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| Witness: | Justin Powers |
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| Sponsoring Party: | Spire Missouri Inc. |
| Case No. | GR-2022-0179 |
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SPIRE MISSOURI INC.

CASE NO. GR-2022-0179

REBUTTAL TESTIMONY

OF

JUSTIN POWERS

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REBUTTAL TESTIMONY OF JUSTIN POWERS

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Justin Powers, and my business address is 700 Market Street, St. Louis,
3 Missouri 63101.

4 **Q. WHAT IS YOUR PRESENT POSITION?**

5 A. I am employed by Spire Missouri Inc. (“Spire Missouri,” “Spire,” or “Company”) as the
6 Director of Gas Supply.

7 **Q. PLEASE STATE HOW LONG YOU HAVE HELD YOUR POSITION AND**
8 **BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.**

9 A. I have been in my present role since 2014. In my position, I am responsible for the gas
10 supply strategy to ensure safe and reliable service to all customers at all times at each of
11 our operating units, Spire Missouri East, Spire Missouri West, Spire Alabama, Spire Gulf,
12 and Spire Mississippi.

13 **Q. WHAT WAS YOUR PROFESSIONAL EXPERIENCE PRIOR TO ASSUMING**
14 **YOUR CURRENT POSITION?**

15 A. I have worked for Spire or its predecessor companies since 2006. Prior to my current role,
16 I worked as a trader and scheduler for Laclede Energy Resources, which subsequently
17 changed its name and became Spire Marketing. Prior to that, I worked briefly in the
18 Financial Reporting group at Laclede Gas, which is now known as Spire Missouri.

19 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

20 A. I have a Bachelor of Science degree with a double major in Accountancy and
21 Economics/Finance from McKendree University of Lebanon, Illinois.

22 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS COMMISSION?**

1 A. Yes, I submitted direct testimony of behalf of Spire Missouri in Consolidated Case Nos.
2 GC-2021-0315, GC-2021-0316, and GC-2021-0353.

3 **I. PURPOSE OF TESTIMONY**

4 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

5 A. The purpose of my testimony is to respond to various issues addressed in the Direct
6 Testimony of Symmetry Energy Solutions, LLC (“Symmetry”) witness Shon Purcell and
7 Constellation New Energy—Gas Division LLC (“Constellation”) and Symmetry witness
8 Raymond L. Gifford. In particular, I respond to the witnesses Purcell’s and Gifford’s
9 recommended changes to the Operational Flow Order language in Spire’s proposed tariff.
10 I also respond to witness Gifford’s testimony regarding Winter Storm Uri, in brief.
11 However, the impact of Winter Storm Uri has been thoroughly discussed in Consolidated
12 Case Nos. GC-2021-0315, GC-2021-0316 and GC-2021-0353, so I will only briefly
13 discuss it here. Finally, I respond to witness Purcell’s concern that Spire’s Human Needs
14 Transportation Program proposal disincentivizes a human needs customer from choosing
15 to be a transportation customer, and his recommendation that Spire should be required to
16 provide enhanced telemetry for all transportation customers.

17 **II. OPERATIONAL FLOW ORDERS**

18 **Q. WHAT IS AN OPERATIONAL FLOW ORDER (“OFO”)?**

19 A. An OFO is a notice to transportation customers on Spire Missouri West’s system (or their
20 agents) of an unusual situation impacting Spire Missouri West’s distribution system that
21 requires Spire Missouri to deviate from its normal tariff rules. It requires marketers’ daily
22 nominations to meet or exceed their customer’s daily usage. There are two types of OFOs
23 under Spire Missouri West’s Tariff—Standard OFOs and Emergency OFOs. The Tariff

1 allows Spire Missouri West to issue an OFO “to protect the integrity of its system or any
2 portion thereof and/or to ensure compliance with the requirements of upstream pipeline
3 companies.” (Operational Flow Orders, TRPR Priority of Service, B.2., PSC MO No. 9,
4 Sheet No. 16.8).

5 **Q. DID SPIRE PROPOSE ANY CHANGES TO ITS CURRENT OFO PENALTIES IN**
6 **THIS CASE?**

7 A. No.

8 **Q. WHAT DO WITNESSES PURCELL AND GIFFORD RECOMMEND WITH**
9 **RESPECT TO THE OFO PENALTY LANGUAGE IN SPIRE’S TARIFF?**

10 A. Notwithstanding the fact that Spire did not propose any changes to the penalty language,
11 witnesses Purcell and Gifford both propose that the Commission consider modifying
12 Spire’s OFO penalty contained in Sheet No. 9.23, which is calculated based on “the greater
13 of \$5 or 2 1/2 times the daily midpoint stated on the S&P Platts Gas Daily Report.” The
14 Emergency OFO penalties are the greater of \$10 or five times the daily midpoint and during
15 a period of Curtailment (“POC”) the penalty would be ten times the gas index.

