

|                          |                             |
|--------------------------|-----------------------------|
| <b>Exhibit No.:</b>      |                             |
| <b>Issue(s):</b>         | <b>Spire STL Pipeline</b>   |
| <b>Witness:</b>          | <b>Scott A. Weitzel</b>     |
| <b>Type of Exhibit:</b>  | <b>Rebuttal Testimony</b>   |
| <b>Sponsoring Party:</b> | <b>Spire Missouri, Inc.</b> |
| <b>Case No.:</b>         | <b>GR-2021-0127</b>         |
| <b>Date Prepared:</b>    | <b>May 26, 2023</b>         |

**SPIRE MISSOURI, INC.**

**GR-2021-0127**

**REBUTTAL TESTIMONY**

**OF**

**SCOTT A. WEITZEL**

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

In the Matter of Spire Missouri, Inc. d/b/a Spire (East)            )            File No. GR-2021-0127  
Purchased Gas Adjustment (PGA) Tariff Filing                    )

**VERIFICATION OF SCOTT A. WEITZEL**


STATE OF MISSOURI        )  
  )  
CITY OF ST. LOUIS        )

I, Scott A. Weitzel, of lawful age, under penalty of perjury, and pursuant to Section 509.030, RSMo, state as follows:

1. My name is Scott A. Weitzel. I am the Vice President of Regulatory and Governmental Affairs for Spire Missouri, Inc. My business address is 700 Market St., St Louis, Missouri 63101.

2. My rebuttal testimony on behalf of Spire Missouri, Inc. is attached to this verification.

3. My answers to each question in the attached rebuttal testimony are true and correct to the best of my knowledge, information, and belief.

  
Scott Weitzel (May 26, 2023 09:42 CDT)  
\_\_\_\_\_  
Scott A. Weitzel  
  
\_\_\_\_\_  
May 26, 2023  
Date

**TABLE OF CONTENTS**

|  |           |
|--|-----------|
| <b>I. INTRODUCTION.....</b>  | <b>4</b>  |
| <b>II. RESPONSE TO STAFF DIRECT TESTIMONY .....</b>                    | <b>5</b>  |
| <b>A. STAFF WITNESS SOMMERER.....</b>                                  | <b>5</b>  |
| <b>B. STAFF WITNESS SCHUMAKER.....</b>                                 | <b>8</b>  |
| <b>III. RESPONSE TO EDF’S DIRECT TESTIMONY.....</b>                    | <b>9</b>  |
| <b>A. RISKS ASSOCIATED WITH THE SPIRE STL PIPELINE TRANSACTION ...</b> | <b>10</b> |
| <b>B. OPERATIONAL CHANGES DISCUSSED BY EDF .....</b>                   | <b>15</b> |
| <b>C. ACA DISALLOWANCE STANDARD.....</b>                               | <b>20</b> |
| <b>IV. CONCLUSION.....</b>   | <b>23</b> |

1 **I. INTRODUCTION**

2 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR**  
3 **THE BENEFIT OF THE MISSOURI PUBLIC SERVICE COMMISSION**  
4 **(“COMMISSION”)?**

5 A. My name is Scott A. Weitzel, and my business address is 700 Market Street, St. Louis, MO  
6 63101.

7 **Q. ARE YOU THE SAME SCOTT A. WEITZEL WHO PREVIOUSLY FILED**  
8 **DIRECT TESTIMONY IN THIS PROCEEDING?**

9 A. Yes, I submitted direct testimony on behalf of Spire Missouri Inc. (“Spire Missouri” or  
10 “Company”) in this proceeding.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my testimony is to respond to the Direct Testimonies of David M.  
13 Sommerer and Dennis Schumaker filed on behalf of the Staff of the Missouri Public  
14 Service Commission (“Staff”) and the Direct Testimony of Gregory M. Lander filed on  
15 behalf of the Environmental Defense Fund (“EDF”).

16 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

17 A. First, I generally concur with the Staff position that Spire Missouri’s decision to enter into  
18 a firm transportation agreement with Spire STL Pipeline LLC was prudent and complied  
19 with the Commission’s affiliate transaction rules. This was also supported with Staff’s  
20 consultant and witness Mr. Schumaker, who came to the same conclusion as Staff. Second,  
21 I address why matters described as risks by the EDF witness represent prudent decisions  
22 on the part of Spire Missouri. Lastly, I will explain that a disallowance of gas costs may  
23 only result from both a finding that certain actions or decisions were not prudent, and that

1           there was harm to customers associated with the action or decision. In this case, there is  
2           no harm (and more likely, a benefit) to Spire Missouri’s customers as a result of its contract  
3           with Spire STL Pipeline. Thus, no disallowance of gas costs is appropriate in this case.

