Exhibit No.:____
Issue: Facts relevant to Complaint
Witness: William Casey Lee
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Sponsoring Party: Symmetry Energy Solutions LLC
File No.: GC-2021-0316

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

FILE NO. GC-2021-0316

TESTIMONY

OF

WILLIAM CASEY LEE

ON BEHALF OF

SYMMETRY ENERGY SOLUTIONS, LLC

DECEMBER 20, 2021

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I. WITNESS BACKGROUND

Q. Please state your name and business address.

A. My name is William Casey Lee. My business address is 9811 Katy Freeway, 14th Floor, Houston, Texas 77024.

Q. By whom are you employed and in what capacity?

A. I am employed by Symmetry Energy Solutions, LLC ("Symmetry"), as Symmetry's Vice President of Gas Supply, Scheduling and Asset Management.

Q. Please describe your responsibilities as Vice President of Gas Supply, Scheduling and Asset Management.

A. I am responsible for and have oversight of gas supply for all areas of the country in which Symmetry operates. One of our operating areas is the West region, which includes (among other states) the State of Missouri. In that role, I manage the teams that procure gas supply, including baseload and swing gas, and that nominate gas for delivery to Symmetry's customers in the West region. I was personally involved in many of the matters at issue in this case.

Q. Where were you employed prior to joining Symmetry?

A. I have worked for Symmetry or its predecessor companies since August 2005. Prior to my current role, I was the Vice President of Gas Supply and Asset Management for CenterPoint Energy Services, Inc. ("CenterPoint"), which subsequently changed its name and became Symmetry in 2020. Prior to that, I was a Senior Director of Trading for Atmos Energy Marketing, LLC, which was acquired through merger by CenterPoint in 2017. Prior to that, I was a Trade Analyst for Cinergy Corp., and prior to that I was an Analyst for Dynegy Marketing and Trade, LLC.

Q. What is your educational background?

A. I have a Bachelor of Business Administration degree in the area of Engineering Route to Business from the University of Texas, Austin.

Q. Have you testified in other regulatory proceedings?

A. No.

Q. Was this testimony prepared by you or under your direction?

A. Yes.

II. SCOPE AND PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this case?

A. The purpose of my testimony is to provide the Commission with factual background relevant to the matters at issue in this proceeding. Spire Missouri Inc. is attempting to assess over $150 million in Operational Flow Order ("OFO") penalties against Symmetry based on the OFO Spire issued for its Spire Missouri West system in connection with Winter Storm Uri, and Symmetry contests the propriety of Spire's OFO and resulting penalties. In this testimony, unless I indicate otherwise, I will use the term "Spire" to refer to Spire Missouri Inc. and its operating unit Spire Missouri West.

Q. Please summarize your testimony.

A. In my testimony, I provide an overview of Symmetry's operations—as they relate to gas supply, purchasing, and nominations—both during normal circumstances and during OFO periods. I will also give the Commission important facts about the unprecedented challenges that Symmetry faced during Winter Storm Uri, and facts demonstrating that Spire's attempt to impose over $150 million in OFO penalties violates Spire's tariff. Spire's tariff allows it to issue an OFO only when necessary (1) to preserve system

integrity or (2) to ensure compliance with an upstream pipeline OFO. Here, the facts show that Spire's OFO was not justified on either basis. Spire issued a system-wide OFO on February 10, 2021, to be effective on February 12, when there was no indication that its system integrity was in jeopardy, and which was before the Southern Star Central Gas Pipeline ("Southern Star"), the relevant upstream pipeline, issued its own system-wide OFO.

The conditions we observed during the storm indicated that Spire was not experiencing any of the kinds of system integrity issues that would justify an OFO. Spire personnel represented on multiple occasions going into and during Winter Storm Uri that Spire's system integrity was not at risk and that it had plenty of gas on hand. Critically, on February 15, during the storm, Spire sold Symmetry, through Atmos Energy Corporation ("Atmos"), **[redacted]** dekatherms of gas from its in-ground storage inventory for $**[redacted]**. Spire also released Symmetry transportation capacity on Southern Star during Winter Storm Uri, for which Spire charged Symmetry the maximum tariff rate. All of these facts belie any claim that Spire's system was in jeopardy or that an OFO was necessary. Additionally, despite the fact that Spire had so much gas on hand that it was able to sell this enormous quantity of gas on February 15, 2021, Spire nevertheless left the system-wide OFO in place for five additional days until February 20, which includes the days on which gas prices, and hence the penalties Spire seeks, were the highest.

During the storm, Symmetry, and the industry in general, faced historic and unprecedented supply cuts and events of force majeure that covered entire swaths of the country. Symmetry personnel worked frantically and tirelessly, at times under very

challenging personal conditions—including from cars and hotel rooms when personnel lost heat and power—to buy as much gas as possible. At this same time, Atmos, a utility for which Symmetry serves as the asset manager, exercised its defined rights under the parties' Asset Management Agreement obligating Symmetry to provide all firm system supply requirements up to the released storage and transportation contract rights. The result of this action was that Symmetry had to redirect all of the gas it could procure, in the face of stunning supply cuts and events of force majeure, to Atmos in order to ensure that Atmos's human needs customers did not suffer, and that Symmetry did not breach its contract with Atmos. Symmetry under-delivered to Spire only because what little gas Symmetry could obtain was needed to serve Atmos's human needs customers, while Spire's system was fully operational and Spire had sufficient gas in storage to serve all customers on its system.

During Winter Storm Uri, Symmetry acted at all times in good faith to serve its customers in Missouri and neighboring Kansas, and lost millions of dollars in the process. Spire, on the other hand, was *selling* gas in the spot market during this time, although it refused to sell gas to Symmetry because it supposedly had concerns about Symmetry's credit. Spire issued its OFO, and kept its OFO in place longer than necessary, in circumstances when the OFO should never have been issued in the first instance and when Symmetry acted at all times in the best interest of human needs customers. Spire's claim that it would not retain OFO penalties as profits but instead would pass them on to its retail customers rings hollow, because Spire Missouri and its parent company Spire Inc. stand to profit in numerous ways from Spire Missouri's actions during Uri: Spire Missouri profited from its sale of $** [redacted] ** of gas from

storage to Symmetry; Spire Inc. profited because Spire Missouri bought almost $** [redacted] ** in unneeded spot gas purchases from its unregulated affiliate Spire Marketing, which costs Spire Missouri is now attempting to pass on to Symmetry; and if Spire Missouri is able to impose hundreds of millions of dollars in OFO penalties against Symmetry and other marketers (and ultimately their Missouri customers), the intended result may be the exit of other marketers from the Missouri market, which would leave customers in Missouri with no gas supply options except Spire and Spire Marketing.

III. SYMMETRY BACKGROUND AND BUSINESS MODEL

Q. Please describe Symmetry's customer base in Western Missouri.

A. Symmetry's customer base in Western Missouri consists primarily of commercial, industrial, and governmental customers, and other large consumers of natural gas. For example, Symmetry provides gas to the City of Kansas City (including Kansas City International Airport); the Nelson-Atkins Museum of Art in Kansas City; approximately 22 hospitals, 192 schools, and three military bases; and numerous factories. A majority of Symmetry's customers on the Spire system are on line segment 195 of the Southern Star system, which is in the Kansas City area.

