ACCOUNTS, NATURAL GAS ACT

PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352, 7651–7651o.

SOURCE: Order 219, 25 FR 5616, June 21, 1960.

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting part 201, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

EFFECTIVE DATE NOTE: At 58 FR 18006, April 7, 1993, part 201 was amended by redesignating definitions 31 through 39 as 32 through 40 and adding new definition 31; Accounts 182.3 and 254 were added under Balance Sheet Accounts; and Accounts 407.3 and 407.4 were added under Income Accounts. The information collection provisions, will not become effective until approved by the Office of Management and Budget.

NOTE: Order 141, 12 FR 8504, Dec. 19, 1947, provides in part as follows:

Prescribing a system of accounts for natural gas companies under the Natural Gas Act. The Federal Power Commission acting pursuant to authority granted by the Natural Gas Act (58) Stat. 821, as amended; 15 U.S.C. and Sup. 717 et seq.), particularly sections 8(a), 10(a) and 16 thereof, and finding such action necessary and appropriate for carrying out the provisions of said Act, ordered that:

(a) The accompanying system of accounts, entitled "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act," and the rules and regulations contained therein, be adopted;

(b) Said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein;

(c) Said system of accounts and rules and regulations therein contained as to all natural gas companies now subject to the jurisdiction of the Commission, became effective on January 1, 1940, and as to any natural gas company which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such natural gas company becomes subject to the jurisdiction of the Commission.

Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act

Definitions

When used in this system of accounts:

1. *Accounts* means the accounts prescribed in this system of accounts.

2. *Actually issued,* as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. *Actually outstanding,* as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. *Amortization* means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. A. *Associated (affiliated) companies* means companies or persons that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with the accounting company.

B. *Control* (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority gathering lines or delivery point of purchased gas, and includes the equipment at such connection that is used to bring the gas to transmission pressure, and ends at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system or into a storage area. It does not include storage land, structures or equipment. Pipeline companies, including those companies which measure deliveries of gas to their own distribution systems, shall include city gate and main line industrial measuring and regulating stations in the transmission function.

C. *Distribution system* means the mains which are provided primarily for distributing gas within a distribution area, together with land, structures, valves, regulators, services and measuring devices, including the mains for transportation of gas from production plants or points of receipt located within such distribution area to other points therein. The distribution system owned by companies having no transmission facilities connected to such distribution system begins at the inlet side of the distribution system equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. For companies which own both transmission and distribution facilities on a continuous line, the distribution system begins at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. The distribution system does not include storage land, structures, or equipment.

D. *Distribution area* means a metropolitan area or other urban area comprising one or more adjacent or nearby cities, villages or unincorporated areas, including developed areas contiguous to main highways.

30. *Property retired*, as applied to gas plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

31. *Regulatory Assets and Liabilities* are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or 2) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

32. A. *Replacing* or *replacement*, when not otherwise indicated in the context, means the construction or installation of gas plant in place of property retired, together with the removal of the property retired.

B. *Research, Development, and Demonstration* (RD&D), means expenditures incurred by natural gas companies either directly or through another person or organization (such as research institute, industry association, foundation, university, engineering company, or similar contractor) in pursuing research, development, and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development, and demonstration costs should be reasonably related to the existing or future utility business, broadly defined, of the public utility or licensee or in the environment in which it operates or expects to operate. The term includes, but is not limited to: All such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; amounts expended in connection with the proposed development and/or proposed delivery of substitute or synthetic gas supplies (alternate fuel sources for example, an experimental coal gasification plant or an experimental plant synthetically producing gas from liquid hydrocarbons); and the costs of obtaining its own patent, such

MISSOURI COURT OF APPEALS
WESTERN DISTRICT

IN THE MATTER OF THE APPLICATION OF UNION ELECTRIC COMPANY D/B/A AMEREN MISSOURI FOR THE ISSUANCE OF AN ACCOUNTING AUTHORITY ORDER RELATING TO ITS ELECTRICAL OPERATIONS;	)	**WD77273**
Respondent,	)	**WD77274**
	)	
MISSOURI PUBLIC SERVICE COMMISSION,	)	**ORDER FILED:**
Respondent,	)	
v.	)	**January 13, 2015**
	)	
OFFICE OF PUBLIC COUNSEL;	)	
Appellant,	)	
	)	
MIEC,	)	
Appellant.	)	

PUBLIC SERVICE COMMISSION

Before Division One: Thomas H. Newton, P.J.,
Lisa White Hardwick, and Anthony Rex Gabbert, JJ.

ORDER

Per Curiam:

The Office of Public Counsel and Missouri Industrial Energy Consumers appeal the decision of the Public Service Commission to issue an Accounting Authority Order to the Union Electric Company D/B/A Ameren Missouri (Ameren) for unexpected lost revenue. We affirm. Rule 84.16(b).

MISSOURI COURT OF APPEALS
WESTERN DISTRICT

IN THE MATTER OF THE APPLICATION OF UNION ELECTRIC COMPANY D/B/A AMEREN MISSOURI FOR THE ISSUANCE OF AN ACCOUNTING AUTHORITY ORDER RELATING TO ITS ELECTRICAL OPERATIONS;	**WD77273**
Respondent,	**WD77274**
MISSOURI PUBLIC SERVICE COMMISSION,	**MEMORANDUM FILED:**
Respondent,	**January 13, 2015**
v.	
OFFICE OF PUBLIC COUNSEL;	
Appellant,	
MIEC,	
Appellant.	

MEMORANDUM PROVIDING REASONS FOR ORDER AFFIRMING JUDGMENT UNDER RULE 84.16(B)[1]

Summary

The Office of Public Counsel and Missouri Industrial Energy Consumers (MIEC) (Appellants) appeal the decision of the Public Service Commission

[1] This informal, unpublished memorandum is provided to the parties to explain the rationale for the order affirming judgment. This memorandum is not a formal opinion and is not uniformly available. It shall not be reported, cited, or used in unrelated cases before this court or any other court. A copy of this memorandum shall be attached to any motion filed for rehearing or for transfer to the Supreme Court.

(Commission) to issue an Accounting Authority Order (AAO) to the Union Electric Company D/B/A Ameren Missouri (Ameren) for unexpected lost revenue. We affirm.

Factual and Procedural Background

In January 2009, Ameren's service territory in southeast Missouri was impacted by an ice storm. *State ex rel. Union Elec. Co. v. Pub. Serv. Comm'n of State*, 399 S.W.3d 467, 472 (Mo. App. W.D. 2013). Within that territory, nearly all of Ameren's retail customers lost service, including Noranda, its largest customer. *Id*. Noranda's consumption of electricity "decreased by approximately two-thirds," and it was impossible to ascertain a specific time when it would return to full service. *Id*. at 473. Because of this unexpected decrease in consumption, "retail revenue that had been presumed in setting Ameren's base rates in the 2008 general rate case was unexpectedly lost . . . ." *Id*. According to Ameren, "this revenue was $90 million annually." *Id*. at n.6. Ameren later reported $35,561,503 in unrecovered fixed costs, amounting to a loss of approximately 8.5 percent of its 2009 net income.

In July 2011, Ameren filed an application with the Commission to request an AAO for the lost revenue. A hearing was held in October 2013.

In November 2013, the Commission granted Ameren's application for an AAO. The Commission determined that

> [a]n AAO is a mechanism to 'defer' an item, which means to record an item to a period outside of a test year for consideration in a later rate action. Items eligible for deferral include an 'extraordinary item' . . . that pertains to an event that is extraordinary, unusual and infrequent, and not recurring.

It further stated that

> [r]evenue not collected by a utility to recover its fixed costs, under some circumstances, is an 'item' that may be deferred and considered for later

> rate making. This is consistent with Commission regulations regarding certain energy conservation programs which specify that lost revenue may constitute an item for recording. It is also analogous to the Cold Weather Rule, created by the Commission under its statutory authority, which expressly allowed for recovery of lost revenues. Such a deferral under this rule does not constitute illegal retro-active [sic] ratemaking because there is no rate being set[,] for it is merely an accounting deferral.

The Commission stated that "[t]he AAO accounts for unexpected lost revenue to recover fixed costs," and that it "only allows for deferred recording, does not guarantee recovery, and does not . . . bind the Commission as to future rate making treatment." It determined that "Ameren has shown that its loss . . . is extraordinary and material," and that such "items are deferred by recording them in [the] Uniform System of Accounts . . . [under the recordings of] 182.3 and 254, regulatory assets and liabilities, respectively." The Commission reasoned that

> [r]ecording in these accounts is in the public interest because it preserves an item for consideration when setting just and reasonable rates. But deferring recording does not guarantee recovery in any later rate action; recovery may be granted in whole, partially, or not at all.

The order became effective on December 26, 2013. The Appellants appeal.

In September 2014, Ameren filed a motion to dismiss, which was taken with the case, arguing that this appeal is not ripe for appellate review. Ameren argued that,

> [a]t this moment, the only result of the [Commission's] Report and Order is that Ameren has deferred . . . the sums it was authorized to defer, and has requested that the Commission allow recovery of those sums through new rates that Ameren seeks in its now-pending general rate case at the Commission, Case No. ER-2014-0258, initiated by Ameren on July 3, 2014. . . . Apart from Ameren Missouri's request to recover the deferred sums in that rate case, no evidence has been proffered on the issue [sic] in the rate case, and the [Commission] has had no opportunity to consider any such evidence. The [Commission] has not yet addressed recovery of the deferred sums.

Ameren further argued that, "[i]f an appeal is not ripe, the appellate court lacks subject matter jurisdiction to hear the appeal and it must be dismissed." It contends that "Missouri follows the same test for ripeness" with respect to "an appeal of an administrative agency's decision." Quoting *Abbott Laboratories, Inc. v. Gardner*, 387 U.S. 136, 148-49 (U.S. 1967), it argues that this ripeness requirement "prevent[s] the courts, through avoidance of premature adjudication, from entangling themselves in abstract disagreements . . . , and also to protect agencies from judicial interference until an administrative decision has been formalized and its effects felt in a concrete way by the challenging parties."

"A controversy is ripe if the parties' dispute is developed sufficiently to allow the court to make an accurate determination of the facts, to resolve a conflict that presently exists, and to grant specific relief of a conclusive character." *Lebeau v. Comm'rs of Franklin Cnty., Mo.*, 422 S.W.3d 284, 291 (Mo. banc 2014). This appeal is intended to address an existing conflict that must be resolved prior to the now-pending rate case because the validity of the AAO in question must be settled before new rates may be considered. Therefore, we deny the motion.

