UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
Spire STL Pipeline LLC	)	**Docket No. CP17-40-007**
	)	

MOTION FOR LEAVE TO ANSWER AND ANSWER OF SPIRE MISSOURI INC. TO THE MOTION FOR LEAVE TO ANSWER AND ANSWER OF ENVIRONMENTAL DEFENSE FUND DATED OCTOBER 20, 2021

Pursuant to Rules 213 and 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. Section 385.213 and 385.212, Spire Missouri Inc.[1] ("Spire Missouri") respectfully submits its Motion for Leave to Answer and Answer ("Answer")[2] to the "Motion for Leave to Answer and Answer of the Environmental Defense Fund," on October 20, 2021 in the above-referenced proceeding (the "EDF Answer"). Spire Missouri requests that the Commission grant leave to file this Answer and reject the EDF Answer, as it fails to provide any useful information to the record and contains numerous inaccurate and/or misrepresentative statements. Spire Missouri further submits that the Commission should not delay its action in this proceeding, based upon the spurious claims made in the EDF Answer, and in light of the significant resources and time that Spire Missouri and the St. Louis community are expending to prepare for outages in the region during this winter heating season.

Although the EDF has agreed that granting a temporary certificate to Spire STL Pipeline LLC ("Spire STL") "is necessary to ensure reliable service,"[3] EDF also requested that the

[1] On August 30, 2017, Laclede Gas Company changed its name to Spire Missouri Inc.; however, the utility and its interests in this proceeding are unchanged from the original intervention in this proceeding, which was filed on February 27, 2017.

[2] Spire Missouri submits that it is permitted to answer and oppose the motion filed by the Environmental Defense Fund ("EDF") as a matter of right. Nevertheless, and out of an abundance of caution, Spire Missouri moves for leave to answer the pleading filed by EDF to the extent it is necessary to do so.

[3] Reply Comments of the Environmental Defense Fund, Docket No. CP17-40-007, at 3 (dated Oct. 5, 2021) ("EDF Reply Comments").

Commission condition the continued operation of the STL Pipeline. The Public Service Commission of the State of Missouri ("MoPSC") submitted Reply Comments that addressed in detail a number of reasons why those conditions were neither appropriate, necessary or practical.[4] Nevertheless, EDF filed the EDF Answer responding to the MoPSC Reply Comments, in which it makes an impermissible and inaccurate additional attempt to justify its proposed conditions on the continued operation of the STL Pipeline.

Certain of the statements and representations made by EDF necessitate correction by Spire Missouri, as explained below. As such, Spire Missouri submits that good cause exists to grant it leave to file this answer under Rule 213.[5]

The EDF Answer makes numerous claims that are unsupported, refuted by prior pleadings,[6] and refuted by the Responses to FERC Data Requests[7] submitted by Spire STL Pipeline on September 7, 2021. Furthermore, the EDF Answer's claimed calculation of benefits to Spire Missouri's customers (*see* EDF Answer at 11-13) is replete with faulty and/or incorrect assumptions (*e.g.*, *Seaboard* rate design being imposed on Spire STL Pipeline, Spire STL Pipeline being able to provide access to MRT at Chain of Rocks and transport to Spire Missouri without fee). The fundamental assumption—that Spire Missouri could toggle its gas supplies between MRT/upstream pipelines and the Spire STL Pipeline, and swing back and forth reliably during the winter to keep Spire STL Pipeline deliveries to an arbitrary maximum volume—is operationally

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4 Reply Comments of the Public Service Commission of the State of Missouri, Docket No. CP17-40-007 (dated Oct. 5, 2021) ("MoPSC Reply Comments").

5 *See* footnote 2 *supra*. The Commission has granted motions for leave to answer that are otherwise prohibited by Rule 213, when inter alia they will provide for a more complete record. *See, e.g.*, *ANR Pipeline Company, TC Offshore LLC,* Dockets Nos. CP11-543-000, CP11-544-000, 139 FERC Para. 61,238, 62,663 (2012).

6 *See, e.g.,* Spire Missouri Reply Comments at 3-7 (demonstrating that EDF's claims regarding alternatives would result in incremental costs and, even if Spire Missouri were able to acquire the alternatives, the alternatives would not be sufficient to avoid outages under conditions similar to those that occurred in the 2020-2021 heating season).

7 *See, e.g.,* Responses to FERC Data Requests, No. 2.

irrational and infeasible, even if the connections and primary delivery points were to be changed as EDF simply assumes without justification.

