UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
Spire STL Pipeline LLC	**)**	**Docket No. CP17-40**
	)	

RESPONSE OF THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
TO THE APPLICATION OF SPIRE STL PIPELINE LLC
FOR A TEMPORARY EMERGENCY CERTIFICATE,
OR, IN THE ALTERNATIVE, LIMITED-TERM CERTIFICATE

The Public Service Commission of the State of Missouri (MoPSC) hereby submits these comments in response to the *Application Of Spire STL Pipeline LLC For A Temporary Emergency Certificate, Or, In The Alternative, Limited-Term Certificate* (*Application*) filed in this docket on July 26, 2021. As discussed below, the MoPSC requests the Commission take expedited action by granting a temporary emergency certificate, or, in the alternative, a limited-term certificate to Spire STL Pipeline LLC (Spire STL) for the STL Pipeline. Such action will allow Spire Missouri Inc. (Spire Missouri) to continue providing safe and adequate natural gas service to its retail customers as required by Missouri law, as the Commission proceeds with the matter of Spire STL's certificate on remand.

Introduction

The MoPSC is a government agency created under the laws of the State of Missouri, Section 386.040, RSMo (2016), with jurisdiction to regulate rates, charges and quality of service for the sale of natural gas to consumers in Missouri.[1] The MoPSC is a "State Commission" within the meaning of Section 1.101(k) of the Commission's general regulations.

Spire Missouri is a "gas corporation" and a "public utility" subject to the jurisdiction of the MoPSC pursuant to Section 386.020(18) and (43), RSMo (2016). Spire Missouri is a subsidiary of Spire Inc. and an affiliate of Spire STL. Spire Missouri provides natural gas service to approximately 650,000 residential, commercial and industrial customers in eastern Missouri.[2] Spire Missouri relies on natural gas it receives from its affiliate Spire STL through a 20-year firm gas supply agreement in order to serve those customers.[3] Additionally, in December 2020, an interconnection between MoGas Pipeline LLC and the STL Pipeline went into service.[4]

Background

In August 2018, the Commission issued a Certificate Order granting Spire STL the authority to build and operate the pipeline.[5] In October 2018, the Commission issued a tolling order affording the Commission additional time to consider matters raised by parties requesting rehearing of the Certificate Order.[6] The Commission issued a

---

[1] Section 386.250, RSMo (2016).
[2] *Application* pg. 2.
[3] *Id.* pg. 7.
[4] CP17-40, *Motion To Intervene Out-Of-Time Of MoGas Pipeline LLC and Comments In Support* (July 28, 2021).
[5] CP17-40, *Order Issuing Certificates re Spire STL Pipeline LLC* (Certificate Order) (August 3, 2018).
[6] CP17-40-002, *Order Granting Rehearings For Further Consideration* (October 1, 2018).

Rehearing Order in November 2019 denying the requests for rehearing on their merits.[7] During the time between the Certificate Order and the Rehearing Order, Spire STL completed virtually all construction of the pipeline.[8] After the pipeline was placed in service in November 2019, Spire Missouri allowed some of its gas supply contracts to expire, and Spire Missouri retired its propane facilities that allowed the utility to supplement its gas supply during periods of peak demand.[9]

After the Commission issued its Rehearing Order, the Environmental Defense Fund (EDF) sought judicial review of the Commission's decision to approve the pipeline. On June 22, 2021, the United States Court of Appeals for the District of Columbia Circuit issued an opinion concluding that the Commission erred in its approval by failing to scrutinize Spire STL's evidence of need for the pipeline and failing to consider evidence of self-dealing among the various Spire-related entities.[10] The Court vacated the Commission's orders.[11] Spire STL filed its *Application* because, as Spire STL stated, "[u]pon issuance of the mandate from the D.C. Circuit, the STL Pipeline will have to shut down."[12]

---

[7] CP17-40-002, *Order On Rehearing* (November 21, 2019).
[8] CP-40, *Letter Order Granting Spire STL Pipeline LLC's 11/12/2019 Request To Commence Service To Facilities In St. Louis And St. Charles Counties etc. Part Of The Spire STL Pipeline Project Under CP17-40 et al.* (November 14, 2019).
[9] *Application* Ex. Z-1, Affidavit of Scott Carter, pg. 4.
[10] *Environmental Defense Fund v. F.E.R.C.*, 2021 WL 2546672 (U.S. Ct. App. D.C. 2021).
[11] *Id.*
[12] *Application* pg. 2.

