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Witness:	Scott A. Weitzel
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Testimony	
Sponsoring Party:	Spire Missouri, Inc.
Case No.:	GR-2021-0127
Date Prepared:	June 16, 2023

SPIRE MISSOURI, INC.

GR-2021-0127

SURREBUTTAL TESTIMONY

OF

SCOTT A. WEITZEL

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

In the Matter of Spire Missouri, Inc. d/b/a Spire (East))
Purchased Gas Adjustment (PGA) Tariff Filing) File No. GR-2021-0127

VERIFICATION OF SCOTT A. WEITZEL


STATE OF MISSOURI)
)
CITY OF ST. LOUIS)

I, Scott A. Weitzel, of lawful age, under penalty of perjury, and pursuant to Section 509.030, RSMo, state as follows:

1. My name is Scott A. Weitzel. I am the Vice President of Regulatory and Governmental Affairs for Spire Missouri, Inc. My business address is 700 Market St., St Louis, Missouri 63101.

2. My surrebuttal testimony on behalf of Spire Missouri, Inc. is attached to this verification.

3. My answers to each question in the attached surrebuttal testimony are true and correct to the best of my knowledge, information, and belief.


Scott Weitzel (Jun 16, 2023 09:50 CDT)
Scott A. Weitzel

June 16, 2023
Date

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1 **I. INTRODUCTION**

2 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR**
3 **THE BENEFIT OF THE MISSOURI PUBLIC SERVICE COMMISSION**
4 **(“COMMISSION”)?**

5 A. My name is Scott A. Weitzel, and my business address is 700 Market Street, St. Louis, MO
6 63101.

7 **Q. ARE YOU THE SAME SCOTT A. WEITZEL WHO PREVIOUSLY FILED**
8 **DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?**

9 A. Yes, I submitted direct and rebuttal testimony on behalf of Spire Missouri Inc. (“Spire
10 Missouri” or “Company”) in this proceeding.

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

12 A. The purpose of my testimony is to respond to the Rebuttal Testimony of David M.
13 Sommerer filed on behalf of the Staff of the Missouri Public Service Commission (“Staff”).

14 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

15 A. I will identify general agreement with Staff Witness Sommerer as to his understanding of
16 the standard to be applied by the Commission in this case and the lack of any harm to Spire
17 Missouri’s customers resulting from Spire Missouri’s decisions in regard to the Spire STL
18 Pipeline. I will also address certain comments Mr. Sommerer made concerning the affiliate
19 nature of Spire Missouri agreement with Spire STL Pipeline and planning considerations.

20 **II. RESPONSE TO STAFF REBUTTAL TESTIMONY**

21 **Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY OF STAFF WITNESS**
22 **SOMMERER?**

23 A. Yes.

1 **Q. TO WHAT TESTIMONY DOES MR. SOMMERER RESPOND?**

2 A. He responds to both my Direct Testimony and the Direct Testimony of Environmental
3 Defense Fund (EDF) witness Gregory M. Lander.

4 **Q. WHAT WAS THE NATURE OF STAFF WITNESS SOMMERER'S RESPONSE**
5 **TO EDF WITNESS LANDER?**

6 A. Similar to statements made in my Rebuttal Testimony, Mr. Sommerer points out that the
7 Commission's prudence review in an Actual Cost Adjustment ("ACA") Case for invoiced
8 gas costs, including those incurred for service from Spire STL Pipeline, must include an
9 evaluation of whether the customers have been harmed.¹ He explains that "the burden is
10 on the party proposing the disallowance to evaluate the harm of the alleged imprudent
11 decision and propose any necessary disallowances to hold the customers "harmless."²

12 **Q. DOES MR. SOMMERER EXPLAIN HOW A HARM IN THIS SITUATION**
13 **WOULD BE ASSESSED?**

14 A. Yes. Mr. Sommerer states that "the harm would be assessed by comparing the costs that
15 would be incurred by the Company assuming a prudent course of action, versus the actual
16 expenses incurred that result from the imprudent action."³ In this situation, the proponent
17 of a disallowance, such as EDF, would first have to show that it was imprudent to contract
18 with Spire STL Pipeline for service, and then show that the costs resulting from that
19 decision exceeded the costs from the historical portfolio before the Company utilized Spire
20 STL Pipeline, with reasonable cost increases to maintain such historical service. The

¹ Sommerer Reb., p. 3.