16 **Q. WHY ARE THESE PENALTY PROVISIONS NECESSARY AND IN THE PUBLIC**
17 **INTEREST?**

18 A. As point operator on any pipeline system that serves Spire, Spire Missouri is ultimately
19 responsible for all OFO penalties from every distribution receipt point on its system,
20 regardless of whether these penalties are the result of usage by Spire Missouri or other
21 shippers. Accordingly, the Company can become liable for OFO penalties on upstream
22 pipelines due to the actions of others, including marketers. The penalties contained in the
23 Company’s tariff ensure that such penalties can be charged back to the parties causing

1 them, or their principals. Otherwise, upstream penalties could potentially become part of
2 the Company's PGA and be borne by all PGA customers, who bear no relationship with
3 the actions that caused the penalties.

4 **Q. WITNESS GIFFORD TESTIFIES ON PAGE 6 OF HIS DIRECT TESTIMONY,**
5 **“TO BE SURE, A MULTIPLIER OFO PENALTY STRUCTURE IS NOT**
6 **RUINOUS DURING NORMAL TIMES, BUT IT STILL IS NOT ANCHORED TO**
7 **ANY PROPORTION OF ACTUAL HARM.” HOW DO YOU RESPOND?**

8 A. An OFO is the only preemptive safeguard that Spire Missouri has to ensure that we have
9 sufficient capacity to make certain we can provide service to our customers during critical
10 periods. As such, Spire Missouri is not the only natural gas utility that follows a multiplier
11 OFO penalty structure. Our current tariff closely mirrors the OFO language from the
12 upstream pipelines that serve Spire Missouri, including Southern Star Central Pipeline. It
13 is also consistent with the OFO penalties contained in the tariffs of neighboring LDCs,
14 including Kansas Gas Company. Retaining a consistent OFO penalty structure with
15 neighboring states is important to ensure there is no incentive for shippers to prioritize
16 deliveries to customers in other states over those in Missouri.

17 **Q. WITNESS GIFFORD TESTIFIES, ON PAGE 7 OF HIS DIRECT, THAT “THE**
18 **MISMATCH BETWEEN POTENTIAL PENALTY AND ACTUAL HARM**
19 **BECOMES ACUTE WHEN TIMES ARE NOT NORMAL (EMERGENCY AND**
20 **POC).” IS THERE A NEED FOR A GREATER PENALTY DURING THESE**
21 **TIMES?**

22 A. Yes. Issuing an OFO is not a common practice for Spire Missouri; in fact, since I have
23 been Director of Gas Supply, the first time I recommended an OFO was during the extreme

1 weather events of February 2021. The Company would only issue an OFO if it was
2 appropriate. OFOs indicate that Spire Missouri must deviate from its normal tariff rules,
3 likely resulting in strain on our distribution system. Spire Missouri takes maintaining the
4 integrity of our system very seriously, and therefore issuing an OFO and the subsequent
5 penalties is an action that, at times, is prudent and Commission approved.

6 **Q. DO YOU AGREE WITH WITNESS GIFFORD’S DIRECT TESTIMONY ON**
7 **PAGE 8 THAT UNDER THE TERMS OF THE TARIFF “THE PENALTY**
8 **BECOMES A CASINO EVENT, WHERE TRANSPORTATION CUSTOMERS**
9 **ARE ENORMOUS LOSERS AND SALES CUSTOMERS REAP AN ENORMOUS**
10 **WINDFALL”?**

11 A. No. The terms of the tariff are in place to hold parties responsible. As mentioned above,
12 Spire Missouri is ultimately responsible for all OFO penalties on every distribution receipt
13 point on its system, regardless of whether these penalties are the result of usage by Spire
14 Missouri or other shippers. The Company then must be made whole from any and all
15 penalties resulting from an OFO.