Comments

The MoPSC is concerned by claims in the *Application* of potentially widespread loss of natural gas service to Missouri customers if Spire STL takes the STL Pipeline out of service. The MoPSC respectfully requests the Commission take expedited action on Spire STL's *Application* that will allow the public utility affiliate, Spire Missouri, to continue providing safe and adequate natural gas service to their customers in the St. Louis metropolitan area, while the Commission proceeds with the case on remand or until Spire Missouri can implement a contingency plan to serve its customers without the STL Pipeline. Spire Missouri's customers include individuals and businesses that depend on continuous natural gas service for heat, cooking, and commercial activity. Caught in a situation not of their own making, these captive retail customers may have no viable alternative to the natural gas provided by Spire Missouri. As the winter season approaches, the unique circumstances set forth in the *Application* constitute an emergency for Spire Missouri customers that supports the Commission's issuance of a temporary certificate.

To protect essential service to captive customers, Missouri law requires that "[e]very gas corporation… shall furnish and provide such service instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable."[13] A public utility such as Spire Missouri "must serve on reasonable terms all those who desire the

[13] Section 393.130.1, RSMo (2016).

company's service without unreasonable discrimination."[14] Missouri courts hold the general rule is that once a utility undertakes to supply a utility service, they owe a duty to supply continuous service.[15] As the Commission noted in its Certificate Order, under Missouri law and practice the MoPSC does not pre-approve Spire Missouri's agreements with suppliers such as its affiliate Spire STL.[16] The MoPSC will review the reasonableness and prudence of Spire Missouri's actions with respect to the STL Pipeline in upcoming cases.[17]

In an affidavit attached to Spire STL's *Application*, Spire Missouri president Scott Carter explains that Spire Missouri's operations may be compromised if the STL Pipeline is taken out of service.[18] The MoPSC is concerned by the extent of the potential disruptions asserted by Spire Missouri. Spire Missouri states that loss of supply from the STL Pipeline could create an overall deficit of over half the utility's planned supply on a cold day when demand for natural gas in the St. Louis region would hit its peak.[19] If the STL Pipeline is not in service during the upcoming winter heating season, Spire Missouri estimates that between 175,000 and 400,000 of the utility's 650,000 Missouri customers

---

[14] *State ex rel. Fed. Res. Bank of Kansas City v. Pub. Serv. Comm'n*, 191 S.W.2d 307, 313 (Mo. Ct. App. W.D. 1945).
[15] *National Food Stores, Inc. v. Union Elec. Co.*, 494 S.W.2d 379, 383 (Mo. Ct. App. E.D. 1973).
[16] Certificate Order P 64.
[17] *Id.*
[18] *Application* Ex. Z-1, Affidavit of Scott Carter, pg. 4.
[19] *Id*. at pgs. 5-7. Spire Missouri's planning estimates show the utility would need nearly 1,300,000 Dth of capacity for a planned peak day.

may be without gas service for some period of time in an extreme cold weather scenario.[20]

The STL Pipeline provides Spire Missouri with 350,000 dekatherms (Dth) per day of pipeline capacity that would be lost if the pipeline ceases operation.[21] In addition, Spire Missouri states that it relies on the STL Pipeline's high-pressure supply to fill the large Lange underground storage field, which Spire Missouri draws upon during the winter.[22] The Lange storage field can deliver up to 357,000 Dth per day.[23] Once the gas stored in Lange would be depleted, Spire Missouri states that it may be unable to operate the field without the high-pressure supply from the STL Pipeline, jeopardizing the availability of the asset to serve its customers at temperatures as high as approximately 38 degrees Fahrenheit.[24]

Spire Missouri attests that service disruptions could extend beyond mandatory curtailments.[25] The company says that loss of service from the STL Pipeline would lead to low pressure on the distribution system during cold periods, which would "cause uncontrolled loss of service to households and other high priority consumers, such as hospitals, nursing homes and schools."[26] Spire Missouri estimates that its customers

---

[20] *Id*. at pg. 8.
[21] *Id.* at pg. 4.
[22] *Id*. at 4-5. After the STL Pipeline commenced service, Spire Missouri says it retired and removed three compressors that the company used to inject gas into the Lange storage field prior to the STL Pipeline.
[23] *Id.* at pg. 5.
[24] *Id*.
[25] *Id*.
[26] *Id*. at pg. 8.

