

Exhibit No. 137

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Issue(s): Renewable Natural Gas Tariff
Transportation Tariff
Witness: Keenan B. Patterson, PE
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: GR-2021-0108
Date Testimony Prepared: July 14, 2021

MISSOURI PUBLIC SERVICE COMMISSION
FINANCIAL AND BUSINESS ANALYSIS DIVISION
PROCUREMENT ANALYSIS DEPARTMENT

SURREBUTTAL TESTIMONY

OF

KEENAN B. PATTERSON, PE

**SPIRE MISSOURI INC., d/b/a SPIRE
SPIRE EAST and SPIRE WEST
GENERAL RATE CASE**

CASE NO. GR-2021-0108

Jefferson City, Missouri
July 2021

**** Denotes Confidential Information ****

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2 **OF**

3 **KEENAN B. PATTERSON, PE**

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5 **SPIRE EAST and SPIRE WEST**

6 **GENERAL RATE CASE**

7 **CASE NO. GR-2021-0108**

8 Q. Please state your name and business address.

9 A. Keenan B. Patterson, 200 Madison Street, P.O. Box 360, Jefferson City,
10 MO 65102.

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

12 A. I work for the Missouri Public Service Commission (Commission) as a
13 Senior Professional Engineer.

14 Q. Are you the same Keenan B. Patterson that filed rebuttal testimony in this case?

15 A. Yes.

16 **EXECUTIVE SUMMARY**

17 Q. What is the purpose of your surrebuttal testimony?

18 A. My purpose is to address issues related to renewable natural gas (RNG)
19 tariff and the school transportation program (STP) brought forward in the rebuttal
20 testimony presented by Office of the Public Counsel (OPC) witness Lena M. Mantle and Spire
21 witness Lew Keathley.

22 Q. Please summarize Staff's recommendation related to RNG.

23 A. Staff generally concurs with OPC's opposition of Spire's proposal to purchase
24 up to 5 percent of its gas as RNG through the purchased gas adjustment (PGA). Staff

1 recommends that the Commission reject Spire's proposed purchase of RNG through the PGA
2 at this time.

3 Q. Please summarize Staff's recommendation related to the STP.

4 A. Spire witness Lew Keathley's rebuttal testimony addressed a proposal related to
5 capacity release in the STP brought forward in the direct testimony of Missouri School Boards'
6 Association (MSBA) witness Louie R. Ervin II. Spire stated it was still evaluating the proposal,
7 suggesting it may request Commission action in surrebuttal testimony. Because this issue is not
8 resolved between Spire and MSBA, and because of other issues addressed below, Staff
9 recommends that the Commission reject the proposal as it is presented in the Ervin direct
10 testimony.

11 **RENEWABLE NATURAL GAS AND THE PURCHASED GAS ADJUSTMENT**

12 Q. Has Staff recommended action related to Spire's PGA proposal?

13 A. Yes. Staff recommended that the Commission reject Spire's proposals to
14 consolidate the PGA and instead continue to have separate PGAs for the East and West districts
15 as described in the direct testimony of David M. Sommerer. However, Mr. Sommerer's direct
16 testimony did not specifically address the issue of purchasing RNG through the PGA.

17 Q. Does Staff agree with OPC's concerns related to RNG purchases through
18 the PGA?

19 A. In general, yes. In the Mantle rebuttal, OPC raised several concerns about
20 Spire's proposal.

- 21 1. Current RNG production is limited.
- 22 2. RNG is more costly than natural gas.
- 23 3. The risks and costs associated with RNG are passed onto the customer.

1 4. If it is passed, House Bill 734 would require rulemaking related to RNG
2 programs. Though the bill seems focused on investments in RNG
3 infrastructure, approving Spire's request now could get ahead of potential
4 rules that could affect cost recovery related to RNG.

5 Some of these concerns are similar to those I raised in my rebuttal testimony related to Spire's
6 proposed RNG tariff.

7 Q. Does Staff have additional concerns related to RNG purchases through
8 the PGA?

9 A. Yes. Many of the concerns I raised related to Spire's proposed RNG tariff are
10 applicable to RNG purchases through the PGA.

