

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

In the Matter of Spire Missouri, Inc.)	
d/b/a Spire (West) Purchased Gas)	<u>Case No. GR-2022-0136</u>
Adjustment (PGA) Tariff Filing)	Tracking No. JG-2022-0153

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its Recommendation, states as follows:

1. On November 12, 2021, Spire Missouri Inc. d/b/a Spire (West) (“Spire West”) filed a tariff sheet bearing an effective date of November 29, 2021, Tariff File No. JG-2022-0153, and an accompanying cover letter. The tariff sheet was filed to reflect changes in Spire West’s Purchased Gas Adjustment (“PGA”) factors as a result of estimated changes in the cost of natural gas. Also included in this filing is the annual change to the Actual Cost Adjustment (“ACA”).

2. The Commission issued an order on November 16, 2021, directing Staff to file a recommendation regarding Spire West’s tariff sheet, Tariff File No. JG-2022-0153, no later than November 19, 2021.

3. On November 17, 2021, Spire West filed a substitute tariff sheet, in Tariff File No. JG-2022-0153, that extended the effective date of its tariff until November 30, 2021, to account for the two (2) day Thanksgiving holiday.

4. Staff has reviewed Spire West’s filing and has determined it was calculated in conformance with Spire West’s PGA Clause. Staff does not oppose the approval of this tariff sheet on less than thirty (30) days’ notice. Such action is supported by Spire West’s Commission-approved PGA clause allowing for notice

of ten (10) business days for PGA change (both increases and decreases) filings. Therefore, Staff recommends the Commission approve the revised substitute tariff sheet (No. JG-2022-0153), filed on November 17, 2021, on an interim basis, subject to refund, for service on and after November 30, 2021.

5. Due to the limited time available to review the documentation supporting the ACA factor submitted in this filing, Staff requests permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 15, 2022.

WHEREFORE, for the foregoing reasons and those stated in Staff's Memorandum attached hereto, Staff recommends that the Commission issue an order approving Spire West's revised substitute tariff sheet in Tracking No. JG-2022-0153, on an interim, subject to refund status; and further order Staff to file its recommendation Spire West's ACA filing no later than December 15, 2022.

Respectfully submitted,

/s/ Jamie S. Myers
Jamie S. Myers
Deputy Staff Counsel
Missouri Bar Number 68291
P.O. Box 360
Jefferson City, MO 65102
573-526-6036 (Voice)
573-526-6969 (Fax)
jamie.myers@psc.mo.gov

Attorney for Staff of the
Missouri Public Service Commission

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record on this 19th day of November, 2021.

/s/ Jamie S. Myers

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GR-2022-0136, Tariff No. JG-2022-0153
Spire Missouri Inc., d/b/a Spire (West)

FROM: Michael J. Ensrud, Procurement Analysis Department

/s/ David M. Sommerer 11/19/2021 /s/ Jamie S. Myers 11/19/2021
Financial and Business Analysis Div./Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Spire Missouri Inc., d/b/a Spire / Spire West
Scheduled Winter Season PGA Filing Effective November 30, 2021

DATE: November 19, 2021

On November 12, 2021, Spire Missouri Inc., d/b/a Spire (“Spire West” or “Company”) of St. Louis, Missouri, filed a tariff sheet with an effective date of November 29, 2021 for its Spire Missouri West division. The tariff sheet was filed to reflect scheduled changes in Spire West’s Purchased Gas Adjustment (PGA) factors as the result of an estimated change in the cost of natural gas for the winter season and changes in the Actual Cost Adjustment (ACA) factors.

On November 16, 2021, the Missouri Public Service Commission (“PSC” or “Commission”) issued an **ORDER DIRECTING FILING**, which directs Staff to file its recommendation by November 19, 2021. The date for any other responses to be filed is also November 22, 2021.

On November 17, Spire West refiled a substitute tariff Sheet 11.13 that extended the effective date until November 30, 2021 because of the two (2) day Thanksgiving holiday.

