

Exhibit No:	_____
Issue:	Propane Assets
Witness:	Robert Noelker
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Spire Missouri Inc.
Case No.:	GR-2021-0108
Testimony Date:	June 17, 2021

SPIRE MISSOURI INC.

GR-2021-0108

REBUTTAL TESTIMONY

OF

ROBERT NOELKER

JUNE 17, 2021

TABLE OF CONTENTS

REBUTTAL TESTIMONY OF ROBERT NOELKER..... 1

I. PURPOSE OF TESTIMONY 2

II. PROPANE ASSETS 2

1 **I. PURPOSE OF TESTIMONY**

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 A. The purpose of my rebuttal testimony is to respond to Staff's recommendation that the
4 Company's propane assets continue to be included in the Company's cost of service
5 calculation and that these assets can still serve the Company's Spire East customers.

6 **II. PROPANE ASSETS**

7 **Q. PLEASE DESCRIBE THE COMPANY'S PROPANE ASSETS.**

8 A. The Company has operated a liquid-propane storage cavern since the early 1970s with
9 associated pumps and piping located at the Lange Storage Facility in Florissant, Missouri.
10 The Company has also operated propane heating and vaporization equipment at the Lange
11 Storage Facility and at the Catalan Plant in the City of St. Louis. These propane assets
12 were used for the purpose of peak shaving to supplement natural gas supply when pipeline
13 and storage natural gas were insufficient to serve the demanded load during periods of
14 extreme cold.

15 **Q. WHAT IS THE CURRENT STATUS OF THESE ASSETS?**

16 A. The propane heating and vaporization equipment at the Lange Storage Facility has been
17 physically moved and re-purposed to heat natural gas that is withdrawn from the
18 Underground Storage Field. The pumps that delivered propane to those facilities are being
19 retired this summer. The heating and vaporization equipment at the Catalan Plant has
20 served a dual purpose since installation. It is also used to heat high-pressure natural gas
21 prior to pressure regulation to prevent freeze-ups at the pressure regulating facility at the
22 Catalan Plant. The Company intends to continue to use this equipment for this purpose as
23 long as it is required. The source of propane has been physically disconnected from the

1 heating and vaporization equipment at Lange Storage Facility and the Catalan Plant and so
2 it is no longer possible to vaporize propane at either location without making further
3 modifications and adding new equipment. The cavern is not being used except to store
4 propane left over from peak shaving operations and to store propane for Phillips 66.

5 **Q. HAVE YOU REVIEWED THE SECTION OF STAFF'S REPORT FILED ON MAY**
6 **12, 2021 PERTAINING TO THE TREATMENT OF THE PROPANE ASSETS?**

7 A. Yes, I have.

8 **Q. PLEASE SUMMARIZE STAFF'S POSITION AS TO TREATMENT OF THE**
9 **COMPANY'S PROPANE ASSETS.**

10 A. Staff recommends that the propane assets be included in the Company's cost of service
11 because in Staff's opinion, these assets could still serve the Company's Spire East
12 customers.

13 **Q. DO YOU AGREE WITH STAFF'S PROPOSED TREATMENT OF THE**
14 **COMPANY'S PROPANE ASSETS?**

15 A. No, I do not. As I previously stated, the propane heating/vaporization assets are no longer
16 in service and therefore are neither used nor useful for the purposes of serving the
17 Company's customers. These assets need to be taken out of rate base as well.

18 **Q. PLEASE EXPLAIN WHY THE COMPANY MADE THE DETERMINATION TO**
19 **TAKE THE PROPANE ASSETS OUT OF SERVICE.**

20 A. With the increased pipeline natural gas supply provided by the addition of the Spire STL
21 Pipeline being built into the St. Louis metropolitan area, propane is no longer needed to
22 meet peak demand. Propane also increases the BTU factor of the natural gas to a point
23 where it can become problematic for certain customers, including customers who operate

1 compressed natural gas (CNG) fueling facilities and other commercial/industrial
2 customers.