² *Id.*

³ *Id.* at 4

1 disallowance, or quantified harm, would equal the difference between costs associated with
2 an imprudent decision and historical costs, with reasonable updates.

3 **Q. IN THIS ACA CASE, OR ANY CASE BEFORE THE COMMISSION, HAS STAFF**
4 **TAKEN A POSITION THAT THE COMPANY’S DECISION TO CONTRACT**
5 **WITH SPIRE STL PIPELINE WAS IMPRUDENT?**

6 A. No.

7 **Q. DID MR. SOMMERER STATE AN OPINION AS TO WHETHER THERE WAS A**
8 **DIFFERENCE IN COSTS THAT MAY WARRANT A DISALLOWANCE IN HIS**
9 **REBUTTAL TESTIMONY?**

10 A. Yes. Mr. Sommerer summarized the issue of potential harm as follows, indicating that
11 there were no excess costs warranting a disallowance:

12 The Staff concluded that there was not a major cost difference between
13 maintaining service from the traditional gas supply and transportation
14 configuration as opposed to the new configuration. As stated in my direct
15 testimony, one of the key drivers that constrained Spire STL rates was the
16 25 cent per MMBtu cap placed on the rate that could be charged to the
17 Company. With the cap in place, the costs associated with service from the
18 Spire STL Pipeline did not appear to exceed the estimated costs the
19 Company would have incurred if it had maintained its historical service.”⁴
20
21

22 **Q. DID STAFF ALSO ADDRESS THE SPECIFIC RISK EDF WAS CONCERNED**
23 **ABOUT?**

24 A. Yes, Staff notes that EDF’s Witness Lander focuses primarily on the risk inherent with a
25 possible court decision vacating the Federal Energy Regulatory Commission (“FERC”)
26 certificate order, rather than actually analyzing the gas costs resulting from the contract

⁴ Sommerer Reb., p. 4.

1 with Spire STL Pipeline and quantifying a harm to customers.⁵ Mr. Sommerer notes that if
2 there are excess gas costs shown from Spire Missouri’s decision to contract with Spire STL
3 Pipeline shown at a future date, those costs would have to be quantified and not be borne
4 by Spire Missouri’s customers. He goes on to explain that this would only be a concern if
5 a court overturns FERC’s current certificate order *and* customer harm results.⁶

6 **Q. WHAT IS THE STATUS OF THE CURRENT FERC CERTIFICATE FOR SPIRE**
7 **STL PIPELINE?**

8 A. As discussed in my Rebuttal Testimony, FERC approved and reissued a permanent
9 certificate for Spire STL Pipeline in a unanimous decision on December 15, 2022. FERC
10 subsequently denied EDF’s request for rehearing on April 20, 2023.

11 **Q. ARE THERE PORTIONS OF STAFF WITNESS SOMMERER’S REBUTTAL**
12 **TESTIMONY TO WHICH YOU WOULD LIKE TO RESPOND?**

13 A. Yes. I would like to comment in regard to portions of Mr. Sommerer’s Rebuttal Testimony
14 where he discusses risks associated with the Spire STL Pipeline and Spire Missouri’s
15 contingency plans.

16 **Q. WHAT ALLEGATIONS DOES STAFF WITNESS SOMMERER MAKE IN**
17 **REGARD TO RISKS ASSOCIATED WITH THE SPIRE STL PIPELINE?**

18 A. Mr. Sommerer suggests, contrary to my testimony, that he does not believe Spire
19 Missouri’s risks were “typical.”

20 **Q. ON WHAT DOES HE BASE THAT SUGGESTION?**

⁵ Sommerer Reb., p. 5.

⁶ *Id.*

1 A. He suggests that because the transaction with Spire STL Pipeline was an affiliate
2 transaction, Spire Missouri should have acted differently than it would have in a transaction
3 with a non-affiliate – that there is “inherent risk above and beyond a transaction between
4 unaffiliated parties.”⁷ He further suggests that the Spire STL Pipeline reliance on one
5 precedent agreement was not a typical situation.⁸

6 **Q. DO YOU BELIEVE THE AFFILIATE NATURE OF THE AGREEMENT HAD**
7 **ANY IMPACT ON THIS SITUATION?**

8 A. No. However, the Company was aware of the extra scrutiny it could face at the
9 Commission with the affiliate transaction rules.

