

Exhibit No:	—
Issue:	Case Overview, Incremental Cost Analysis, New ISRS Legislation Impacts, Capitalization of Overheads
Witness:	Michelle Antrainer
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Spire Missouri Inc.
Case No.:	GO-2022-
Date Testimony Prepared:	June 3, 2022

SPIRE MISSOURI INC.

CASE NO. GO-2022-

DIRECT TESTIMONY

OF

MICHELLE ANTRAINER

JUNE 3, 2022

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1 **DIRECT TESTIMONY OF MICHELLE ANTRAINER**

2 **Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A: My name is Michelle Antrainer and my business address is 700 Market St., St. Louis,
4 Missouri, 63101.

5 **Q. WHAT IS YOUR PRESENT POSITION?**

6 A: I am presently employed as the Manager of Rates and Planning at Spire Missouri Inc.
7 (“Spire” or the “Company”).

8 **Q: PLEASE STATE HOW LONG YOU HAVE HELD YOUR POSITION AND**
9 **BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.**

10 A: I have been in my present position since January 2022. In my current position, I am
11 responsible for managing the creation and filing of rate and regulatory matters such as the
12 Company’s Infrastructure System Replacement Surcharge (“ISRS”) filings. Prior to that,
13 I was a Lead Regulatory Analyst responsible for the research, assessment, development,
14 and implementation of Spire Missouri’s rate/regulatory analysis.

15 **Q: PLEASE BRIEFLY DESCRIBE YOUR PROFESSIONAL EXPERIENCE AT**
16 **SPIRE MISSOURI.**

17 A. I joined Spire Missouri Inc. (Laclede Gas) in 1993 as a corporate accountant. Since that
18 time, I have worked in various positions within the Finance and Operations area of Spire
19 Missouri along with working on teams that implemented several IT software solutions.

20 **Q: HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI**
21 **PUBLIC SERVICE COMMISSION (“COMMISSION”)?**

22 Yes. I filed testimony in Case Nos. GR-2021-0108 and GR-2022-0179.

23 **PURPOSE OF TESTIMONY**

1 **Q: WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

2 A: The purpose of my Direct Testimony is to sponsor Spire Missouri’s ISRS application and
3 supporting appendices and to provide a general overview of the Company’s ISRS requests
4 for its Spire East and Spire West operating units. I will also provide a quick overview of
5 how the Company has met the competitive bidding requirements as required under the new
6 ISRS legislation that became effective August 2020. Finally, I will give an overview of
7 Spire witnesses for this ISRS application.

8 **ISRS FILING OVERVIEW AND APPENDICES**

9 **Q: PLEASE PROVIDE A DESCRIPTION OF THE COMPANY’S REQUESTS IN**
10 **THIS PROCEEDING.**

11 A: In this case, Spire is requesting recovery of the revenue requirements related to ISRS
12 eligible capital investments made from January 1, 2022, through June 30, 2022. In the
13 Company’s most recent rate case, Case No. GR-2021-0108, the Commission approved a
14 Partial Stipulation & Agreement (“Stipulation”) that included an agreement that there will
15 be a single Spire Missouri Inc. ISRS rate cap, even though the Company will maintain two
16 separate ISRS rates for its Spire East and Spire West operating units.

17 Therefore, pursuant to that Stipulation, Spire East’s revenue requirement in this
18 proceeding, before updating the proforma months of May and June 2022 with actual
19 information is \$4,060,811, and Spire’s West revenue requirement in this proceeding, before
20 updating the pro forma months of May and June 2022 with actual information, is
21 \$7,846,268.

22 **Q: PLEASE DESCRIBE THE WORKPAPERS AND APPENDICES THE COMPANY**
23 **HAS PROVIDED IN SUPPORT OF ITS APPLICATION IN THIS CASE.**

1 A: The Company’s current filing consists of the supporting appendices and schedules for both
2 Spire East and Spire West. Additionally, concurrently with this filing, Spire is providing
3 Staff and OPC with documentation supporting mandated relocations, work order
4 authorization sheets for all ISRS eligible projects included in the filing, and models
5 detailing investments captured under blanket work orders for both Spire East and Spire
6 West.

7 **NEW ISRS LEGISLATION IMPACTS**

8 **Q: PLEASE EXPLAIN HOW THE NEW LEGISLATION WILL IMPACT THIS**
9 **CURRENT ISRS FILING.**

10 A: Under the new legislation that was passed and became effective August 2020, eight new
11 sections were enacted to Section 393.1009, RSMo. More specifically, Section
12 393.1009(5)(a), RSMo was clarified to include,
13 “any cast iron or steel facilities including any connected or associated facilities that,
14 regardless of their material, age, or condition, are replaced as part of a qualifying
15 replacement project in a manner that adds no incremental cost to a project compared
16 to tying into or reusing existing facilities.”

17 The amendments to the eligible gas utility projects will enable the Company to recover all
18 costs associated with its ISRS eligible projects that help enhance the safety and reliability
19 of our system.

20 **Q. ARE THERE ANY OTHER CHANGES TO THE ISRS STATUTE THAT**
21 **ARE NEW TO THIS CURRENT ISRS FILING?**

22 A. Yes. Section 393.1012.4 requires that in order for a gas corporation to establish or
23 change an ISRS, it must have developed and filed a pre-qualification process for

1 contractors seeking to participate in competitive bidding to install ISRS-eligible plant. In
2 addition, this section requires that a gas corporation use a “. . . competitive bidding process
3 for no less than twenty-five percent of the combined external installation expenditures
4 made by the gas corporation’s operating units in Missouri . . .”