Q. Please explain Symmetry's business model.

A. Symmetry is a leading retail natural gas marketer that markets natural gas and serves as an agent of end user customers. As a marketer of natural gas, Symmetry arranges purchases and sales of natural gas to satisfy its customers' natural gas needs. Unlike pipelines such as Southern Star or local distribution companies ("LDCs") such as Spire, a marketer does not own physical assets commonly used in the supply of natural gas such as pipelines or storage fields. Instead Symmetry purchases gas from suppliers and

producers, and contracts for the transport and delivery of that gas with interstate pipelines (like Southern Star) and LDCs (like Spire) to its end-user customers, which include large commercial and industrial users, governmental agencies, hospitals, school systems, and the like. Symmetry does not drill for gas or own any physical transportation or storage infrastructure; Symmetry is wholly dependent on third parties for supply and transportation. As such, gas marketers like Symmetry serve an important function for Missouri customers, and serve as an alternative to regulated utilities, in that they provide a more cost-effective option for facilitating the sale of gas from producers and suppliers on the one hand, and to end use customers on the other. The competition and efficiencies gas marketers bring to the natural gas market result in lower prices for Missouri consumers. As a marketer, Symmetry does not set or have any control over natural gas availability or price. Instead, it is subject to the market's inherent laws of supply and demand, including loss of supply of natural gas from upstream suppliers such as pipelines and natural gas producers. Symmetry competes with other marketers in the industry, such as Spire Marketing, Constellation NewEnergy, Inc., Clearwater Enterprises, LLC, Bluemark Energy, LLC, and others.

Q. Please elaborate on how it is that Symmetry is able to sell gas to its customers at a lower cost than LDCs.

A. Symmetry and other gas marketers have a different business model from that of an LDC. Symmetry's business model is premised on supplying gas to its customers as efficiently and cost-effectively as possible. To accomplish that, Symmetry employs teams of gas traders and others who seek to purchase the most economical gas and transportation possible to serve Symmetry's customers. Marketers compete against each other on many

bases, including price. LDCs, on the other hand, do not face the same economic drivers as marketing companies do. LDCs are allowed to set their rates based on recovery of costs, subject to prudence review. For marketing companies, revenue versus cost is realized in real-time (on a monthly basis), whereas an LDC has a cost recovery mechanism. Both are trying to minimize costs, but marketers are performing that function in real-time, whereas LDCs are doing this retroactively. Regulated utilities generally recover all of their gas commodity, transportation, storage and other related costs from their customers through utility commission-approved tariff provisions, subject to applicable regulatory prudency standards. A significant portion of these costs can be attributed to long-term transportation and storage contract arrangements a utility will enter into with upstream pipelines and service providers based upon the utility's historic peak day requirements and its system load profile. Marketers do not usually enter into such long-term pipeline service agreements. Unlike utilities which are regulated monopolies in an exclusive geography with a captive customer base, marketers are subject to competitive market forces where the price to the customer is often the determining factor of whether the customer stays with the marketer or switches to another. The markets, customer base and related load profile of a marketing company frequently change, thereby making it ineffective and inefficient to maintain longer term, fixed volume transportation arrangements. For a marketer, over-subscribed or underutilized transportation or storage would become a sunk cost and, if the marketer tried to recover that sunk cost from its customer base, it would soon price itself completely out of the market to other competitors.

IV. SYMMETRY'S RELATIONSHIP WITH SPIRE

Q. Please describe Symmetry's relationship with Spire and the documents that contemplate the OFO penalties that Spire seeks to impose.

A. As noted above, Spire is an LDC. LDCs are regulated utilities involved in the delivery of natural gas to consumers within a specific geographic area. They typically transport natural gas from delivery points located on interstate and intrastate pipelines to households and businesses through thousands of miles of small-diameter distribution pipes. The delivery point, or points, where the natural gas is transferred from a transmission pipeline to the local gas utility is often termed the "city gate." Typically, utilities take ownership of the natural gas at the city gate, and deliver it to each individual customer's meter. Since the restructuring of the gas industry almost thirty years ago, the sale of gas and/or delivery arrangements may be handled by other agents, such as producers, brokers, and marketers, like Symmetry.

Symmetry's relationship with Spire is largely governed by two documents: (1) Spire's tariff (Schedule CL-1) and (2) Symmetry's Aggregation Agreements with Spire (Schedule CL-2). Spire's tariff is the document that contains the provision governing the OFO penalties Spire seeks to impose. I describe this in more detail below in the context of OFO penalties.

Under the terms of Spire's tariff, Symmetry acts on behalf of its customers located behind Spire's city gate. These customers also have a contractual relationship with Spire as "transportation customers" and each has a separate Transportation Agreement with Spire. In general terms, Symmetry procures gas for all of its customers behind Spire's city gate, contracts for the transportation of gas purchased from various

suppliers, and then pools the gas together and arranges for its delivery to Spire's city gate on its customers' behalf. Symmetry has separate Aggregation Service Agreements with Spire pursuant to which Symmetry acts on behalf of its customers behind Spire's city gate for "the pooling of gas supplies on [Spire's] natural gas distribution system." A Symmetry predecessor entity, Atmos Energy Marketing, entered into an Agent Aggregation Service Agreement with a Spire predecessor entity, Missouri Gas Energy, on April 1, 2010. Another Symmetry predecessor entity, Seminole Energy Services LLC, entered into an Agent Aggregation Service Agreement with Missouri Gas Energy on November 8, 2010. (See Schedule CL-2.)

Q. Please describe the terms of the Aggregation Agreements in more detail.

The terms of the Aggregation Agreements between Symmetry and Spire are substantially similar. The agreement dated April 1, 2010 provides, in part, as follows:

- "Agent [i.e., Symmetry] will engage in the pooling of gas supplies on the Company's [i.e., Spire's] natural gas distribution system for [Symmetry]'s authorizing gas transportation customers, hereinafter referred to as 'Pool(s),' for the purpose of administering gas service for said customers."
- "[Spire] will transport and deliver gas supplies to [Symmetry]'s customers pursuant to its applicable gas rate schedule LV and in [Spire]'s 'General Terms and Conditions of Gas Service,' all as now on file with the regulatory authority having jurisdiction herein, and as amended, reissued and made effective from time to time as provided by law."
- "[Symmetry] will act on its customers' behalf for the purposes of fulfilling the customers' contractual obligations under this Agent Aggregation Service Agreement.

Except as provided herein, all charges contained in the Agent Aggregation Service Agreement shall remain in full force and effect and remain payable to [Spire] by [Symmetry]'s customers in the event [Symmetry] fails to pay same hereunder."

- "Pursuant to the terms of the Agent Aggregation Service Agreement, [Symmetry] shall submit monthly and daily gas transportation nominations at the customer level to the interstate pipeline for each Pool member in accordance with the deadlines set forth by said pipeline. [Symmetry] will revise these nominations if they change at any time during the month. [Symmetry] will endeavor to nominate and deliver gas in a manner that satisfies its customers' actual daily fluctuations in gas demand throughout the month."
- "All terms and conditions in [Spire]'s Transportation Provisions (TRPR) tariff shall also apply to [Symmetry] where applicable with equal force and effect, including all provisions relating to an Operational Flow Order ('OFO') and Period of Curtailment ('POC'). If [Symmetry] fails to comply with an OFO or POC, [Spire] may terminate this Agreement or prohibit [Symmetry] from adding additional customers to it [sic] Pools for the remaining term of this Agreement."
- "[Symmetry] shall balance its customers' gas deliveries with its retainage-adjusted receipts on a monthly basis for each of its Pools. Customers' retainage-adjusted receipts (nomination) for customers in a Pool shall constitute one (1) cumulative receipt, and all gas deliveries (usage) by customers in a Pool shall constitute one (1) cumulative delivery, for the purposes of complying with [Spire]'s balancing provisions and shall be cashed-out according to the terms set forth in Section 9 Requirements for Transportation Service of its Transportation Provisions (TRPR)

tariff."

