

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

In the Matter of the Notice and Application of)
Spire Missouri Inc. Regarding Completion of its)
Residential and Small Commercial Service/)
Yard Line Replacement Program and Program)
to Address Remaining Yard Lines Owned by)
its Commercial and Industrial Customers in its)
Spire East and Spire West Service Territories)

Case No. GE-2020-0294

STAFF RECOMMENDATION

COME NOW the Staff of the Missouri Public Service Commission, through counsel, and for its Staff Recommendation states:

1. On February 20, 2020 Spire Missouri Inc. d/b/a Spire (“Spire”) filed an application requesting Commission approval of its program addressing remaining unprotected steel yard lines owned by large commercial and industrial customers in its Spire East and Spire West territories and granting of waivers extending the deadline for completing replacement to December 31, 2025. The current deadlines for completing replacements are May 31, 2021 for Spire East and December 31, 2020 for Spire West.

2. The Commission issued its *Order Directing Notice and Setting Deadlines for Intervention Applications and Staff’s Recommendation* on March 24, 2020 directing that notice be given and that applications for intervention be filed by April 28, 2020. This order also directed Staff to file a recommendation or status report by June 22, 2020. No request for intervention was filed.

3. As further described in the attached *Memorandum*, Staff reviewed Spire’s application, reviewed applicable Commission rules and prior orders, reviewed discovery response information from Spire, and evaluated the safety implications of Spire’s request.

4. Commission Rule 20 CSR 4240-40.030(18) allows the Commission to waive, in whole, or in part, compliance with any of the requirements contained in 20 CSR 4240-40.030 upon a showing that gas safety is not compromised. Additionally, 20 CSR 4240-2.205 allows the Commission to grant a variance from, or waive, any rule promulgated by the Commission upon a finding of good cause.

5. Based upon this review, Staff recommends that the Commission approve Spire's proposed program addressing replacement of unprotected steel yard lines owned by large commercial and industrial customers. Staff finds it consistent with 20 CSR 4240-40.030(8)(B), because it gives Spire primary responsibility for replacing these yard lines. However, Spire may allow its large commercial industrial and commercial customers to replace these lines if stated conditions are met.

6. Regarding Spire's request for waivers, Staff recommends that the Commission approve waivers from the requirements of 20 CSR 4240-40.030(15)(C) and Commission orders in Case Nos. GO-93-343 and GO-99-155 (Spire East); GO-99-302 and GO-2002-50 (Spire West); and GO-2020-0373 (Spire East and Spire West) to December 31, 2025.

7. Staff recommends this waiver be approved with conditions. The conditions listed in Staff's recommendation include all the conditions necessary to ensure gas safety is not compromised by approval of this request. Staff recommends that this waiver be limited to the replacement of remaining unprotected steel yard lines that serve large commercial or industrial customers. Staff recommends that Spire issue additional notifications to customers where replacement of yard lines will be delayed in accordance with this waiver.

8. Spire's application contained a request that the Commission waive the 60-day filing notice required by 20 CSR 4240-4.017(1). Spire's application provided a verified declaration that it had not communicated with the Commission within the prior 150 days regarding any substantive issues likely to be in this case, and therefore, Staff agrees good cause exists, pursuant to 20 CSR 4240-4.017(1)(D) to waive the 60-day notice requirement.

WHEREFORE, Staff submits its Staff Recommendation and attached Memorandum and requests that the Commission issue an order as set forth herein, and grant such other and further relief as the Commission deems just in the circumstances.

Respectfully submitted,

/s/ Karen E. Bretz

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all parties and/or counsel of record on this 22nd day of June, 2020.