5 **Q. DOES THE COMPANY HAVE A PRE-QUALIFICATION PROCESS IN**
6 **PLACE?**

7 A. Yes. Spire has developed and filed its pre-qualification process for contractors with
8 the Commission on April 29, 2021 in Case No. GO-2021-0382. This process along with
9 the competitive bidding process is further described in the direct testimony of Spire witness
10 Mr. Steven Samson.

11 **Q. HAS THE COMPANY COMPETITIVELY BID NO LESS THAN TWENTY-**
12 **FIVE PERCENT OF ITS COMBINED EXTERNAL INSTALLATION**
13 **EXPENDITURES FOR ITS ISRS ELIGIBLE PROJECTS?**

14 A. Yes.

15 **Q. PLEASE DESCRIBE HOW THE COMPANY DETERMINED IT HAS MET**
16 **THE TWENTY-FIVE PERCENT THRESHOLD FOR COMPETITIVELY BID**
17 **PROJECTS.**

18 A. Spire East does not use contractors for ISRS installations and is therefore not
19 subject to this requirement. Spire West does use contractors for ISRS installations, so all
20 calculations surrounding the twenty-five percent threshold pertains to Spire West only.

21 Operations analytics tracks all ISRS projects for Spire Missouri West that are completed
22 utilizing a contractor for the installation process. For all contractor installation projects, the
23 contractor costs are identified as Competitive Bid projects or non-bid projects. The

1 Competitive Bid installation contractor total is divided by the total installation contractor
2 total which results in the competitive bid percentage. This calculation is detailed in
3 Schedule MLA-D1 of my testimony.

4 5 **INCREMENTAL COSTS**

6 **Q. HOW IS THE COMPANY TREATING INCREMENTAL COSTS IN THIS**
7 **FILING?**

8 A. We are treating incremental costs the same way as we did in the Company's previous ISRS
9 filing. After the Engineering Department finishes its analysis, the information is sent to
10 the Regulatory Team. The Regulatory Team reviews the information provided by the
11 Engineering Department, and if the analysis shows that incremental cost is associated with
12 the replacement of the interspersed facilities, the incremental cost is removed from the
13 ISRS application so that only the cost of ISRS eligible facilities is included in the
14 Company's application.

15 **Q. CAN YOU PROVIDE AN EXAMPLE OF THIS TREATMENT?**

16 A. Yes. For instance, assume a particular project cost \$100 and the Company's
17 engineering/cost analysis for that project showed that the Company's approach is \$10 more
18 than using existing facilities making the total project cost \$110. That \$10 would then be
19 considered incremental costs and that dollar difference would then be backed out and not
20 included in the ISRS application. The Company would only include the \$100 of the
21 addition amount in its ISRS filing.

22 23 **CAPITALIZATION OF OVERHEADS**

1 **Q. HOW IS THE COMPANY TREATING OVERHEADS IN THIS FILING?**

2 A. Pursuant to the Commission’s Amended Report and Order in the Company’s last rate case,
3 Case No. GR-2021-0108, Spire ceased capitalizing administrative and general (“A&G”)
4 overhead costs for all ISRS projects as of December 23, 2021. Only direct charges and
5 operational overhead costs have been included for ISRS project expenditures initiated after
6 December 23, 2021 through April 30, 2022. As set forth in the Commission’s Amended
7 Report and Order in Case No. GR-2021-0108, the remaining non-operational overheads
8 for the period of December 24, 2021 through current will be included as part of a regulatory
9 asset account for future recovery until there is more clarification or agreement from the
10 parties. The Company will be discussing with Staff and OPC in the coming weeks.

11 The Commission issued an Order on April 13, 2022 Authorizing Accounting
12 Treatment, in Case No. GR-2021-0108 in which it reiterated the Company’s use of a
13 regulatory asset for overhead costs “until included in rate base, if appropriate, which will
14 be at the first opportunity, whether in an Infrastructure System Replacement Surcharge
15 (ISRS) case or a rate case.” The ability for Spire to resume capitalizing certain overheads
16 was attained when Staff issued its recommendations regarding Spire’s capitalization
17 process in March of 2022. In turn, the Company subsequently resumed capitalizing its
18 overhead costs for ISRS calculation purposes, utilizing Staff audited rates beginning May
19 1, 2022 or the first full month after the Commission’s April 13, 2022 Order. Any issues
20 regarding the prudence of these overhead costs should be taken up in the Company’s next
21 rate case filing pursuant to Section 393.1015.8, RSMo.

22 **OVERVIEW OF SPIRE WITNESSES**

1 **Q. PLEASE GIVE A BRIEF OVERVIEW OF WHAT THE OTHER SPIRE**
2 **WITNESSES DISCUSS IN THEIR TESTIMONY.**

3 A: Spire is also sponsoring the Direct Testimony of Steve Samson, Manager of Procurement.
4 Mr. Samson will address steps taken by the Company to comply with the new ISRS
5 requirements pertaining to contractor prequalification and the competitive bidding process.

6

7

CONCLUSION

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes, it does.

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

In the Matter of Spire Missouri Inc.'s)
Request to Implement an Infrastructure)
System Replacement Surcharge for the) File No. GO-2022-
Company's Missouri Service Areas)
)

AFFIDAVIT

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

Michelle Antrainer, of lawful age, being first duly sworn, deposes and states:

1. My name is Michelle Antrainer. I am the Manager of Rates and Planning for Spire Missouri Inc. My business address is 700 Market Street, Saint Louis, Missouri 63101.
2. Attached hereto and made a part hereof for all purposes is my direct testimony on behalf of Spire Missouri Inc.
3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Michelle Antrainer
Michelle Antrainer

6/03/2022
Date