- "[Spire] shall bill [Symmetry] monthly for all charges relating to imbalances assessed to its Pools."
- "This Agreement, and the rates and service hereunder, shall be subject to regulation by the regulatory authority having jurisdiction; to all applicable present and future state and federal laws; and to all rules, regulations, and orders of any other regulatory authority having jurisdiction of the subject matter or either of the parties hereto."

Q. What is a natural gas pool?

A. Pools are essentially an aggregated group of gas supply sources or gas customers used for trading, nomination, and billing purposes. A gas supply pool is an area on the gas distribution system where market participants supply, purchase, and trade gas. As the term is used in the Aggregation Agreements described above, a pool is simply a group of customers whose gas is aggregated on a particular system for purposes of billing and monthly balancing. Symmetry has two pools on the Spire system: a large volume pool (which consists of customers that burn a large quantity of natural gas) and a small volume pool (which consists of customers that burn a smaller quantity of natural gas). For purposes of billing and monthly balancing, the nominations and gas usage of customers within a pool are aggregated. Therefore, under non-OFO conditions, it is irrelevant whether an individual customer within a pool is out of balance (meaning the volume of gas nominated for that customer did not match the amount of gas the customer used) so long as the pool as a whole is balanced, and any imbalance as between Symmetry and Spire is determined on a pool, not an individual customer, basis.

Q. Briefly describe what nomination means.

A. Nomination refers to the process of submitting instructions to the pipeline or LDC for how much gas is to be delivered to each customer each day and the pathway of the delivery (i.e., the source of gas, the transport to be used, and the delivery point for the gas).

Q. Describe how Symmetry decides how much gas to nominate for its customers on Spire's system.

A. For Spire, Symmetry nominates gas for delivery to its customers on a daily basis. Before the beginning of each month, Symmetry estimates its customers' likely daily gas consumption for the month based on data from the previous month, data for the upcoming month in prior years, weather forecasts, and other factors. Symmetry's daily customer nominations are based on those beginning-of-month estimates for a number of days, until Symmetry has accumulated enough real time, in-month data to justify adjusting the customer nominations. Due to the limitations of Spire's system, Symmetry does not receive customer usage data in real-time, but instead on either a two- or three-day lag (for electronically metered customers) or after the end of the month (for non-electronically metered customers); therefore, Symmetry does not begin this estimation process until about one week to 10 days into the month. From that point forward, on a daily basis, Symmetry personnel evaluate forecast models, customer gas usage, and other data to determine if adjustments need to be made to gas nominations for the next day.

Q. Describe how Symmetry enters nominations.

A. Nominations must be manually entered each day by transposing the data in a spreadsheet into an Electronic Bulletin Board, or "EBB." Spire, unlike most other LDCs that serve Symmetry customers, does not have its own EBB, so Symmetry makes nominations for

customers on Spire through the EBB of the relevant interstate pipeline, in this case primarily Southern Star. Making a change to nominations requires manually adjusting these individual nominations, based on spreadsheets that contain thousands of rows of data. Therefore, this can be a very time-consuming process.

Q. Is there a schedule on which nominations must be made?

A. Yes. Under normal circumstances, nominations for next-day gas flow can be submitted to the interstate pipeline multiple times during the gas day, which permits the calibration and correction of nominations over the course of a day. For example, if Symmetry receives notice in the early afternoon that a supplier will not be able to deliver expected quantities of gas the next day, Symmetry can then react by adjusting nominations later that evening to schedule gas to be delivered from a different supplier. However, during Uri this was not a realistic option, because nominations submitted later in the day are treated with lower priority than earlier nominations, and hence gas nominated during a later cycle was even less likely to flow, as discussed in more detail below.

Q. How does Symmetry know how much gas its customers are consuming so it knows whether to adjust their daily nominations?

A. Although Symmetry submits nominations for its customers on a daily basis, it is important to be clear that, largely due to limitations of Spire's systems, Symmetry does not actually know how much gas each of its customers is using in real time. A minority of Symmetry customers behind Spire have electronic flow monitoring (otherwise known as "EFM" or "telemetry"), and for those customers Symmetry is able to obtain their usage data during the month, but even then, that data arrives on a two- or three-day delay. As such, even under the best of circumstances, for nominations on Spire's system,

Symmetry is forced to make nominations on the basis of data that is two to three days old. For customers that do not have EFM (which is the majority), Symmetry does not know until after the end of the month how much gas the customers have actually consumed, unless Symmetry either physically sends someone to the customer's location to read the meter on-site, or calls the customer and asks the customer to do so. For those non-telemetry customers, Symmetry relies on data regarding past usage, along with weather data and other factors, to model their anticipated gas usage and thus their nominations.

Q. Why is the relationship between your nominations and the customers' actual gas consumption important?

A. Spire's tariff provides that, under normal circumstances, its system is monthly-balanced, which means that at the end of each month, Symmetry is required to have nominated, within a margin of error or "tolerance" range, the same amount of gas for delivery as its customers within each pool used. Because this balancing is evaluated on a monthly basis, it is essentially irrelevant whether a customer uses more or less gas than was nominated on a particular day, and instead an aggregate balance for the pool is determined for the entire month. Pursuant to Spire's tariff, if Symmetry delivered less gas over the course of the month than its customers used, then Symmetry will owe Spire a credit; conversely, if Symmetry delivered more gas over the course of the month than its customers used, then Spire will owe Symmetry a credit. Typically, this credit in either direction will carry over into the next month and offset the amount owed for that month.

V. OPERATIONAL FLOW ORDERS, GENERALLY

Q. Based on your training and experience, what is your understanding of what an

Operational Flow Order is?

A. In general terms, an Operational Flow Order, or OFO, is a mechanism used by pipelines, local distributions companies, or storage operators that is intended to be used to protect the integrity of those systems. When used as intended, an OFO will require that, when the natural gas system's integrity is threatened, shippers take action to balance their supply with their customers' usage on a daily basis within a specified tolerance range. If deliveries and receipts are not in balance on a daily basis, the pipeline or utility may then seek to assess penalties based on the volume of the over- or under-delivery. This is in contrast to the normal circumstances I described above in which marketers like Symmetry are generally required to be in balance at the end of the month rather than on each day of the month.

Q. Does the issuance of an OFO also affect the frequency with which you can make changes to your customer nominations? If so, why is this significant?

A. Not directly. However, during times of system stress—as was the case during Winter Storm Uri—it can become less feasible to submit or change nominations after the 1:00 p.m. Central time cutoff for "timely" nominations. Nominations for next-day gas deliveries that are submitted before the 1:00 p.m. "timely" cutoff are treated with the highest priority by a pipeline. Nominations submitted or changed later in the day have lower priority. During ordinary circumstances, there is little practical impact from this distinction, and gas nominated later in the day is still likely to be successfully delivered. However, during Uri, because there was not enough gas being delivered to Southern Star to cover even timely nominations, gas deliveries nominated later in the day were unlikely to be fulfilled. This is significant because, if shippers learned after 1:00 p.m. Central

time that gas they had ordered for delivery the following day was not going to arrive (because, for example, the supplier had less supply available than it had anticipated), the shippers would be unable to nominate new gas supplies to make up for the supplies that had been cut.