Standard of Review

"Our review of the Commission's order has two steps: first[,] we must determine whether the Commission's order is lawful, and second, whether the order is reasonable." *State ex rel. Office of Pub. Counsel v. Mo. Pub. Serv. Comm'n*, 301 S.W.3d 556, 564 (Mo. App. W.D. 2009) (internal quotation marks and citation omitted). "Lawfulness is determined by whether or not the Commission had the statutory authority to act as it did." *Id*. A determination of reasonableness depends on whether: "(i) the order is supported by substantial and competent evidence on the whole record[;] (ii) the decision is arbitrary, capricious or unreasonable[;] or (iii) the Commission abused its discretion." *Id.* "'Substantial evidence' means evidence which, if true[,] has probative force upon the issues and implies and comprehends competent, not incompetent[,] evidence." *State ex rel. Office of Pub. Counsel v. Pub. Serv. Comm'n of Mo.*, 858 S.W.2d 806, 811 (Mo. App. W.D. 1993) (internal quotation marks and citation omitted). "The reviewing court will not weigh the evidence heard by the Commission because the Commission is a fact-finding agency." *Id.*

"The Commission's order is presumptively valid, and the burden is on those attacking it to prove its invalidity." *Id*. "The party seeking to set aside the Commission's order has the burden to prove by clear and satisfactory evidence that the order was unlawful or unreasonable." *Office of Pub. Counsel*, 301 S.W.3d at 564 (internal quotation marks omitted) (citing section 386.430 and quoting *State ex rel. BPS Tel. Co. v. Mo. Pub. Serv. Comm'n*, 285 S.W.3d 395, 401-02 (Mo. App. W.D. 2009)).

Legal Analysis

We begin with a brief overview of relevant terminology and procedures. "A regulated utility's rates are established prospectively in periodic ratemaking proceedings, based on the utility's revenues and expenses during an earlier 'test year.'"[2] *State ex rel. Aquila, Inc. v. Pub. Serv. Comm'n of State*, 326 S.W.3d 20, 27

[2] "In Missouri, rates are set using a historical test year." *State ex rel. Pub. Counsel v. Pub. Serv. Comm'n*, 274 S.W.3d 569, 585 (Mo. App. W.D. 2009). "The Commission examines the utility's revenues and expenses for that test year and uses that information to set rates to be charged in the future." *Id*. at 585-86. "The [C]ommission has much discretion in determining the theory or method it uses to determine rates." *Id*. at 586.

(Mo. App. W.D. 2010). "When a utility incurs extraordinary expenses . . . outside of a 'test year,' those extraordinary expenses will not be reflected in rates (because the rates were established to allow the utility to recoup its ordinary expenses, as reflected in the 'test year')." *Id.* An AAO "permits a utility to capture those extraordinary expenses for (potential) recovery in the forward-looking rates to be established at a future rate case (even though the extraordinary expenses may occur outside the 'test year' utilized in that future rate case)." *Id.*

The Appellants raise one point. They argue that the Commission erred in granting Ameren's application for an AAO "to defer ungenerated revenue because, under sections 386.500 [and] 386.510,[3] this decision is unlawful, unreasonable[,] and unsupported by competent and substantial evidence on the record." They claim that "the Commission's finding that the ungenerated revenue is an 'extraordinary item' of unexpected expense is not supported by competent and substantial evidence, and is inconsistent with the accounting standards adopted by the Commission." They further argue that, "even assuming the ungenerated revenue is an 'extraordinary item,' the alleged 'expense' at issue did not 'occur' during the 'current period[,]'[4] as required by the Commission's accounting standards." Put more directly, the Appellants contend that

> [t]he question is whether Ameren is to be afforded an [AAO] allowing it to 'defer' approximately $36 million of the approximately $43 million in revenue that it planned to receive from Noranda Aluminum, but

[3] Statutory references are to RSMo 2000 and the Cumulative Supplement 2013, unless otherwise stated. Section 386.500 stipulates the terms for a Commission rehearing, while section 386.510 governs the parameters of appellate court review.

[4] The term, "current period," refers to the period during which the event occurred. *State ex rel. Office of Pub. Counsel v. Pub. Serv. Comm'n of Mo.*, 858 S.W.2d 806, 810 (Mo. App. W.D. 1993); *see also* 18 C.F.R. pt. 101, General Instruction 7.

> instead received from other parties[5] . . . during the 14[-]month period following an ice storm that hit southeast Missouri in January 2009.

The Appellants argue that the AAO granted to Ameren includes a "deferral" that will allow it "to 'book' the $36 million in ungenerated revenue at issue to a particular account on its balance sheet for consideration in a subsequent rate case," at which point "Ameren will urge the Commission to set rates higher than Ameren needs to recover its anticipated costs of operation plus a reasonable return on equity." The Appellants claim that this deferral would violate the Commission's adopted[6] accounting standards, the Uniform System of Accounts. The Appellants further argue that the Commission's finding of the existence of an extraordinary item of unexpected expense was not supported by competent and substantial evidence.

Within the Uniform System of Accounts, "extraordinary items" are defined as

> [t]hose items related to the effects of events and transactions which have ***occurred during the current period*** and which are not typical or customary business activities of the company. . . . Accordingly, they will be events and ***transactions of significant effect which would not be expected to recur frequently*** and which would not be considered as recurring factors in any evaluation of the ordinary operating processes of business. . . . To be considered extraordinary under the above guidelines, an item should be ***more than approximately 5 percent of income***, computed before extraordinary items.

Office of Pub. Counsel, 858 S.W.2d at 810 (internal quotation marks omitted) (emphasis added). The Appellants argue that the AAO was "untimely," based on the

[5] "In the spring of 2009, . . . Ameren entered into two contracts to sell the unused Noranda load." *State ex rel. Union Elec. Co. v. Pub. Serv. Comm'n of Mo.*, 399 S.W.3d 467, 474 (Mo. App. W.D. 2013). The contracts were with AEP Operating Companies and Wabash Valley Power Association, Inc. *Id.* "According to Ameren, the contracts simply allowed Ameren to recover costs that had previously been allocated to Noranda sales." *Id.* (internal quotation marks, citation, and brackets omitted).

[6] The Commission adopted the Uniform System of Accounts in the Code of State Regulations at 4 CSR 240-4.040. *State ex rel. Office of Pub. Counsel v. Mo. Pub. Serv. Comm'n*, 301 S.W.3d 556, 560 (Mo. App. W.D. 2009).

aforementioned provisions within the Uniform System of Accounts "and the Commission's decision in GU-2011-0392."

In GU-2011-0392, the Commission granted an AAO in 2012, based on ungenerated revenue that resulted from damages caused by a tornado that occurred in 2011. Specifically, this order states that the "[Uniform System of Accounts] 'defaults' to current recording." In making this determination, the Commission reasoned that

> [t]he year in which a utility records an item is important because of Commission practice in setting utility rates. Commission practice is to project a utility's future cost of service from a historic test year. If that test year does not include a certain item, that item will not count in setting the rates.

The Commission granted the AAO in that instance, based on three aspects: "Time (during current period); Rarity (unusual, infrequent, not foreseeably recurring . . .); and Effect (significant)." The Appellants claim that the Commission's failure to address the issue of timeliness in the current case and its "failure to render finding and analysis is grounds for reversal." They further assert that "[a] simple comparison of the subject to the order issued in its 2012 case concerning this issue . . . shows that the Commission knew that this issue was important[] and should have addressed it."

In response to the Appellants' assertion that an AAO may only be granted for extraordinary items within the current period, Ameren argues that "the [Commission] is not bound to only grant AAOs according to the definitions and instructions in the [Uniform System of Accounts]." In support of this contention, Ameren cites to the following subsection within the *Code of State Regulations*:[7] "In prescribing [for electric utilities] this system of accounts, the commission does not commit itself to

[7] Code of State Regulations (2003).

the approval or acceptance of any item set out in any account for the purpose of fixing rates or in determining other matters before the commission." 4 CSR 240-20.030(4).

Ameren insists that "AAOs have routinely been approved where the event giving rise to the sum to be deferred occurred in one period and the AAO order occurred in another." To illustrate its point as to the potential constraints with respect to the timeliness of applying for an AAO, it described the following hypothetical scenario:

> Imagine if the ice storm that occurred here had caused horrible damage from December 29 to 31, 2008 (instead of exactly one month later), with the financial impacts of the storm continuing to be felt for many months into 2009, with an AAO application filed late in 2009 and then not approved until the following year. In that case, the 2008 books would have been closed early in 2009, yet the deferral would not occur until 2010. Based on [the] Appellants' argument, the [Commission] would be prohibited from granting an AAO. We know this because [the] Appellants argue that the 'current period' was 2009, when the ice storm actually occurred, that the 2009 books were closed in early 2010, and that therefore the [Commission] was powerless to allow the deferral pursuant to an AAO request filed in 2011 (which was not granted until 2013).

Ameren claims that "such an interpretation of the [Uniform System of Accounts would] lead to absurd results," and that "the [Commission] has never applied such unreasonably strict timing standards to AAO requests in past cases." It contends that, by granting the AAO, "the Commission has recognized . . . the reality that the impact of an extraordinary occurrence that may ultimately justify the granting of an AAO . . . may . . . be initially felt on the utility's financial statements in one period[,] and that the deferral will not impact the utility's financial statements until a later period." It explained:

> [B]ecause the Company believed that it had mitigated the impact of the ice storm using the revenues from the AEP and Wabash contracts[8] to cover the lost fixed costs, the Company's financial statements were not immediately impacted in 2009. Instead[,] they were impacted in 2011, when the [Commission] ruled that Ameren was wrong when it excluded the AEP and Wabash revenues from the [fuel adjustment clause].

Ameren claims that "it was at that point that it no longer had recovered the fixed costs Noranda did not pay, and . . . the Company requested the AAO."

In granting the order, the Commission stated that "[r]evenue not collected by a utility to recover its fixed costs, under some circumstances, is an 'item' that may be deferred and considered for later rate making," and reasoned that the rationale for granting the AAO to Ameren in this case is "analogous" to its reasoning for allowing for similar recoveries under the Emergency Cold Weather Rule (ECWR). This comparison is logical and reasonable. In instances where the ECWR has been invoked, "[t]his court has held that it is permissible to defer the final decision on current extraordinary costs until a rate case is in order." *State ex rel. Mo. Gas Energy v. Pub. Serv. Comm'n*, 210 S.W.3d 330, 335-36 (Mo. App. W.D. 2006) (internal quotation marks and citation omitted). "Although recovery under [an] AAO is conditioned on filing a subsequent rate case, this is not . . . retroactive ratemaking." *Id.* at 335. Additionally, "AAOs are not the same as ratemaking[] and create no expectation of recovery." *Id.* Furthermore, "[d]eferrals of extraordinary costs to AAOs have been approved in the past." *Id.* So, "it is permissible to allow the deferrals." *Id.* Therefore, it follows that

> [t]he AAO is only available for the costs resulting from [the ice storm] that would not have occurred otherwise. Thus, it complies with the statutory requirement that an emergency rule only address the problems associated with the emergency and nothing else.

