

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. GA-2021-0216, Spire Missouri, Inc.

**FROM:** Michelle A. Bocklage, Senior Research/Data Analyst  
Tariff/Rate Design Department, Industry Analysis Division

/s/ Robin L. Kliethermes / 04-19-2021  
Regulatory Compliance Manger / Date

/s/ / Ron Irving / 04-19-2021  
Staff Counsel's Office / Date

**SUBJECT:** Staff Recommendation for Approval of CCN Application with Conditions for Service to 8<sup>th</sup> Day Farm and Staff Recommendation for Rejection of Blanket CCN Application for Barry County, Missouri, Excluding the City of Wheaton, Missouri

**DATE:** April 19, 2021

### Overview

On January 12, 2021, 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 for 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 specifically to 8<sup>th</sup> Day Farm, a poultry farm west of Barry County, Missouri, and requested a blanket CCN for the rest of Barry County, Missouri, with the exception of the City of Wheaton, Missouri. 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’ notice prior to filing a case.

On January 13, 2021, the Commission issued its Order directing notice, setting deadline for intervention request and directing filing of Staff Recommendation. The Commission directed Staff to file a recommendation or a status report regarding Spire’s Application no later than February 19, 2021.

On February 18, 2021, Staff filed a status report and advised that responses to Staff’s data requests to Spire are being reviewed and discussions between Staff and Spire are ongoing. Staff requested the Commission allow Staff to file its recommendation no later than April 19, 2021. On February 19, 2021, the Commission issued its Order Directing Filing of a Staff Recommendation by April 19, 2021.

**Discussion**

Spire's Application states that it seeks a CCN to extend its existing certificated area into Barry County to serve a poultry farm located in Sections 2 and 11, Township 23 North, Range 28 West of Barry County in Missouri. In addition, Spire is also seeking a CCN for the entirety of Barry County, with the exception of the City of Wheaton, MO, located in Township 24, Range 29, Sections 27, 28, 33, and 34, which currently has a municipal natural gas system serving it.

Spire's Application states that the proposed project included 5,504 feet of 4 inch plastic main along Farm Road 2140 and 540 feet of plastic service line extension. \*\* \_\_\_\_\_

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\_\_\_\_\_ \*\* Spire's Application indicates that it intends to finance the requested extension to serve the poultry farm in Barry County with internal funds.

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

The requested CCN to serve the poultry farm appears to be an economically feasible extension of Spire's service area. However, 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 imprudent costs in order to establish the economic feasibility of the requested extension.

With regard to the requested CCN to serve the rest of Barry County, with the exception of the City of Wheaton, MO, Staff is unable to determine economic feasibility due to the lack of analysis provided by the Company. Spire's Application did not provide any information regarding the Company's plans, specifications, costs or revenues of the requested expansion into Barry County.

Further, Staff is concerned that since the Company did not submit an expansion plan, Staff cannot determine whether Southern Star pipeline has available capacity to serve the additional loads that could occur from future expansion in Barry County.<sup>1</sup> This is especially concerning given that the February 2021 cold weather event caused current load requirements to reach levels of maximum capacity on the Southern Star pipeline.

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<sup>1</sup> The Southern Star pipeline serves Spire as well as other Missouri natural gas utilities.

Lastly, Spire is not the only regulated utility with infrastructure in Barry County. Summit Natural Gas (“Summit”) currently holds a line certificate for nine Sections in the northeast corner of the County.<sup>2</sup> Spire does not exclude the Sections currently certificated by Summit from its Application. If the Commission were to approve Spire’s request for a blanket CCN, Staff recommends that the Commission order each utility to provide notice to the other utility when it expands its service in the overlapped territory.

### **Tartan Criteria**

In the Tartan Energy Company case<sup>3</sup>, 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 each criteria has been met in this Application is included below):

- **Is the service needed?** The earlier discussion regarding providing service to 8th Day Farm addresses the need for 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.§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. GF-2020-0334.
- **Does the applicant have the financial ability to provide the service?** Spire stated in its Application that no external financing is required;
- **Is the applicant’s proposal economically feasible?** The CCN for service to 8<sup>th</sup> Day Farm does appear to be an economically feasible extension of Company’s service area; however, 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.

Since the Company did not provide financial information regarding its request to certificate the remaining Sections of Barry County, Staff cannot make a determination as to whether the Company has met the Tartan criteria for this requested CCN.

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<sup>2</sup> A Summit’s line certificate prohibits distribution service other than a farm tap.

<sup>3</sup> *In the Matter of the Application of Tartan Energy Company, LLC, d/b/a Southern Missouri Gas Company*, Mo P.S.C. 3d 173, 177 (1994). See also Section 393.170, RSMo (2000).

**Staff Recommendation**

Based on the information provided above, Staff recommends the Commission approve the Company's CCN to include Sections 2 and 11, Township 23 North, Range 28 West of Barry County 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, not the current general rate make proceeding before the Commission.
- Require Spire to file to an updated tariff sheet to incorporate Sections 2 and 11, Township 23 North, Range 28 West of Barry County.
- Require Spire to specifically identify in its plant records all investment related to the Company's expansion in the requested area.

Staff recommends that the Company's request for a CCN to serve all of Barry County, with the exception of Wheaton, MO, be rejected due to a lack of financial analysis and failure to meet the Tartan criterion outlined above.

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

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

In the Matter of the Application of Spire )  
Missouri Inc. d/b/a Spire, for Permission and ) Case No. GA-2021-0216  
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 Barry County, Missouri as an )  
Expansion of its Existing Certificated Areas. )

**AFFIDAVIT OF MICHELLE A. BOCKLAGE**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COME NOW MICHELLE A. BOCKLAGE** and on her oath declares 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, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Michelle A. Bocklage  
**MICHELLE A. BOCKLAGE**