

**Issue:** Winter Storm Uri,  
Operational Flow  
Order  
**Witness:** George Godat  
**Type of Exhibit:** Rebuttal Testimony  
**Sponsoring Party:** Spire Missouri Inc.  
**Case Nos.:** GC-2021-0315,  
GC-2021-0316 and  
GC-2021-0353  
**Date Testimony Prepared:** January 27, 2022

**SPIRE MISSOURI INC.**

**CASE NOS. GC-2021-0315, GC-2021-0316 AND GC-2021-0353**

**REBUTTAL TESTIMONY**

**OF**

**GEORGE GODAT**

**JANUARY 27, 2022**

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**REBUTTAL TESTIMONY OF GEORGE GODAT**

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**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is George Godat, and my business address is 700 Market Street, St. Louis, Missouri, 63101.

**Q. WHAT IS YOUR PRESENT POSITION?**

A. I am employed by Spire Missouri Inc. (“Spire Missouri” or “Company”) as the Vice President of Gas Supply and General Manager, Missouri East.

**Q. PLEASE STATE HOW LONG YOU HAVE HELD YOUR POSITION AND BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.**

A. I have been in my present role as Vice President of Gas Supply since 2018. In my position I am responsible for the planning and acquisition of all gas supplies for all of Spire’s utilities. This includes developing and implementing a strategy to ensure safe and reliable service to all customers at all times at each of our utility operating units, Spire Missouri East, Spire Missouri West, Spire Alabama, Spire Gulf and Spire Mississippi. I am also responsible for all of Spire’s Gas Control functions which monitor and regulate the pressures of all utilities. Lastly, I also oversee field operations for our Spire Missouri East service territory.

**Q. WHAT WAS YOUR PROFESSIONAL EXPERIENCE PRIOR TO ASSUMING YOUR CURRENT POSITION?**

A. I have worked for Spire or its predecessor companies since 1992. I started my career as an engineer in our engineering department where I held various roles in our operations department and then moved into the gas supply department for Laclede Gas Company in 1996. During that time I held various roles in gas supply including gas scheduler, Manager of Gas Supply and Director of Gas Supply where I was responsible for procuring all gas supplies for Spire Missouri East (formerly Laclede Gas Company). In 2009, I moved into Spire Marketing (formerly Laclede Energy Resources) where I held various Vice President roles finishing my time in that group as Vice President and General Manager where I oversaw all activities for that entity.

1 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

2 A. I have a Bachelor of Science degree in Mechanical Engineering from what is now known as  
3 Missouri University of Science & Technology.

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS COMMISSION?**

5 A. Yes. I have previously filed testimony in an ACA case.  
6

7 **I. PURPOSE OF TESTIMONY**  
8

9 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

10 A. The purpose of my testimony is to provide information on Spire Missouri's gas  
11 supply planning and its relationship with transportation customers and marketers,  
12 generally and specifically related to Winter Storm Uri. I will also discuss the  
13 Complainants involved in these particular complaint cases and the operational flow order  
14 Spire Missouri issued as a result of Winter Storm Uri.

15 **II. SPIRE MISSOURI**  
16

17 **Q. What is the nature of Spire Missouri Inc.'s ("Spire Missouri") business in Missouri?**

18 A. Spire Missouri is a local gas distribution company serving nearly 1.2 million homes and  
19 businesses in Missouri pursuant to its Tariffs on file with the Missouri Public Service  
20 Commission (the "Commission"). Spire Missouri is a subsidiary of Spire Inc., a Missouri-  
21 based energy holding company.

22 **Q. WHAT LOCAL DISTRIBUTION SYSTEMS ARE OPERATED BY SPIRE**  
23 **MISSOURI?**

24 A. Spire Missouri serves two distinct service territories in Missouri: Spire Mo East which  
25 serves St. Louis and other communities in eastern Missouri, and Spire Mo West, serving  
26 Kansas City and other communities in Western Missouri.