- 11 1. Spire has not addressed gas quality for RNG.
12 2. Spire has not addressed the scope of demand for RNG or how much RNG it
13 may need to purchase to meet such demand. The 5 percent limit in the Spire
14 proposal does not appear to be tied to any assessment of demand, policy or
15 industry standard.
16 3. Spire has not assessed potential RNG sources or RNG availability.
17 4. Spire has not assessed the potential impacts of renewable energy incentives
18 on RNG.

19 In short, Spire has submitted RNG proposals, but it has not supported those proposals with a
20 plan for how they will operate the program, an assessment of the costs, an assessment of
21 customer impact, an understanding of the influence of incentives, or an estimate of either the
22 demand or supply of RNG.

23 Q. What does Staff recommend related to purchase of RNG through the PGA?

24 A. Staff recommends that the Commission deny Spire's request to purchase RNG
25 through the PGA in this case. However, if the Commission were to approve such purchases,
26 Staff recommends that the Commission require Spire to submit a specific plan for the program,

1 similar to what I outlined for the RNG tariff in my rebuttal testimony. Specifically, this should
2 include:

- 3 1. Assess the PGA rate impacts of RNG purchases;
- 4 2. Describe how RNG availability and price will affect Spire's RNG purchases
5 within the 5 percent limit, and how Spire plans to adjust such purchases to
6 mitigate rate impacts;
- 7 3. Establish a quality standard for RNG; and,
- 8 4. Submit an RNG plan that would include:
- 9 5. Estimates of the potential RNG demand and supply with supporting
10 documentation and specific information on prospective sources,
- 11 6. A description of renewable energy incentives that may affect the proposed
12 RNG program along with how they may interact with it and whether Spire
13 might directly participate in such incentives.

14 **CAPACITY RELEASE IN THE SCHOOL TRANSPORTATION PROGRAM**

15 Q. What have MSBA and Spire proposed related to capacity release under the STP?

16 A. Spire East requires capacity release to participants in the STP at cost. In the
17 Ervin direct, MSBA proposed changes to the capacity release provision. These changes involve
18 the calculation of the amount of capacity to be released to each school pool and the inclusion
19 of additional pipelines on which Spire may release capacity to each pool.

20 In the Keathley rebuttal, Spire indicated that it was discussing the proposal with MSBA
21 and it did not request the Commission to take a specific action on the issue at the time. It may
22 make such a request in surrebuttal.

23 Q. Does Staff have concerns about the MSBA proposal?

24 A. Yes. Currently, the Spire East tariff allows capacity release on the Mississippi
25 River Transmission (MRT) pipeline. The MSBA proposal would allow for capacity releases on

1 the Spire STL pipeline and the Southern Star Central (SSC) pipeline. Staff has concerns with
2 releasing capacity on SSC.

3 Q. What are Staff's concerns with capacity releases on SSC in Spire East?

4 A. Spire East subscribes to 30,300 Dth/day of firm capacity on SSC, a little more
5 than 3 percent of Spire East's total transportation capacity. ** [REDACTED]

6 [REDACTED]
7 [REDACTED] ** Though it is a
8 relatively small portion of Spire East's transportation portfolio, it is important for supporting
9 flow and pressure on the west side of the St. Louis area during cold weather. Historically, it has
10 been a relatively inexpensive source of gas, and Spire has an obligation to use its resources to
11 provide the lowest cost gas available to its customers.

12 Q. What does Staff recommend related to capacity releases related to STP?

13 A. Staff recommends that the Commission deny the revision to the STP tariff that
14 was proposed by MSBA. In addition, Staff recommends that the Commission require Spire to
15 clarify in its tariff that capacity release to schools participating in the STP on SSC is available
16 only in Spire West and is not available in Spire East.

17 Q. Does this conclude your testimony?

18 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Spire Missouri Inc.'s d/b/a)
Spire Request for Authority to Implement a) Case No. GR-2021-0108
General Rate Increase for Natural Gas)
Service Provided in the Company's)
Missouri Service Areas)

**AFFIDAVIT OF
KEENAN B. PATTERSON, PE**

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW KEENAN B. PATTERSON, PE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Keenan B. Patterson, PE*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



KEENAN B. PATTERSON, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 12th day of July 2021.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public