4                                   **II.     RESPONSE TO STAFF DIRECT TESTIMONY**

5                   **A.     STAFF WITNESS SOMMERER**

6   **Q.     HAVE YOU REVIEWED THE DIRECT TESTIMONY OF STAFF WITNESS**  
7   **SOMMERER?**

8   A.     Yes.

9   **Q.     DO YOU AGREE WITH HIS DIRECT TESTIMONY?**

10 A.     For the most part, yes. Staff proposed no disallowance for Spire Missouri related to the  
11         Spire STL Pipeline for the Actual Cost Adjustment (“ACA”) period under review (the  
12         2019-2020 ACA period, or the twelve months ending September 2020).

13         I also appreciate Staff’s acknowledgment of the protections built into the contract between  
14         Spire Missouri and Spire STL. At Page 4, Lines 16-19, of Mr. Sommerer’s Direct  
15         Testimony, he states “The importance of the protection built into the contract to cap the  
16         prices over the entire primary term of the agreement cannot be overstated. In my  
17         experience, I do not recall seeing this significant of a price protection, for such an extended  
18         period of time, built into a long-term FERC-regulated transportation agreement.” Staff also  
19         investigated compliance with the affiliate transaction rule (ATR), specifically with the fully  
20         distributed cost (FDC) and fair market price (FMP) requirements. Spire Missouri is  
21         required to pay the lessor for the FDC or FMP for the good or service from an affiliated  
22         entity. This was validated at Page 7, Lines 1-3 of Mr. Sommerer’s testimony: “In addition,

1 both the FDC and FMP values assumed by Staff are greater than the actual contractual rate  
2 for Spire STL Pipeline’s service to Spire Missouri.”

3 However, I would like to respond to one of Mr. Sommerer’s statements concerning Spire  
4 Missouri’s decision-making process.

5 **Q. WHAT IS THE STATEMENT TO WHICH YOU WOULD LIKE TO RESPOND?**

6 A. Mr. Sommerer makes a statement that he believed “the Company had effectively placed  
7 nearly all of its eggs in one basket” by “placing a heavy reliance on the full availability of  
8 Spire STL Pipeline.”<sup>1</sup>

9 **Q. DO YOU AGREE WITH THAT STATEMENT?**

10 A. No.

11 **Q. WHY NOT?**

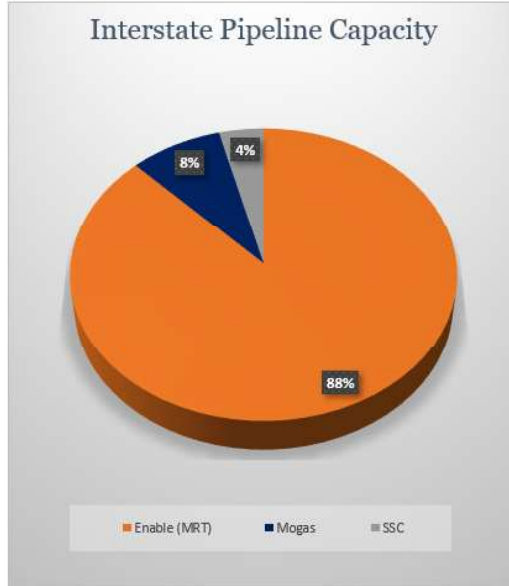
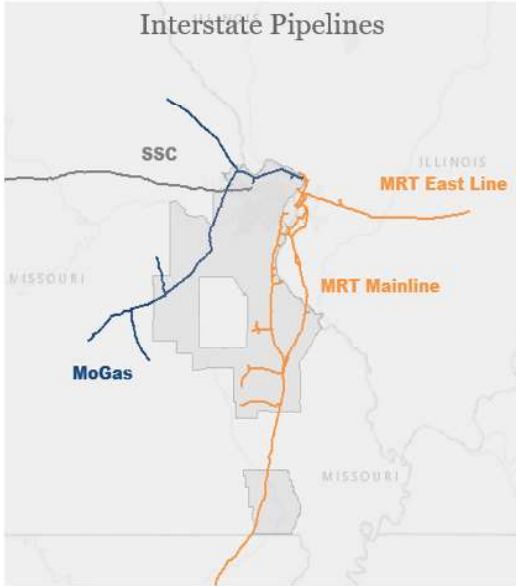
12 A. Staff provides some context for Spire Missouri’s change in pipeline capacity at Page 4,  
13 Lines 5-9 of Mr. Sommerer’s Direct Testimony: “The primary outcome of the strategic  
14 planning conducted prior to 2016 was a recognition that new gas supplies from the  
15 Marcellus Shale could displace traditional Midcontinent and Gulf Coast supplies. The  
16 goals of supply diversity, reliability, price diversification were supported by the changes  
17 happening in the natural gas markets in the 2011 to 2015 timeframe.” I might agree that  
18 before Spire STL pipeline that most eggs were in MRT’s basket but some of the driving  
19 factors of contracting with Spire STL was to achieve supply and price diversity. You can  
20 see below in **Figure 1** that 88% of pipeline capacity in the legacy pipeline mix was MRT.  
21 Our capacity mix with Spire STL has a balanced, diverse portfolio. **Figure 2** shows that,  
22 in this new portfolio mix, MRT is still the largest delivery of interstate pipeline capacity.

