

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

In the Matter of the Application of Spire Missouri, Inc., for        )  
Permission and Approval and a Certificate of Convenience        )  
and Necessity to Construct, Install, Own, Operate, Maintain,    )  
and Otherwise Control and Manage a Natural Gas                )  
Distribution System to Provide Gas Service in Newton            )  
County as an Expansion of its Existing Certificated Areas        )

**File No. GA-2020-0105**

**STAFF REPORT AND RECOMMENDATION**

**COMES NOW** the Staff, of the Missouri Public Service Commission, (“Commission”) by and through counsel, and for its *Staff Report and Recommendation*, states as follows:

1. On October 14, 2019, Spire Missouri, Inc. (“Spire” or the “Company”), filed its *Application for Convenience and Necessity and Request for Waiver*, with the Commission requesting a certificate of convenience and necessity (“CCN”) to construct, install, own, operate, maintain, and otherwise control and manage a natural gas distribution system in order to provide gas service in Newton County, Missouri as a further expansion of its existing certificated area (“Application”). Additionally, the Application included a request to waive the sixty (60) day notice requirement of Commission Rule 20 CSR 4240-4.017(1) and a variance from the filing requirements of Commission Rule 20 CSR 4240-3.205(1)(A).

2. On October 16, 2019, the Commission issued its Order directing Staff to file a Recommendation regarding Spire’s Application no later than December 15, 2019.

3. As discussed in Staff’s Memorandum, attached hereto as Appendix A and incorporated by reference, Staff is of the opinion that Spire has fulfilled the requirements

of 20 CSR 4240-3.205 and the Tartan criteria for approval, subject to the conditions stated on page 3 of the Memorandum, of a Certificate of Convenience and Necessity.

4. Commission Rule 20 CSR 4240-4.017(1) requires “Any person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case.”<sup>1</sup> Subsection (D) of this section allows a party to request a waiver of this section for “good cause”. Good cause for waiver may include, among other things, a verified declaration from the filing party that it has had no communication with the office of the commission within the prior one hundred fifty (150) days regarding any substantive issue likely to be in the case...<sup>2</sup> In the Application, Spire affirmatively declared that the Company had no communication with the Office of the Commission within the prior 150 days regarding any substantive issue in this case. As such, Staff does not oppose Spire’s request for a waiver of the 60 day notice requirement of Commission Rule 20 CSR 4240-4.017(1).

5. In its Application, Spire requested that the Commission “grant a variance from the filing requirements of Commission rule [sic] 20 CSR 4240-3.205(1)(A).”<sup>3</sup> However, the Application did not specify which requirement of Commission Rule 20 CSR 4240-3.205(1)(A) the Company seeks a waiver. After examining Spire’s Application, Staff was not able to determine which requirement of Commission Rule 20 CSR 4240-3.205(1)(A) the Application did not fulfill; however, it appears Spire has provided all the necessary documentation. Thus, Staff does not have an opinion on whether the Commission should grant a variance in this case.

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<sup>1</sup> Commission Rule 20 CSR 4240-4.017(1)

<sup>2</sup> Commission Rule 20 CSR 4240-4.017(1)(D)

<sup>3</sup> GA-2020-0105 Application for Certificate of Convenience and Necessity and Request for Waiver.

6. Staff also verified that Spire received approval from Newton County for expanding its service area.

7. For these reasons, as more fully explained in Staff's Memorandum, Staff recommends the Commission approve Spire's Application for its requested CCN.

**WHEREFORE**, for the above stated reasons, Staff prays the Commission approve Spire Missouri, Inc.'s certificate of convenience and necessity for the service areas described in the Company's October 14, 2019, Application; and grant such other and further relief as is appropriate under the circumstances.

Respectfully submitted,

**/s/ Ron Irving**

Ron Irving

Legal Counsel

Missouri Bar No. 56147

Attorney for the Staff of the  
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-8702 (Telephone)

(573) 751-9285 (Fax)

Email: [ron.irving@psc.mo.gov](mailto:ron.irving@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record this 13<sup>th</sup> day of December, 2019.

**/s/ Ron Irving**

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. GA-2020-0105, Spire Missouri, Inc.