16 **Q. WITNESS GIFFORD RECOMMENDS THAT A TARIFF CONSTRUCTED**
17 **USING A FIXED PENALTY STRUCTURE WOULD BE MORE EQUITABLE**
18 **AND PREDICTABLE. DO YOU AGREE A FIXED PENALTY STRUCTURE**
19 **SHOULD BE ADOPTED BY THE COMMISSION?**

20 A. No. If Spire Missouri offered a fixed penalty structure it would come with tremendous risk
21 for the utility on days in which the fixed penalty was lower than the upstream pipeline OFO
22 penalties. Other surrounding natural gas utilities have similar tariffed OFO penalty
23 structures like Spire Missouri. As stated before, the Company’s approved tariff closely

1 mirrors the OFO language from upstream pipelines, and neighboring LDCs. If those
2 entities were to change their OFO penalty structure to a fixed, Spire Missouri could then
3 potentially follow suit.

4 **Q. DO YOU AGREE A FIXED PENALTY WILL “BRING PREDICTABILITY AND**
5 **STABILITY” TO THE PROCESS?**

6 A. No. A fixed penalty would create an OFO price arbitrage that would put Spire Missouri at
7 risk on days in which the fixed price was lower than the upstream pipeline penalty.
8 Shippers, including natural gas marketers, are rationale market participants and will send
9 gas to jurisdictions with the highest penalty exposure during critical periods. There is no
10 reason for Missouri to make itself a lower priority jurisdiction during these times. Doing
11 so would reduce reliability unnecessarily.

12 **Q. WHAT DO YOU RECOMMEND TO THE COMMISSION?**

13 A. I recommend that the Commission leave Spire’s OFO penalties unchanged. Spire has not
14 proposed any changes to those charges in this proceeding, and no persuasive evidence has
15 been submitted which would support a change.

16 **III. WINTER STORM URI**

17 **Q. HOW DO YOU RESPOND TO WITNESS PURCELL’S TESTIMONY**
18 **REGARDING WINTER STORM URI?**

19 A. The impact of Winter Storm Uri was the subject of Case Nos. GC-2021-0315, GC-2021-
20 0316, and GC-2021-0353, not this case. Accordingly, Spire does not intend to relitigate
21 that case here. That being said, Spire has proposed what we consider to be reasonable tariff
22 modifications based on what we observed during that event and the subsequent related
23 dockets.

1 **Q. WOULD YOU LIKE TO RESPOND TO WITNESS PURCELL'S TESTIMONY**
2 **REGARDING YOUR COMMUNICATIONS WITH SYMMETRY DURING**
3 **WINTER STORM URI?**

4 A. While I disagree with much of Witness Purcell's testimony, Spire does not intend to
5 relitigate the events of Winter Storm Uri in this case.

6 **Q. AMONG OTHER THINGS, WITNESS PURCELL INDICATES THAT YOUR**
7 **OFFER TO SELL 50,000 MMBTU OF CAPACITY TO SYMMETRY SUGGESTS**
8 **THAT CONTRARY TO SPIRE'S ISSUANCE OF AN OFO, IT WAS NOT**
9 **SUFFERING ANY THREATS TO SYSTEM INTEGRITY. IS THAT A CORRECT**
10 **INFERENCE?**

11 A. No. Spire Missouri was dealing with supply shortfalls and not transportation capacity
12 shortfalls. Mr. Purcell explained to me that Symmetry was short market capacity, and it
13 concerned me when he mentioned that they were going to rely on interruptible capacity. I
14 was attempting to help remedy his situation and offered Symmetry firm capacity. Firm
15 capacity has a much higher priority of being scheduled when compared to interruptible
16 capacity, and could have helped Symmetry get more gas scheduled to its customers behind
17 our city gate.

18 **Q. IN YOUR OPINION, DO THE PROPOSED CHANGES TO THE**
19 **TRANSPORTATION TARIFF PROTECT THE INTEGRITY OF THE SYSTEM**
20 **IN THE EVENT OF ANOTHER EVENT LIKE WINTER STORM URI?**

21 A. Yes. Spire's proposal to enhance its emergency curtailment plan rules and regulations will
22 ensure the approved plan is easily understood by customers and marketers, alike.
23 Moreover, the proposed Marketer Guidelines and Standards will protect customers.

1 **IV. HUMAN NEEDS TRANSPORTATION PROGRAM**

2 **Q. WHAT IS WITNESS PURCELL’S OPINION RELATIVE TO THE HUMAN**
3 **NEEDS TRANSPORT PROGRAM?**

4 A. Witness Purcell states that “[a]lthough I support the concept of a Human Needs
5 Transportation Program, I am concerned that Spire’s proposal disincentivizes a human
6 needs customer from choosing to be a transportation customer.”