10 **Q. WHY NOT?**

11 A. Ultimately, the FERC is the appropriate jurisdiction for reviewing and issuing certificates
12 to operate a pipeline. Spire STL Pipeline went through that process, just like every other
13 interstate pipeline and ultimately was granted a certificate. That process was the same even
14 though Spire Missouri was an affiliate.

15 **Q. WAS THE SPIRE STL PIPELINE THE ONLY PROPOSED PIPELINE THAT HAS**
16 **BEEN SUPPORTED BY AN AFFILIATE PRECEDENT AGREEMENT?**

17 A. No. There are numerous instances where affiliates take capacity on pipelines. Columbia
18 Gas Transmission LLC, Easter Gas Transmission and Storage, Inc. and Equitrans, LP, each
19 a major interstate pipeline, all had affiliated customers that held contracts for a large
20 percentage of their firm capacity. This remains common in the industry, as each of the
21 following pipelines have firm shippers that are affiliates: Black Hills Shoshone Pipeline

⁷ Sommerer Reb., pp. 2-3.

⁸ Sommerer Reb., pp. 2-3.

1 LLC; Central Carolina Gas Transmission, LLC; Eastern Shore Natural Gas Company;
2 Empire Pipeline, Inc.; Great Basin Gas Transmission Company; Hampshire Natural Gas
3 Company; National Grid LNG, LLC; National Fuel Gas Supply Corporation; Southwest
4 Gas Transmission Company; UGI LNG, Inc.; UGI Storage Company; UGI Sunbury LLC;
5 UGI Mt. Bethel Pipeline, LLC; Vector Pipeline LLC. This is not an exhaustive list.

6 **Q. DOES FERC HAVE PROTECTIONS IN PLACE FOR AFFILIATE**
7 **RELATIONSHIPS BETWEEN PIPELINE AND FIRM SHIPPER?**

8 A. Yes. To my knowledge, FERC has rules and policies in place to ensure that affiliate
9 conduct and transactions between a pipeline and firm shipper are regulated and scrutinized.

10 **Q. WHAT WAS THE TYPICAL RISK TO WHICH YOU WERE REFERRING?**

11 A. I was referring to the risk that, once granted, the certificate would be vacated. Having a
12 certificate vacated is an extremely low risk, but a risk that every pipeline and every
13 foundation shipper on those pipelines must accept as a part of the process. However, when
14 granting a petition for review for an appealed FERC order, courts will remand, not vacate,
15 the back to FERC for further reconsideration, which would not disrupt the operations of an
16 in-service pipeline Unfortunately, in this instance, Spire Missouri found itself in the
17 unprecedented situation where the FERC certificate for Spire STL Pipeline was vacated.
18 Spire Missouri has found no other instances in which a reviewing court has vacated and
19 remanded a FERC certificate, which, for Spire STL Pipeline, meant the de-issuance of a
20 certificate and termination of operations for an in-service pipeline.

21 **Q. REGARDLESS, WAS THERE ANY RISK IN THE COMPANY'S DECISION TO**
22 **CONTRACT WITH THE AFFILIATE THAT WARRANTS A DISALLOWANCE**
23 **IN THIS CASE?**

1 A. No. As both noted in my Rebuttal Testimony, and Mr. Sommerer’s Rebuttal Testimony, to
2 order a disallowance of gas costs resulting from the decision to contract with Spire STL
3 Pipeline, the Commission must find that (1) Spire Missouri acted imprudently in its gas
4 purchasing practices, and (2) that such imprudence resulted in harm to the ratepayers in the
5 form of higher gas costs. While Staff references the risk of contracting with an affiliate
6 pipeline, it has not found that Spire Missouri’s decision to do so was imprudent, nor that
7 any harm to the ratepayers resulted from this decision. This position remains unchanged in
8 Mr. Sommerer’s Rebuttal Testimony.

9 **Q. STAFF WITNESS SOMMERER FURTHER SUGGESTS THAT THERE WAS**
10 **“LITTLE TIME” BETWEEN THE ISSUANCE OF THE FERC NOTICE TO**
11 **PROCEED AND THE START OF CONSTRUCTION ON THE SPIRE STL**
12 **PIPELINE.⁹ DO YOU FIND THAT PERIOD OF TIME TO BE OUT OF THE**
13 **ORDINARY?**

14 A. I do not. I am not an expert in FERC pipeline siting, but in my experience, I do not find it
15 uncommon that Spire STL Pipeline began construction activities shortly after receiving the
16 Notice to Proceed from FERC. In fact, the FERC process works in a manner that pipeline
17 operators request the Notice to Proceed when they are ready to begin construction, so it
18 would be odd if Spire STL Pipeline requested the Notice to Proceed with construction and
19 then delayed starting construction.