**FROM:** Kim Cox, Utility Policy Analyst, Tariff/Rate Design, Industry Analysis  
Joseph P. Roling, Regulatory Economist, Tariff/Rate Design, Industry Analysis  
Peter Chari, Financial Analyst, Financial Analysis, Financial and Business Analysis  
Jeremy Juliette, Utility Regulatory Auditor, Auditing, Financial and Business Analysis  
Matthew R. Young, Utility Regulatory Auditor, Auditing, Financial and Business Analysis

/s/ Robin Kliethermes / 12-13-19  
Rate & Tariff Examination Manager / Date

/s/ Ron Irving / 12-13-19  
Staff Counsel's Office / Date

**SUBJECT:** Staff Recommendation for Approval CCN Application with Conditions

**DATE:** December 13, 2019

### OVERVIEW

On October 14, 2019, Spire Missouri, Inc. ("Spire" or the "Company"), on behalf of its Spire Missouri West ("Spire West") operating unit, filed its Application ("Application") with the Missouri Public Service Commission (Commission) for permission and approval and a certificate of public convenience and necessity ("CCN") to construct, install, own, operate, maintain, and otherwise control and manage a natural gas distribution system to provide gas service in Newton County, Missouri, as a further expansion of its existing certificated area. Spire seeks a waiver from Commission Rule 20 CSR 4240.4.017(1) that provides the secretary of the Commission a minimum of sixty (60) days prior to filing a case and a variance from filing requirements of Commission Rule 20 CSR 4240-3.205(1)(A).

On October 16, 2019, the Commission issued its Order directing notice, setting deadline for intervention request and directing filing of Staff Recommendation. The application to intervene was set for no later than November 5, 2019. No parties intervened. The Commission directed Staff to file a Recommendation regarding Spire's Application no later than December 15, 2019.

### DISCUSSION

Spire's application states that it seeks a CCN to extend its existing certificated area in Newton County to Section 34, Township 27 North Range 31 West. The listed section is a potential customer that contacted Spire with a need for a distribution system extension to service poultry operations.

Spire estimates that the capital cost of providing gas service to the new customer is between \$30,000 and \$130,000. However, Spire has identified between one and four potential existing customers that could also benefit from this project. Additionally, Spire anticipates future customer growth to the north of this project. To accommodate future growth, Spire recommends that the installed infrastructure should be in excess of what is required for the current new customer.

According to Spire, “the chosen pipe size is entirely related to growth considerations.”<sup>1</sup> Spire provided a feasibility study showing the expected revenues and expenses for the project.

Based on Spire’s response to Staff’s Data Request (DR) No. 0001, Staff found that the main line and service line extension required to meet the individual customer’s demand is a two-inch line. However, Spire recommends installing a six-inch line due to the potential growth opportunities from the project. Spire stated the estimated project cost to serve potential existing and future customers with the six-inch line is \$265,462.

The rates for the proposed area would be those approved and in effect for the Spire West operating unit certified areas.

Based on the project estimates and assumptions used by Spire, the requested CCN does not appear to be an economically feasible extension of Spire’s service area unless the growth opportunities identified by Spire become reality. However, consistent with past Commission practice, all rate making determinations regarding the revenue requirement impact of this service area extension request should be reserved until Spire’s next general rate making proceeding. Staff will examine the revenue requirement impacts of Spire’s investment in the next rate case and propose adjustments as necessary at that time to remove any impudent costs in order to establish the economic feasibility of the requested extension.

Spire’s application indicates that it intends to finance the Newton County Project with internal funds. In response to DR No. 0002, Spire stated that the Newton County Project will not affect Spire’s capital structure. In its financing authority application in Case No. GF-2018-0249, DR No. 0007, Spire stated that its targeted capital structure included 53% to 57% common equity. The Commission determined in Case No. GR-2017-0215 that 54.2% common equity and 45.8% long-term debt was Spire’s appropriate capital structure.

Spire was approved up to \$500 million in financing authority in Case No. GF-2018-0249, of which approximately \$160 million will be used to replace \$150 million of long-term debt and \$340 million will be used to reduce a projected outstanding short-term debt balance of approximately \$450 million. The remaining amount, approximately \$10 million, will be used, among other purposes, to finance the purchase, acquisition and construction of additional properties.<sup>2</sup> The Newton County Project is estimated to cost about \$265,461.56<sup>3</sup>. Spire has other projects in Barton County (Cases Nos. GA-2019-0226 & GA-2019-0214) and Barry County (GA-2019-0210) that are estimated to cost \$231,531.00<sup>4</sup>, \$39,249.00<sup>5</sup> and \$114,922.00<sup>6</sup>

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<sup>1</sup> DR No. 0010 GA-2020-0105.

<sup>2</sup> Case No. GF-2018-0249.

<sup>3</sup> DR No. 0001, Case No. GA-2020-0105.

<sup>4</sup> DR No. 0001, Case No. GA-2019-0226.

<sup>5</sup> DR No. 0002, Case No. GA-2019-0214.