---

<sup>1</sup> Sommerer Dir., p. 5.

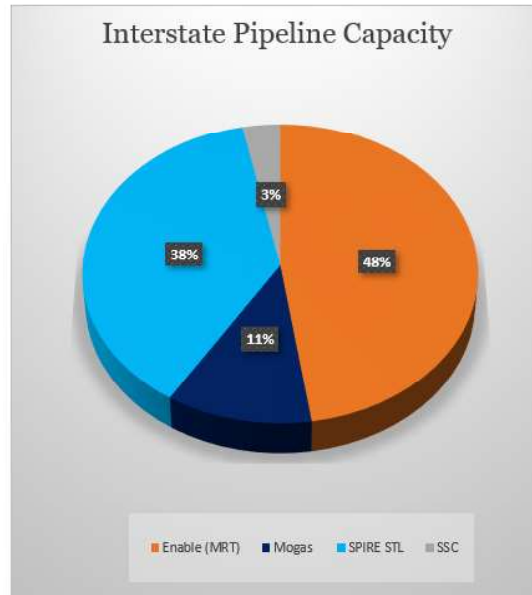
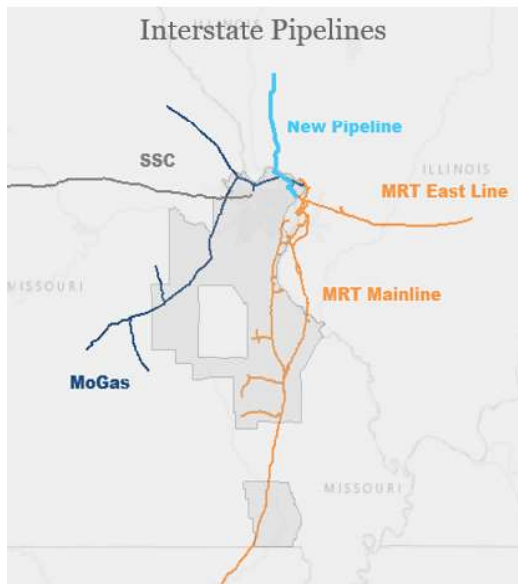
1

**Figure 1:**  
**Legacy St. Louis Market**



2

**Figure 2:**  
**St. Louis Market With Spire STL**



3

4

1 **Q. WHAT CONCLUSIONS DO YOU DRAW FROM THIS INFORMATION?**

2 A. In my opinion, **Figure 2** shows that all the “eggs” were not in the Spire STL pipeline  
3 “basket.” Spire Missouri did take advantage of the high pressure on Spire STL pipeline to  
4 reduce facilities and operating costs. The higher pressure also allowed improved reliability  
5 to some areas on Spire Missouri’s distribution system.

6 **Q. STAFF WITNESS SOMMERER FURTHER INDICATES THAT “KEY RISKS**  
7 **REMAIN FOR SPIRE REGARDING THE FINALITY OF THE FERC DECISION**  
8 **AND ULTIMATE REVIEW PROCESS AND THOSE RISKS SHOULD BE BORNE**  
9 **BY SPIRE IN FUTURE COMMISSION PROCEEDINGS.”<sup>2</sup> DO YOU AGREE**  
10 **WITH MR. SOMMERER?**

11 A. I certainly agree that this case only concerns the 2019-2020 ACA period (the twelve  
12 months ending September 2020). Future ACA reviews would necessarily involve other  
13 time periods and questions concerning those future periods would be appropriate for a  
14 different day.

15 **B. STAFF WITNESS SCHUMAKER**

16 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF STAFF WITNESS**  
17 **SCHUMAKER?**

18 A. Yes.

19 **Q. WHAT DOES STAFF WITNESS SCHUMAKER CONCLUDE?**

20 A. He concludes that that the “decision making surrounding the Spire STL pipeline was  
21 reasonable and consequently prudent. . . .”<sup>3</sup> He further finds that the firm transportation

---

<sup>2</sup> Sommerer Dir., P. 6.

<sup>3</sup> Schumaker Dir., Sched. DJS-d2, p. 10 of 63.



1 agreement with Spire STL Pipeline complied with the Commission’s affiliate transaction  
2 rules.<sup>4</sup>

3 **Q. DO YOU AGREE WITH HIS CONCLUSIONS?**

4 A. Yes.

5 **III. RESPONSE TO EDF’S DIRECT TESTIMONY**

6 **Q. WHO IS EDF, HOW ARE THEY FINANCED, AND WHERE ARE THEY**  
7 **LOCATED?**

8 A. According to its website,<sup>5</sup> the Environmental Defense Fund (EDF) is “a global nonprofit  
9 organization tackling climate change.” It is located in New York City, Beijing, and London.  
10 In 2022, EDF received nearly \$302,000,000 in donations or revenue.