Schedule DAY-D-3

could begin to lose service due to uncontrolled pressure loss at an average daily temperature of approximately 9 degrees Fahrenheit, which is not atypical for St. Louis. The loss of natural gas during cold periods would create the potential for loss of life and severely impact essential services relied on by many people and businesses served by this public utility.[27]

The Commission should take expedited action on Spire STL's *Application For A Temporary Emergency Certificate*. The Court decided to vacate the Commission's Certificate Order and Rehearing Order, and remand the matter to the Commission for further proceedings.[28] As explained in the *Application*, the Court's mandate is scheduled to issue on August 13, 2021. Once the Court issues its mandate, the Certificate Order and Rehearing Order are "officially gone… [t]hey have no legal effect whatever… [t]hey are void"[29] and Spire STL will not possess the federal certification required under the Natural Gas Act to construct and operate the pipeline.[30] The Commission should act in this situation before the court issues its mandate.

If the STL Pipeline is shut down, Spire Missouri attests that its ability to provide safe and adequate natural gas service to Missouri customers will be impaired going into the winter 2021-22 heating season. This presents an emergency for Spire Missouri's customers that rely on the utility for an essential service. Under these circumstances, expedited action is warranted in order to preserve safe and adequate service to Missouri

---

[27] *Id*. 2.
[28] 2021 WL 2546672 at p. 16.
[29] *United States v. Sigma Int'l, Inc.*, 300 F.3d 1278, 1280 (11th Cir. 2002).
[30] 15 USC § 717f(c)(1)(A) (2020).

customers while the Commission proceeds with the certificate case on remand or while Spire Missouri develops a contingency plan in order to meet its legal obligations to its customers.

Conclusion

The MoPSC respectfully submits this response to the July 26, 2021, *Application Of Spire STL Pipeline LLC For A Temporary Emergency Certificate, Or, In The Alternative, Limited-Term Certificate* in this matter.

Respectfully submitted,

/s/ John D. Borgmeyer
John Borgmeyer, Mo. Bar No. 61992
Shelley Brueggemann, Mo. Bar No. 52173
Public Service Commission of the State of Missouri
P.O. Box 360
Jefferson City, Missouri 65201
Ph: 573-751-7504
john.borgmeyer@psc.mo.gov
shelley.brueggemann@psc.mo.gov

Attorneys for the Public Service Commission of the State of Missouri

CERTIFICATE OF SERVICE

I hereby certify that I have this day e-served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 29th day of July 2021 in Jefferson City Missouri.

/s/ John D. Borgmeyer

UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

Spire STL Pipeline LLC	**)**	**Docket No. CP17-40-000**

MOTION FOR LEAVE TO ANSWER AND ANSWER OF MISSOURI PUBLIC SERVICE COMMISSION TO SPIRE'S RESPONSE TO DATA REQUEST AT PAGES 2 AND 6

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or "Commission")[1], the Missouri Public Service Commission ("MoPSC") moves for leave to answer, and submits its answer, to certain arguments presented in the 'Executive Summary' and four other subsections in the seven (7) pages preceding the Response to Data Requests filed by Spire Pipeline LLC ("Spire Pipeline") on March 13, 2018.

The MoPSC feels compelled to respond because these unsolicited arguments in support of Spire Pipeline's original application before this Commission not only inappropriately attempt to submit substantive arguments that, if not opposed, could be argued as conceding certain issues, but, more importantly, mischaracterize the position of the MoPSC, and the order entered in the state case before the MoPSC.