Q. What are OFO penalties?

A. During the period of a properly-issued OFO, customers and aggregators are required to ensure that their receipts and deliveries are balanced on a daily basis, as opposed to on a monthly basis as is normally required.

In the case of Spire, if a customer or aggregator is out of balance on a particular day during the period of a properly-issued OFO (outside of a 5% tolerance), Spire may seek OFO penalties equal to the following formula:

- Volume of the imbalance, multiplied by
- the greater of $5, or
- the Southern Star Gas Daily Index price for that day multiplied by a factor of 2.5.

Q. In your decades of experience, what is the highest OFO penalty you have seen imposed on a shipper for the under-delivery of gas?

A. The highest OFO penalty I have ever seen is in the hundred-dollar range, which was in the Northeast area of the country. In the Missouri area, I have never seen penalties anywhere close to the levels that Spire is trying to assess here.

Q. Did Spire issue an OFO during Winter Storm Uri?

A. Yes. Spire issued an OFO for its West system on February 10, 2021, to be effective at 9:00 a.m. on February 12. (Schedule CL-3.) However, to my knowledge Spire did not send notice of the OFO to anyone in Symmetry's gas supply group until February 11.

VI. SYMMETRY'S POSITION GOING INTO FEBRUARY

Q. Going into February, how did Symmetry plan to supply the gas needs of its customers behind the Spire city gate?

A. The vast majority of the gas Symmetry uses to serve customers behind Spire's city gate is transported on the Southern Star Central Gas Pipeline, with a small amount coming from the Panhandle Eastern Pipe Line. (Of Symmetry's customers on the Spire system, approximately 300 receive gas from Southern Star, whereas fewer than five receive gas from Panhandle.) Going into February, the Winter of 2020-2021 was unusually mild. As a result, market participants held a significant amount of gas in storage, and in general the market was well supplied. As of February 1, 2021, Symmetry had purchased roughly **[redacted]** MMBtu per day of baseload gas on Southern Star for the month. This is gas that Symmetry has bought before the start of the month for delivery during the month. The pricing of baseload gas is typically based on a First-of-Month ("FOM") index, a Gas Daily ("GDD") index, or a fixed price set in advance. As a general matter, Symmetry purchases baseload gas for the Winter period in September or October as part of a baseload gas package, and Symmetry also may supplement its baseload gas purchases by purchasing additional baseload gas during the month preceding when the gas is to be delivered. Baseload gas generally makes up the majority of the gas Symmetry purchases to supply to its customers. Going into February, Symmetry had purchased a significant baseload package from **[redacted]**—one of the largest wholesale gas suppliers in the country—for delivery to the point on Southern Star's system where the production zone and market zone meet (i.e., the "PMI"). Symmetry had also contracted with other suppliers for baseload gas

packages.

Symmetry also anticipated purchasing up to **[redacted]** MMBtu per day of swing gas to serve customers on Southern Star. "Swing" or "spot" gas is gas that Symmetry buys within the month on the daily, or spot, market for delivery the next business day (plus succeeding weekend and holiday days, if applicable). A spot transaction does not imply a continuing arrangement between the buyer and the seller, as is the case with baseload gas. Spot gas contracts can be priced either at the GDD price, which changes daily based upon market prices, or at a fixed price agreed upon by the buyer and seller at the time of the sale. As a general matter, spot gas purchases can be executed in one of two ways: (1) on an exchange such as the InterContinental Exchange (otherwise known as "ICE"), or (2) directly between a buyer and seller, otherwise known as an "over-the-counter" trade. Over-the-counter trades are typically negotiated either via telephone, or via computer instant messaging. The most popular instant messaging service for gas traders is provided by ICE and is known as "ICE Chat." ICE Chat is a separate service from the ICE exchange.

Spot gas trades are directly settled between counterparties, generally on a monthly basis after the end of the month. Because a seller in a spot transaction is providing gas to the buyer in the immediate- or near-term but is not invoicing and collecting funds from the buyer until later, sellers generally have internal procedures to ensure that buyers are creditworthy. Different sellers have different standards for the credit risk they are willing to take, and therefore some sellers prefer to sell to utilities as opposed to marketers such as Symmetry, because utilities are perceived to be a lesser credit risk.

The quantities of baseload and spot gas Symmetry acquired during February 2021

to serve customers on the Southern Star pipeline are reflected in Schedule CL-4.

Q. How does Symmetry determine how much gas it will need for each month to serve its customers behind Spire?

A. Before the start of each month, Symmetry analyzes what it expects its customers' gas demand during the month to be, based on weather, historical patterns, and other factors. Symmetry then analyzes the baseload gas it has bought for the month, determines whether it will likely need to purchase additional gas for the month, and, if so, evaluates whether to purchase additional baseload gas, purchase additional gas on the spot market as needed during the month, or both.

Q. Was Symmetry's position going into February 2021 typical as compared to historical practice?

A. Yes. Symmetry's position was typical of Symmetry's plans to serve its customers behind Spire in February of any given year, and based on historic usage and weather forecasts, Symmetry believed it was well-supplied going into the month. Going into February, weather forecasts indicated that February was likely to include a period of colder weather than preceding months, but neither I nor anyone I spoke with in January and early February, at Symmetry or otherwise, predicted that February would include a period of weather with anywhere near the severity of Uri, or that the gas markets in February would be significantly impacted.

Q. Did Symmetry hold storage and transport capacity on Southern Star going into February?

A. Yes. Going into February, the vast majority of the storage and transport capacity on Southern Star that was available to Symmetry was governed by an Asset Management

Agreement, or "AMA," between Symmetry and Atmos Energy. (See Schedule CL-5.) Symmetry (or its predecessor entities) has acted as the asset manager for Atmos for over ten years.

Q. What is an Asset Management Agreement?

A. Asset Management Agreements ("AMAs"), in general, are agreements pursuant to which a counterparty—such as a traditional utility—allows an asset manager, such as Symmetry, to utilize the counterparty's storage and transportation assets, including its pipeline capacity, and Symmetry acts as the counterparty's asset manager and handles the counterparty's supply and scheduling needs. Under such an arrangement, a large gas purchaser, such as an LDC, releases its pipeline capacity (and possibly its gas purchase contracts) to an asset manager. The AMA requires the asset manager to deliver gas to the purchaser when called upon to do so under the terms of the AMA. To the extent that there is excess pipeline capacity or surplus purchased gas, the asset manager is expected to maximize the value of those assets by making bundled sales or releasing the pipeline capacity to third parties, with revenues to be shared as provided for under the AMA.

The majority of the transportation and storage to which Symmetry has access nationwide (not just on Southern Star) is available to Symmetry pursuant to AMAs. As noted previously, Symmetry, as a gas marketer, does not own any physical infrastructure. Symmetry contracts to utilize third parties' infrastructure to transport gas from suppliers to customers. AMAs are an integral component of that business model. Symmetry has well over **[redacted]** AMAs with multiple LDCs (including Spire Mississippi), end users, and municipalities across the country. To my knowledge, marketing companies in general—including Spire's affiliate Spire Marketing—similarly employ AMAs as a

regular part of their business. Symmetry's AMAs benefit the customers of our utility counterparties because Symmetry pays our counterparties under those AMAs, and those payments factor into utilities' purchase gas adjustments and thereby reduce the gas prices paid by the utilities' ratepayers.

