

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 21st day of November, 2024.

In the Matter of the Application of Spire Missouri Inc. d/b/a Spire for a Certificate of Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage Natural Gas Distribution Systems Throughout the State of Missouri and for Approval to Acquire Natural Gas Assets of Southern Star Central Gas Pipeline, Inc. )  
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**File No. GA-2024-0361**

**ORDER APPROVING ACQUISITION OF ASSETS AND GRANTING  
CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: November 21, 2024

Effective Date: December 1, 2024

On June 6, 2024, Spire Missouri Inc. d/b/a Spire filed an application requesting a Certificate of Convenience and Necessity (CCN) to construct, install, own, operate, maintain and otherwise control and manage natural gas distribution systems providing service to certain “farm taps” as set out in the application; for approval to acquire natural gas assets of Southern Star Central Gas Pipeline, Inc.; and requesting a waiver from the notice provisions of Commission Rule 20 CSR 4240-4.017(1).<sup>1</sup> On June 21, 2024, the Commission issued an *Order and Notice*.

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<sup>1</sup> On July 18, 2024, Spire filed a supplement to its application removing a number of the farm taps that had been transferred to another utility.

On June 26, 2024, Missouri Joint Municipal Electric Utility Commission d/b/a Missouri Electric Commission (MEC) and Missouri School Board's Association (MSBA) filed separate applications to intervene in support of the CCN. On July 1, 2024, Southern Star Gas Central Pipeline, Inc. filed an *Application to Intervene*. The Commission granted those applications to intervene.

On October 24, 2024, Staff of the Commission filed a *Staff Recommendation* that the CCN be granted subject to the conditions and actions described in Staff's Memorandum. Staff stated the requested CCN is necessary and convenient for the public service.

Commission Rule 20 CSR 4240-2.080(13) allows parties ten days to respond to pleadings unless otherwise ordered by the Commission. The Commission issued no order to the contrary of that rule and no party objected to Spire's application or Staff's recommendation.

## **Discussion**

### *Certificate of convenience and necessity*

The Commission may grant a CCN after determining that the CCN is "necessary or convenient for the public service."<sup>2</sup> The Commission-articulated criteria to be used when evaluating applications for utility CCN are known as the Tartan factors.

The *Tartan* case combined the standards used in several similar CCN cases, and set forth the following criteria: (1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed service; (3) the applicant must have the financial ability to provide the service; (4) the applicant's proposal must be economically

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<sup>2</sup> Section 393.170.3, RSMo. (Supp. 2023).

feasible; and (5) the service must promote the public interest.<sup>3</sup>

Spire has been serving farm tap customers in the requested areas as legacy customers of Missouri Gas Energy. It is Staff's position that granting the CCN with conditions is reasonable. The Commission finds there is a need for the service, as customers are currently being provided service. The Application includes references to 453 total farm taps involved in the transaction between Spire and Southern Star Central Gas Pipeline, LLC. Near the time of filing, Spire transferred responsibility for metering and billing six (6) of such farm taps to another gas utility, as the farm taps are in the certificated territory of that utility. After removing the farm taps transferred to the other utility, the total number of farm taps to be acquired by Spire is 447. As a large public utility and gas corporation, as those terms are defined in Section 386.020, RSMo, Spire is qualified to provide the service to those farm taps and is currently reading meters and billing customers for 372 of those farm taps.

Considering Spire's financial capacity, and based on the application and the analysis of the application provided by Staff, the Commission determines that Spire has the financial ability to provide the service.

According to Staff's analysis, based upon Spire's economic model, the proposed transfer payment, and assumptions, this project is not expected to break even until 30 years from the date of transference. Staff recommends that the Commission condition approval of this CCN upon ratepayers receiving service outside of the requested CCN area being held harmless from any expenses in excess of billed non-gas revenues. The

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<sup>3</sup> See Report and Order, *In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity*, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994).

Commission finds that with the conditions proposed by Staff, the proposal is economically feasible and that feasibility is realistic given Spire's prior experience and past performance.

The Commission also determines that granting the CCN with the conditions proposed by Staff promotes the public interest by providing service to these farm tap customers.

Based on the application and Staff's recommendations, the Commission concludes that, with the conditions recommended by Staff, the factors for granting a CCN to Spire have been satisfied and that it promotes the public interest for Spire to provide service to the customers currently served and who will be served. Further, the Commission finds that Spire possesses adequate technical, managerial, and financial capacity to operate the assets it wishes to purchase and it is not detrimental to the public interest for Spire to acquire those assets. Thus, the Commission will authorize the acquisition of assets and grant Spire a CCN to provide service to the proposed customers, subject to the conditions described by Staff.

*Waiver of 60-day notice rule*

Spire's application also asks the Commission to waive the 60-day notice requirement in 20 CSR 4240-4.017(1). Spire filed a verified declaration that it had no communication with the office of the Commission within the 150 days prior to filing the application regarding any substantive issue likely to be in this case. The Commission finds good cause exists to waive the notice requirement, and a waiver of 20 CSR 4240-4.017(1) will be granted. The Commission also finds it reasonable to make this order effective in less than 30 days.

## **THE COMMISSION ORDERS THAT:**

1. Spire is granted permission to acquire the assets of Southern Star Central Gas Pipeline, Inc., as set out in the application.

2. Spire is granted a certificate of convenience and necessity to construct, install, own, operate, maintain and otherwise control and manage natural gas distribution systems in locations and for customers that receive service from the domestic farm taps that are the subject of the Asset Purchase Agreement<sup>4</sup> and the areas set out in Exhibits 4 and 5 of the application subject to the conditions and requirements contained in Staff's Recommendation, including the filing of tariffs. Spire shall comply with the following conditions:

- a. Spire shall file an updated tariff sheet incorporating the apportioned area.
- b. Spire shall track all revenues, investments, and expenses directly related to the Asset Purchase Agreement and any future additions or removal of the Farm Tap. These items must be recorded to a separate account or subaccounts, to the extent practical, separately by facility starting with the in-service date for the facility. Spire shall prepare, in support of the current and future general rate case, an analysis using reasonable allocations methods for those categories of expense where it is not practical to specifically track the transactions in the general ledger.
- c. Spire shall hold ratepayers receiving service outside of the requested CCN area harmless from any expenses in excess of billed non-gas revenues.<sup>5</sup>

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<sup>4</sup> *Application for Certificate of Convenience and Necessity and Approval of Purchase of Assets, and Request for a Waiver*, (filed June 6, 2024), Exhibit 1.

<sup>5</sup> The calculation of billed non-gas revenues should also exclude infrastructure system replacement surcharge (ISRS) revenues.

3. The 60 day notice requirement of Commission Rule 20 CSR 4240-4.017(1) is waived.

4. This order shall become effective on December 1, 2024.

**BY THE COMMISSION**



*Nancy Dippell*

Nancy Dippell  
Secretary

Hahn, Ch., Coleman, Holsman  
Kolkmeier, and Mitchell CC., concur.

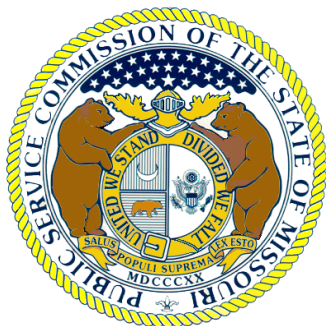
Karolin S. Walker, Regulatory Law Judge

**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 21<sup>st</sup> day of November 2024.**



*Nancy Dippell*  
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**Nancy Dippell**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**November 21, 2024**

**File/Case No. GA-2024-0361**

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**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

**Sincerely,**



**Nancy Dippell  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.