For the reasons explained below, the MoPSC asks the Commission to accept this answer and reject Spire Pipeline's arguments and assertions described in the 'Executive Summary' of the Response to the Data Request at pages 2 and 6 of Spire Pipeline's Response.

---

[1] 18 C.F.R. §§ 385.212, 385.213 (2017).

I. MOTION FOR LEAVE TO ANSWER

To the extent that leave of the Commission may be required for the MoPSC to answer the response to the data request filed in this docket, the MoPSC, pursuant to Rules 212 and 213(a)(2)[2], moves for such leave and asks the Commission to consider the answer presented below. It has been noted that the Commission may waive the prohibition against answers to protests for good cause.[3] While it is not entirely clear that answers to data requests are permitted, here, it is not the true responses to the data requests that are being answered but the non-responsive seven pages of argument preceding the responses. Generally the Commission has exercised discretion to permit answers where they are otherwise prohibited in various circumstances, including where a commenting party or protestor has provided an inaccurate interpretation of the contents of a filing, [4] or to aid the Commission in understanding and resolving issues.[5]

Accordingly, the MoPSC respectfully requests that the Commission permit and consider the following answer to the portions of the response to the data request at pages 2 and 6 submitted by Spire Pipeline in this docket to clarify and aid in understanding the issues presented.

2 18 C.F.R. §§ 385.212, 385.213(a)(2).

3 *See* 18 C.F.R. § 385.101(e).

4 *See, e.g.*, *All. Cos.*, 91 FERC ¶ 61,152, at 61,577-78 (2000).

5 *See*, *e.g.*, *Pac. Interstate Transmission Co*., 85 FERC ¶ 61,378, at 62,443 (1998), *reh'g denied*, 89 FERC ¶ 61,246 (1999).

II. ANSWER

The MoPSC submits this answer to Spire Pipeline's March 13, 2018 Responses to the Office of Energy Projects' letter, dated February 21, 2018, that requested additional information to assist staff's analysis of the Project. The MoPSC's answer is directed to the "*Executive Summary"*, page 2, and the section beginning on page 6, "*Spire Missouri's Procurement Decision Making is a Matter of State Regulatory Oversight"*.

Spire Pipeline states on page 2 of its argument in its Response that "Spire [Pipeline] has fully addressed the concerns of the Missouri Public Service Commission ("MPSC") [sic] and Ameren Services Company ("Ameren") regarding potential cost shifting and shown those costs to be speculative, insignificant, and outweighed by the benefits of this new pipeline to the region, *including to MRT and its captive shippers*." (Page 2 of Spire Pipeline Response to Data Request).

While the MoPSC can only speak for itself and not for Ameren, it is unclear what the support is for this bold statement.

Spire Pipeline has not fully addressed the concerns of the MoPSC. The MoPSC still has the same concerns it had when it filed its Conditional Protest in this matter on February 27, 2017, namely, it has not changed its position and continues to protest terms contained in the Precedent Agreement that are being relied on as primary evidence of need for the pipeline because its terms shift the risk of incompletion of the project from Spire Pipeline to Spire Missouri, Inc. ("Spire Missouri"). This Precedent Agreement should be evaluated in context, that it shifts substantial risk from Spire Pipeline to its affiliate Spire Missouri, both of whom share more than a typical pipeline and customer interest in this Project's completion. Spire Pipeline and Spire Missouri have an affiliate relationship, with other connections inextricably intertwining them, which is also evidenced by the fact that both Spire Pipeline and Spire Missouri jointly submitted the arguments presented and responses to the Data Requests in support of Spire Pipeline's application.

It is also not a correct representation to imply or portray the MoPSC proceedings in Spire Missouri's recent rate case before the MoPSC as having exercised authority over or made a determination regarding the merits of the Precedent Agreement.[6] The MoPSC specifically declined to preapprove or pre-reject the Precedent Agreement at this time, and noted that the opportunity to review the prudence of such an agreement would be in a future Actual Cost Adjustment case submitted to the MoPSC.[7] The MoPSC specifically declined to preapprove, or pre-reject the Precedent Agreement at this time, and noted that the opportunity to review the prudence of such an agreement would be in a future Actual Cost Adjustment case submitted to the MoPSC.