[8] *See supra* note 5.

Id. (citing section 536.025).

It is clear that the Commission's decision to grant the AAO was based on its determination that Ameren's unexpected revenue loss was caused by the 2009 ice storm, an extraordinary event that is not recurring, which resulted in an 8.5 percent loss of net income. The Commission stated that granting the AAO was in the public's interest, and that "deferring recording does not guarantee recovery in any later rate action"; it further stated that "recovery may be granted in whole, partially, or not at all." Thus, the Appellants have failed to prove by clear and satisfactory evidence that the Commission's decision to grant the AAO was unlawful or unreasonable. The Appellants' sole point is denied.

Conclusion

For the above reasons, we affirm the Commission's decision.

Case No. GU-2026-0225

INFORMATION CONTAINED IN

SCHEDULE JG-r6 HAS BEEN

DEEMED CONFIDENTIAL

IN ITS ENTIRETY

Case #	Company
EU-2012-0027	Ameren
GU-2011-0392	Spire

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of	)	
Union Electric Company d/b/a Ameren Missouri	)	File No. EU-2012-0027
for the Issuance of an Accounting Authority	)	
Order Relating to its Electrical Operations	)	

REPORT AND ORDER

Issue Date: November 26, 2013

Effective Date: December 26, 2013

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for the Issuance of an Accounting Authority Order Relating to its Electrical Operations	))))	File No. EU-2012-0027

REPORT AND ORDER

Issued: November 26, 2013 Effective: December 26, 2013

The Missouri Public Service Commission is granting the application for an accounting authority order ("AAO").[1] The AAO accounts for unexpected lost revenue to recover fixed costs. The AAO only allows for deferred recording, does not guarantee recovery, and does not in any way bind the Commission as to future rate making treatment.

Procedure

The Commission has jurisdiction to decide the application.[2] Union Electric Company ("Ameren") has the burden of proof[3] by a preponderance of the evidence[4] and reasonable inferences.[5] On that basis, the Commission finds the facts as follows.

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[1] Electronic Filing and Information System ("EFIS") No. 1, *Verified Application for Accounting Authority Order*, filed on July 25, 2011. EFIS is accessible at http://psc.mo.gov/default.aspx.

[2] 4 CSR 240-20.030(1); 18 CFR 101, Account 182.3.B (emphasis added). The parties adverse to the application seek denial of the application based on late filing of the application, but they make no persuasive argument supporting a calculation of the deadline for filing an application for an AAO.

[3] State ex rel. Tel-Central of Jefferson City, Inc. v. Pub. Serv. Comm'n of Missouri, 806 S.W.2d 432, 435 (Mo. App., W.D. 1991).

[4] State Board of Nursing v. Berry, 32 S.W.3d 638, 641 (Mo. App., W.D. 2000).

[5] Farnham v. Boone, 431 S.W.2d 154 (Mo. 1968).

Findings of Fact

1. Union Electric Company is a Missouri corporation doing business as "Ameren Missouri" to provide electric service for gain.[6]

2. Costs of providing electric service include fixed costs.[7] Fixed costs are expenses that Ameren incurs to be capable of delivering electricity at full capacity at any given time, even though customers may not need that entire capacity at any given time. Fixed costs do not fluctuate with the amount of electricity sold.[8]

3. In January 2008, an ice storm struck southeast Missouri,[9] cutting power to Ameren's largest customer Noranda Aluminum, damaging Noranda's operations, and reducing Noranda's purchases of electricity for 14 months.[10] As a result, Ameren collected less revenue than expected from Noranda.[11] The amount of unrecovered fixed costs attributable to serving Noranda during those 14 months is $35,561,503.[12]

4. The $35,561,503 of unrecovered fixed costs attributed to serving Noranda represented nearly 8.5% of the Company's net income in 2009.[13]

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[6] EFIS No. 87, *Transcript* volume 2, page 177, lns. 12 through 16.

[7] EFIS No. 87, *Transcript* volume 2, page 176, lns. 10 through 14.

[8] EFIS No. 87, *Transcript* volume 2, page 108, lns. 11 through 16.

[9] EFIS No. 101, Ameren Exhibit No. 2, *Direct Testimony of Lynn M. Barnes*, page 3, line 3 through 12.

[10] EFIS No. 100, Ameren Exhibit No. 1, *Surrebuttal Testimony of David N. Wakeman*, page 17, lns. 5 through 12.

[11] EFIS No. 103, Ameren Exhibit No. 4, *Direct Testimony of Steven M. Wills*, page 3, lns. 1 through 6.

[12] EFIS No. 87, *Transcript* volume 2, page 17, line 2 through 20; for Ameren, $35,561,503 before taxes represents $21,909,940 after taxes, *Id.* p. 50. lns. 15 – 17.

[13] EFIS No. 102, Ameren Exhibit 3, *Surrebuttal Testimony of Lynn M. Barnes*, page 6, lns. 8 – 14.

Conclusions of Law

1. The Commission must always report its conclusions.[14]

2. An AAO is a mechanism to “defer” an item, which means to record an item to a period outside of a test year for consideration in a later rate action. Items eligible for deferral include an “extraordinary item”, an item that pertains to an event that is extraordinary, unusual and infrequent,[15] and not recurring.[16]

3. Revenue not collected by a utility to recover its fixed costs, under some circumstances, is an “item” that may be deferred and considered for later rate making. This is consistent with Commission regulations regarding certain energy conservation programs which specify that lost revenue may constitute an item for recording.[17] It is also analogous to the Cold Weather Rule, created by the Commission under its statutory authority,[18] which expressly allowed for recovery of lost revenues.[19] Such a deferral under this rule does not constitute illegal retro-active ratemaking because there is no rate being set for it is merely an accounting deferral.[20]

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[14] Section 386.420.2, RSMo 2000.

[15] Uniform System of Accounts (“USoA”) General Instruction 7, Account 434, and Account 435.

[16] USoA, General Instruction 7.

[17] 4 CSR 240-3.164(1)(M), which relates to certain conservation programs.

[18] See 4 CSR 240-13.055, Cold Weather Maintenance of Service: Provision of Residential Heat-Related Utility Service During Cold Weather; Sections 386.250, 393.140, RSMo 2000 and 393.130, RSMo Supp. 2012.

[19] *State ex rel. Missouri Gas Energy v. Pub. Serv. Comm'n*, 210 S.W.3d 330, 335-36 (Mo. App., W.D. 2006).

[20] *State ex rel. Office of Public Counsel v. Missouri Public Service Comm’n*, 301 S.W.3d 556, 571 (Mo. App., W.D. 2009).

4. Ameren has shown that its loss of $35,561,503, which constitutes 8.5% of its net income, is extraordinary and material.[21] Extraordinary items are deferred by recording them in Uniform System of Accounts ("USoA")[22] Accounts 182.3 and 254, regulatory assets and liabilities, respectively. [23]

5. Recording in these accounts is in the public interest because it preserves an item for consideration when setting just and reasonable rates. But deferred recording does not guarantee recovery in any later rate action; recovery may be granted in whole, partially, or not at all.[24]

For those reasons, the Commission makes its rulings as follows, subject to rehearing under Section 386.500, RSMo 2000.

THE COMMISSION ORDERS THAT:

1. The *Verified Application for Accounting Authority Order* is granted.[25]
2. This order shall become effective December 26, 2013.

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[21] To be considered an extraordinary item, the item should be more than approximately 5 percent of income, computed before extraordinary items. USoA, General Instruction 7.

[22] 18 CFR Part 101, as incorporated to this Commission's regulations at 4 CSR 240-20.030(1).

[23] USoA 407.4, "Regulatory Credits" sets forth that this account shall also be credited when appropriate, with the amounts debited to Account 182.3.

[24] *State ex rel. Missouri Gas Energy v. Pub. Serv. Comm'n*, 210 S.W.3d 330, 336 (Mo. App., W.D. 2006). *Missouri Gas Energy v. Pub. Serv. Comm'n, State of Mo.*, 978 S.W.2d 434, 438 (Mo. App., W.D. 1998); EFIS No. 91, Staff Exhibit No. 3, *Rebuttal Testimony of Mark L. Oligschlaeger*, page 6, ln 11 - 16.

[25] The Court of Appeals expressly acknowledged this possibility: "Ameren had other remedies available to it to address its unexpected retail revenue loss. [An Ameren witness] testified that Ameren could have sought an accounting authority relating to the lost revenue in a subsequent rate case." *State ex rel. Union Elec. Co. v. Pub. Serv. Comm'n of State*, 399 S.W.3d 467, 489-90 (Mo. App., W.D. 2013) (footnotes omitted).

3. This file shall close on December 27, 2013.

BY THE COMMISSION

Morris L Woodruff

Morris L. Woodruff
Secretary

Stoll, W. Kenney, and Hall, CC, concur,
R. Kenney, Chm., dissents;
and certify compliance with the provisions of
Section 536.080, RSMo.

Jordan, Senior Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of Southern Union Company for the Issuance of an Accounting Authority Order Relating to its Natural Gas Operations and for a Contingent Waiver of the Notice Requirement of 4 CSR 240-4.020(2)	))))))	File No. GU-2011-0392

REPORT AND ORDER

Issue Date: January 25, 2012

Effective Date: February 24, 2012

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Southern Union Company for the Issuance of An Accounting Authority Order Relating to its Natural Gas Operations and for a Contingent Waiver of the Notice Requirement of 4 CSR 240-4.020(2)	))))))	File No. GU-2011-0392

FINAL DECISION GRANTING IN PART, AND DENYING IN PART, ACCOUNTING AUTHORITY ORDER

Issued: January 25, 2012 Effective: February 24, 2012

The application of Southern Union Company ("the Company") for an accounting authority order ("AAO") is:

- Granted as to operating and management expenses, and capital costs, because those expenditures constitute extraordinary items. Such items are subject to recording in Account 182.3. Amortization for those items shall start on January 1, 2012, and continue for ten years.
- Denied as to ungenerated revenue.[1] The Company has not carried its burden of proving that its sales dropped, and that any such drop would constitute an "item" for recording in any period. AAOs do not create an item for recording.