Q. What are the parties' rights and obligations under Symmetry's AMA with Atmos?

A. Pursuant to Symmetry's AMA with Atmos, Symmetry provides supply and asset management services to Atmos in exchange for the right to utilize Atmos' "asset portfolio" to the extent assets in the portfolio are not needed to serve Atmos customers. More specifically, under the terms of the AMA, Atmos agreed to release to Symmetry firm transportation rights and release to Symmetry all of Atmos's right, title, and interest in its gas storage inventory. Symmetry is required to meet certain delivery obligations to Atmos and portions of the gas in inventory are earmarked for delivery to Atmos. Under the AMA and FERC rules, the obligation to deliver gas is further defined and provides Atmos the ability to fully utilize its assets (storage and transportation) at any time under certain circumstances to meet the delivery obligation. Asset utilization is governed by FERC Order 712. If Atmos (or another party releasing capacity pursuant to an AMA) requires gas delivery that fully utilizes the contract gas quantity, that means that, during that period, the asset owner has full rights to the assets and the asset manager cannot utilize them to serve other parties unless and until the owner's daily supply requirements are fulfilled. If an asset manager fails to comply, an asset owner may recall its assets, which essentially means to terminate the AMA. Max asset utilizations under AMAs are exceedingly rare, and prior to February 2021, Atmos had never called its assets.

Q. Over the course of your career, have you ever encountered a circumstance in which

any counterparty to an AMA utilized 100% of its assets at one time?

A. For an asset owner under an AMA to utilize 100% of its assets at one time is highly unusual, and for an asset owner to do so negates the underlying value of entering into an AMA agreement in the first place. Like Winter Storm Uri itself, Atmos's utilization of 100% of its assets during the storm was totally unexpected and unprecedented.

Q. How much gas in storage was available to Symmetry going into February?

A. Through the Atmos AMA, Symmetry had access to roughly ** [redacted] ** cubic feet of storage gas, and ** [redacted] ** dekatherms of withdrawals per day, going into February.

Q. Was that typical for the month of February?

A. Yes. Typically, in years past, Symmetry has gone into February with approximately ** [redacted] ** cubic feet of gas in storage to support Atmos and Symmetry's customers on Southern Star.

Q. How did Symmetry plan to utilize that gas?

A. When Symmetry plans its baseload gas supply for Symmetry's customers behind utilities on Southern Star other than Atmos, Symmetry does not typically consider or include gas from storage. Stated differently, before the beginning of each month, Symmetry does not include storage as part of its calculus to determine how it will supply gas or whether it should purchase gas for the support of those customers; rather, that plan includes first-of-month purchases and daily spot purchases. On certain days during a month, Symmetry may utilize storage gas in place of spot purchases. Symmetry also relies on gas in storage as a recourse when confronted with unforeseen periods of increased demand, or periods of system stress. Indeed one of the principal functions of storage gas is to relieve stress to the system during unforeseen events.

VII. WINTER STORM URI, SUPPLY CUTS, AND ATTEMPTS TO PURCHASE ADDITIONAL GAS

Q. When did you realize that Symmetry and other market participants were going to face higher gas demand in February than you previously anticipated and on what basis?

A. Early in February, Symmetry, and the market in general, began planning for declining temperatures. For example, on February 2, 2021, Southern Star issued a Winter Weather Watch effective February 6. (See Schedule CL-6.) Symmetry also saw its first round of supply cuts on or around February 6. However, Symmetry could not predict how cold it would get or how much Symmetry's customers' gas usage would increase as a result, and, as I noted, Symmetry does not receive data on any of its customers' usage until several days after the fact due to the limitations of Spire's system.

Q. Based on your knowledge and experience, what did you expect would happen as the temperatures declined?

A. When temperatures decline, demand for natural gas generally increases as a result of increased heating demand. Natural gas is used both directly as a heating source, and as a fuel for electricity generating plants (which power electric heaters), and demand for both generally increases as temperatures decrease. However, because pipelines and LDCs were issuing OFOs and requests for commercial and industrial users to curtail their usage, it made it very difficult for us to predict whether our customers' aggregate gas usage would increase or decrease, and by how much. In any event, initially we had no reason to believe we would not be able to cover any increased demand with the baseload gas we had already contracted to purchase, swing gas that could be bought on the daily spot

market, and gas in storage, if it became necessary.

Q. At some point, did Symmetry's suppliers fail to deliver baseload gas supply for which Symmetry had contracted?

A. Yes. Symmetry's baseload gas supply on Southern Star started being cut by Symmetry suppliers on or around February 8, and on or around February 11 Symmetry also started receiving force majeure notices from various suppliers.

Q. Explain the distinction between a "cut" and the issuance of a force majeure notice.

A. A supply "cut" simply means that gas that was scheduled to arrive did not arrive. These supplier cuts are reflected on "cut reports" generated by the pipeline (in this case, Southern Star). (See Schedule CL-7.) Cut reports are typically issued every cycle and contain cut codes which provide the reason for the cut so that Symmetry can take further action if necessary. Cuts for next gas day supply may not be reflected on a cut report until a cycle late in the day. Under normal circumstances, cuts can occur for a number of reasons, such as insufficient capacity on the pipeline to make the delivery, or supplier equipment failures. Historically, when a cut occurred and Symmetry did not receive a certain amount of gas it contracted for, it simply purchased additional spot gas, or withdrew additional gas from storage, to replace the amount cut. Symmetry settles with its gas suppliers on a monthly basis, so in a normal month, if a particular delivery was cut, that delivery simply is not invoiced or paid for. Symmetry does not receive any advance notice of cuts; Symmetry only learns of the cut once the cut is reflected on a cut report. Force majeure refers to a formal notice from a supplier that it will not be able to supply gas during a particular period and in a particular area. (See Schedule CL-8.)

Q. Which suppliers on Southern Star cut or force majeured Symmetry's gas supply

during February?

A. The cuts that Symmetry suffered during Uri were unprecedented in my experience. The majority of Symmetry's baseload gas supply was cut or force majeured on certain days during Winter Storm Uri. As an example, for February 16 through 18, Symmetry had contracted to purchase **[redacted]** MMBtu of gas per day from one particular supplier, but Symmetry received only approximately **[redacted]** to **[redacted]** MMBtu per day of that gas. (See Schedule CL-7.)

On February 15, 2021, approximately **[redacted]**% of Symmetry's baseload gas supply was subject to force majeure notices. On February 16, 2021, approximately **[redacted]**% of Symmetry's baseload gas supply was subject to force majeure notices. On February 17, the day on which supplies on Southern Star were tightest and the day with the highest Gas Daily Index price, **[redacted]**% of Symmetry's contracted gas supply had been force majeured. (See Schedule CL-4.)

Q. Over the course of your career had you ever seen cuts or force majeures of this magnitude?

A. Never. Over my decades of experience in the natural gas industry, I have never witnessed or heard of widespread loss of supply like the market experienced during Winter Storm Uri. Notably, in the force majeure context, I have never seen anything like what unfolded during the storm. Historically, force majeure notices have been issued as to specific points of production or specific packages of gas (e.g., when a wellhead freezes, or a plant experiences discrete issues). Force majeure notices have not historically been issued for entire gas pools or entire regions of the country. The gas industry as a whole always operated on the assumption that there would be adequate gas

supply in pools because, if one particular supplier was unable to deliver gas from a specific production point as required under a contract, replacement gas could be purchased from another supplier or suppliers. Uri was anomalous because Symmetry received supplier force majeure notices covering entire regions and states. For example, Symmetry's largest source of gas on Southern Star during February issued a force majeure notice in which the supplier contended that its supply across three producing states was impacted, and it would not be able to deliver contracted quantities of gas at the Southern Star PMI. (See Schedule CL-9.)