11 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY OF EDF WITNESS**  
12 **LANDER?**

13 A. Yes.

14 **Q. WHAT IS MR. LANDER’S RECOMMENDATION TO THE COMMISSION?**

15 A. Mr. Lander recommends that the Commission disallow recovery of all amounts spent by  
16 Spire Missouri on reservation charges to Spire STL Pipeline during the ACA period at  
17 issue in this case. This amount is \$27,650,000.<sup>6</sup>

18 **Q. WHY DOES EDF WITNESS LANDER MAKE THIS RECOMMENDATION?**

19 A. Mr. Lander believes that Spire Missouri subjected customers to risk as the result of certain  
20 contracting decisions and operational changes in order to take service from Spire STL  
21 Pipeline, and, because of the alleged risk to customers, the Commission should find that

---

<sup>4</sup> *Id.* at p. 11 of 63.

<sup>5</sup> <https://www.edf.org/>

<sup>6</sup> Lander Dir., p. 17.

1 Spire Missouri's actions and decisions were not prudent. I will address these items, as well  
2 as the standard for the Commission's consideration of proposed gas cost disallowances in  
3 the following paragraphs.

4 **A. RISKS ASSOCIATED WITH THE SPIRE STL PIPELINE TRANSACTION**

5 **Q. IN HIS DIRECT TESTIMONY, EDF WITNESS LANDER DISCUSSES "RISKS"**  
6 **BORNE BY SPIRE MISSOURI IN ITS TRANSACTION WITH SPIRE STL**  
7 **PIPELINE. WHAT ARE THE RISKS THAT WITNESS LANDER DISCUSSES?**

8 A. Mr. Lander suggests that there was risk assumed by Spire Missouri because: 1) it took  
9 certain actions prior to the Spire STL Pipeline Federal Energy Regulatory Commission  
10 ("FERC") certificate becoming final and unappealable; 2) because it contracted with a  
11 newly formed interstate pipeline affiliate (Spire STL Pipeline LLC); and, 3) Spire Missouri  
12 agreed to reconfigure its physical connection with the Mississippi River Transmission  
13 (MRT) pipeline.

14 **Q. WERE SPIRE MISSOURI'S ACTIONS IN LIGHT OF THE FERC CERTIFICATE**  
15 **STATUS CONSISTENT WITH ACTIONS OF OTHER UTILITIES IN SIMILAR**  
16 **POSITIONS?**

17 A. Yes. Spire Missouri was aware of the FERC process and made contracting decisions in a  
18 similar fashion to other utilities. Spire Missouri and Spire STL Pipeline entered into the  
19 precedent agreement in January 2017. In August 2018, FERC granted a 7(c) certificate to  
20 Spire STL Pipeline, and construction began in January 2019. Spire Missouri then started  
21 to plan for the execution of all the previously contemplated operational changes to account  
22 for the 350,000 dth/day of capacity it would have available from Spire STL Pipeline, and

1 which it would be receiving at a much lower cost than what was previously available to  
2 Spire Missouri.

3 **Q. DID THE SPIRE STL PIPELINE GO INTO SERVICE WHILE THE FERC**  
4 **ORDER WAS STILL SUBJECT TO APPEAL?**

5 A. Yes.

6 **Q. IS THERE ANYTHING IMPROPER ABOUT THAT?**

7 A. No. Federal statutes allow interstate pipelines to go into service while FERC orders are  
8 still subject to appeal.

9 **Q. GIVEN THAT SITUATION, HOW DID SPIRE MISSOURI MOVE FORWARD?**

10 A. Just like any other prospective interstate pipeline customer, Spire Missouri was  
11 contractually obligated to take service on Spire STL Pipeline upon its in-service date. Spire  
12 Missouri thus executed planned contracting decisions and operational changes to avoid  
13 burdening its customers with unnecessary costs associated with capacity and assets that  
14 were no longer needed to serve its customers.

15 I will note that, interestingly, the risk referred to by Mr. Lander was caused specifically by  
16 his client – EDF. That is, had EDF not filed an appeal to challenge the FERC certificate,  
17 no extraordinary intervening steps would have been necessary to continue the operation of  
18 the Spire STL Pipeline or to secure a new certificate.

19 **Q. DO YOU AGREE THAT THERE WAS RISK IN CONTRACTING**  
20 **SPECIFICALLY WITH SPIRE STL PIPELINE?**

21 A. There is inherent risk in all business transactions, from operating a power plant to welding  
22 and replacing pipe. Risks are present every day, especially for utilities that provide essential  
23 energy and water service with complex attributes, combustion, and delivery. What is

1 important is that at the end of the day the risk of operating a utility does not manifest itself  
2 in harm. Utilities like Spire put safety, reliability, process, procedures, risk management,  
3 and governance at the forefront. Spire STL Pipeline pursued the project in a manner that  
4 is consistent with existing and longstanding interstate natural gas pipeline companies.  
5 Furthermore, as noted in the Direct Testimony of Dennis J. Schumaker (Staff), Spire STL  
6 Pipeline recognized the need for skills not available within the organization, and in July  
7 2016, hired outside personnel for the positions of Director of Pipeline Projects and Project  
8 Consultant. These two hires had a combined 50 years of experience and would manage and  
9 oversee the construction of the project.<sup>7</sup> Importantly, Spire STL Pipeline also outsourced  
10 critical functions such as engineering, environmental, land and construction to top firms in  
11 the industry just like all other pipeline operators.