This decision does not determine whether any item will be recoverable in a future general rate increase request[2] ("rate case"). This decision constitutes the Commission's final decision subject to rehearing under Section 386.500, RSMo 2000.[3]

[1] "Lost revenue," is the term that the Company and Staff use, but that term is misleading because it suggests that the Company had the money and then lost it, which is untrue. OPC's term "expected revenue," is more accurate. "Ungenerated" fully expresses the characteristic determinative of the claim.

[2] As defined at 4 CSR 240-2.065(1).

Contents

Appearances

For Southern Union Company d/b/a Missouri Gas Energy:

L. Russell Mitten and Paul A. Boudreau
Brydon, Swearengen & England, PC
312 East Capitol, P.O. Box 456, Jefferson City, MO 65102.

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[3] 4 CSR 240.2-070(13).

For Staff:

Robert Berlin, Sarah Kliethermes, and Goldie Tomkins
Missouri Public Service Commission
200 Madison Street, Suite 800, P.O. Box 360, Jefferson City, MO 65102.

For the Office of the Public Counsel:

Marc Poston
Office of the Public Counsel
200 Madison Street, P.O. Box 2200, Jefferson City, MO 65102

Senior Regulatory Law Judge: Daniel Jordan.

Procedure

The Company filed the application on June 6, 2011. On August 19, 2011, Staff filed its recommendation favoring a partial denial of the application and the Company filed a response to the recommendation.[4] The Commission received no application for intervention. The Commission issued notice of a contested case[5] and convened an evidentiary hearing on the application's merits on November 30, 2011. The parties filed briefs on December 23, 2011.

I. Past Commission Decisions

At the hearing, the parties appropriately shaped their presentations to matters made relevant by the controlling law as they see it. The controlling law, as quoted below, includes Commission regulations that incorporate federal regulations, which have not changed since 1991. Perhaps for that reason, a 1991 Commission decision

[4] 4 CSR 240-2.080(15).

[5] On September 20, 2011.

("Sibley") figures prominently in all parties' arguments.[6] The Commission's analysis in a past decision may help resolve issues in a later case.

But the parties do not offer analysis to guide the Commission. They offer past findings and conclusions attempting to restrict the Commission's discretion, as if past Commission decisions constitute a body of case law, like appellate court opinions with the weight of stare decisis. Stare decisis does not bind the Commission to past Commission decisions.[7] Such arguments are misleading, and denigrate the authority and duty of the Commission to apply the law to the facts the best it can, which is the same today as it was in the past.[8]

That authority and duty may lead the Commission on any day to read the law differently from the way it read the law 20 years before.[9]

II. Other States' Decisions

The parties also cite decisions of other commissions. The Company cites a Hawai'i Public Utilities Commission ("Hawai'i PUC") decision ("Hawai'i decision")[10] and

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[6] *In the Matter of the Application of Missouri Public Service for the Issuance of an [AAO]*, 129 P.U.R.4th 381 (Dec. 20, 1991).

[7] *State ex rel. AG Processing, Inc. v. Public Serv. Comm'n,* 120 S.W.3d 732, 736 (Mo. banc 2003).

[8] The parties refer to the Sibley decision as though it added something new to USoA, and refer to purported "prevailing case law;" and a Sibley standard, test or requirements. Those references imply that (i) the Sibley decision constitutes a Commission statement implementing, interpreting, or prescribing law or policy; and (ii) such statement generally applies to AAOs. On the contrary, no such Commission statement controls the disposition of this contested case without promulgation as the statutes require. Greenbriar Hills Country Club v. Director of Revenue, 47 S.W.3d 346, 361 (Mo. banc 2001). See also Section 536.021.9, RSMo 2000; Section 386.125, RSMo Supp. 2010.

[9] *Id.* The Company offers a standard under which the Commission may read the law differently only if it can "articulate a sound basis for such a significant change in regulatory policy." *Post-Hearing Brief of the [Company]* at 8-9. In support, the Company cites *McKnight Place Extended Care, L.L.C. v. Missouri Health Facilities Review Comm.*, 142 S.W.3d 228, 235 (Mo. App., W.D. 2004), where the court stated, "An administrative agency is not bound by stare decisis, nor are agency decisions binding precedent on the Missouri courts. 'Courts are not concerned with alleged inconsistency between current and prior decisions of an administrative agency so long as the action taken is not otherwise arbitrary or unreasonable.' The mere fact that an administrative agency departs from a policy expressed in prior cases which it has decided is no ground alone for a reviewing court to reverse the decision." *Id.* (citations omitted).

Staff and OPC cite a Delaware Public Service Commission ("Delaware PSC") decision ("Delaware decision").[11] Those decisions do not bind the Commission[12] and the Commission finds those decisions unpersuasive.

In the Hawai'i decision, the relief, facts, and procedure were significantly different from this case. The Hawai'i utility sought "lost gross margin."[13] The factual basis was Hurricane Iniki, which destroyed over 30 percent of the utility's transmission and 30 percent of the utility's distribution infrastructure. The Hawai'i decision merely approved a settlement just seven weeks after the filing of an application. It cites no controlling authority.

The Delaware decision cites provisions of law that also appear in this decision. But it applies those provisions, without analysis, substituting earlier Delaware PSC decisions for legal reasoning. Earlier Delaware PSC decisions may bind the Delaware PSC, but they do not bind the Commission. [14]

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[10] *Re Citizens Utilities Co., Kauai Elec. Div.*, 138 P.U.R.4th 589 (Hawai'i P.U.C., Dec. 9, 1992).

[11] *Re United Delaware, Inc.*, 284 P.U.R.4th 496 (Del. P.S.C., Sept. 21, 2010).

[12] *State ex rel. Union Elec. Co. v. Pub. Serv. Comm'n of State of Mo.*, 765 S.W.2d 618, 623 (Mo. App., W.D. App. 1988).

[13] Defined as "revenue lost as a result of its diminished customer base, less variable production costs avoided as a result of diminished demand." Hawai'i decision at 593.

[14] This moots the Company's objection to the Delaware decision. The Company objects that the Commission was not asked, and therefore did not take, official notice on the record of the Delaware decision. The Company cites *Prokopf v. Whaley*, 592 S.W.2d 819, 823 (Mo. banc 1980), stating that a reviewing court cannot take official notice of an administrative regulation, which does not apply to the Delaware decision. Because the Delaware decision's failure to analyze controlling law renders it unhelpful, no prejudice accrues to the Company when we read it.

III. Standards

The burden of proving the elements of an AAO is with the Company[15] and the quantum of proof is a preponderance of the evidence.[16] Discretion's boundaries generally are careful consideration, justice, and the logic of the circumstances.[17]Under those standards, the Commission independently finds the facts[18] as follows.

Findings of Fact

1. The Company is a Delaware corporation authorized to do business in Missouri under the fictitious name of "Missouri Gas Energy." the Company's principal office is located at 3420 Broadway, Kansas City, Missouri 64111.

2. The Company provides natural gas services in 29 Missouri counties to approximately 515,000 customers.

3. For the April 2011 billing month, the Company had in the City of:

   a. Joplin, Missouri ("Joplin"):16,165 customers; and

   b. Duquesne, Missouri ("Duquesne"): 533 customers.

I. The Tornado

4. On May 22, 2011, at 5:17 p.m., the National Weather Service issued a tornado warning for Joplin and Duquesne ("the tornado area") and 24 minutes later, a tornado touched down ("the tornado").

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[15] *State ex rel. Tel-Central of Jefferson City, Inc. v. Public Serv. Comm'n of Missouri*, 806 S.W.2d 432, 435 (Mo. App., W.D. 1991).

[16] *State Board of Nursing v. Berry*, 32 S.W.3d 638, 641 (Mo. App., W.D. 2000).

[17] *Peters v. ContiGroup*, 292 S.W.3d 380, 392 (Mo. App., W.D. 2009).

[18] The findings of fact reflect the Commission's assessments of credibility. *Stone v. Missouri Dept. of Health & Senior Services*, 350 S.W.3d 14, 26 (Mo. banc 2011).

5. The tornado was a rare multi-vortex tornado, in which the funnel cloud spins off smaller, faster funnel clouds within its edges. The tornado rated an EF-5 on the Enhanced Fujita Scale, the highest rating possible. The tornado was the single deadliest tornado recorded.

6. The tornado took lives and property in the tornado area as follows:

a. 162 people dead and 900 more injured;

b. 4,000 residences destroyed and 3,500 more damaged; and

c. 300 businesses destroyed.

7. The tornado resulted in the disconnection of approximately 3,200 customer meters, which represents 0.62 percent of the Company's customer base.

8. As of the date of the hearing, the Company had reconnected about 1,900 of the customers who lost service due to the tornado.

II. Expenditures

9. To restore service lost to the tornado, the Company incurred O&M expenses ("O&M") and capital costs ("capital") for repair, restoration, and rebuild activities.

10. Insurance proceeds, government grants, and tax credits will cover some of the O&M and capital.

11. As of July 28, 2011, the Company had spent:

a. O&M: $1,042,000.

b. Capital: $ 99,500.

12. The projected amounts needed to restore service may run as high as:

a. O&M: $1,318,000.

b. Capital: $6,667,000.[19]

13. Those projected amounts represent proportions of the projected total as follows:

a. O&M: 16.5 percent (1/6).

b. Capital: 83.5 percent (5/6).

14. Amortization will be more accurate the closer it starts to when the Company made the expenditures. Accounting practices amortize expenditures as follows:

a. O&M over five years; and

b. Capital over twenty years.

15. The Company's next rate case rate case will occur no later than approximately September 18, 2013.[20]

III. Ungenerated Revenue

16. Just after the tornado, in the period May-September 2011, Company revenue was up by $409,119 in the Company's Missouri service territory overall, over the same period in 2010. [21]

17. Customer payments throughout the Company's service territory fund the Company's fixed costs throughout the Company's service territory.

18. The Company collects revenue under a rate structure called straight fixed-variable ("SFV").

19. SFV attributes each customer's bill to two types of Company cost itemized as follows:

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[19] Company Exhibit 1, page 5 line 9, to page 6 line 7.

[20] Company Exhibit 2, page 20, lines 13 through 16.

[21] OPC Exhibit 2, page 2 line 18, to page 3 line 20.

a. Fixed: what the Company spends on each customer, whether that the customer consumes gas or not.

b. Variable: what the Company spends on gas that the customer consumes.

