

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
Case No. GA-2019-0210, Spire Missouri, Inc., d/b/a Spire

**FROM:** Byron M. Murray, Regulatory Economist III

/s/ Robin Kliethermes 04/10/19      /s/ Ron Irving 04/10/19  
Rate & Tariff Examination Manager/Date      Staff Counsel's Office/Date

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

**DATE:** April 10, 2019

### Overview

On January 16, 2019, Spire Missouri, Inc., d/b/a Spire (“Spire” or the “Company”) filed its Application (“Application”) with the Missouri Public Service Commission (Commission) for a certificate of public convenience and necessity (“CCN”), and Request for a Waiver to further expand the certificated area in Barry County. Spire provided the following rationale for the requested waiver:

Commission Rule 4 CSR 240-4.017(1) provides that “(a)ny 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.” No such notice was filed herein. As such, Spire seeks a waiver of the 60-day notice requirement.

Spire requests, for good cause shown, that the Commission waive the notice requirement of 4 CSR 240-4.017(1), grant a variance from the filing requirements of Commission rule 4 CSR 240-3.205(1)(A)...

On January 18, 2019, the Commission issued its *Order Directing Notice, Setting Deadline for Intervention Requests and Directing Filing of Staff Recommendation* no later than April 18, 2019.

### Discussion

Spire’s application states that it seeks a CCN to extend its existing certificated area in Barry County to Township 25 North, Range 27 West, Sections 18, and 19 in order to extend the Company’s existing distribution system to serve a poultry operation<sup>1</sup>. Spire is the closest regulated natural gas utility that can provide distribution service to the customer’s poultry operation<sup>2</sup>.

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<sup>1</sup> Page 3 of Spire’s Application.

<sup>2</sup> Summit Natural Gas of Missouri, Inc. (“Summit”) has a line certificate for sections in Barry County which are located in the northeast corner of the county. Summit’s certificated sections do not include the sections being requested by Spire in this application.

Per page 3 of its application, Spire has assessed and collected a total customer contribution of \*\* \_\_\_\_\_ \*\* in order to construct the extension. Per Appendix 1 attached to the application, Spire will install 13,480 feet of four (4) inch main pipeline along MO-BB Right-Of-Way to serve the customer's poultry houses. The Company contends that "No external financing will be required for construction related to this project and a customer contribution associated with the project of \*\* \_\_\_\_\_ \*\* has been assessed and collected."

Based on the Company's response to Staff Data Request No. 0004, Staff found that the main line and service line extension required to meet the customer's demand is a combination of a two-inch and four-inch line. However, the Company actually plans to install a four-inch main line because the Company anticipates future growth in the area near the customer's property. Per Spire's Rules and Regulations Tariff Sheet No. R-15.1, the design and extent of any extension of the Company's facilities will be determined solely by the Company, applying sound principles of economics and engineering. The Company did provide a list of three (3) additional customers that anticipate requesting service. The customer requesting the extension will have five (5) connections or accounts for the poultry operation. In the Company's response to Staff Data Request No. 0004, the Company states that this project results in no impact to existing infrastructure and no added reinforcement cost<sup>3</sup>.

An outline of the costs related to the two-inch line required to meet the customer's demand and the proposed four-inch line are provided below.<sup>4</sup>

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Spire provided the below information regarding the length and size of distribution line being installed in response to Staff Data Request No. 0004.

	Available Capacity	2" (ft)	4" (ft)
Min Sizing	13 mcfh	4,720	8,760
4" Option	38 mcfh	0	13,480

<sup>3</sup> As further stated in the Company's response to Staff data request, "Reinforcements are largely driven by pressure concerns. This project creates no pressure concerns; the chosen pipe size is entirely related to growth considerations."

<sup>4</sup> Provided in response to Staff Data Request No. 0004.

The estimated revenue of \*\* \_\_\_\_ \*\* per year is contingent upon the three additional residential customers receiving natural gas service in addition to the five connections at the poultry operation. Therefore, consistent with past Commission practice all rate making determinations regarding the revenue requirement impact of this service area extension request should be reserved until the Company's next general rate making proceeding. Staff will examine the revenue requirement impacts of the Company'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 expansion.

### **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, in Staff's opinion, each criteria has been met is also included):

- Is the service needed? (The earlier discussion regarding customer need to establish a 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. §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 amended application that no external financing is required.);
- Is the applicant's proposal economically feasible? (Contingent upon all 8 possible connections taking service and reservation of all rate making determinations regarding revenue requirement impact of this service area extension, the CCN is an economically feasible extension of Company's service area for purposes of this evaluation.); 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 considered met. Further, the CCN is affirmatively in the interest of the potential customers requesting service, and prudence adjustments in future rate cases are available to ensure that other customers are not harmed by granting this CCN.).

**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 update Tariff Sheet No. 20 incorporating the requested Sections for Barry County provided 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 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 as an Expansion of )  
its Existing Certificated Areas )

Case No. GA-2019-0210

**AFFIDAVIT OF BYRON M. MURRAY**

STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

**COMES NOW BYRON M. MURRAY** and on his oath declares 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.

  
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**BYRON M. MURRAY**

**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 5<sup>th</sup> day of April 2019.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2020 Commission Number: 12412070
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Notary Public