20 **Q. WHAT COMMENTS DID MR. SOMMERER MAKE IN REGARD TO THE SPIRE**
21 **MISSOURI PLANS RELATED TO THE RISK THAT THE COURTS WOULD**
22 **OVERTURN THE FERC’S INITIAL SPIRE STL PIPELINE DECISION?**

⁹ Sommerer Reb., pp. 3-4.

1 A. Staff witness Sommerer suggests that those plans lacked depth and flexibility based on
2 responses Spire Missouri and Spire STL Pipeline provided to FERC Staff data requests in
3 FERC Docket No. CP17-40 on or about September 7, 2021.¹⁰

4 **Q. HOW DO YOU RESPOND TO THAT ASSESSMENT?**

5 A. I don't believe any extensive planning would have been appropriate given the
6 circumstances. In the past, even where appellate courts have disagreed with FERC
7 decisions as to pipeline projects, cases have been remanded to FERC for further decision.
8 A court had never previously vacated a FERC certificate. Had the courts taken a traditional
9 approach to this case and remanded the Spire STL Pipeline certificate to FERC, the
10 scenario and issues would have been entirely different. The FERC certificate would have
11 remained in place while FERC continued its examination of the matter in accordance with
12 the direction of the courts. Instead, Spire Missouri was faced with a situation that would
13 have required the complete shutdown of an operational pipeline in the middle of winter,
14 had FERC not granted a temporary certificate to Spire STL Pipeline.¹¹ This is a pipeline
15 that at that time had already been operating for two years.

16 Understandably, Spire Missouri did not have detailed contingency plans or many options
17 in that situation and the data request responses referenced by Mr. Sommerer certainly
18 highlighted the issues associated with the rapid shutdown of the Spire STL Pipeline that
19 was on the table at that time.

¹⁰ Sommerer Reb., p. 3.

¹¹ After the certificate was vacated, Spire STL Pipeline filed an application in July 2021 for a temporary certificate. Pending FERC's decision on this application, FERC issued a 90-day certificate to keep Spire STL Pipeline operational through December 2021. In December 2021, FERC granted the temporary certificate. *See* FERC News Release, "FERC Extends Temporary Operations for Spire STL Pipeline," December 3, 2021.

1 **Q. IS A DISALLOWANCE WARRANTED FOR SPIRE MISSOURI'S LIMITED**
2 **CONTINGENCY PLANS?**

3 A. No. Again, for a disallowance of gas costs in an ACA case, there must be a finding that the
4 utility acted imprudently, and that harm to customers, in the form of higher gas costs,
5 resulted. Staff does not propose Spire Missouri acted imprudently, nor was there any harm
6 to customers due to the limited contingency plans.

7 **III. CONCLUSION**

8 **Q. WHAT COSTS ARE AT ISSUE IN THIS CASE?**

9 A. As this is an ACA case, the costs that the Commission is considering are those resulting
10 from the gas purchasing practices of the Company. A disallowance of such costs requires
11 both a finding of imprudence by the Company in such practices, and higher gas costs
12 incurred by the Company as a result of such imprudence.

13 **Q. WHAT RELEVANCE DOES DISCUSSION OF RISK HAVE IN THIS CASE?**

14 A. Unless the risk is shown to be imprudent and results in higher gas costs for customers,
15 beyond reasonable costs to maintain historic service, none. As a natural gas utility, risk is
16 inherent in the Company's normal course of operations.

17 **Q. WHAT CONCLUSIONS DO YOU BELIEVE THE COMMISSION SHOULD**
18 **REACH IN THIS CASE?**

19 A. Consistent with my prior testimony, I believe that the Commission should first conclude
20 that Spire Missouri's actions and decisions as to the Spire STL Pipeline were prudent,
21 which has been confirmed by Staff and their consultants. The Commission should further
22 conclude that, even if Spire Missouri's actions were found to be imprudent (which was not

1 the case in this proceeding), there is no harm to customers resulting from Spire Missouri's
2 actions and decisions during this ACA period and, therefore, no basis for any disallowance.

3 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

4 A. Yes.