But neither charge represents an exclusive fund for paying the respective cost. The Company may pay either cost amounts collected under either attribution.

20. Any drop in revenue from the tornado area resulting from the tornado-related disconnections ("ungenerated revenue") threatens neither the Company's ability to provide safe and adequate service, nor its opportunity to earn a profit.

Conclusions of Law

The Commission independently concludes as follows.

I. Jurisdiction

The Commission has jurisdiction as follows. The Company is a public utility.[22] Public utilities are within the Commission's jurisdiction for record-keeping,[23] and rate-setting,[24] both of which are subjects of the parties' arguments.

Staff and OPC argue that issuing an AAO for ungenerated revenue constitutes retroactive ratemaking and single-issue ratemaking. Retroactive ratemaking and single-issue ratemaking are doctrines founded on constitutional and statutory provisions, respectively. But Missouri case law is directly to the contrary. It states,

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[22] Section 386.020(18) and (43), RSMo Supp. 2010.

[23] Section 393.140(4), RSMo 2000.

[24] Section 393.140(11), RSMo 2000.

generally, that an AAO does not constitute ratemaking.[25] It also states, specifically, that an AAO does not constitute single-issue ratemaking.[26]

Staff and OPC do not make those arguments as to expenditures. Further, Staff and OPC cite no authority for the Commission to determine the validity of the regulations governing this action. Therefore, the Commission will apply its regulations[27] to its findings as follows.

II. AAOs

The Commission's regulations[28] incorporate 18 CFR 201, the Uniform System of Accounts ("USoA"). USoA is a set of federal regulations that governs utilities' recording of items. USoA includes *General Instructions*, *Definitions*, and *Balance Sheet Accounts Assets and other Debits* ("*Accounts*").

A. Generally

Ordinarily, USoA records any item of profit or loss in the year in which the item occurred ("current" year) as set forth in *General Instructions*:

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[25] *Missouri Gas Energy v. Pub. Serv. Comm'n, State of Mo.*, 978 S.W.2d 434, 438 (Mo. App., W.D. 1998).

[26] *State ex rel. Office of Pub. Counsel v. Pub. Serv. Comm'n of Missouri*, 858 S.W.2d 806, 813 (Mo. App., W.D. 1993).

[27] *State ex rel. Stewart v. Civil Serv. Comm'n of St. Louis*, 120 S.W.3d 279, 287-88 (Mo. App., E.D. 2003).

[28] 4 CSR 240-40.040(1). The Commission made that regulation under the statutory delegation of authority at Section 393.140(4), RSMo 2000, "to prescribe uniform methods of keeping accounts, records and books, to be observed by gas corporations [and] forms of accounts, records and memoranda to be kept by such persons and corporations [.]" The Company notes that a change "in the required method or form of keeping a system of accounts" requires six months' notice "to such persons or corporations." Orders of uniform application, as described in that 1913 statute, are now subject to today's statutes on rulemaking. Section 386.250(6); and Sections 536.021 and 386.125, RSMo Supp. 2010. (Compare Section 393.140(8), RSMo 2000, which provides a hearing when the Commission inspects the books of a specific "corporation or person" and makes an order as to a "particular" item.) Rulemaking includes amending a rule. Section 536.021.1, RSMo Supp. 2010. The Commission cannot make a rule through adjudication. *Greenbriar Hills Country Club v. Dir. of Revenue*, 47 S.W.3d 346, 361 (Mo. banc 2001). This decision addresses only the Company's right to record the items described in the application, and does not change the uniform method or form of keeping accounts for gas corporations. Therefore, this decision may take effect in less than six months.

> [N]et income <u>shall reflect all items</u> of profit and loss <u>during the period</u> with the exception of [certain items.[29]]

And:

> <u>All other items</u> of profit and loss recognized during the year <u>shall be included</u> in the determination of net income <u>for that year</u>. [[30]]

"Shall" signifies a mandate and means "must" in the present tense.[31] As Staff aptly describes it, USoA "defaults" to current recording.

The year in which a utility records an item is important because of Commission practice in setting utility rates. Commission practice is to project a utility's future cost of service from a historic test year. If that test year does not include a certain item, that item will not count in setting the rates. Current recording thus excludes items outside the test year from consideration in rate-setting. That is true even for items with far-reaching effects for the utility and the customer.

To protect just and reasonable rates, USoA requires the utility to record certain items in a special account designated "182.3 Other regulatory assets:"

> A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (See Definition No. 31.) [[32]]

Definition No. 31 provides:

> Regulatory Assets and Liabilities are assets and liabilities that result from rate actions of regulatory agencies.

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[29] General Instruction No. 7 (emphasis added).

[30] General Instruction No. 7.1 (emphasis added).

[31] *<u>State ex rel. Scott v. Kirkpatrick</u>*, 484 S.W.2d 161, 164 (Mo. banc 1972). That requirement is subject to "a variance from the provisions of this rule, in whole or in part, for good cause shown, upon a utility's written application" under 4 CSR 240-40.040(5). No such application is before the Commission.

[32] Account No. 182.3.

> Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of [USoA] but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services [.[33]]

Regulatory assets in Account 182.3 are thus preserved beyond their current year for consideration in later rate case. In Commission practice, that treatment is called "deferral" and a Commission order directing that treatment is called an AAO.

An AAO is only necessary to defer an item that is less:

> . . . than approximately 5 percent of income, computed before extraordinary items. Commission approval must be obtained to treat an item of less than 5 percent, as extraordinary. [[34]]

The last sentence expressly provides "Commission approval . . . to treat an item of less than 5 percent, as extraordinary."[35] Otherwise the utility makes those determinations for itself every day.

To summarize:

- A utility must record all items of profit and loss.
- The utility routinely does that on its own.
- A utility must determine the recording year: current or deferred.
- The utility routinely does that on its own, too.
- No AAO is necessary for any recording, except to defer 5 percent or less.

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[33] Definition No. 31.

[34] General Instruction No. 7.

[35] That plain language shows that two arguments of Staff and OPC to the contrary are meritless: (i) deferral is possible only for amounts greater than 5 percent of income; and (ii) the Company should file rate case.

- Items deferred are preserved for consideration in a later rate case.[36]

The elements of an AAO are as follows.

B. Extraordinary

USoA makes an exception to current recording for:

> Extraordinary items. . . . Those items related to the effects of events and transactions which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items. Accordingly, they will be events and transactions of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future [.[37]]

That language examines an event's:

- Time (during current period);
- Rarity (unusual, infrequent, not foreseeably recurring, activities abnormal and significantly different from the ordinary and typical,); and
- Effect (significant).

Those characteristics are all manifest in the tornado. The tornado occurred in the current period because it occurred on May 22, 2011, which was the period of the application. The tornado was rare because it caused damage unseen in the United States for 60 years. The tornado had a significant effect because it disconnected 3,200 meters.[38] Therefore, "items related to the effects of" the tornado are extraordinary, and are subject to deferred recording.

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[36] Later consideration in a rate case may explain why prior authorization is required for smaller items and not for larger items. As in this case, small items may cause disproportionately large litigation. Such litigation is better before a rate case than during a rate case.

[37] General Instruction No. 7 (emphasis added).

[38] Staff's and OPC's restriction of "significant effect" to dollar amounts has no basis in USoA.

C. Items

If an event is extraordinary, consequent items are free from current recording. The Company and Staff agree, and OPC does not object, to deferred recording for the O&M and capital (together, "actual expenditures") required to restore the Company's service after the Joplin tornado. Because those expenditures are extraordinary, their recording shall be deferred.

i. Amount

Each party offered evidence of the amounts spent on restoration. But the expenditures were continuing as of the hearing date, so any number based on the record in this action was already obsolete when it was offered. An amount certain for 2011 is ascertainable only when all information for 2011 is available. In other words, this AAO consists of:

> . . . just putting all this stuff in a box and saying, hey we're going to take a look at this box later on and determine whether it's appropriate to be . . . recovered or not [.[39]]

The Commission has approximated as best it can the eventual amounts required to restore service. But no further finding is necessary or helpful, so the Commission will make its order as to the quality, but not the quantity, of items subject to deferral.

ii. Amortization

The parties dispute the period and start date of amortization for deferred expenditures. The Company requests a five year period. The record shows that the standard amortizations are (i) five years for O&M, and (ii) twenty years for capital. The Company estimates that the ratio of eventual expenditures will be approximately 5/6

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[39] Transcript, volume II, page 61 line 23 to page 63 line 1.

capital and 1/6 O&M. Therefore, the Commission will set amortization at Staff's recommended ten years.[40] The Commission will order the amortization to begin on January 1, 2011 because a closer start date yields a more accurate result.

iii. Conditions

OPC asks the Commission to condition any AAO on a requirement that the Company file a rate case generally no later than May 22, 2013. The Company argues that such an action is already due by September 18, 2013, because its rate includes an infrastructure and system replacement surcharge ("ISRS"), which requires a rate case every three years. OPC's premise is that General Instruction No. 7 bars deferral below 5 percent, which the plain language refutes.

OPC also asks the Commission to impose a condition that safeguards against deferring expenditures that the Company was scheduled to make anyway because such expenditures are not "related to the effects of" the tornado. That determination will be ripe if the Company offers scheduled items as deferred items in its next rate case. In any event, OPC proposes no such language that would provide what it wants.

Also, OPC proposes no language providing its proposed conditions. The Company does not object to Staff's proposed conditions: including all setoffs and detailed documentation. Therefore, the Commission will grant the application as to expenditures as described, subject to Staff's proposed conditions as set forth in the ordered paragraphs.

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[40] This is less generous than the Company's requested five-year period, but substantially more generous than the weighted average of the periods for capital and O&M. (20 x 5) + (5 x 1) / 6 = 17.5. On this matter the Commission gives weight to Staff's expertise in accounting practice.

III. Probable Recovery

Staff and OPC argue that the Company must also prove that an item is "probably" recoverable in the next rate case. The Company argues that no such requirement exists. The Company is correct.

A. Recording Period

Staff and OPC cite the description of a regulatory asset that appears in both *Definitions* and *Accounts*.

Staff and OPC read "the Commission will probably allow recovery for such items" in the following:

> Regulatory Assets and Liabilities are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services [.[41]]

And:

> B. The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services [.[42]]

That language refutes Staff's and OPC's reading as follows.

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[41] Definition No. 31 (emphasis added).

[42] Emphasis added.

