

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

In the Matter of Spire Missouri Inc.’s Verified)
Application for an Accounting Authority Order) Case No. GU-2020-0376
Related to COVID-19 Impacts)
)

STIPULATION AND AGREEMENT

COME NOW Spire Missouri Inc. (“Spire”), the Staff of the Missouri Public Service Commission (“Staff”), the Missouri Office of the Public Counsel (“OPC”), Missouri Industrial Energy Consumers (MIEC), and Missouri Energy Consumers Group, collectively referred to as (“the Signatories”)¹ and pursuant to 20 CSR 4240-2.115, hereby submit this Stipulation and Agreement, and in support thereof respectfully state as follows:

1. The Signatories have reached an agreement as a resolution of this matter on the terms set forth in this document.

2. The Signatories request that the Commission issue an order that authorizes Spire Missouri to track and defer into a regulatory asset the following incremental costs directly related to the COVID-19 pandemic, beginning March 1, 2020:
 - (a) New or incremental operating and maintenance expense related to protecting employees and customers – eligible costs are the following:
 - (i) Additional cleaning of facilities and vehicles;
 - (ii) Personal protective equipment (i.e. masks, gloves, sanitizing sprays);
 - (iii) Technology upgrades and equipment directly related to enabling employees to work from home. Such costs shall only

¹ Renew Missouri does not object to this Stipulation and Agreement

include company costs and will not extend to costs normally incurred by the employee including internet connectivity at the home;

(b) Increased bad debt expense due to COVID-19 to the extent total bad debt expense exceeds levels included in the cost of service;

(c) Costs related to any new- assistance programs implemented to aid customers with payment of natural gas bills during the pandemic (the details of such programs to be made in a separate tariff filing);

(d) Increased field employee overtime specifically attributable to changes in Spire field operation procedures caused by the COVID-19 pandemic, but only up to an amount by which the total overtime expense during the deferral period exceeds total overtime expense included in the cost of service;

(e) Lost revenues up to the amount included in rates related to: waived late payment fees, reconnection charges, and disconnection charges;

3. Spire Missouri agrees to track all costs separately for East and West.

4. The Signatories agree that the bad debt expense, employee overtime expense, late payment fees, and service disconnect/reconnect charges included in Spire Missouri East and West's last rate case are \$8,328,097 and \$4,356,922 for bad debt, \$15,555,600 and \$4,249,213 for employee overtime, \$4,749,544 and \$1,381,236 for late payment fees, and \$1,050,436 and 1,575,654 for service disconnect/reconnect charges.

5. Carrying Costs: Signatories agree that any party may propose or oppose certain ratemaking treatment of carrying costs related to this COVID-19 AAO in Spire

Missouri's next general rate case.

6. Lost Revenues: Spire Missouri agrees not to defer into a regulatory asset, lost revenues from reduced customer usage (volumetric charges) due to the pandemic or other lost revenues except as provided in paragraph 2(e) above.

7. Savings to be deferred: Deferred operating cost reductions will be tracked and recorded as a regulatory liability separately from deferred costs regulatory asset. All deferred COVID-19 operating cost reductions will be deferred so long as the total expense in each cost category is below the level included in rates in Spire Missouri's last rate case. Operating cost reductions will be reported separately for Spire East and West. Operating cost reductions to be deferred are reductions to the following:

- (a) Travel expense (hotels, airfare, meals, entertainment);
- (b) Training expense;
- (c) Office supplies;
- (d) Utility service provided to facilities leased or owned by the Company;
- (e) Staffing reductions;
- (f) Reduced employee compensation and benefit;
- (g) Any taxable net operating loss that is carried back to previous tax years per the CARES Act; and
- (h) Any direct federal or state assistance Spire or Spire Inc. receives related to COVID-19 relief.

8. Duration of AAO: All costs and cost reductions will be tracked and deferred separately into a regulatory asset / liability until March 31, 2021. The duration of

this time period may be extended or renewed upon agreement of the Parties and subsequent Order of the Commission approving the agreement or by separate Order of the Commission.