Q. What did Symmetry do in response to those supply cuts?

A. In response to the force majeure notices and supply cuts from Symmetry's first-of-month suppliers, Symmetry attempted to purchase as much gas as it could on the spot market to cover its customers' usage, especially projected usage over the long Presidents Day weekend. Traders were directed to purchase as much spot gas as was available. Unfortunately, there was not enough gas available on the spot market in the relevant area to cover market demand. Due to the cold weather, many wellheads and other gas infrastructure froze, so gas supply sharply decreased at the same time that demand was increasing, and suppliers did not have enough gas to sell. Furthermore, the situation was changing very quickly, and much of the gas Symmetry bought on the spot market simply never arrived. All of this was made even more challenging because many of Symmetry's employees responsible for purchasing gas were working without power or reliable Internet connections during this time as a result of the impact of Winter Storm Uri on the cities where Symmetry's employees are based.

Q. What instructions did Symmetry issue to its traders with respect to purchases

during Uri and did Symmetry place any limitations or restrictions on the ability of traders to purchase gas during February 2021?

A. If there was gas available, we tried to buy it. For days we worked frantically, under unprecedented conditions—including from cars and hotels rooms when personnel lost heat and power—to buy as much gas as possible. Symmetry did not impose any budgetary or other limitations on what spot gas its traders could buy. The only financial limitation we encountered was the increasing unwillingness of counter-parties to sell to us. As the storm wore on and prices increased, multiple suppliers were not willing to increase our existing credit lines to allow us to purchase additional supply at the prevailing high prices.

Symmetry never stopped attempting to purchase spot gas. But there simply wasn't enough gas available to Symmetry on the spot market to replace the baseload gas supplies that Symmetry's suppliers had cut. Even where we were successful in purchasing additional gas on the spot market, it often was not delivered.

Q. Have you prepared an exhibit that sets forth, on a daily basis leading up to and during Uri, (1) how much gas Symmetry had contracted in advance to purchase, (2) how much additional gas Symmetry was able to purchase on the daily spot market, and (3) how much gas actually arrived?

A. Yes. That exhibit is set forth at Schedule CL-4.

Q. On what information is that exhibit based?

A. That exhibit is based on Symmetry's contracts with suppliers to purchase baseload gas, trading records of daily spot purchases, force majeure notices from Symmetry's suppliers, and cut reports from the pipeline.

Q. Please summarize and explain the magnitude of the cuts that Symmetry suffered as compared to the amount of gas it was able to purchase to replace the gas cut.

A. During Uri, Symmetry faced significant cuts or force majeures to its baseload gas supplies, and although it attempted to replace those baseload cuts with additional swing gas, often those swing gas purchases were cut as well. On a daily basis leading up to and during Uri, Symmetry had contracted in advance to purchase, purchased additional daily spot gas, and faced supply cuts, in dekatherms, as follows:

- On Monday, February 8, when the Gas Daily Index price on Southern Star was $3.560, Symmetry faced **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]% of supply cut.
- On Tuesday, February 9, when the Gas Daily Index price on Southern Star was $3.655, Symmetry faced **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]% of supply cut.
- On Wednesday, February 10, when the Gas Daily Index price on Southern Star was $4.030, Symmetry faced **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]% of supply cut.
- On Thursday, February 11, when the Gas Daily Index Price on Southern Star was $9.620, Symmetry faced **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]% of supply cut.
- On Friday, February 12, when the Gas Daily Index price on Southern Star was $44.780, Symmetry faced **[redacted]** of supply subject to force majeure and another **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]% of supply cut.

- On Saturday, February 13, Symmetry faced **[redacted]** of supply subject to force majeure and another **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]**% of supply cut.
- On Sunday, February 14, Symmetry faced **[redacted]** of supply subject to force majeure and another **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]**% of supply cut.
- On Monday, February 15, which was a federal holiday (Presidents' Day), Symmetry faced **[redacted]** of supply subject to force majeure and another **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]**% of supply cut
- On Tuesday, February 16, when the Gas Daily Index price on Southern Star was $329.565, Symmetry faced **[redacted]** of supply subject to force majeure and another **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]**% of supply cut.
- On Wednesday, February 17, when the Gas Daily Index price on Southern Star was $622.785, Symmetry faced **[redacted]** of supply subject to force majeure and another **[redacted]** in cuts, against expected supply of **[redacted]** – **[redacted]**% of supply cut.
- On Thursday, February 18, when the Gas Daily Index price on Southern Star was $44.560, Symmetry faced **[redacted]** of supply subject to force majeure and another *[redacted]* in cuts, against expected supply of **[redacted]** – **[redacted]**% of supply cut.
- On Friday, February 19, when the Gas Daily Index price on Southern Star was

$7.945, Symmetry faced ** [redacted] ** of supply subject to force majeure and another ** [redacted] ** in cuts, against expected supply of ** [redacted] ** – ** [redacted] **% of supply cut.

- On Saturday, February 20, Symmetry faced ** [redacted] ** of supply subject to force majeure and another ** [redacted] ** in cuts, against expected supply of ** [redacted] ** – ** [redacted] **% of supply cut.
- On Sunday, February 21, Symmetry faced ** [redacted] ** in cuts, against expected supply of ** [redacted] ** – ** [redacted] **% of supply cut.
- On Monday, February 22, when the Gas Daily Index on Southern Star was $2.690, Symmetry faced ** [redacted] ** in cuts, against expected supply of ** [redacted] ** – ** [redacted] **% of supply cut.
- Tuesday, February 23 was the first day after the storm on which Symmetry faced no supply cuts.

Q. Prior to February 2021, had Symmetry ever experienced problems obtaining or delivering gas for which it had contracted?

A. Historically, if we experienced a discrete supply cut or force majeure from an upstream supplier, we would cover that amount with a purchase of spot gas. Until February 2021, we had not encountered a situation in which we were totally unable to buy sufficient flowing gas on the open market and transport it to our customers. The widespread inability to procure flowing gas during February 2021 was completely unprecedented in the industry, and the magnitude of the event and impact on natural gas infrastructure were unforeseeable. This was not just a Missouri problem, or just a Southern Star problem; the

market faced similar unprecedented challenges elsewhere, including in Texas. What is unique about this matter is Spire's refusal to waive resulting OFO penalties.

VIII. CUSTOMER COMMUNICATIONS

Q. Did Symmetry attempt to communicate with its customers during Uri to inform them of the supply shortages and ask them to reduce their gas consumption?

A. Yes. Symmetry attempted to reach its customers to inform them of the conditions in the gas markets and to advise them to conserve gas as much as possible to mitigate charges associated with the storm. Attached as Schedule CL-10 are template messages that Symmetry sent to customers on the Spire system. In addition to these mass messages, Symmetry representatives had numerous ad hoc communications with customers during the storm. Communication with customers was made much more challenging because of the extraordinarily difficult conditions under which Symmetry's employees were working during Uri.

Q. Does Symmetry have any physical control over a customer's ability to draw gas from the distribution system? In other words, can Symmetry take any action to limit or prevent a customer from drawing gas from Spire's system?

A. No. Symmetry can issue notices and ask customers to curtail their gas usage, but, unlike Spire, we have no ability to physically turn off or curtail a customer's gas supply or otherwise limit the amount of gas they use. Spire never mandated that any of its customers in Missouri curtail their usage; it merely asked for voluntary curtailment in one limited area of its system. As it happens, numerous of Symmetry's customers increased, rather than curtailed, their gas usage during the storm. Only Spire, not Symmetry, had the ability to prevent this.