As the Company notes, the language addresses only the period of inclusion. It describes items that "would have been included in" "one" or "the current" "period "but for it being probable that such items will be included in a different period." The period of inclusion, current or different, is the only distinction between regulatory assets and other assets under the quoted language. And to be included for purposes of developing rates does not equal "recoverable." Many items are included in the Commission's consideration when the Commission develops rates. Some items merit recovery, and others do not, but that determination occurs in a later rate case.

This is plain from other provisions, not cited by Staff and OPC, of Account No. 182.3:

> C. If <u>rate recovery</u> of all or a part of an amount <u>is disallowed</u>, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of disallowance.
>
> D. The <u>records supporting</u> the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each regulatory asset included in this account, including justification for <u>inclusion</u> of such amounts in this account. [[43]]

In other words, Account No. 182.3 is for an amount that:

- Would be included in the current period for determining income; but
- Will probably be included in a different period for developing rates;
- For which recovery will be determined later based on records kept.

That simply describes deferred recording: recording an item as paragraph B describes, for determination of recovery in a later rate case as paragraph C describes, based on records as paragraph D describes.

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[43] Account No. 182.3 (emphasis added).

Deferred recording—preserving an item for consideration in a later ratecase—is *the* relief that an AAO grants, as described by the case law footnoted above and worth quoting here:

> In [an earlier] case, the court made it clear that AAOs are not the same as ratemaking decisions, and that AAOs create no expectation that deferral terms within them will be incorporated or followed in rate application proceedings. The whole idea of AAOs is to defer a final decision on current extraordinary costs until a rate case is in order. At the rate case, the utility is allowed to make a case that the deferred costs should be included, but again there is no authority for the proposition put forth here that the PSC is bound by the AAO terms. [[44]]

And:

> The Commission authorized [the utility] to defer certain costs by recording them in Account No. 186. The Commission's order did not presume to determine a new rate but effectively permitted [the utility] the option to file a rate case by December 31, 1992, and then to present evidence and argue that the deferred costs recorded in Account No. 186 should be considered by the Commission in approving a rate change.[[45]]

That case law holds that an AAO simply sets an item aside for later consideration in a separate action.

Staff and OPC leave unexplained two crucial matters. The first is why the Commission would determine recoverability twice: once in this action and again in the later rate case.[46] The second is "probability." Staff and OPC leave probability undefined

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[44] *Missouri Gas Energy v. Pub. Serv. Comm'n, State of Mo.*, 978 S.W.2d 434, 438 (Mo. App., W.D. 1998) (citation omitted).

[45] *State ex rel. Office of Pub. Counsel v. Pub. Serv. Comm'n of Missouri*, 858 S.W.2d 806, 813 (Mo. App., W.D. 1993).

[46] Staff and OPC may believe that, under their theory, they need win only once and the Company must win twice. But see, *State ex rel. Praxair, Inc. v. Missouri Pub. Serv. Comm'n*, 344 S.W.3d 178, 186-88 (Mo. banc 2011).

so neither Commission nor a reviewing court can tell whether the evidence meets that standard.

Therefore, the Commission concludes that "but for it being probable" does not make "probable recovery" an element of the Company's claim.

B. Capitalization of Regulatory Assets

OPC cites Financial Accounting Board Standard No. 71, Section 9 ("FAS 71.9"). FAS 71.9 does not govern this Commission under any law cited. Even if it did, FAS 71.9 does not set requirements for the issuance of an AAO and does not discuss the period for recording an item.

FAS 71.9 constitutes a guideline for accounting treatment of Company assets. That determination must account for Commission actions according to FAS 71.9. FAS 71.9 thus describes the accounting consequences of—not the legal prerequisites for—deferred recording as follows.

First, the Commission may create a regulatory asset:

> Rate actions of a regulator can provide reasonable assurance of the existence of an asset.

Second, if recovery of a past cost will generate enough revenue to cover that cost, the Company must capitalize it: [47]

> An enterprise <u>shall capitalize</u> all or part of an incurred <u>cost</u> that would otherwise be charged to expense <u>if</u> both of the following criteria are met:

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[47] That treatment, Staff and OPC argue, leads to further undesirable consequences: that an AAO for ungenerated revenue will relieve the Company of business risk, shift that risk to ratepayers, and distort the Company's financial image. Those considerations can support allocation of a loss to the utility, as in *<u>State of Missouri ex rel. Union Elec. Co.</u>*, 765 S.W.2d 618 (Mo. App., W.D. 1988). The Commission addresses those considerations in its rejection of the ungenerated revenue claim below.

> a. It is <u>probable</u> that future <u>revenue</u> in an amount at least <u>equal to the</u> capitalized <u>cost will result from inclusion</u> of that cost in allowable cost for rate-making purposes.
>
> b. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate adjustment clause, this criterion requires that the regulator's intent be to permit recovery of the previously incurred cost. [[48]]

FAS 71.9 addresses capitalization of deferred claims, not standards for granting the application. [49] Therefore, the word "probable" does not make probable recovery an element of the Company's claim.

C. Summary as to Probable Recovery

Staff's "probable recovery" argument creates a new kind of mini-rate case outside of any other rate case. No such intent appears anywhere in the controlling law. The Commission concludes that "probable recovery" is not an element of a claim for an AAO.

IV. Ungenerated Revenue

The Company also seeks to record ungenerated revenue in Account 182.3 in an amount equal to its fixed cost charge times the customers who lost service due to the tornado. The Company argues that customers disconnected due to the tornado don't pay bills, part of which is earmarked as fixed costs, so the Company cannot pay its fixed costs. Staff and OPC allege that there was no drop in revenue and that nothing prevents the Company from paying its fixed costs. Staff and OPC also argue that

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[48] FAS 71, Section 9 (emphasis added).

[49] "As can be seen, not only do these laws and regulations not share a common purpose, they likewise don't even address a common subject matter." ***<u>Dep't of Soc. Servs. v. Senior Citizens Nursing Home Dist. of Ray County</u>***, 224 S.W.3d 1, 14 (Mo. App., W.D. 2007).

revenue not generated, from service not provided, is not an “item” for recording in any period. Staff and OPC are correct.

A. No Drop in Revenue and No Unpaid Costs

The Company hypothecates a loss by isolating a drop in revenue in the tornado area. No authority makes that area relevant to exclusion of the rest of the Company’s service territory. On the contrary, Staff and OPC showed that Company revenue is up.

Staff and OPC supported their allegations with evidence that supports the findings above as follows. The maximum number of meters disconnected was less than two-thirds of one percent of the Company’s customer base. Over half were re-connected as of the date of the hearing. Company revenue was up $409,119 in the months after the tornado over the same time the previous year. The Company made no attempt to rebut that evidence, which negates the Company’s allegation of a “loss.”

Even if there were a drop in revenue, it would not prevent recovery of fixed costs. The Company argues that:

> Consequently, instead of covering its fixed costs through rates, the funds necessary to pay those costs are coming directly from MGE's earnings. Requiring MGE to dip into earnings to cover its fixed costs of providing service acts to deny the company the reasonable opportunity to earn a fair rate of return to which it is entitled by law. [[50]]

But that happens whenever a customer leaves the Company’s service under ordinary events. The Company equates a customer’s departure to a reduced opportunity for profit while ignoring the costs saved by providing no service. The Company offers no authority for its lopsided definition of opportunity to earn.

[50] Transcript, volume II, page 30, lines 20 through 25.

SFV does not create two types of money. SFV merely attributes the Company's costs of serving a customer class to a line on customer bills. The Company stands SFV on its head, changing it from a description of how the Company collects revenue to a prescription for how the Company shall spend revenue. The Company offered no evidence that revenue continuously generated, from its 511,800 customers not deprived of service, is insufficient to cover fixed costs.

On the contrary, the rates that the Company is collecting throughout the State include amounts for its fixed costs throughout the State. The absence of any real loss makes the case for rejection of ungenerated revenue even stronger than in *State of Missouri ex rel. Union Elec. Co.*[51] In that case, the item rejected was money actually spent on the aborted Callaway II power plant ("cancellation costs"). The utility claimed recovery of cancellation costs, the Commission rejected that claim, and the Court of Appeals affirmed on that point. Reasons for allocating the loss to the utility included the compensation for business risk that the utility receives in its rates. The Commission need not guarantee the Company's profit, nor shift the risk of disappointing profits to ratepayers, especially when the source of disappointment is the provision of no service.

B. No Item

In support of recording ungenerated revenue on a deferred basis, the Company urges the Commission to look only at whether the tornado was extraordinary. Staff and OPC argue that the AAO sought would not only allow the recording of an item, it would create the item recorded. Staff and OPC are correct.

[51] 765 S.W.2d 618 (Mo. App., W.D. 1988).

An extraordinary item is simply one that would ordinarily be currently recorded according to *Definitions* and *Accounts*. Account No. 182.3 provides:

> B. The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated or other comprehensive income, determinations in the current period under the general requirements of [USoA.[52]]

Definition No. 31 provides:

> . . . Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of [USoA.[53]]

Deferred recording is merely the alternative to current recording.

The Company argues that the Commission must allow deferral of revenues because the Commission allowed deferral of costs in the Sibley decision and USoA applies equally to both. The Company's premise is right but its conclusion is wrong. Consistent application of USoA results in different results on different facts.

As Staff notes, in the Sibley decision, the Commission deferred recording of actual expenditures. This explains the language on which the Company relies:

> [T]he decision to defer costs associated with an event turns on whether the event is in fact extraordinary and nonrecurring. [[54]]

Actual expenditures exist in the past, present, or future and represent an exchange of value that the Company must record. Ordinarily, the Company records them currently and, if they are extraordinary, the Company must record them in Account 182.3.

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[52] Emphasis added.

[53] Emphasis added.

[54] 129 P.U.R.4th at 385 (emphasis added).

The Company's claim is different. Ungenerated revenue never has existed, never does exist, and never will exist. Revenue not generated, from service not provided, represents no exchange of value. There is neither revenue nor cost to record, in the current period nor in any other.

The Company showed no instance when service not provided resulted in recording any revenue or cost, lost or generated, on a deferred or current basis. That is because the Company cannot have an item of profit or loss when it provides no service, whether the cause of no service is ordinary or extraordinary. Services not provided and revenues not generated are mere expectancies, are things that simply did not happen, and are not items at all.

C. Summary as to Ungenerated Revenue

An AAO only determines the period for recording an item but the Company seeks an AAO to create the item itself by layering fiction upon fiction. To issue an AAO for ungenerated revenue would create a phantom loss, and an unearned windfall, for the Company. Therefore, the Commission will deny the AAO as to ungenerated revenue.