12 **Q. EDF WITNESS LANDER ALSO ALLEGES THAT THE RECONFIGURATION**  
13 **OF SPIRE MISSOURI'S FACILITIES TO ACCOMMODATE THE SPIRE STL**  
14 **PIPELINE WAS A SOURCE OF RISK. PLEASE DESCRIBE THE FACILITIES**  
15 **INVOLVED.**

16 **A.** This issue involved Line 880 and the Chain of Rocks Station. Line 880 was a sixty-year-  
17 old, seven-mile long and twenty-inch diameter pipeline system west of Columbia Bottoms.  
18 It connected Spire Missouri's Lange Natural Gas Storage Field ("Lange") to the Chain of  
19 Rocks city-gate and was constructed using electric resistance welding. This process lines a  
20 pipe by joining metal through electrical resistance heating and pressure and has been  
21 documented by the federal Office of Pipeline Safety to be susceptible to leaks and structural  
22 instability since the late 1980s. In fact, a portion of Line 880 ruptured once before.

---

<sup>7</sup> Schumaker Dir., Sched. DJS-d2, pp. 34 of 63 to 35 of 63.

1 Although Spire Missouri replaced the ruptured pipe, there was a concern that the potential  
2 existed for another incident if the line remained in transmission service.

3 The Chain of Rocks Station had its own issues. The Station was constructed in a flood  
4 plain, and had flooded multiple times, requiring the Company to remove equipment from  
5 the area.

6 **Q. WHAT IS THE RECONFIGURATION REFERENCED BY MR. LANDER?**

7 A. Mr. Lander is referencing the fact that a new Chain of Rocks station was constructed by  
8 Spire STL Pipeline, requiring gas being delivered from MRT to Spire Missouri to pass  
9 through Spire STL Pipeline facilities.

10 **Q. WHY WAS THIS RECONFIGURATION DONE?**

11 A. There had been a desire to remove the old Chain of Rocks station out of the flood plain and  
12 to the top of the hill by both Spire Missouri and MRT for reliability and safety purposes.  
13 In removing the Chain of Rocks Station from the flood plain under the reconfiguration, the  
14 risk of flooding was eliminated. Furthermore, under this new configuration, Line 880  
15 would no longer be utilized as a transmission line under high pressures.

16 **Q. WHEN WAS THE DECISION MADE TO PURSUE THE RECONFIGURATION?**

17 A. The decision was made in early 2017. An amended application reflecting this decision was  
18 filed by Spire STL Pipeline with FERC in April 2017.

19 **Q. COULD THIS PROCESS HAVE WAITED UNTIL AFTER THE SPIRE STL  
20 PIPELINE ORDER BECAME FINAL AND UNAPPEALABLE?**

21 A. No. Had this decision not been made prior to the Spire STL Pipeline construction, the  
22 facility would not have been moved. It is unreasonable to believe that Spire Missouri  
23 should have “waited” to agree to this until after the pipeline was built, placed in-service,

1 and the appeal process had run its course. Waiting also would have resulted in unnecessary  
2 costs for Spire Missouri customers.

3 **Q. WERE THERE ADDITIONAL COSTS FOR SPIRE CUSTOMERS ASSOCIATED**  
4 **WITH ITS DECISION TO MOVE FORWARD?**

5 A. No. Spire STL Pipeline had to construct a new station for its facilities regardless of whether  
6 Spire Missouri and MRT moved the old station out of the flood plain. In fact, if Spire  
7 Missouri were to have waited to move the station out of the flood plain, additional  
8 construction activities and approvals would have had to be obtained after Spire STL  
9 Pipeline was built and placed into service. Moreover, there would be operational issues  
10 associated with making the move after the Spire STL Pipeline order became final and  
11 unappealable because moving the facilities would likely require service disruptions on both  
12 MRT and Spire STL Pipeline while the modifications occurred.

13 **Q. THIS APPEARS TO BE OPERATIONALLY AND FINANCIALLY BENEFICIAL**  
14 **TO CUSTOMERS, SO WHAT WAS THE RISK WITNESS LANDER BELIEVES**  
15 **EXISTED WITH THE RECONFIGURATION?**

16 A. The risk Witness Lander refers to was, had the FERC pipeline certificate been revoked  
17 following construction, including the reconfiguration, that Spire Missouri could not resume  
18 service with MRT at the original Chain of Rocks via Line 880. However, as I stated above,  
19 both the Chain of Rocks Station and Line 880 presented operational problems, and  
20 performing the reconfiguration at the time of construction was beneficial to our customers.  
21 Witness Lander's testimony overlooks these facts, only focusing on the "risk" created by  
22 his own client, EDF, and its appeal of the certificate.