9. Reporting: Spire Missouri agrees, within two weeks after the Commission issues an order approving this Agreement, to file an initial report identifying the cost categories to be tracked and deferred from the period March 1-June 30, 2020. The report will identify all cost increases and decreases related to the pandemic that have been identified to date, including but not necessarily limited to:

- (a) Updated and most recent credit metrics calculated by Spire or provided to the Company by nationally recognized credit rating agencies;
- (b) The number of customers, by customer class;
- (c) The number of customers, by customer class, voluntarily disconnected by month;
- (d) The number of customers, by customer class, involuntarily disconnected by month;
- (e) Number of utility reconnections, reported by month;
- (f) Number of customers on a utility payment plan, by payment plan type (including budget billing), by month;
- (g) Total \$ amount of arrearages by customer class;
- (h) The number of accounts in arrearage by customer class in increments of \$100 (e.g., less than \$100, \$101 to \$200, etc...) by month;
- (i) The range of arrearage amounts by customer class (i.e., current high and low dollar amount) and the mean average; and

(j) A quantification of total past-due customer arrearages and number of customers experiencing arrearages, that are thirty, sixty, and ninety days or more late in payment, reported by month.

10. The Signatories agree that, for reporting purposes, arrearages will reflect only past due bills.

11. Costs will be tracked by month in the initial and later quarterly reports.

12. Spire Missouri will update this report quarterly until the conclusion of the update or true-up period, if applicable, in the Company's next general rate case. The quarterly report shall be filed within 45 days of the end of each quarter.

13. Accounting Practices and Procedures: The Company's authority to defer COVID-19 incremental costs and operating cost reductions is limited to those categories of savings and costs specifically listed herein. Within 30 days of a Commission order authorizing this deferral, the Company will provide the other Signatories copies of the applicable policies and procedures intended to govern how monthly deferral amounts are to be calculated for each applicable category. Such policies and procedures shall also contain a proposed monthly reporting format. Concerns regarding these policies and procedures on the part of any Signatory will be addressed through further discussion by the Signatories.

14. Future Recovery. The Signatories agree that the ability to track and defer costs into a regulatory asset is for accounting purposes only. All questions regarding potential ratemaking treatment of the deferred costs and the materiality thereof are reserved for the Company's next general rate proceeding. The Signatories reserve the right to review and challenge the Company's recovery of COVID-19 costs and recommend

adjustments in the Company's next general rate case.

15. Evergy Appeal (WD 83319). The Signatories agree that if the Court renders a decision pertaining to WD 83319 or subsequent appeal that renders accounting authority orders invalid, this agreement becomes null and void, and the Company agrees to adjust its books and records consistent with the Court's decision.

16. COVID-19 Customer Arrearage Payment Plan: The Company agrees to create an arrearage matching payment plan for current customers in arrears on their natural gas bill that have lost their job(s), lost income, or have been furloughed since March 1, 2020. Payment plan participants will have a verified application process through the United Way, Spire, Community Action Agency, or government entity. Said payment plan budget will include up to \$1 million dollars from Spire Missouri East and West, and up to \$1 million dollars redirected from expiring fiscal year 2020 (Sept. 30) multi-family low-income energy efficiency programs (\$600K) and from the Community Savers Single-Family Low Income program (\$400k). The final payment plan budget funding level will reflect actual expenditures by program participants through the end of the program period. Eligible customers would receive a \$100 credit upon joining the payment plan. As remaining funds allow, payment plan participating customers will have up to \$300 dollars of their arrearage matched by Spire Missouri East or West (as applicable), dollar-for-dollar based on arrearage pay down from the participant for a total possible arrearage payment plan contribution of \$300 per account. A breakdown example is as follow:

- \$100 credit assigned to each customer upon enrollment
- Customers will have their next \$300 in arrearage matched over the duration of the program