V. Summary

Each party conflates this action with an irrelevant agenda. The Company wants the Commission to make an item out of something it never records otherwise, while Staff and OPC want the Commission to determine that the newly minted item will not be recoverable when the Company raises it in an action not yet filed. Neither matter is within the function of an AAO.

Rulings

Therefore, the Commission issues its AAO as follows.

THE COMMISSION ORDERS THAT:

1. The *Application* of Southern Union Company ("the Company") for an accounting authority order ("AAO") to defer recording items related to the effects of the Joplin tornado of May 22, 2011, to Account No. 182.3, Other Regulatory Assets, ("application") is denied in part and granted in part as follows.

2. The application is denied as to ungenerated revenue as described in the body of this order.

3. The application is granted as to actual incremental operations and maintenance expenses, and capital costs, associated with repair and restoration activities, with depreciation and carrying charges equal to the Company's ongoing Allowance for Funds Used during Construction rates associated with capital expenditures.

4. Authority to defer recording is conditioned on the following. The Company shall:

   a. Not seek to recover through its Infrastructure System Replacement Surcharge rate any capital costs for which it is deferring depreciation and carrying charges under this order.

   a. Apply, to the total amount of deferred costs, any insurance claim proceeds, government payments, government credits, and other offsets applicable to incremental operation and maintenance expense or capital expenditures.

b. Ratably amortize deferred costs expense over a ten-year (120-month) period beginning on January 1, 2012, and concluding on December 31, 2021.

c. Maintain records, invoices and other documents as required by 18 CFR 201, Account No. 182.3. For each expenditure in Account No. 182.3, those records shall support the nature and amount, including any related deferred taxes recorded as a result of the cost deferral, and shall justify inclusion. The Company shall make such records available for review by the Commission Staff, the Office of the Public Counsel, and other interveners, pursuant to 4 CSR 240-2.085 and Section 386.480, RSMo.

5. Nothing in this order shall constitute a finding or conclusion by the Commission of the reasonableness of any amount deferred, and the Commission reserves the right to consider the ratemaking treatment to be afforded any deferred amount.

6. This order shall become effective February 24, 2012.

7. This file shall close on February 25, 2012.

BY THE COMMISSION

(S E A L)

Steven C. Reed
Secretary

Gunn, Chm., Jarrett and Kenney, CC, concur,
Stoll, C., abstained,
and certify compliance with the provisions of
Section 536.080, RSMo.

Jordan, Senior Regulatory Law Judge

	SPIRE EAST			
	Jan-26	Feb-26	Mar-26	
Volumetric Billed	$ 47,368,971.00	$ 56,620,325.00	$ 31,345,694.00	
Customer Charge Billed	$ 16,939,283.00	$ 17,017,770.00	$ 16,989,880.00	
Demand Charge Billed	$ 776,340.00	$ 729,800.00	$ 721,177.00	
WNAR Billed	$ 2,910,154.00	$ 3,495,395.00	$ 1,899,714.00	$ 8,305,263.00
	$ 67,994,748.00	$ 77,863,290.00	$ 50,956,465.00	$ 196,814,503.00

	SPIRE WEST			
	Jan-26	Feb-26	Mar-26	
Volumetric Billed	$ 44,055,351.00	$ 49,684,733.00	$ 27,890,586.00	
Customer Charge Billed	$ 14,621,839.00	$ 14,653,857.00	$ 14,639,278.00	
Demand Charge Billed	$ 1,675.00	$ 1,675.00	$ 1,675.00	
WNAR Billed	$ 1,353,207.00	$ 1,546,630.00	$ 845,717.00	$ 3,745,554.00
	$ 60,032,072.00	$ 65,886,895.00	$ 43,377,256.00	$ 169,296,223.00

	EAST	WEST
Jan 26 - Mar 26 Total	$ 196,814,503.00	$ 169,296,223.00

Subtotal Jan 26 - Mar 26 Revenue for Spire East and Spire West	$ 366,110,726.00	Does not include PGA revenues
Expenses (excluding gas costs recovered through PGA) Three Months Ended March 31, 2026- Spire Missouri (East and West)	$ 200,200,000.00	Source: Spire Missouri 10-Q
Excess revenue over expenses (return on investment)	$ 165,910,726.00	

Summary information that was not considered but could be

Volumetric Unbilled Jan 26 - Mar 26 Spire East	$ 97,957,009.00	Source: OPC DR1303
Volumetric Unbilled Jan 26 - Mar 26 Spire West	$ 90,293,716.00	Source: OPC DR1303

SPIRE MISSOURI INC.
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In millions)	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025	Six Months Ended March 31, 2026	Six Months Ended March 31, 2025
Operating Revenues	$ 738.3	$ 671.6	$ 1,254.7	$ 1,129.1
Operating Expenses:				
Natural gas	333.3	337.4	557.4	551.0
Operation and maintenance	81.0	77.8	160.7	154.0
Depreciation and amortization	55.8	47.0	108.6	92.7
Taxes, other than income taxes	63.4	55.4	105.2	92.0
Total Operating Expenses	533.5	517.6	931.9	889.7
Operating Income	204.8	154.0	322.8	239.4
Interest Expense, Net	26.6	24.7	54.0	50.0
Other Income, Net	1.3	1.5	3.3	3.0
Income Before Income Taxes	179.5	130.8	272.1	192.4
Income Tax Expense	29.3	17.9	44.7	26.1
Net Income	150.2	112.9	227.4	166.3
Other Comprehensive Income, Net of Tax	0.1	0.5	0.1	0.6
Comprehensive Income	$ 150.3	$ 113.4	$ 227.5	$ 166.9

See the accompanying Notes to Financial Statements.

OPC DR 1303 Spire East

MOE Residential	Volumetric Margin (Unbilled Basis)	WNAR (Unbilled Basis)	Volumetric Margin Unbilled Basis (incl WNAR)
Oct-25	4,869,398.51	2,570,755.42	7,440,153.93
Nov-25	22,711,504.29	1,144,268.17	23,855,772.46
Dec-25	41,898,308.73	(1,490,833.06)	40,407,475.67
Jan-26	48,896,922.88	(3,795,432.89)	45,101,489.99
Feb-26	31,345,353.51	5,114,450.56	36,459,804.07
Mar-26	17,714,732.43	8,089,658.63	25,804,391.06
	167,436,220.35	11,632,866.83	179,069,087.18

MOE SGS			
Oct-25	666,780.83	110,348.83	777,129.66
Nov-25	1,716,159.24	109,292.10	1,825,451.34
Dec-25	3,751,447.08	(138,254.60)	3,613,192.48
Jan-26	4,749,282.04	(357,994.00)	4,391,288.04
Feb-26	3,047,850.52	481,156.82	3,529,007.34
Mar-26	1,619,047.94	746,665.83	2,365,713.77
	15,550,567.65	951,214.98	16,501,782.63

MOW Residential	Volumetric Margin (Unbilled Basis)	WNAR (Unbilled Basis)	Volumetric Margin Unbilled Basis (incl WNAR)
Oct-25	3,608,727.68	3,210,700.61	6,819,428.29
Nov-25	21,242,715.54	1,717,167.03	22,959,882.57
Dec-25	36,828,543.29	2,212,461.39	39,041,004.68
Jan-26	47,069,872.61	(1,724,360.25)	45,345,512.36
Feb-26	25,497,861.53	9,558,121.68	35,055,983.21
Mar-26	17,725,981.85	6,805,184.16	24,531,166.01
	151,973,702.50	21,779,274.62	173,752,977.12

MOW SGS			
Oct-25	397,390.00	97,498.70	494,888.70
Nov-25	1,311,798.94	127,512.21	1,439,311.15
Dec-25	2,611,998.57	157,446.73	2,769,445.30
Jan-26	3,528,714.41	(120,825.07)	3,407,889.34
Feb-26	1,908,179.38	683,126.65	2,591,306.03
Mar-26	1,227,019.07	486,346.71	1,713,365.78
	10,985,100.37	1,431,105.93	12,416,206.30

Data Request Display - GU-2026-0225 - 0066.0

Request

Submission No.
GU-2026-0225

Description
Application for an Accounting Authority Order, Request for Waiver of 60-Day Notice Rule and Motion for Expedited Treatment (Confidential)

Subject Company
Spire (Gas) (Investor)

Spire Missouri Inc. (Gas) (Investor)

Style of Case
In the Matter of Spire Missouri Inc. d/b/a Spire's Application for an Accounting Authority Order

Data Request Contact Person
Julie L. Johnson (Data Request) - Spire Missouri Inc. (Gas) (Investor)

Request No.
0066.0

Requested Date
6/15/2026

Due Date
6/30/2026

Days Elapsed
15

Issue
General Information & Miscellaneous

Sub-Issue

Sub-Issue 2
Other

Requested From
Company
Spire (Gas) (Investor)

Representative
Julie L. Johnson (datarequests@spireenergy.com)

Requested By
Company
MO PSC Staff (Other)

Representative
Lexi Klaus (lexi.klaus@psc.mo.gov)

Initiated By
Jared Giacone (jared.giacone@psc.mo.gov)

Brief Description
Earned versus authorized revenue requirement

Description

1) For the period of 2015-present, please provide all calculations and supporting documentation that have been performed showing a comparison of authorized versus actual earned revenue requirement on a monthly and annual basis. 2) Please explain whether, and if so, when Spire has ever earned at or above its authorized revenue requirement since 2015 and provide the calculation for the percent above the authorized return for each instance. 3) Please explain whether, and if so, when Spire has not earned its authorized revenue requirement since 2015 and provide the calculation of the percent below authorized return for each instance. DR submitted by Jared Giacone (jared.giacone@psc.mo.gov)

Request Security
Public (DR)

Rationale

Attachments ▾

No Attachments Found

Response List (2)

Response Date	Response Security	Response	Objections	Rationale	Created By
6/30/2026	Public (DR)	Please see attached response.	Johnson, Julie L.		
7/10/2026	Public (DR)	Please see supplemental attachment.	Johnson, Julie L.		

Spire Missouri
GU-2026-0225

Staff Data Request 0066
1) For the period of 2015-present, please provide all calculations and supporting documentation that have been performed showing a comparison of authorized versus actual earned revenue requirement on a monthly and annual basis.
2) Please explain whether, and if so, when Spire has ever earned at or above its authorized revenue requirement since 2015 and provide the calculation for the percent above the authorized return for each instance.
3) Please explain whether, and if so, when Spire has not earned its authorized revenue requirement since 2015 and provide the calculation of the percent below authorized return for each instance. DR submitted by Jared Giacone (jared.giacone@psc.mo.gov)

Response

1. Spire has not done a comprehensive historical comparison of authorized versus actual earned revenue requirement. When Spire began noticing significant under recovery issues in 2026, Spire began tracking this which has been provided.