As was noted initially in the Conditional Protest, the MoPSC's overarching concern is that none of the actions by the Commission should be considered to "approve" or somehow validate the Precedent Agreement. The MoPSC clearly has not approved it, and the MoPSC requests that the Commission clarify in a final Order that it is not approving the Precedent Agreement, as this is not necessary, no matter how the current case is decided.

The MoPSC is also still concerned about Spire Pipeline's revenue requirement components for capital structure, debt, and return on equity, and whether the $43 million revenue requirement can be supported by customers, especially where the primary customer of the majority of gas sold will presumably be Spire Missouri under the Precedent Agreement.

---

[6] It should be noted that the MoPSC issued an Amended Order on March 7, 2018 of the previous decision issued on February 21, 2018 as referenced by Spire Pipeline in the Response to Data Requests on page 7. Furthermore, pursuant to Missouri statutes, this Amended Order is not yet final as a request for rehearing filed by Spire Missouri in the MoPSC case as of March 19, 2018 is pending

[7] *Amended Report and Order, In the Matter of the Laclede Gas Company's Request to Increase its Revenues for Gas Service, MoPSC EFIS Filing No. GR-2017-0215*

The potential adverse effects on existing pipelines and landowners is also still a concern raised in the MoPSC's Conditional Protest that should be evaluated by the Commission. Spire Pipeline further states on page 2 that Spire Missouri's renegotiation of its commitment for the same level of capacity on MoGas Pipeline, LLC ("MoGas") eliminates any concern of stranded capacity on MoGas. However, Spire Pipeline does not include its contract with MoGas or specific information of its negotiated discount or the impact the lost revenues will have on MoGas or its customers. Spire Missouri contracts for 62,800 Dth/day—over 60% of contracted volumes on MoGas Zone 1— under MoGas' Zone 1 firm transportation rate of $12.385 Dth/mo.[8] The discounted rate negotiated between MoGas and Spire Missouri (see Exhibit A) effective November 1, 2018 is $6.386 Dth/mo. Thus, notwithstanding the claim (at p. 30) that Spire Missouri is a "captive shipper on these two pipelines [including MoGas]," a shipper that can command a nearly 50% discount on the current maximum rate has substantial leverage. The MoPSC also notes that MoGas is not fully contracted now. There is very limited, if any, secondary market for MoGas capacity. As a result, Spire Missouri's near 50% discount in price is equivalent to a nearly 50% de-contracting because MoGas may not be able to resell that capacity. Thus, Spire Missouri's re-contracting claim may be illusory.

The impact of the discount could impact other firm transportation customers of MoGas that are captive to the pipeline for natural gas service. The MoPSC's concerns still exist for the economic development of this region of the state which extends from St. Louis westerly to the Fort Leonard Wood Army Base. Industrial and commercial businesses located along the route of MoGas depend on natural gas service and could see a substantial increase in rates, affecting their financial viability.

[8] See Exhibit A, Press Release Details, Cor Energy Announces Fiscal 2016 Results, pg. 3

Spire Pipeline's discussion of the MoPSC's jurisdiction over the determination of the prudence of the procurement and delivery costs of natural gas to its regulated Local Distribution Companies ("LDCs") is put forth in an attempt to dissuade the Commission from reviewing a vital component in determining the need for the construction of Spire STL Pipeline: Will the economic consequences of approval of the Spire STL Pipeline harm customers? The questions posed to assist staff in their analysis of the Project will provide insights that were not provided by Spire Pipeline in its application or subsequent filings. The MoPSC is limited in the after-the-fact prudence review through its regulatory processes as indicated by Spire Missouri in its description of its recent rate case before the MoPSC. The MoPSC's future review of costs incurred by Spire Missouri for the purchase and delivery of natural gas to its Local Distribution Company ("LDC") customers will only review actual expenditures after the fact. While the MoPSC's Affiliate Transactions Rule applicable to transactions between Spire Missouri and Spire Pipeline would apply to the <u>terms</u> of any contracts between the affiliates, that rule would not allow the MoPSC to annul or void a contract between affiliates. It is this important distinction that Spire Pipeline seems to want to avoid. Any future review of costs would only occur after the pipeline was already built. The fact that Spire Pipeline seems to equate itself with Spire Missouri in its argument and answers to the data requests herein only reiterates why the entire transaction and the proposal to build this pipeline should be viewed very cautiously.