1 **Q. WHICH SYSTEM IS IMPLICATED BY THESE COMPLAINTS?**

2 A. The Spire MO West system.

3 **III. SPIRE MISSOURI WEST**

4  
5 **Q. PLEASE DESCRIBE THE SPIRE MO WEST SYSTEM?**

6 A. The Spire MO West system is served by 4 pipelines – Southern Star Central (“SSC” or  
7 “Southern Star”), Tallgrass (Tallgrass), Panhandle Eastern (PEPL) and Rockies Express  
8 (REX). The Spire Missouri distribution system was primarily built around the Southern  
9 Star’s pipeline, with numerous interconnects with the Spire Missouri system. Supplies  
10 into Kansas City are supplemented by receipts off the Tallgrass, PEPL and REX systems,  
11 but are limited in that each of these systems have only one interconnect (other than farm  
12 taps) with Spire Missouri’s distribution system. When Spire Missouri’s distribution system  
13 in Kansas City was built out (as Missouri Gas Energy), the utility opted to have Southern  
14 Star build out its high pressure system throughout the service territory, rather than building  
15 out a more extensive utility distribution system. As a result, Spire Missouri relies heavily  
16 on flowing pressures from Southern Star and has a very limited amount of line pack to  
17 manage swings in customer usage. The Spire MO West system also has no on system  
18 (behind the gate) natural gas storage or peaking capabilities. Without those capabilities,  
19 Spire Missouri relies heavily on Southern Star’s no-notice storage service to manage  
20 swings in customer usage. Spire Missouri does not hold storage positions on Tallgrass or  
21 REX. Accordingly, Spire Missouri’s takes on those systems must be taken ratably over

1 each 24-hour period. Therefore, all swings in load are served from Southern Star's  
2 storage<sup>1</sup>.

#### 3 IV. TRANSPORT CUSTOMERS

4  
5 **Q. DOES SPIRE MISSOURI HAVE DIFFERENT TYPES OF CUSTOMERS ON ITS**  
6 **SYSTEM?**

7 A. Yes. While there are many different customer classes defined in Spire Missouri's tariffs,  
8 customers primarily fall into one of two categories—sales customers and transportation  
9 customers.

10 **Q. WHAT IS THE DIFFERENCE BETWEEN THESE TYPES OF CUSTOMERS?**

11 A. Sales customers purchase their natural gas supplies directly from Spire Missouri.  
12 Residential homes are a typical example of a firm sales customer. Transportation  
13 customers purchase their natural gas from someone other than Spire Missouri. That gas is  
14 delivered to Spire Missouri's city gates, and Spire Missouri merely transports it to the  
15 customer's location. For transportation customers, Spire Missouri simply serves as the "last  
16 mile" delivery service for their gas sourced and purchased elsewhere. Transportation  
17 customers are typically larger commercial and industrial operations.

18 **Q. DOES SPIRE MISSOURI INCLUDE THE TRANSPORTATION CUSTOMER**  
19 **SUPPLY REQUIREMENTS IN ITS RELIABILITY PLANNING PROCESS?**

20 A. No. Since our transportation customers opt to have other entities purchase their gas  
21 supplies, Spire Missouri excludes their usage from its reliability analysis and does not

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<sup>1</sup> Spire Missouri does also have a small isolated system that is served off the PEPL, so it does hold a small amount of no notice storage on PEPL to serve the load on that isolated system. Given the isolated nature of that system, the PEPL storage cannot be used to serve the customer load swings on the primary distribution system served by Southern Star, which is the primary issue in this case.

1 acquire firm transportation or storage capacity, or firm supply, to serve the transportation  
2 load. I'll describe this in more detail later in my testimony.

3 **Q. HOW ARE THE COMPLAINANTS IN THIS CASE CLASSIFIED IN REGARD TO**  
4 **SPIRE MISSOURI'S TARIFF?**

5 A. All of the Complainants in this case are natural gas marketers. Under the terms of Spire  
6 Missouri's tariff, they are also referred to as agents and aggregators.