   We are in the process of attempting to gather this information so that it can be presented and will supplement this response accordingly.

2. See 1.

3. See 1.

Original response dated 6/30/2026

				Actual Revenues				Rate Case Revenues			Variance		
MO Total Margin	**Actual Revenue**	**Rate Case Rev**	**Variance**	**Volumetric**	**Cust Charge**	**WNAR**	**Total**	**Volumetric**	**Cust Charge**	**Total**	**Volumetric**	**Cust Charge**	**Total**
FY 25	712,423,662	726,584,242	(14,160,580)	356,200,122	331,502,337	24,721,203	712,423,662	398,083,486	328,500,756	726,584,242	(17,162,161)	3,001,581	(14,160,580)
FY 24	709,065,251	726,584,242	(17,518,991)	328,350,821	331,159,378	49,555,051	709,065,251	398,083,486	328,500,756	726,584,242	(20,177,614)	2,658,622	(17,518,991)
FY 23	701,646,564	706,579,092	(4,932,528)	340,678,639	332,685,073	28,282,853	701,646,564	375,721,585	330,857,507	706,579,092	(6,760,093)	1,827,565	(4,932,528)
FY 22	623,212,100	624,729,932	(1,517,832)	274,331,642	336,041,719	12,838,739	623,212,100	290,845,157	333,884,775	624,729,932	(3,674,776)	2,156,944	(1,517,832)
FY 21	577,468,392	559,228,802	18,239,590	242,227,641	332,215,197	3,025,554	577,468,392	237,472,986	321,755,816	559,228,801	7,780,209	10,459,381	18,239,591
FY 20	569,333,998	559,228,802	10,105,196	237,026,904	330,012,805	2,294,288	569,333,998	237,472,986	321,755,816	559,228,801	1,848,207	8,256,990	10,105,196
	3,893,149,967	3,902,935,112	(9,785,145)				3,893,149,967			3,902,935,111			(9,785,144)

Approved Revenu	2024 Case	2022	2021 Case	2017 Case
MOE	506,850,453	402,250,641	370,888,696	344,140,364
MOW	429,733,782	324,333,601	275,674,946	215,088,437
Total MO	936,584,235	726,584,242	646,563,642	559,228,801
Effective Date	10/24/2025	12/26/2022	12/23/2021	
		544,938,182		139,807,200
		161,640,911		484,922,732
	FY 23	706,579,092	FY 22	624,729,932

Supplemental response dated 7/10/2026

				Actual Revenues				Rate Case Revenues			Variance		
MO Total Margin	**Actual Revenue**	**Rate Case Rev**	**Variance**	**Volumetric**	**Cust Charge**	**WNAR**	**Total**	**Volumetric**	**Cust Charge**	**Total**	**Volumetric**	**Cust Charge**	**Total**
FY 25	712,423,662	726,584,242	(14,160,580) **	356,200,122	331,502,337	24,721,203	712,423,662	398,083,486	328,500,756	726,584,242	(17,162,161)	3,001,581	(14,160,580)
FY 24	709,065,251	726,584,242	(17,518,991)	328,350,821	331,159,378	49,555,051	709,065,251	398,083,486	328,500,756	726,584,242	(20,177,614)	2,658,622	(17,518,991)
FY 23	701,646,564	706,579,092	(4,932,528)	340,678,639	332,685,073	28,282,853	701,646,564	375,721,585	330,857,507	706,579,092	(6,760,093)	1,827,565	(4,932,528)
FY 22	623,212,100	624,729,932	(1,517,832)	274,331,642	336,041,719	12,838,739	623,212,100	290,845,157	333,884,775	624,729,932	(3,674,776)	2,156,944	(1,517,832)
FY 21	577,468,392	559,228,802	18,239,590	242,227,641	332,215,197	3,025,554	577,468,392	237,472,986	321,755,816	559,228,801	7,780,209	10,459,381	18,239,591
FY 20	569,333,998	559,228,802	10,105,196	237,026,904	330,012,805	2,294,288	569,333,998	237,472,986	321,755,816	559,228,801	1,848,207	8,256,990	10,105,196
	3,893,149,967	3,902,935,112	(9,785,145)				3,893,149,967			3,902,935,111			(9,785,144)

Approved Revenu	2024 Case	2022	2021 Case	2017 Case
MOE	506,850,453	402,250,641	370,888,696	344,140,364
MOW	429,733,782	324,333,601	275,674,946	215,088,437
Total MO	936,584,235	726,584,242	646,563,642	559,228,801
Effective Date	10/24/2025	12/26/2022	12/23/2021	
		544,938,182		139,807,200
		161,640,911		484,922,732
	FY 23	706,579,092	FY 22	624,729,932

**See Staff's calculation of +6,245,857 using "billed" WNAR revenue, like the "billed volumetric" and "billed customer charge"

Supplemental response dated 7/10/2026
showing Staff's revision

STAFF'S REVENUE CALCULATION FOR FY25 USING "BILLED" WNAR REVENUE FOR CONSIDERATION

BILLED WNAR FROM MONTHLY REVENUE FILES

	EAST	WEST	
Oct 2024	$ 711,347	$ 351,933	
Nov 2024	$ 1,442,239	$ 758,361	
Dec 2024	$ 4,263,425	$ 2,395,550	
Jan 2025	$ 6,043,777	$ 3,604,311	
Feb 2025	$ 6,526,099	$ 3,848,216	
Mar 2025	$ 4,269,216	$ 2,474,253	
Apr 2025	$ 2,178,996	$ 1,157,216	
May 2025	$ 1,141,997	$ 571,049	
Jun 2025	$ 730,774	$ 360,062	
Jul 2025	$ 573,054	$ 302,350	
Aug 2025	$ 501,899	$ 273,657	
Sep 2025	$ 436,797	$ 211,062	New base rates effective 10/24/25
Subtotal	$ 28,819,620	$ 16,308,020	
		TOTAL SPIRE MISSOURI	$ 45,127,640

	A	B	H	I
1			All Rate Classes	All Rate Classes
2			2025	2025
3			CE_1050 - Gas Revenue - Billed	CE_1050 - Gas Revenue - Billed
4			CC_10210 - Corporate Accounting	CC_10210 - Corporate Accounting
5			TBVMGN - Total Block Volumetric Ma	AC_S30012 - Customer Charge Mai
6			Total_Dollars	Total_Dollars
7	CO_120 - Spire Missouri East	OCTOBER	5,555,741.39	14,915,904.61
8	CO_120 - Spire Missouri East	NOVEMBER	10,131,610.58	14,890,178.53
9	CO_120 - Spire Missouri East	DECEMBER	28,301,498.71	14,959,653.75
10	CO_120 - Spire Missouri East	JANUARY	40,292,520.50	15,118,430.76
11	CO_120 - Spire Missouri East	FEBRUARY	43,554,015.29	15,054,623.10
12	CO_120 - Spire Missouri East	MARCH	29,322,765.13	15,049,875.52
13	CO_120 - Spire Missouri East	APRIL	15,346,305.53	14,958,973.08
14	CO_120 - Spire Missouri East	MAY	8,531,118.90	14,916,851.83
15	CO_120 - Spire Missouri East	JUNE	5,768,241.76	14,840,670.89
16	CO_120 - Spire Missouri East	JULY	4,676,301.29	14,892,235.99
17	CO_120 - Spire Missouri East	AUGUST	4,283,757.38	14,847,200.94
18	CO_120 - Spire Missouri East	SEPTEMBER	4,636,686.53	14,811,629.98
19	CO_120 - Spire Missouri East	Y-T-D(SEPTEMBE	**200,400,562.99**	**179,336,228.98**
20				
21	CO_130 - Spire Missouri West	OCTOBER	3,704,603.13	12,599,960.26
22	CO_130 - Spire Missouri West	NOVEMBER	7,725,252.59	12,635,794.57
23	CO_130 - Spire Missouri West	DECEMBER	22,345,381.85	12,705,091.49
24	CO_130 - Spire Missouri West	JANUARY	33,336,038.42	12,788,608.01
25	CO_130 - Spire Missouri West	FEBRUARY	35,661,641.00	12,796,985.71
26	CO_130 - Spire Missouri West	MARCH	23,314,996.20	12,787,051.45
27	CO_130 - Spire Missouri West	APRIL	11,155,493.10	12,773,515.77
28	CO_130 - Spire Missouri West	MAY	5,536,789.53	12,704,620.05
29	CO_130 - Spire Missouri West	JUNE	3,693,398.00	12,678,258.97
30	CO_130 - Spire Missouri West	JULY	3,254,364.66	12,602,283.14
31	CO_130 - Spire Missouri West	AUGUST	2,942,716.91	12,589,816.53
32	CO_130 - Spire Missouri West	SEPTEMBER	3,128,884.02	12,564,121.79
33	CO_130 - Spire Missouri West	Y-T-D(SEPTEMBE	**155,799,559.41**	**152,166,107.74**
34				
35				
36			**356,200,122.40**	**331,502,336.72**
37				
38			**FY 25**	**687,702,459.12**

SPIRE'S REVENUE CALCULATION THAT DOES NOT USE "BILLED" WNAR REVENUE BUT INSTEAD USES SOME OTHER CALCULATION OF WNAR REVENUE

MO Total Margin	Actual Revenue	Rate Case Rev	Variance	Volumetric	Cust Charge	WNAR	Total
FY 25	687,702,459	726,584,242		$ 356,200,122	$ 331,502,337		
WNAR	24,721,203					$ 24,721,203	
	712,423,662		(14,160,580)				$ 712,423,662

STAFF'S REVENUE CALCULATION USING ACTUAL "BILLED" WNAR REVENUE PER MONTHLY REVENUE FILES

MO Total Margin	Actual Revenue	Rate Case Rev	Variance	Volumetric	Cust Charge	Billed WNAR	Total
FY 25	687,702,459	726,584,242		$ 356,200,122	$ 331,502,337		
WNAR	$ 45,127,640					$ 45,127,640	
	732,830,099	726,584,242	6,245,857				$ 732,830,099

Staff's calculation uses WNAR "billed" revenue just like the "billed" revenue for volumetric and customer charge

Support for Staff's revision to supplemental DR response