Even to attempt the supply arrangement concocted by EDF, Spire Missouri would have to make a receipt point change on its MRT contract from Chain of Rocks to a different one upstream on MRT, and simultaneously subscribe for incremental capacity on Trunkline Gas Company, LLC ("Trunkline") or NGPL to do so; all costs associated with these actions may be completely unnecessary.[8] Spire Missouri has not yet made a receipt point change on its MRT contract because doing so may result in Spire Missouri not being allowed to revert to its original receipt point that would be necessary if STL Pipeline remains available, and worse, the potential forfeiture of its discount rate could thereby cause higher costs to the detriment of its ratepayers. Furthermore, Spire Missouri notes that it recently participated in an open season Trunkline posted, but was not awarded any capacity during that open season due to a non-conforming bid.[9]

EDF's spurious calculations also include the claim that "rates on MRT's East Line are lower than the rates for service on Spire STL,"[10] which is incorrect. The statement does not acknowledge fuel cost differences between each of the pipelines or the commodity cost differences between gas being purchased into Spire STL Pipeline versus MRT's East Line. EDF incorrectly assumes Spire Missouri would be able to buy gas delivered into MRT's East Line; however, this is not a liquid trading point and it remains uncertain whether gas would be available when Spire Missouri needs it most. Alternatively, if Spire Missouri were forced to rely on MRT's East Line capacity, it would contract for capacity on NGPL or Trunkline, as explained in prior filings. Aside

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8 *See* Response to FERC Data Requests Nos. 2-4.

9 Trunkline did not accept a bid that was contingent upon Spire STL Pipeline being operational, which was a reasonable and prudent contingency by Spire Missouri to avoid incurring duplicative incremental costs that could be passed on to its customers.

10 EDF Answer at 7.

from all of this, and assuming EDF's claim that Spire Missouri could buy deliveries into MRT's East Line, a more appropriate analysis would be a 100% load factor comparison incorporating the commodity cost, rather than simply comparing the reservation rate on Spire STL Pipeline to the reservation rate on MRT's East Line. As an example, had EDF conducted its analysis appropriately, assuming a 100% load factor and actual market prices currently trading for this winter,[11] Spire Missouri's delivered cost on Spire STL is $6.36/Dth compared to $6.70/Dth on MRT's East Line. Accounting for actual variable cost differences and commodity prices, Spire Missouri has determined that EDF's volumetric conditions would ultimately result in approximately $6 million in additional costs. As shown below, for a comparable analysis, Spire Missouri utilized the same volumes as EDF, but utilized the actual delivered costs on Spire STL and MRT's East Line.[12]

Pipeline	Volume	Delivered Cost/Dth	Cost
Spire STL Pipeline	20,532,774	$6.36	$130,506,836
Total w/o volume condition	20,532,774		$130,506,836
Spire STL Pipeline	3,668,599	$6.36	$23,317,709
MRT East Line	16,864,175	$6.70	$113,011,255
Total w/volume condition	20,532,774		$136,328,964
		Additional cost	**$5,822,128**

11 According to the Intercontinental Exchange (ICE), as of October 27, 2021 at 10:30 AM Central Standard Time, the winter strip (November – March) was trading at $6.04/Dth. Additionally, assuming MRT's East Line trades at a Chicago indicative price, which is consistent with where it has traded in the past and where Spire Missouri is seeing it trade currently, deliveries into MRT's East Line are at a $0.32 premium to Spire STL Pipeline deliveries, which trade at REX Zone 3 pricing.

12 Spire Missouri calculated the difference in variable costs to be approximately $0.02/Dth and the difference in commodity prices to be approximately $0.34/Dth. The calculation of the $0.02/Dth difference in variable costs is based upon the calculation of the 100% load factor difference between Spire STL and MRT's East Line, as well as ignoring the commodity cost differences and assuming $6.04/Dth for both. Once the difference in commodity prices (i.e., between Chicago and Rex Zone 3) is factored in, there is an additional $0.32/Dth difference.

Further complicating EDF's claims is that it fails to acknowledge that sufficient gas may not be received reliably from the upstream pipelines into the MRT East Line. As Spire Missouri and other intervenors have established previously, there have been periods as recent as last winter, during the most critical days, when the upstream pipelines were unable to deliver into MRT's East Line.[13]

Finally, EDF's completely unsupported representation that its calculation of savings "assumed that Spire Missouri would pay MRT's filed rates, where in fact Spire Missouri could potentially negotiate a lower rate"[14] demonstrates a fundamental lack of experience and understanding in negotiating or trading in natural gas markets. The notion that a local distribution company could negotiate a less-than-maximum rate on a pipeline where the market becomes seasonally constrained with less supply is erroneous.

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13 *See, e.g.*, Spire Missouri Comments at 7; *see also* Carter Affidavit at ¶¶ 30-35. MoGas Pipeline LLC further corroborated these facts in its comments. *See* Comments of MoGas Pipeline LLC, Docket No. CP17-40-007 at 5 (dated July 28, 2021). In addition, Trunkline Gas Company, LLC subsequently issued a notice that it is undertaking work to improve its connection to MRT's East Line, but whether that work will correct the historical pressure problems experienced by MRT shippers is not known and cannot be assumed when arranging peak winter service.

14 EDF Answer at 13.

For the reasons explained herein, as well as in the Comments and Reply Comments of Spire Missouri Inc., the Federal Energy Regulatory Commission should reject the Motion and Answer of the Environmental Defense Fund.

/s/

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Dated: October 29, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC this 29th day of October, 2021.

/s/
Garrett P. Lent