/s/ Karen E. Bretz

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GE-2020-0294, Spire Missouri Inc. d/b/a Spire

FROM: John Kottwitz, Utility Engineering Specialist III, Safety Engineering Department
Evan Neuner, Utility Operations Technical Specialist II, Safety Engineering Department

/s/ Kathleen McNelis/ 06/22/2020 /s/ Karen Bretz/ 06/22/2020
Safety Engineering Department/ Date Staff Counsel Division / Date

SUBJECT: Staff Recommendation Regarding Request by Spire Missouri Inc. d/b/a Spire for
Approval of a Program to Address Unprotected Steel Yard Lines Owned by
Large Commercial and Industrial Customers

DATE: June 22, 2020

1. Background

Commission rule 20 CSR 4240-40.030(15)(C) requires Spire Missouri Inc. d/b/a Spire (“Spire”) to establish a leak detection survey and replacement program for unprotected steel yard lines in both its Spire East and Spire West service areas.

In Case No. GO-93-343 the Commission granted Laclede Gas Company (now known as Spire’s Spire East service area) a waiver permitting Laclede to adopt a 20-year replacement schedule to complete replacement of unprotected steel yard lines, rather than the rule’s 10-year schedule.¹ Subsequently, the Commission approved a stipulation and agreement between Laclede and Staff in Case No. GO-99-155, extending the waiver granted in Case No. GO-93-343 to 2020. The purpose of this second waiver modification was for Laclede to focus replacement efforts on a copper service line replacement program.²

Spire’s Spire West territory was formerly owned by Missouri Gas Energy (“MGE”). In Case No. GO-99-302 the Commission approved a modified schedule for replacing unprotected steel yard lines, shortening the deadline to year-end 2004, instead of year-end 2009.³ On September 20, 2001, the Commission extended the deadline to June 30, 2020 so MGE could focus efforts on other initiatives approved in Case No. GO-2002-50.⁴

¹ *Order Approving Request for Waiver of Compliance*, GO-93-343 (Aug 20, 1993).

² *Order Approving Stipulation and Agreement*, GO-99-155 (May 31, 2000).

³ *Order Granting Application to Modify Order*, GO-99-302 (Mar 11, 1999).

⁴ *Order Approving Application*, GO-2002-50 (Sept 20, 2001).

On June 11, 2020 in Case No. GE-2020-0373, the Commission granted Spire additional waivers of compliance with 20 CSR 4240-40.030(15)(C) for replacing unprotected steel yard lines from December 31, 2020 to May 31, 2021 for Spire East and from June 30, 2020 to December 31, 2020 for Spire West.⁵ In its application, Spire represented that COVID-19 social distancing orders obstructed the projects' timely completion.

On February 20, 2020, Spire filed its *Verified Notice and Application of Spire Missouri Inc. Concerning Service and Yard Lines in its Spire East and Spire West Service Territories* ("Application") requesting Commission approval of its program to address remaining unprotected steel yard lines owned by its large commercial and industrial customers and to grant any necessary waivers so that Spire may complete this replacement program by December 31, 2025. Spire also sought waiver of the 60-day notice requirement of 20 CSR 4240-4.017(1).⁶ The Commission ordered Staff to file a recommendation or status report by June 22, 2020.⁷

The Commission's Safety Engineering Department Staff (Staff) reviewed Spire's Application, information Spire provided through data requests, applicable Commission rules, and past Commission orders, and recommends approval subject to the conditions below.

2. Staff Analysis and Recommendation

a. Program addressing remaining unprotected steel yard lines owned by large commercial and industrial customers

Staff has interpreted 20 CSR 4240-40.030(8)(B)1 to give Spire primary responsibility for installing, owning, operating, and maintaining all yard line replacements made after December 15, 1989, regardless of meter location. If the customer meter is not located within five feet (5') of the building wall, the service line to the customer's nearest building shall be installed, owned, operated and maintained by the operator. However, pursuant to 20 CSR 4240-40.030(8)(B)2, Spire may allow large commercial and industrial customers to install, replace, own, and maintain yard lines, if the new yard line is cathodically protected, coated steel, or polyethylene pipe and the operator's installation standards are met. But even if Spire allows customers to install, replace, own, and maintain their own yard lines, Spire must perform leak surveys.