7 **Q. WHY DOES WITNESS PURCELL BELIEVE SPIRE’S PROPOSAL**
8 **DISINCENTIVIZES A HUMAN NEEDS CUSTOMER FROM CHOOSING TO BE**
9 **A TRANSPORTATION CUSTOMER?**

10 A. Witness Purcell notes that Spire proposes to release capacity “on a recallable basis, but will
11 not be recalled by the Company unless...the participating Human Needs Transport
12 customers or their RGM [Retail Gas Marketer] fails to deliver supplies...” Based on this
13 tariff language, Witness Purcell concludes that if a hospital elects to be a transportation
14 customer, but an event like Winter Storm Uri occurs again and gas is not available for
15 delivery by the hospital’s marketer, Spire would be authorized to recall that hospital’s
16 capacity. Witness Purcell concludes, “In other words, the hospital would be denied gas
17 despite its status as a human needs customer.”

18 **Q. IS WITNESS PURCELL’S INTERPRETATION OF THE TARIFF LANGUAGE**
19 **ACCURATE?**

20 A. No. The HNTP program is intended to allow for critical human needs customers to
21 maintain transportation service during emergencies or unforeseen circumstances.

22 **Q. WOULD IT BE POSSIBLE FOR A HOSPITAL TO BE DENIED SERVICE AS MR.**
23 **PURCELL SUGGESTS?**

1 A. No. The concept of the HNTTP tariff is to ensure that adequate gas supply planning occurs
2 for customers critical to the community, and that continuity of service to such customers is
3 prioritized over other types of transportation customers, such as commercial and industrial
4 users.

5 **Q. WHAT DO YOU RECOMMEND WITH RESPECT TO THE HUMAN NEEDS**
6 **TRANSPORT PROGRAM?**

7 A. I recommend the Commission approve the Human Needs Transport Program as proposed.
8 Under the current transportation tariff, customers such as hospitals, food processing plants,
9 jails, and nursing homes are not required to hold firm upstream capacity and therefore are
10 subject to having gas supply cut off. Currently, no one is required to plan or secure firm
11 capacity to serve such customers in Missouri. Realizing that public safety and our
12 communities are not well served by curtailing service to these types of customers, the
13 revised Human Needs transportation tariff ensures these customers will have firm upstream
14 pipeline capacity to meet their demand on a designed peak day.

15 **V. TELEMETRY**

16 **Q. WHAT DOES WITNESS PURCELL RECOMMEND WITH RESPECT TO**
17 **TELEMETRY?**

18 A. On page 22 of his direct testimony, Witness Purcell testifies that enhanced telemetry is a
19 good idea so that everyone has real-time access to data about natural gas usage.
20 Accordingly, Witness Purcell testifies that Spire should be required to provide enhanced
21 telemetry for all transportation customers, not just provide the option for said enhanced
22 telemetry, at a cost to the customer of no more than \$1,500 per transportation meter.

1 **Q. IS SPIRE WILLING TO PROVIDE ENHANCED TELEMTRY FOR ALL**
2 **TRANSPORTATION CUSTOMERS, NOT JUST THE OPTION FOR SAID**
3 **ENHANCED TELEMTRY, AT A COST TO THE CUSTOMER OF NO MORE**
4 **THAN \$1,500 PER TRANSPORTATION METER?**

5 A. Yes, for the metering hardware. As Spire develops a more robust customer data access
6 portal, the software and other programming costs should be considered as an element of
7 the Company's cost of service attributable to the transportation rate class. However, that is
8 a decision is for the Commission to determine in a future rate case.

9 **VI. CONCLUSION**

10 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

11 A. Yes.

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

In the Matter of Spire Missouri Inc.'s Request)
for Authority to Implement a General Rate)
Increase for Natural Gas Service Provided in the) **Case No. GR-2022-0179**
Company's Missouri Service Areas.)
)

AFFIDAVIT

STATE OF MISSOURI)
CITY OF ST. LOUIS) SS.
)

I, Justin Powers, of lawful age, being first duly sworn, deposes and states:

1. My name is Justin Powers. I am Director of Gas Supply for Spire Missouri, Inc. My business address is 700 Market Street, St. Louis, Missouri 63101.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony on behalf of Spire Missouri Inc.
3. Under penalties for perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.


Justin Powers (Oct 6, 2022 15:33 CDT)

Signature

Justin Powers

Printed Name

Dated: 10/06/2022