IX. ATMOS CALL ON ASSETS

Q. At some point during Uri, was Symmetry required to reduce nominations for its customers behind Spire's city gate in order to supply gas to Atmos to comply with Symmetry's contractual obligations?

A. Yes. Until February 15, Symmetry followed its standard nomination practices as described above. That is, for the first week to 10 days of the month, when Symmetry did not yet have updated customer usage data, Symmetry left its first-of-month nominations largely unchanged, as was standard practice. Symmetry began adjusting its nominations based on updated usage projections later in the month, once Symmetry had enough data to more reliably estimate its customers' usage. However, on February 15, Atmos Energy called its storage and transportation assets pursuant to the Asset Management Agreement between Symmetry and Atmos that I described above. As a result, from February 16 through February 18, the vast majority of Symmetry's available supply on Southern Star was directed to Atmos.

Q. Please explain what happened.

A. On February 15, a representative of Atmos notified Symmetry that Atmos was exercising its call rights under the AMA because its system was at risk. Pursuant to that call, Atmos demanded that Symmetry deliver gas up to Atmos's daily forecasted usage agreed upon between Atmos gas control and Symmetry. In meeting that demand, Symmetry was required to utilize essentially all of its then-available gas supply (because of the force majeures and cuts Symmetry faced and the insufficient availability of swing gas). Symmetry was not permitted to use gas from Atmos storage—the only reliable source of supply available to Symmetry on Southern Star—to serve the Spire system. In practical

terms, this meant that Symmetry could no longer use the gas in storage to which it had access on Southern Star to serve any utilities other than Atmos, and essentially all gas Symmetry could obtain for delivery on Southern Star had to be delivered to Atmos.

Q. Did Symmetry comply with that call?

A. Yes.

Q. Why?

A. There were several reasons. First, Atmos told Symmetry that its system was in jeopardy, and if Symmetry failed to direct all available gas to Atmos, Atmos could have lost the ability to provide gas to its customers, most of which are residential customers.

Second, under the terms of the Asset Management Agreement, if Symmetry had not complied with Atmos's call demand, Atmos could have recalled its assets. This could have caused further threats to the integrity of the entire Southern Star system. Atmos does not have staff capable of managing day-to-day operations on Southern Star's system, nor does Atmos have alternative supply agreements. Atmos relies on Symmetry for gas purchasing and nomination. Therefore, if Atmos had recalled its assets (effectively terminating the AMA), I believe gas deliveries to Atmos's customers would have suffered, both during Uri and after. Symmetry's customers behind other utilities would have suffered as well, because if Atmos recalled its assets and terminated the AMA, Symmetry would not have had access to transportation capacity to serve its customers across Southern Star after the end of the storm, especially considering that capacity on Southern Star is already fully subscribed and there is no additional firm capacity available for purchase on the pipeline.

Because of the situation in which Atmos found itself, and in compliance with the

terms of the AMA, Symmetry stopped using Atmos storage to help ensure flow of gas to customers on other utilities, stopped nominating gas for delivery to customers on other utilities on Atmos contracts, and directed the vast majority of its available gas supply on Southern Star to Atmos.

Q. What effect did this have on Symmetry's ability to provide gas to customers behind other utilities' city gates?

A. The result of Symmetry's compliance with Atmos's asset call was that Symmetry was left with insufficient gas with which to supply other utilities and customers on Southern Star. Because Atmos exercised rights available to it under the AMA for gas supply delivery all gas Symmetry nominated for delivery to non-Atmos customers (including many on the Spire system) was de-prioritized due to the extreme supply disruptions during Uri. The fact that storage was the only reliable source of supply for Atmos meant that Symmetry could no longer nominate gas for delivery to other utilities using No Notice Storage, or "NNS," contracts because the call required Symmetry to direct all storage gas to Atmos.

Q. What is No Notice Storage?

A. No Notice Storage, or "NNS," contracts are a type of transportation contract that allows for storage gas to be used as a backup if the gas that was nominated to ship does not arrive. In other words, if, for example, Symmetry purchased gas supply and nominated that supply for delivery to a customer behind Spire's city gate, and nominated the transportation of that gas on an NNS contract, then if the gas supplier cut the supply, gas would still be delivered to Symmetry's customer out of Atmos storage. This way, even if gas supply was cut, the customer would still receive gas. Prior to the Atmos AMA call,

Symmetry, where possible, was nominating gas for delivery using NNS contracts, which meant that, if Symmetry's gas supply was unexpectedly cut, the nomination would automatically be covered by gas from Atmos storage. With the call of Atmos's assets, this was no longer possible.

Q. Was the timing of the Atmos call compounded by contemporaneous supply issues?

A. Yes. Also on February 15, after the cutoff for next day nominations, Symmetry's most significant supplier of gas for February on the Southern Star system, **[redacted]**, notified Symmetry that it would not be able to supply any gas for the rest of the month. (As it happened, **[redacted]** did resume supplying previously-agreed quantities of gas beginning February 20.) Additionally, force majeure notices continued to arrive. Ultimately Symmetry lost **[redacted]% of its baseload gas for February 15.

X. COMMUNICATIONS WITH SPIRE, AND PURCHASE OF STORAGE GAS FROM SPIRE VIA ATMOS

Q. During Uri, did you or anyone else at Symmetry have any communications with representatives of Spire concerning the Spire West system?

A. Yes. During February, and in the lead-up to and during Uri, Shon Purcell, Symmetry's Director of Trading for the West region, had multiple calls with Spire representative Justin Powers, who I understand is responsible for gas supply at Spire Missouri. On February 17, Mr. Purcell and I had a telephone call with Mr. Powers, during which we explained the Atmos AMA, and Mr. Powers informed us that on February 17, when the Platts gas daily index price was over $600, Spire was able to purchase gas for under $100. On that call Mr. Powers also offered to sell Symmetry pipeline capacity, which Symmetry subsequently agreed to purchase. Mr. Purcell further describes these

communications in his direct testimony filed in this matter.

Q. To your knowledge, at any time during any of Symmetry's communications with Mr. Powers did he indicate that Spire faced threats to the integrity of the Spire West system?

A. No.

Q. At any time, did anyone from Spire communicate to you, or to anyone else at Symmetry, that Spire faced threats to the integrity of the Spire West system?

A. No.

Q. Did you believe, and did any of Spire's actions or communications suggest to you, that the Spire West system was in jeopardy?

A. No.

Q. What else suggested to you that this was not the case?

A. On February 15, Spire attempted to sell approximately **[redacted]** dekatherms of gas from its storage on Southern Star and ultimately agreed to a sale of **[redacted]** dekatherms to Atmos, which Atmos immediately resold to Symmetry.