III. CONCLUSION

For the reasons explained above, the MoPSC requests that the Commission accept the Answer to the Response to the Data Request, and reject the arguments of Spire Pipeline which precede its responses to the Data Request at pages 2 and 6.

Respectfully submitted,

/s/ Rodney Massman
Rodney Massman
Assistant General Counsel
Shelley Brueggemann
General Counsel
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102
(573) 751-7510

Certificate of Service

I hereby certify that I have this day served a copy of the foregoing document on each person identified on the Official Service List compiled by the Secretary in this proceeding.

Dated at Jefferson City, Missouri, this 23rd day of March, 2018.

/s/ Rodney Massman

EXHIBIT A

Press Release Details

NYSE: CORR

$ 37.76 -0.18

Volume: 56,980

Previous Close: $37.94

Pricing delayed 20 minutes

VIEW ALL PRESS RELEASES

CorEnergy Announces Fiscal 2016 Results

Mar 1, 2017

KANSAS CITY, Mo.--(BUSINESS WIRE)-- CorEnergy Infrastructure Trust, Inc. (NYSE: CORR, CORRPrA) ("CorEnergy" or the "Company") today announced financial results for the fiscal year ended December 31, 2016.

Recent Developments

- Delivered Net Income of $2.14 per common share (basic and diluted), NAREIT Funds from Operations (NAREIT FFO)[1] of $3.54 per share (diluted), Funds from Operations (FFO)[1] of $3.53 per share (diluted) and Adjusted Funds from Operations (AFFO)[1] of $3.93 per share (diluted)
- Declared common stock dividend of $0.75 per share ($3.00 annualized) for the fourth quarter
- On November 28, 2016, the U.S. Bankruptcy Court Approved Ultra Petroleum's assumption of the Pinedale LGS Lease Agreement with no economic changes.
- On December 30, 2016, the parent company of the tenant of the Grand Isle Gathering System emerged from the U.S. Bankruptcy Court as Energy XXI Gulf Coast, Inc.
- Entered into an amended agreement with Laclede Gas Company for service on the MoGas Pipeline
- Provides dividend guidance of $3.00 per common share

Schedule DAY-D-3

"2016 was a year for validation for CorEnergy," said Chief Executive Officer Dave Schulte. "Our strategy of investing in critical assets with long-term contracts mitigates commodity price risk, thereby demonstrating the resiliency of our revenue and dividends. Looking to 2017, we have significant financial flexibility to execute acquisitions, further diversifying our portfolio, enhancing our dividend stability, and adding potential long-term growth in our investor-friendly REIT structure."

Fiscal Year 2016 Performance Summary

2016 Total Revenue of $89.3 million increased from $71.3 million in 2015, largely due to the full year of revenue from the Grand Isle Gathering Lease. Net Income attributable to common stockholders for full year 2016 was $25.5 million, or $2.14 per common share (basic and diluted), which increased from $8.5 million, or $0.79 per common share (basic and diluted) in 2015. The increase in net income is largely attributable to the increase in revenue in 2016, as well as the decrease in the provision from loan loss associated with CorEnergy's Financing Notes from 2015 results. AFFO for the fiscal year 2016 was $52.4 million, or $3.93 per share (diluted), versus an AFFO for fiscal year 2015 of $40.3 million or $3.56 per common share (diluted). Management uses AFFO as a measure of long-term sustainable operational performance. For completeness, we present other measures of income in the table below:

	Fiscal Year Ended December 31, 2016		
		Per Share	
	Total	Basic	Diluted
Net Income (Attributable to Common Stockholders)[1]	$ 25,514,763	$ 2.14	$ 2.14
NAREIT Funds from Operations (NAREIT FFO)[1]	$ 45,573,219	$ 3.83	$ 3.54
Funds From Operations (FFO)[1]	$ 45,396,401	$ 3.81	$ 3.53
Adjusted Funds From Operations (AFFO)[1]	$ 52,438,268	$ 4.41	$ 3.93

NAREIT FFO, FFO, and AFFO are non-GAAP measures. Reconciliations of NAREIT FFO, FFO and AFFO, as presented, to Net Income Attributable to CorEnergy Stockholders are included at the end of this press release. See Note 1 for additional information.