3 **Q. DURING THE FEBRUARY 2021 POLAR VORTEX, DID THE COMPANY**
4 **UTILIZE THE PROPANE ASSETS TO SUPPLY SERVICE TO ITS**
5 **CUSTOMERS?**

6 A. No, for a few reasons. First, the use of propane was removed from the supply strategy for
7 the winter of 2020-2021. So, the Company was not pre-planning for this scenario. Second,
8 the Company was not able to vaporize propane at the Lange Storage Facility because the
9 assets were already re-purposed and out of service for propane vaporization at that location.
10 While the Company could have theoretically vaporized at the Catalan Plant, doing so
11 would have been only as a last resort. To do so, Spire would have had to change the natural
12 gas supply takes in order to take more gas in the vicinity of the Catalan Plant so that there
13 would have been adequate volumes of natural gas to mix with propane vapor in order to
14 not exceed the maximum percentage of propane allowed in the gas stream. If one exceeds
15 that threshold, the gas becomes too rich and can damage residential heating equipment and
16 other commercial/industrial equipment as well as vehicle engines that use CNG for fuel.
17 Shifting gas supply from other areas of the system to the area of the Catalan Plant takes
18 some planning, so it could not have happened without advance notice and would have
19 adversely affected system pressures in the areas from which the natural gas was diverted.
20 So, although it may have been possible to vaporize at the Catalan Plant, it would have taken
21 more pre-planning than the situation allowed and did not offer any operational benefit as
22 adequate pipeline and storage natural gas were already available to serve Spire customers
23 on the east side of the state.

1 **Q. COULD THE COMPANY BRING THE PROPANE ASSETS BACK IN SERVICE?**

2 A. While possible, I would not recommend it. The Company has already moved and
3 repurposed the heating and vaporization equipment at the Lange Storage Facility and the
4 pumps that delivered liquid propane from the cavern to that equipment have been placed
5 out of service and are in the process of being removed. The source of liquid propane has
6 been physically disconnected from the heating and vaporization facilities at the Catalan
7 Plant as well. Additional investments would be required to replace and/or to bring these
8 assets back in service.

9 **Q. EVEN IF YOU RECONNECTED ALL OF THE EQUIPMENT, WOULD YOU BE**
10 **ABLE TO VAPORIZE AT THE CATALAN PLANT IN THE FUTURE?**

11 A. No. The pipeline that is used to transport liquid propane from the cavern to the Catalan
12 Plant is owned by Spire NGL. Spire NGL is retiring a portion of the pipeline that connects
13 the cavern to the Catalan Plant due to integrity issues. This retirement/abandonment is
14 scheduled to take place in August 2021. Once this section of pipeline is retired and
15 abandoned, it will not be possible to transport liquid propane to the Catalan Plant.

16 **Q. GIVEN THAT THE COMPANY IS UNABLE TO VAPORIZE THAT INVENTORY,**
17 **DO YOU BELIEVE IT SHOULD BE REMOVED FROM RATE BASE?**

18 A. Yes.

19 **Q. WILL THE COMPANY REALIZE ANY GAIN ON THIS INVENTORY?**

20 A. No. The Company's weighted average cost to acquire this propane inventory is
21 significantly above the current market value of the propane inventory.

22 **Q. PLEASE SUMMARIZE SPIRE MISSOURI'S RECOMMENDATION**
23 **REGARDING THE TREATMENT OF THE PROPANE ASSETS.**

1 A. As previously stated in the direct testimony of Wesley E. Selinger, I recommend that
2 amounts associated with the Company's propane assets be removed from the Company's
3 cost of service. These assets are no longer used or are useful for utility service and should
4 not be included as part of the Company's cost of service. Moreover, as discussed above,
5 they are not able to become used and useful again.

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

7 Yes, it does.

**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) File No. GR-2021-0108
Service Provided in the Company's)
Missouri Service Areas)

AFFIDAVIT

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

Robert Noelker, of lawful age, being first duly sworn, deposes and states:

1. My name is Robert Noelker. I am D Director, Gas Operations and Control for Spire Missouri Inc. My business address is 700 Market Street, Saint 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 penalty of perjury, I declare that my answers to the questions contained in the foregoing rebuttal testimony are true and correct to the best of my knowledge and belief.

/s/ Robert Noelker

Date: June 17, 2021