Q. Can you provide additional detail regarding that sale?

A. As I explained previously, Atmos informed us on February 15 that its system was in jeopardy because of insufficient availability of gas. As part of those discussions, Symmetry and Atmos discussed potential sources from which Symmetry could purchase storage gas. Certain counterparties—including Spire—refused to engage in transactions with Symmetry because they said they were concerned about Symmetry's credit. However, Spire had gas to sell and agreed to do so but insisted that the transaction be structured such that Atmos would purchase the storage gas from Spire and then

immediately resell the gas to Symmetry. I discussed the transaction with Kenny Malter of Atmos, who communicated with Spire regarding the purchase. My understanding, based on conversations with Mr. Malter, is that Spire initially proposed that Atmos purchase **[redacted]** dekatherms at $**[redacted]** per dekatherm on Symmetry's behalf. I did not believe that Symmetry needed to purchase that much additional gas from storage because I and my team expected the storm to abate and supplies to return to normal in the relatively near term, and hence our difficulties buying replacement gas on the spot market would soon cease. Therefore, Symmetry countered with a proposal that Spire sell two packages of **[redacted]** dekatherms each—one package immediately, and the second package if necessary two days later. My recollection is that Mr. Malter told me that Spire rejected our proposal, and said it would only agree to a single transaction for **[redacted]** dekatherms. Eventually, Symmetry, Atmos, and Spire agreed that Spire would sell Atmos **[redacted]** dekatherms of gas from Spire's in-ground storage on Southern Star at $**[redacted]** per dekatherm—for a total of $**[redacted]** million—and Atmos subsequently resold that gas to Symmetry. (CL-Schedule 11.)

Q. To your knowledge, did Spire at any time during these negotiations convey a concern for the integrity of its system?

A. Not to my knowledge. At no time during my discussions with Mr. Malter did Mr. Malter convey that Spire had said any such thing.

Q. Based on your knowledge and experience, what, if anything, did Spire's sale of gas out of its Southern Star storage on February 15 suggest to you about Spire's overall gas position as of that date?

A. Spire's sale of gas out of its Southern Star storage on February 15 signified to me that

Spire believed it had more than sufficient gas on hand to protect the integrity of its system, and its system was not in danger.

Q. Why would sufficient gas on hand mean the system was not in danger?

A. Pipelines and LDCs need a constant supply of gas into their systems in order to maintain system pressures and ensure the ability to make deliveries. This is because, if gas supply into a pipeline or LDC falls too far, pressures on the system can fall to the point that there is no longer enough pressure to force gas to move through the system. Therefore, as part of prudently managing the integrity of its system during Uri, Spire would have wanted to be sure it had more than enough gas supply available to maintain system pressures above a minimum level to make deliveries. During times of market stress (of which Uri was a most extreme example), gas in storage is the most—and sometimes the only—reliable source of gas supply. The fact that Spire was comfortable selling such a large quantity of gas out of its storage indicated to me that Spire felt that, even after selling that quantity, it continued to have more than enough gas in storage to support its system pressures, even considering the challenges obtaining gas on the market.

Q. What did Symmetry do with the **[redacted] dekatherms of gas that it purchased from Spire?**

A. Because Atmos was continuing to exercise its rights under the AMA, this storage gas was directed to Atmos until Atmos lifted the call. Within days of this purchase, the gas markets had stabilized and prices had returned to normal. Therefore, Symmetry ultimately sold much of this gas that it had purchased for $**[redacted]** per dekatherm at approximately $2 per dekatherm at an enormous loss.

XI. AFTER THE STORM

Q. In total, how much money did Symmetry spend in February to serve its customers behind Spire?

A. In total, over the month of February 2021, Symmetry spent approximately $**[redacted]** million on gas on the Southern Star system that was ultimately delivered, including multiple purchases at prices in excess of $200 per dekatherm. This compares to $**[redacted]** million that Symmetry spent in January 2021 to supply gas to customers on Southern Star.

Q. By the end of the month, had Symmetry ultimately supplied Spire with gas sufficient to cover its customers' total demand for the month of February?

A. Yes. By the end of February, Symmetry had delivered more gas to Spire than Symmetry's customers had used during the month.

Q. Under normal, non-OFO circumstances, would this have been sufficient to satisfy Symmetry's obligations under the Agent Aggregation Service Agreements and Spire's tariff?

A. Yes. Because the Spire system is monthly balanced, Symmetry fulfilled its obligations under Spire's tariff and the parties' agreements, apart from the OFO.

Q. Because Symmetry was long for the month, did Spire owe Symmetry a cash-out payment?

A. Yes. Because Symmetry was "long" over the course of the month, Spire owed Symmetry a month-end cash-out. But that cash-out was far lower than the amount Symmetry had paid to purchase gas during February because of how the cash-out is calculated under Spire's tariff. Specifically, Spire's tariff provides that, if over the course of a month a

marketer delivers more gas for a customer pool than its customers in that pool burn, the amount of the credit Spire owes the marketer is equal to the quantity of the over-delivery multiplied by 1.0 times, 0.8 times, or 0.6 times (depending on the size of the over-delivery) the first-of-the-month index prices for the succeeding month. The first-of-the-month index price for March was approximately $2 per MMBtu, which is substantially lower than the prices Symmetry paid for gas to supply to its customers behind Spire during the month of February.

Q. Has Symmetry experienced any instances in which Spire incorrectly calculated Symmetry's ending pool balance and associated costs?

A. Yes. Over the course of Symmetry's relationship with Spire, Symmetry has experienced multiple instances in which Symmetry's and Southern Star's records of Symmetry's deliveries into Spire's city gates, and Spire's records of the same, are not in perfect accord. Therefore, Symmetry and Spire personnel have been required to undertake efforts to reconcile those records and determine Symmetry's accurate ending balance.

Q. Based on the fact that Spire's records of Symmetry's ending pool balance have included apparent errors in the past, are you concerned that the records Spire used to calculate the OFO penalties it seeks from Symmetry may include inaccuracies, and hence the penalty calculations may be incorrect?

A. Yes. Even if Spire's OFO were proper (which it was not) and Symmetry therefore owed Spire penalties (which it does not), Spire and Symmetry would need to engage in a reconciliation process, similar to the process the parties have engaged in in their normal course of business, to ensure that the penalties were accurately calculated.

XII. CONCLUSION

Q. Do you believe Symmetry acted diligently and in good faith during Winter Storm Uri?

A. Yes. Throughout the storm and after, Symmetry acted diligently and in good faith to procure and supply natural gas to its customers behind Spire's city gate and elsewhere. Symmetry and its employees did the best we could under extremely challenging market and personal circumstances.

Q. Did Symmetry seek to profit off of the extreme circumstances facing the State of Missouri during Winter Storm Uri?

A. Absolutely not. Symmetry bought all the gas it could, regardless of price, and did its best to serve its customers while doing everything it could to protect the integrity of the Southern Star system. When Atmos's system was in danger—and the systems of other utilities on Southern Star were not—Symmetry directed what little gas supply it had to Atmos. Symmetry directed gas to where it was needed most, without regard to Symmetry's bottom line. Indeed, Southern Star asked FERC to allow it to waive all OFO penalties in recognition of shippers' efforts to protect system integrity.

Q. If Spire is able to impose on Symmetry the over $150 million in OFO penalties it has demanded, describe the effect that would have.

A. Symmetry believes an OFO penalty of that size would have a significant adverse impact on the natural gas market, and natural gas users, in Missouri, by hindering competition, reducing options to customers, and raising prices.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

STATE OF Texas)
) SS
COUNTY OF Harris)

AFFIDAVIT OF WILLIAM CASEY LEE

William Casey Lee, being first duly sworn, deposes and says that he is the witness who sponsors the accompanying direct testimony and schedules; that said testimony was prepared by him or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information, and belief.

William Casey Lee

Subscribed and sworn to before me this 20th day of December, 2021.

Desiree Bailey
Notary Public

My commission expires: August 29, 2022

DESIREE BAILEY
Notary ID #125819186
My Commission Expires
August 29, 2022