

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

In the Matter of Spire Missouri, Inc.) File No.: GR-2020-0121
d/b/a Spire East Annual PGA Filing)

**RESPONSE TO STAFF’S RECOMMENDATION
AND MEMORANDUM REGARDING SPIRE EAST’S
2018-2019 ACTUAL COST ADJUSTMENT FILING**

COMES NOW Spire Missouri Inc., d/b/a Spire East (“Spire East” or “Company”) and, pursuant to the Commission’s Order dated December 21, 2020, submits this response to the Recommendations and Memorandum filed by the Staff of the Missouri Public Service Commission (“Staff”) in the above captioned matter on December 15, 2020. In support thereof, Spire West states as follow:

1. On December 15, 2020, the Staff filed its Recommendation and Memorandum (hereinafter “Staff Recommendation”) relating to its review of billed revenue and gas costs for Spire Missouri’s eastern Missouri service territory (“Spire Missouri East”) for the July 1, 2018 to September 30, 2019 Actual Cost Adjustment (“ACA”) period. The Staff Recommendation addresses matters relating to the Company’s gas planning, procurement, reliability report, and hedging activities during the ACA period. In its recommendation, Staff did not propose any adjustments to the ending ACA balances for the period.

2. On December 21, 2020, the Commission issued its Order directing the Company to provide a response to the matters raised by Staff. For the Commission’s convenience, the Company will respond to such matters in the same order they are presented in Staff’s Recommendation.

RELIABILITY REPORT

3. At page 2 of its Memorandum, the Staff notes that the Company submitted to Staff a revised resource plan in June 2020, and that the parties have had follow up communications through email and teleconference during the fall of 2020. The revised resource plan was not in use during the ACA period evaluated in this proceeding. Spire will work with Staff on any further questions or concerns as the revised resource plan is implemented.

GAS SUPPLY PLANNING

4. On pages 3 and 4 of its recommendation, Staff discusses the differences in the distribution of imbalances for transportation customers and pools. Staff explains that Spire East does not cash out these monthly imbalances for its school aggregation pool operators but allows them to correct them in a subsequent month. Staff recommends the Company propose changes to its policies and tariffs in its pending general rate case that would bring the performance of school transportation pools more in line with that of other transportation customers, such as cash outs and daily balancing. The Company agrees to further evaluate this issue to determine what, if any, modifications might be appropriate to its tariffs and policies relating to its school aggregation customers.

HEDGING

5. At pages 4-5 of its Recommendation, the Staff discusses the Company's hedging strategy which is now being used in both the Spire Missouri East and West service territories. The Staff recommends that Company evaluate its hedging strategy in response to changing market dynamics, including the timing of its financial hedging purchases and the level of hedging procured

for its summer storage volumes. Staff also recommends that the Company assess the effectiveness of its hedges based on the outcomes.

6. In response, the Company first states that it agrees with Staff regarding the monitoring of market dynamics. The Company continually evaluates changes in market conditions as part of its gas procurement process. Moreover, its hedging strategy is inherently designed to take such market-driven changes into account in order to balance the cost of hedging against the goal of price stabilization, and thus achieve a cost-effective hedging outcome.

7. The Company would also note, as it has in the past, that it is constantly evaluating its hedging strategy and tracking its effectiveness, including the timing of its hedging purchases, the extent to which it hedges storage volumes, and use of the lower of First Of Month Index or Daily Index pricing for its swing supplies. The Company will continue to perform such evaluations in the future. The Company will also continue to make its annual formal presentations to Staff and OPC in advance of the winter period, outlining its gas supply strategies including current hedging strategies.

ACA ACCOUNT BALANCES RECOMMENDATIONS

8. At page 6 its Memorandum, the Staff provides its ACA account balance recommendations. As stated above, Staff has proposed no adjustments to the Company's ending ACA balances. The Company will continue to work with Staff on addressing any issues that may arise throughout future ACA cases.

WHEREFORE, the Company requests that the Commission accept this Response to the Staff Recommendation.

Respectfully Submitted,

/s/Matthew Aplington

Matthew Aplington #58565

General Counsel

Goldie Bockstruck #58759

Director, Associate General Counsel

Spire Missouri Inc.

700 Market Street, 6th Floor

St. Louis, MO 63101

314-342-0785 Office (Aplington)

314-342-0533 Office (Bockstruck)

314-421-1979 Fax

matt.aplinton@spireenergy.com

goldie.bockstruck@spireenergy.com

ATTORNEYS FOR SPIRE MISSOURI INC.

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the Staff and the Office of the Public Counsel, on this 1st day of February, 2021 by electronic mail.

/s/ Lew Keathley