<sup>6</sup> DR No. 0002, Case No. GA-2019-0210.

respectively. The total cost of the four projects is approximately \$651,163.56, well below approximately \$10 million available funds from their current financing authority.

### **TARTAN CRITERIA**

In the Tartan Energy Company case, the Commission's Order listed five criteria to include in the consideration when making a determination on whether a utility's proposal meets the standard of being "necessary or convenient for the public service" (A short description of how Staff believes each criteria has been met is also included):

- Is the service needed? (The earlier discussion regarding customer need for its poultry operation addresses the need of the project);
- Is the applicant qualified to provide the service? (Spire is a public utility and gas corporation, as those terms are defined in RSMo. Section 386.020, and is a corporation incorporated under the laws of the State of Missouri, with its principal office located at 700 Market Street, St. Louis, Missouri, 63101. A Certificate of Good Standing evidencing Spire's standing to do business in Missouri was submitted in Case No. GM-2013-0254.);
- Does the applicant have the financial ability to provide the service? (As stated above, Spire stated in its application that no external financing is required.);
- Is the applicant's proposal economically feasible? (Because the CCN does not appear to be an economically feasible extension of Company's service area without anticipated customer growth, all rate making determinations regarding revenue requirement impact of this service area extension should be reserved until the Company's next general rate making proceeding.); and
- Does the service promote the public interest? (If all of the other criteria and conditions are met, then the criterion regarding public interest is met.)

### **STAFF RECOMMENDATION**

Based on the information provided above Staff recommends the Commission approve the Company's requested CCN with the following conditions:

- Reserve all rate making determinations regarding the revenue requirement impact of this service area extension request until the Company's next general rate making proceeding.
- Require Spire to file to an updated tariff sheet incorporating the requested Section for Newton County provided above.

Staff has verified that the Company has filed its annual report and is not delinquent on any assessment.

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Operate, Maintain, and Otherwise Control and Manage a )  
Natural Gas Distribution System to Provide Gas Service in )  
Barton County as an Expansion of its Existing Certificated )  
Areas )

**AFFIDAVIT OF KIM COX**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

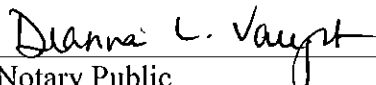
**COMES NOW** Kim Cox, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

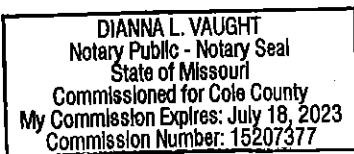
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Kim Cox

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 12th day of December, 2019.

  
\_\_\_\_\_  
Notary Public



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

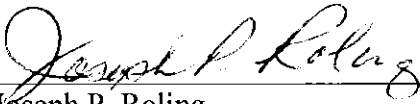
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**AFFIDAVIT OF JOSEPH P. ROLING**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

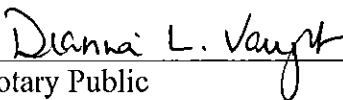
**COMES NOW** Joseph P. Roling, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

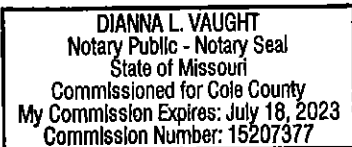
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Joseph P. Roling

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 12th day of December, 2019.

  
\_\_\_\_\_  
Notary Public







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Case No. GA-2020-0105

**AFFIDAVIT OF JEREMY JULIETTE**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF JACKSON    )

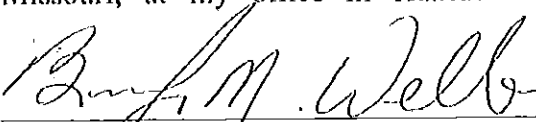
**COMES NOW** Jeremy Juliette, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Jeremy Juliette

**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 12<sup>th</sup> day of December, 2019.

  
\_\_\_\_\_  
Notary Public



BEVERLY M. WEID  
My Commission Expires  
April 14, 2020  
Clay County  
Commission #12404070

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OF THE STATE OF MISSOURI**

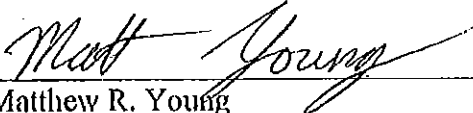
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**AFFIDAVIT OF MATTHEW R. YOUNG**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )


COMES NOW Matthew R. Young, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Matthew R. Young

**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 12<sup>th</sup> day of December, 2019.

  
\_\_\_\_\_  
Notary Public



M. RIDENHOUR  
My Commission Expires  
July 22, 2023  
Platte County  
Commission #19603483