1 **Q. HAD THE PIPELINE CERTIFICATE BEEN REVOKED, WOULD SPIRE**  
2 **MISSOURI HAVE BEEN ABLE TO RECONNECT WITH MRT IN THE AREA**  
3 **OF THE ORIGINAL CHAIN OF ROCKS STATION?**

4 A. Yes.

5 **Q. DID THIS ALLEGED RISK IMPACT RELIABILITY OR THE ABILITY TO**  
6 **SUPPLY SPIRE MISSOURI CUSTOMERS DURING THIS ACA?**

7 A. No.

8 **Q. DID THIS ALLEGED RISK INCREASE COSTS TO SPIRE MISSOURI**  
9 **CUSTOMERS DURING THIS ACA?**

10 A. No. The PGA rate was actually reduced for Spire Missouri East customers during this  
11 ACA.

12 **B. OPERATIONAL CHANGES DISCUSSED BY EDF**

13 **Q. DID MR. LANDER ALLEGE THE EXISTENCE OF ANY OTHER**  
14 **OPERATIONAL RISKS?**

15 A. Yes. He alleged that there was risk associated with Spire Missouri's decision to take its  
16 propane peaking facilities and its compressors located at its on-system Lange storage field  
17 out of service while the Spire STL Pipeline certificate was still appealable. Additionally,  
18 Mr. Lander suggested that there was risk associated with Spire Missouri's decision to not  
19 renew capacity contracts with the Mississippi River transmission pipeline.

20 **Q. PLEASE DESCRIBE THE PROPANE PEAKING FACILITIES.**

21 A. Historically, Spire Missouri utilized on-system liquid propane peaking facilities that  
22 consisted of an underground storage cavern at Lange, north of St. Louis, into which liquid  
23 propane was injected, stored, and vaporized as necessary. Spire Missouri also had a second

1 vaporization site at Catalan, south of St. Louis, that was interconnected with the storage  
2 cavern at Lange via a FERC-jurisdictional natural gas liquids pipeline owned and operated  
3 by Spire NGL. However, with the commencement of service on STL Pipeline, Spire  
4 Missouri retired and decommissioned portions of its aging on-system liquid propane  
5 equipment.

6 **Q. WHEN WERE THESE FACILITIES TAKEN OUT OF SERVICE?**

7 A. May of 2020.

8 **Q. WHY?**

9 A. There are many reasons, but in particular, vaporizing propane is more complicated and  
10 introduces more risk than flowing natural gas supply; it required Spire Missouri to notify  
11 large industrial customers prior to propane injection as higher percentages of propane can  
12 damage equipment due to the higher Btu content it introduces to the system; and the Spire  
13 Missouri system was the only system of its kind in the U.S., and therefore knowledge and  
14 expertise of how to maintain and operate the equipment is a long-term risk. Charles River  
15 & Associates confirmed this in their Risk Assessment of Alternative Gas Supply Options  
16 in November 2021, which was attached to the Direct Testimony of Mr. Yonce as **Schedule**  
17 **DAY-D-6**, stating, on Page 27, that “the use of propane-air as a blended fuel is uncommon  
18 but does exist across the country as an emergency peak shaving method. Spire’s use of  
19 liquid propane is very unusual, and to our knowledge, does not exist elsewhere in the  
20 country.”

21 **Q. HAVE OTHER PROPANE FACILITIES BEEN RETIRED IN MISSOURI?**

22 A. Yes. Several propane facilities operated by other gas utilities have been retired and moved  
23 out of their delivery stack.



1 **Q. WHAT BENEFIT TO CUSTOMERS RESULTED FROM TAKING THE**  
2 **PROPANE PEAKING FACILITIES OUT OF SERVICE?**

3 A. The primary benefit of removing propane from the supply stack was the fact that it was  
4 replaced with flowing supply. Flowing supply is much more reliable and does not pose the  
5 same operational risks as the high Btu content of propane does for customers.

6 **Q. PLEASE DESCRIBE THE ON SYSTEM LANGE STORAGE FIELD**  
7 **COMPRESSORS.**

8 A. Spire Missouri retired three natural gas compressors at the Lange storage field that became  
9 unnecessary with the introduction of the high-pressure deliveries from Spire STL Pipeline.  
10 Prior to the high-pressure deliveries from Spire STL Pipeline, Spire Missouri would often  
11 have to rely on compression in order to re-inject into its underground storage facility during  
12 the winter season to replenish inventory levels.

13 **Q. WHEN WERE THESE COMPRESSORS TAKEN OUT OF SERVICE?**

14 A. April of 2021.

15 **Q. WHY?**

16 A. For a number of reasons, but mostly because the compressors were no longer needed due  
17 to the high-pressure deliveries from Spire STL Pipeline. Further, these gas-fired  
18 compressors were seventy years old, inefficient, difficult to maintain due to unavailability  
19 of spare parts, and beyond their useful life.