⁵ *Order on Application for Temporary Waivers*, GE-2020-0373 (Jun 11, 2020).

⁶ *Spire Missouri Inc.'s Request for Waiver of 60-Day Notice Rule*, GE-2020-0294 (Apr 7, 2020).

⁷ *Order Directing Notice and Setting Deadlines for Intervention Applications and Staff's Recommendation*, GE-2020-0294 (Mar 24, 2020).

Consistent with this, Spire's replacement program for the unprotected steel yard lines subject to this Application involved sending a letter⁸ to each yard line customer regarding the need to replace the yard line owned by the customer and giving two options. Option 1 is yard line replacement by the customer with inspection by Spire, which is allowed by 20 CSR 4240-40.030(8)(B)2. Option 2 is yard line replacement by Spire that involves extending the company-owned service line to the first occupied building, which is the method required for yard line replacement under 20 CSR 4240-40.030(8)(B)1 when Option 1 is not used. Staff has no objection to the approach outlined by Spire since both options are allowed by Commission rules.

Spire stated in paragraph 11 of its Application that there are 34 remaining large commercial/industrial customer-owned yard lines requiring replacement. In response to Data Requests 2 and 3, Spire updated this, stating that as of April 28, 2020, there are 20 remaining large commercial/industrial customer-owned yard lines requiring replacement.

b. Requested waivers from Commission rules and orders

The Commission may waive compliance with any requirements of 20 CSR 4240-40.030 upon a showing that gas safety is not compromised.⁹ Risks associated with delayed replacement of unprotected steel yard lines are line leaks and failures. Staff has recommended conditions below to mitigate these risks. Adding these conditions will ensure that gas safety is not compromised during the period of the waiver, if this request is granted.¹⁰

Staff makes no recommendations regarding the financial treatment of this request, which is better suited for Spire's next rate and/or tariff case.

Staff recommends that the Commission approve the requested waivers from 20 CSR 4240-40.030(15)(C) and Commission orders in Case Nos. GO-93-343 and GO-99-155 (Spire East); GO-99-302 and GO-2002-50 (Spire West); and GO-2020-0373 (Spire East and Spire West), with the following conditions:

- a. This waiver will end December 31, 2025;
- b. This waiver is only for replacement of remaining unprotected steel yard lines that serve large commercial or industrial customers;

⁸ Example letter attached to Application as Exhibit B.

⁹ 20 CSR 4240-40.030(18).

¹⁰ Unprotected steel yard lines are required to be leak surveyed at intervals not exceeding 15 months, but at least once each calendar year in accordance with 20 4240-40.030(13)(M)2.B.(I) and annually in accordance with 20 4240-40.030(15)(C).

- c. Spire shall conduct additional public awareness efforts to notify customers where replacement of yard lines will be delayed in accordance with this waiver;
- d. Spire shall conduct weekly odorant intensity tests, in accordance with test requirements in 20 CSR 4240-40.030(12)(P)6, in areas where replacement of unprotected steel yard lines will be delayed in accordance with this waiver; and
- e. Spire shall begin conducting quarterly leak surveys of the unprotected steel yard lines until they are replaced in accordance with this waiver.

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Spire Missouri Inc. d/b/a Spire Regarding)	
Completion of Its Residential and Small)	
Commercial Service/Yard Line Replacement)	Case No. GE-2020-0294
Program and Program to Address Remaining)	
Yard Lines Owned by its Commercial and)	
Industrial Customers in its Spire East and Spire)	
West Service Territories)	

AFFIDAVIT OF JOHN D. KOTTWITZ AND EVAN P. NEUNER

STATE OF MISSOURI)	
)	ss.
COUNTY OF COLE)	

COME NOW John D. Kottwitz and Evan P. Neuner, and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ John D. Kottwitz
John D. Kottwitz

/s/ Evan P. Neuner
Evan P. Neuner