- \$400 in total funding available per account (\$100 credit and \$300 in matching funds)

Participating customers will be allowed to miss only one monthly payment during the arrearage payment plan period of October 21, 2020 through March 21, 2021, or run the risk of being removed from the program. The Company agrees that any Low-Income Heating and Energy Assistance Program (LIHEAP) funding allocated to participants in the COVID-19 arrearage payment plan will be matched within the defined parameters set above. This program will end March 31, 2021. The Company agrees to meet with a representative from the OPC and Staff at least once per month in November, December, January and February (prior to the termination of the program) to discuss progress, whether any modifications should be made to the program design, and whether further arrearage management and/or modified payment plans are necessary moving forward.² The Company agrees to track participation and applicable LIHEAP interplay with participants and provide said data at the four monthly meetings.

17. Customer Protections: The Company agrees to cease full credit external reporting of its customers for the duration of the approved AAO. The Company also agrees to offer the option for an 18-month payment plan through the duration of the AAO.

GENERAL TERMS

18. Limitation of Scope: This Stipulation and Agreement is being entered into for the purpose of disposing of the issues specifically addressed herein. In presenting this Stipulation and Agreement, none of the Signatories shall be deemed to have approved,

² Any changes and/or modifications are subject to Commission approval.

accepted, agreed, consented or acquiesced to any procedural principle, and none of the Signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement, whether approved or not, in this or any other proceeding, other than a proceeding limited to the enforcement of the terms of this Stipulation and Agreement, except as otherwise expressly specified herein. The Signatories further understand and agree that the provisions of this Stipulation and Agreement relate only to the specific matters referred to in this Stipulation and Agreement, and no signatory waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this Stipulation and Agreement. The Signatories further understand and agree that no party to this Stipulation and Agreement shall assert the terms of this Stipulation as a precedent in any future proceeding.

19. Interdependence and Non-Severability: This Stipulation and Agreement has resulted from negotiations and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement in total, or approves it with modifications or conditions to which a signatory objects, then this Stipulation and Agreement shall be void and no signatory 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 and Agreement without modification, and notwithstanding its provision that it shall become void, neither this Stipulation and Agreement, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with RSMo. section 536.080 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 and Agreement 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 and Agreement 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.

20. Waiver of Procedural Rights: If the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the Signatories waive, with respect to the issues resolved herein, their respective rights: (1) to call, examine and cross-examine witnesses pursuant to RSMo. section 536.070(2); (2) to present oral argument and/or written briefs pursuant to RSMo. section 536.080.1; (3) to the reading of the transcript by the Commission pursuant to section RSMo. 536.800.2; (4) to seek rehearing pursuant to RSMo. section 386.500; and (5) to judicial review pursuant to RSMo. section 386.510, provided however that the Verified Applications and Updates submitted by Spire Missouri on behalf of Spire East and Spire West shall be received into evidence for the sole purpose of providing an evidentiary foundation for this Stipulation and Agreement. These waivers apply only to a Commission order respecting this Stipulation and Agreement issued in this above-captioned case and does 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 and Agreement.

21. Merger and Integration: This Stipulation and Agreement contains the entire agreement of the Signatories concerning the issues addressed herein, except with

respect to the programs identified in Paragraph 2.c. hereof, which will be the subject of a separate tariff filing. The intent of the Signatories to this Stipulation and Agreement has been fully and exclusively expressed in this document and the attachments appended hereto.

WHEREFORE, the Signatories request the Commission issue an Order approving this *Stipulation and Agreement* as a resolution of Spire's request for an Accounting Authority Order in this case.

Respectfully submitted,

SPIRE MISSOURI INC.

By: /s/ Matthew Aplington

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing pleading was served on all Parties of record on this 11th day of September 2020 by hand-delivery, e-mail, fax, or by placing a copy of such document, postage prepaid, in the United States mail.

/s/ Goldie T. Bockstruck _____