

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 25th day of January, 2023.

In the Matter of the Application of Spire)
Missouri, Inc. d/b/a Spire for a Certificate of)
Convenience and Necessity to Construct,)
Install, Own, Operate, Maintain, and)
Otherwise Control and Manage a Natural) **File No. GA-2023-0038**
Gas Distribution System in and around the)
City of Oronogo in Jasper County, Missouri)
as an Expansion of its Existing Certificated)
Areas)

**ORDER APPROVING ACQUISITION OF ASSETS AND
GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: January 25, 2023

Effective Date: February 24, 2023

On August 5, 2022,¹ Spire Missouri, Inc., d/b/a Spire, filed an application with the Commission seeking a certificate of convenience and necessity (CCN) to construct, install, own, operate, maintain, and otherwise control and manage a natural gas distribution system to provide natural gas service in and around the City of Oronogo, Jasper County, Missouri, as a further expansion of its existing certificated area (Application). The proposed CCN area would extend service to approximately 318 residential customers and 16 commercial customers. In its Application, Spire also requested that the 60-day notice rule be waived.²

On November 2, 2021, the citizens of Oronogo approved the sale of the city's natural gas distribution system to Spire. On July 11, Oronogo's Board of Alderman passed

¹ Unless otherwise noted, all dates refer to the year 2022.

² 20 CSR 4240-4.017(1).

an ordinance confirming that its voters had approved the sale and approving an Asset Purchase Agreement (APA) with Spire that set out the terms and conditions of the sale to Spire. On July 12, the APA was executed by Spire and Oronogo's mayor.

The Commission directed notice of Spire's application and established an intervention deadline. The Commission received no applications to intervene.

Subsection 393.170.2, RSMo (Supp. 2022), requires Spire to have a CCN, granted by the Commission, prior to providing natural gas service in the Oronogo service area.

The Commission may grant a gas corporation a CCN to operate after determining that the construction and operation are "necessary or convenient for the public service."³ The term "necessity" does not mean "essential" or "absolutely indispensable," but rather that the proposed project "would be an improvement justifying its cost," and that the inconvenience to the public occasioned by lack of the proposed service is great enough to amount to a necessity.⁴ It is within the Commission's discretion to determine when the evidence indicates the public interest would be served by the award of the certificate.⁵ Subsection 393.170.3, RSMo (Supp. 2022), also permits the Commission to impose the conditions it deems reasonable and necessary for the grant of a CCN.

The Commission has stated five criteria that it uses to determine necessity or convenience:

1. There must be a need for the service;
2. The applicant must be qualified to provide the service;

³ Section 393.170.3, RSMo (Supp. 2022).

⁴ *State ex rel. Intercon Gas, Inc., v. Pub. Serv. Commission of Missouri*, 848 S.W.2d 593, 597 (Mo. App. 1993), citing *State ex rel. Beaufort Transfer Co. v. Clark*, 504 S.W.2d 216, 219 (Mo. App. 1973), citing *State ex rel. Transport Delivery Service v. Burton*, 317 S.W.2d 661 (Mo. App. 1958).

⁵ *State ex rel. Ozark Electric Coop. v. Public Service Commission*, 527 S.W.2d 390, 392 (Mo. App. 1975).

3. The applicant must have the financial ability to provide the service;
4. The applicant's proposal must be economically feasible; and
5. The service must promote the public interest.⁶

On December 20, the Staff of the Commission (Staff) filed its *Staff Recommendation for Approval of Certificate of Convenience and Necessity* in which it recommended that the Commission approve the sale of the Oronogo gas distribution system to Spire and grant a CCN for the service areas described in its application, subject to certain conditions. On January 6, 2023, Spire filed a response to Staff's recommendation in which it agreed to Staff's conditions.

Staff's recommendation concludes that Spire's application satisfies the five criteria listed above, which are often referred to as the "Tartan" criteria or factors.

There is a need for the service, as the Oronogo customers approved the sale and desire continued natural gas service. In addition, Spire intends to replace aging infrastructure and bring Oronogo's natural gas distribution system into compliance with existing and new industry standards. Spire is qualified to provide the service, as it already provides natural gas service to approximately 1.2 million customers in the state of Missouri. Spire has the financial ability to provide the service and intends to finance the purchase over the long-term in a manner consistent with its recommended capital structure.

The Application set out estimates and financial assumptions and indicated that Spire intends to charge Oronogo customers the same rates as Spire's customers in its adjoining certificated service areas as established in Spire's recent rate case proceeding,

⁶ *In re Tartan Energy Co.*, 3 Mo. P.S.C. 173, 177 (1994).

File No. GR-2021-0108. Based on the application and Staff's review, the Commission finds that the proposal is economically feasible. Additionally, the proposal promotes the public interest, as evidenced by the Oronogo voters' approval of the sale to Spire.

Based on the application and Staff's recommendation, the Commission concludes that the factors for granting a certificate of convenience and necessity have been satisfied. The Commission further finds Spire's provision of gas service to the area as described in the application is necessary and convenient for the public service. Thus, the Commission will grant Spire a CCN to provide gas service within the area set out in the application, subject to the conditions recommended by Staff.

Finally, the Commission will grant Spire's request for waiver of the 60-day case filing notice requirement under 20 CSR 4240-4.017. The Commission finds good cause exists for waiver based on Spire's verified declaration that it had no communication with the Commission regarding substantive issues likely to arise in this file within 150 days before filing its application.

THE COMMISSION ORDERS THAT:

1. The sale of the City of Oronogo natural gas distribution system to Spire is approved, pursuant to the provisions of the Asset Purchase Agreement, executed on July 12, 2022.
2. Spire is granted 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 for the area of Jasper County, Missouri set forth in Appendix A of Spire's application subject to the following conditions:
 - a. All ratemaking determinations shall be reserved for consideration in Spire's next general rate making proceeding.

b. Spire shall provide an updated legal description of its service area to include the territory added by the granting of this certificate of convenience and necessity. The legal description shall be consistent with the Jasper County Missouri Department of Transportation Highway Map used as a reference in Spire's application.

c. Spire shall file an updated tariff sheet that incorporates the updated legal description of the territory added by the granting of this certificate of convenience and necessity. The legal description shall be consistent with the Jasper County Missouri Department of Transportation Highway Map used as a reference in Spire's application.

3. The sixty-day notice of case filing requirement is waived for good cause found, pursuant to 20 CSR 4240-4.017(1)(D).

4. This order shall become effective on February 24, 2023.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff
Secretary

Rupp, Chm., Coleman, Holsman, and
Kolkmeier CC., concur.

Seyer, Regulatory Law Judge


STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 25th day of January, 2023.





Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

January 25, 2023

File/Case No. GA-2023-0038

**Missouri Public Service
Commission**

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.