There are a number of statements in Spire’s cover letter for the tariffs that convey the expectation that customers will experience significant cost increases for this winter season. There are two factors that contribute to the overall expected cost increases - significant unrecovered costs that pertain to the last winter season, and existing market increases that will impact future usage. Spire West states the following in its cover letter:

Spire West’s charges for gas will change from \$0.40415 to \$0.79310 per ccf.

Compared to currently existing rates, and assuming normal usage, the PGA rate will increase the average monthly bill of the typical residential customer. ... for Spire West the change results in an increase of approximately \$24.36 per month (or 41.54%). Such bill impacts may be less or more depending on a customer’s actual usage, which is primarily affected by weather.

OFFICIAL CASE FILE MEMORANDUM

MO PSC Case No. GR-2021-0136

Tariff No. JG-2021-0153

November 19, 2021

Page 2 of 3

This change in the cost of gas reflects the price increase that the gas market has experienced starting with winter storm Uri in February 2021. During this time, we saw unprecedented natural gas price spikes, with gas trading at \$200-\$600/MMBtu compared to normal prices in the \$2-\$6/MMBtu range.

Last winter market prices were set around \$3.26/MMBtu. The market has moved up nearly 59% since last winter to \$5.18/MMBtu.

In addition to the market spikes experienced during winter storm Uri, there has been significant movement in the natural gas market nationally and internationally since last winter.

In addition to the significant increases related to ACA under-recoveries, current estimated natural gas prices as reflected in the Current Cost of Gas PGA estimate have increased significantly over last year's mandatory PGA filing. Customers will be paying both for past price increases from Storm URI and present increases in current natural gas costs.

Company states that Spire West has taken steps to lessen the impact of unrecovered costs relating to past usage.

Spire Missouri has strived to minimize the price impact to customers, including utilizing the Commission-approved Filing Adjustment Factor – which allows the company to apply a larger credit to the PGA mechanism to help mitigate increased prices.

The Filing Adjustment Factor provision in Spire West's PGA tariff allows the Company to adjust PGA rates to better align actual gas costs with PGA revenue recoveries. The provision was recently modified to increase the overall amount of the adjustment (See Case No. GT-2022-0084) for up to three years. In this filing, Spire West uses a minus \$0.30 per Ccf adjustment to mitigate the rate increase.

These are the rate classes subject to the PGA rates present on the pending tariff page: Residential, Small General Service, Large General Service, Unmetered Gas Light, and Large Volume Sales. The rate for Large Volume Transport remains zero.

Case No. GR-2022-0136, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2020-2021 ACA filing. Any rate change implemented pursuant to this tariff filing should be on an interim basis, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2022-0136 and GR-2021-0128.

OFFICIAL CASE FILE MEMORANDUM

MO PSC Case No. GR-2021-0136

Tariff No. JG-2021-0153

November 19, 2021

Page 3 of 3

Due to the limited time available to review the documentation supporting the ACA factor in this filing, the Procurement Analysis Department has requested permission to submit the results and recommendations regarding the information included in this ACA filing to the Commission on or before December 15, 2022. The ACA procedure involves review and true-up to the actual gas costs incurred.

Staff has verified that Spire Missouri, Inc. has filed its annual report, and is not delinquent on its PSC assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing, other than as mentioned above.

Staff has reviewed this filing and has determined it was calculated with conformance with Spire West's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days' notice is demonstrated by Spire West's Commission-approved PGA clause allowing for ten (10) business days' notice for PGA change filings. Staff recommends the Commission issue an order approving the following tariff sheet, filed on November 12, 2021, as substituted on November 17, 2021 to become effective on November 30, 2021, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2022-0136 and GR-2021-0128.

PSC Mo No. 8

4th Revised Sheet 11.13, Cancelling 3rd Revised Sheet 11.13