20 **Q. WHAT BENEFIT TO CUSTOMERS RESULTED FROM TAKING THE**  
21 **COMPRESSORS OUT OF SERVICE?**

22 A. Because the compressors were no longer needed, Spire Missouri no longer had to incur the  
23 costs associated with having to operate and maintain the compressors. Customers also

1 benefited from the environmental benefits associated with lower greenhouse gas emissions.  
2 The changes to the operations at Spire Missouri's Lange storage facility resulted in nearly  
3 an 80% reduction in greenhouse gas emissions (GHG) from the Lange storage facility, as  
4 explained in Trinity Consultants' Evaluation of Environmental Impacts of Spire STL  
5 Pipeline, attached as Schedule DAY-D-7 to the Direct Testimony of Mr. Yonce.

6 **Q. DID SPIRE MISSOURI REDUCE ANY CAPACITY CONTRACTS AS A RESULT**  
7 **OF THE USE OF THE SPIRE STL PIPELINE?**

8 A. Yes. Spire Missouri reduced its flowing city gate capacity on MRT from 660,329 down to  
9 550,779 dth/day. Spire Missouri also reduced 80,000 dth/day on NGPL, 80,000 dth/day on  
10 Trunkline, and 75,000 dth/day on Enable Gas Transmission.

11 **Q. WHAT WAS THE REASON FOR SPIRE MISSOURI'S DECISION?**

12 A. Spire Missouri conducted a rigorous evaluation of its supply portfolio leading up to the  
13 decision to contract with Spire STL Pipeline. Spire Missouri then made contracting  
14 decisions based on this analysis due to the fact that Spire STL Pipeline allowed Spire  
15 Missouri to shed less attractive capacity options that would no longer be needed with Spire  
16 STL Pipeline in the portfolio.

17 **Q. WHAT WOULD HAVE BEEN THE FINANCIAL CONSEQUENCE IF SPIRE**  
18 **MISSOURI HAD MAINTAINED ITS CONTRACTED CAPACITY ON MRT**  
19 **UNTIL THE SPIRE STL PIPELINE FERC CERTIFICATE WAS NO LONGER**  
20 **APPEALABLE?**

21 A. First, it should be mentioned that in that scenario, Spire Missouri would still hold all of the  
22 capacity it relinquished today. This would be duplicate capacity, which would significantly  
23 and unnecessarily increase costs to customers.

1 **Q. WHAT WOULD THAT DUPLICATE CAPACITY COST SPIRE MISSOURI AND**  
2 **ITS CUSTOMERS?**

3 A. Spire Missouri calculates it would have incurred more than \$150 million in additional costs  
4 if it had retained historical duplicate contracted capacity.<sup>8</sup>

5 **Q. DOES WITNESS LANDER USE REFERENCES FROM FERC PROCEEDINGS IN**  
6 **HIS TESTIMONY?**

7 A. Yes. Throughout his testimony, he refers to FERC proceedings and information provided  
8 in those dockets.

9 **Q. HAS ANYTHING SUBSTANTIAL HAPPENED IN THOSE FERC DOCKETS TO**  
10 **WHICH HE REFERS SINCE THE COMPANY'S DIRECT FILING IN JANUARY**  
11 **2023?**

12 A. Yes.

13 **Q. WHAT ACTIONS DID FERC TAKE ON SPIRE STL PIPELINE?**

14 A. In a unanimous decision issued on December 15, 2022, FERC approved a permanent  
15 certificate for Spire STL pipeline.

16 **Q. HAVE THERE BEEN SUBSEQUENT FERC ACTIONS?**

17 A. Yes. On April 20, 2023, in CP17-40-016, FERC denied an EDF request for rehearing as  
18 to the Spire STL Pipeline. Please see **Schedule SAW-1-R** attached hereto. On Page 17 of  
19 the Order, FERC stated as follows:

---

<sup>8</sup> Spire Missouri would have incurred approximately \$4 million per month of incremental reservation charges for duplicative capacity since roughly November of 2019. This would have resulted in approximately 43 months of extra costs, and, assuming the capacity was still being held today, ultimately resulting in over \$150 million of costs to Spire Missouri customers.

1 EDF asserts that the Commission was required to “determine whether the  
2 Spire Affiliates engaged in impermissible self-dealing,” but does not  
3 challenge the Commission’s explanation that where, as here, there is  
4 evidence that the project will result in lower delivery costs to the affiliate  
5 and its ratepayers, the concerns raised concerning costs to potential ‘self-  
6 dealing’ are ameliorated. EDF has not identified any particular error in the  
7 Commission’s analysis or explained what a further consideration of  
8 anticompetitive impacts should entail. Accordingly, in light of the unique  
9 facts of this proceeding and the Commission’s consideration of the full  
10 record before us, we sustain the decision to reissue the certificate of public  
11 convenience and necessity and related authorizations for the project.