Portfolio Update

Pinedale Liquids Gathering System: Ultra Petroleum agreed to assume the Lease without amendment, which was approved by the bankruptcy court on November 28, 2016. On February 13, 2017, UPL received court approval of its Disclosure Statement. The confirmation hearing is scheduled to begin on March 14, 2017. CorEnergy will continue to monitor, and take appropriate actions to, the information disclosed throughout the remainder of the bankruptcy proceedings. Our tenant has continued to make timely rental payments in accordance with the lease agreement.

Grand Isle Gathering System: On December 30, 2016, the successor to Energy XXI, Energy XXI Gulf Coast, Inc emerged from Chapter 11 Bankruptcy with an approximately $300 million credit facility after extinguishing $3.6 billion of debt. The new board of directors has announced changes in senior management. EXXI expects its capital

Schedule DAY-D-3

expenditure for 2017 to be in the range of $140 to $170 million and to execute numerous recompletions in 2017. Our tenant has continued to make timely rental payments in accordance with the lease agreement.

MoGas Pipeline: Effective March 1, 2017, CorEnergy's wholly-owned subsidiary, MoGas Pipeline LLC successfully amended and extended its Firm Transportation Services Agreement with Laclede Gas Company ("Laclede"), which currently accounts for approximately 56% of MoGas' revenue. The agreement extends the termination date from October 31, 2017 to October 31, 2030 and Laclede will continue to hold 62,800 dekatherms per day of firm transportation capacity on MoGas. This service will continue at the full tariff rate of $12.385 per dekatherm per month until October 31, 2018, at which time the rate will be reduced to $6.386 per dekatherm per month for the remainder of the agreement, resulting in a $4.5 million reduction in annual revenues. MoGas, a wholly owned subsidiary of the Company, operates the pipeline network, unlike the majority of CorEnergy's assets which are leased to an operator under a triple-net participating lease.

CorEnergy expects to offset at least $3 million of the reduction in revenue from Laclede before the reduced rate becomes effective in November 2018. The initiatives to recoup revenues include potential pipeline extensions, leveraging MoGas' multiple pipeline connections, exploring different supply basin optionality, and other revenue enhancement strategies.

Outlook

CorEnergy believes acquisitions enhance the stability of its operations, reducing risk to existing stockholders because of the diversification benefits and added potential for dividend growth. The Company is evaluating a broad set of infrastructure opportunities and anticipates transacting on one to two acquisitions per year in 2017 and 2018, with a target range of $50 to $250 million per project. CorEnergy intends to finance these acquisitions through the use of capacity on its revolver, partnerships with co-investors, portfolio level debt, and if beneficial to existing stockholders, prudent preferred or common equity issuances. There can be no assurance that any of these acquisition opportunities will result in consummated transactions.

CorEnergy intends to continue paying quarterly dividends of $0.75 per share ($3.00 annualized) based on rents received, pending any unforeseen (i) adverse outcomes of the Ultra Petroleum bankruptcy in 2017, or (ii) inability to materially recoup revenues from the reduction in rates for Laclede's utilization of the MoGas Pipeline by the end of 2018. The Company targets revenue growth of 1-3% annually from existing contracts. Based on low inflation and current production levels, CorEnergy does not anticipate significant inflation-based or participating rents in 2017.

"CorEnergy remains well-positioned with critical assets supported by long-term contracts, ample liquidity for future transactions, and the willingness of our manager to waive incentive fees if necessary to support our dividends," continued Dave Schulte. "We see our business development pipeline growing as capital formation activity in the energy sector resumes. We expect to transact on one to two acquisitions in 2017 and 2018, further mitigating any potential impact from the MoGas contract adjustment by 2019."

Dividend Declaration