12 **C. ACA DISALLOWANCE STANDARD**

13 **Q. YOU STATED ABOVE THAT EDF WITNESS LANDER PROPOSES A**  
14 **DISALLOWANCE OF \$27,650,000 IN GAS COSTS. WHAT DOES THAT**  
15 **AMOUNT REPRESENT?**

16 **A.** Based on the “risks” we discussed above, Mr. Lander suggests that “the Commission  
17 should disallow recovery of all amounts spent by Spire [Missouri] on reservation charges  
18 paid to Spire STL during this ACA period.”<sup>9</sup>

19 **Q. IN YOUR EXPERIENCE BEFORE THE MISSOURI COMMISSION, DOES THIS**  
20 **TYPE OF ALLEGATION ALONE SUPPORT A GAS COST DISALLOWANCE**  
21 **WITHIN THE CONTEXT OF AN ACA PROCEEDING?**

22 **A.** No.

---

<sup>9</sup> Lander Dir., p. 16.

1 **Q. WHAT IS REQUIRED FOR AN ACA GAS COST DISALLOWANCE?**

2 A. Generally, there must be a finding that: (1) the utility acted imprudently (which, in ACA  
3 case, would be imprudent gas purchasing practices); and, (2) such imprudence resulted in  
4 harm to ratepayers (which, in ACA case, would be higher gas costs for customers within  
5 the ACA period under review than otherwise would have been experienced).<sup>10</sup>

6 Thus, not only is an ACA disallowance a question of prudence, there must also be a  
7 showing of detrimental impact on the gas corporation's charges to its customers. The  
8 following chart has sometimes been used to illustrate how these questions relate to a  
9 potential disallowance:

|                    | <b>NO HARM<br/>TO CUSTOMERS</b> | <b>HARM TO<br/>CUSTOMERS</b> |
|--------------------|---------------------------------|------------------------------|
| <b>PRUDENT</b>     | No Disallowance                 | No Disallowance              |
| <b>NOT PRUDENT</b> | No Disallowance                 | Disallowance                 |

10 **Q. DOES EDF WITNESS LANDER ADDRESS BOTH PRUDENCE AND ACTUAL**  
11 **HARM TO CUSTOMERS?**

12 A. No. While he suggests that certain risks associated with the Spire STL Pipeline may make  
13 Spire Missouri's decisions and actions imprudent, his proposed disallowance is not based  
14 on actual harm to the customers. The latter question would necessarily require a  
15 comparison of the Spire STL Pipeline charges to what Spire Missouri's expenditures would  
16 have been if it had not contracted with Spire STL Pipeline. No such comparison is found  
17 in Mr. Lander's Direct Testimony.

---

<sup>10</sup> See *State ex rel. Associated Nat. Gas Co. v. PSC*, 954 S.W.2d 520, 529-30 (Mo. Ct. App. 1997).

1 **Q. WHAT STANDARD DOES THE COMMISSION GENERALLY USE IN**  
2 **ASSESSING WHETHER A UTILITY DECISION OR ACTION IS PRUDENT?**

3 A. Prudence is generally evaluated based on whether the utility's decision or action was  
4 reasonable based upon the circumstances and information that was known, or should have  
5 been known, at that time the decision was made, or the action was taken, without the benefit  
6 of hindsight. Furthermore, the Commission's prudence review is of the gas costs incurred  
7 during the subject ACA period, not of all potential risks that may or may not materialize  
8 due to the Company's business decisions.

9 **Q. WHAT IS THE GENERAL QUESTION AS TO CUSTOMER HARM?**

10 A. That question may be stated as follows - Are the gas costs identified by the company (in  
11 this case Spire Missouri), unjustifiably higher than if different purchasing practices had  
12 been employed?

13 **Q. DOES EDF WITNESS LANDER MAKE ANY ATTEMPT TO DETERMINE**  
14 **WHAT RESERVATION CHARGES OR OTHER COSTS SPIRE MISSOURI**  
15 **WOULD HAVE INCURRED DURING THIS ACA PERIOD IN THE ABSENCE OF**  
16 **THE CONTRACT WITH SPIRE STL PIPELINE?**

17 A. No.

18 **Q. WHAT DO YOU BELIEVE SUCH A CALCULATION WOULD SHOW?**

19 A. As reflected in my Direct Testimony,<sup>11</sup> Spire Missouri's updated alternative supply  
20 portfolio study identified expected annual savings of \$5,904,000.

21

22

---

<sup>11</sup> Weitzel Dir., p. 34.

**IV. CONCLUSION**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11

**Q. WHAT CONCLUSIONS DO YOU BELIEVE THE COMMISSION SHOULD REACH IN THIS CASE?**

A. I believe that the Commission should first conclude that Spire Missouri’s actions and decisions as to the Spire STL Pipeline were prudent, which has been confirmed by Staff and their consultants. The Commission should further conclude that, even if Spire Missouri’s actions are found to be imprudent (which was not the case in this proceeding), there was no harm to customers resulting from Spire Missouri’s actions and decisions during this ACA period and, therefore, no basis for any disallowance.

**Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

A. Yes.