7 **Q. WHAT IS THE ROLE OF A NATURAL GAS MARKETER?**

8 A. Marketers, the Complainants, are companies that contract with end user transportation  
9 customers to supply natural gas to those customers. The marketer arranges for the purchase  
10 and interstate transportation of natural gas on behalf of the transportation customer. The  
11 marketers are therefore responsible for ensuring that the natural gas being used by their  
12 customers actually arrives at Spire Missouri's city gate, and the transportation customers  
13 rely on them for this function.

14 **V. GAS SUPPLY PLANNING**  
15

16 **Q. PLEASE DESCRIBE SPIRE MISSOURI'S GAS SUPPLY PLANNING PROCESS?**

17 A. As a prudent utility operator, Spire Missouri has a very comprehensive supply planning  
18 process to ensure there is enough natural gas for its sales customers under all types of  
19 conditions. The planning process is used to derive the requirement for the overall level of  
20 transportation capacity needed to meet a peak day in coldest days in the winter. It is also  
21 used to estimate and forecast customer usage on a daily basis throughout the heating season  
22 to determine how much supply is needed each day.

23 **Q. HOW IS THE PROCESS PERFORMED?**

1 A. Spire Missouri performs regression analyses on actual customer usage from recent extreme  
2 cold weather periods to determine how customer usage (demand load) varies with  
3 temperature changes. The starting point for this regression analysis is Spire Missouri's  
4 total system sendout on a peak day, which includes volumes delivered to both  
5 transportation and sales customers. The peak day analysis and plans are submitted to the  
6 MPSC procurement Staff as part of Staff's annual audit and review process.

7 **Q. HOW ARE THE TRANSPORTATION CUSTOMERS' VOLUMES ADDRESSED?**

8 A. Spire Missouri maintains historical usage information for the transportation customers  
9 behind its gate that are served by marketers, allowing Spire Missouri to "back out" the  
10 usage associated with the transportation customers when performing its peak day supply  
11 planning. Since the transportation customers have elected to obtain their supply from  
12 marketers instead of from Spire Missouri, and because those supplies are delivered to Spire  
13 Missouri's city gates by the marketers, Spire Missouri excludes that usage from its peak  
14 day planning analysis to determine the appropriate level of transportation and storage  
15 capacity as well as firm supply to contract to serve firm sales customers. Peak day system  
16 sendout therefore relies on a combination of natural gas sourced by Spire Missouri for its  
17 firm sales customers, and natural gas delivered to Spire Missouri's city gates by marketers  
18 for their transportation customers behind Spire Missouri's gate. System integrity on cold  
19 days depends on both the utility and the marketers doing their part and planning sufficiently  
20 to meet total system demand.

21 **Q. CAN YOU PLEASE GIVE SOME DETAILS ON HOW THE TRANSPORTATION**  
22 **CUSTOMER SUPPLY PROVIDED BY MARKETERS IS COMINGLED WITH**  
23 **THE SUPPLY SPIRE MISSOURI PROVIDES FOR ITS FIRM CUSTOMERS?**



1 A. Yes. Marketers that supply gas to Spire Missouri’s transportation customers are bringing  
2 gas into Spire Missouri’s distribution system through the same pipelines and interconnects  
3 with Spire Missouri’s system as Spire Missouri uses for its firm customers. There is no  
4 way to physically track the natural gas molecules that marketers bring in versus the  
5 molecules that Spire Missouri brings in for its customers. Instead, the “nomination”  
6 process on the pipelines provides the breakout for which entity, marketer or Spire Missouri,  
7 is bringing in supply to the Spire Missouri distribution system.

8 **Q. HOW ARE TRANSPORTATION CUSTOMERS TREATED IN THE GAS SUPPLY**  
9 **PLANNING PROCESS?**

10 A. As I discussed above, Spire Missouri performs regression analysis on transportation  
11 customer usage so it has the ability to estimate transportation customer usage based on  
12 temperature. But since the transportation customers elect to buy their supply from  
13 Marketers, Spire Missouri excludes the transportation customer usage for peak day  
14 planning purposes and therefore does not acquire transportation or storage capacity or  
15 supply to serve them on a peak weather day.

## 16 **VI. RELATIONSHIP WITH MARKETERS**

17 **Q. WHAT IS A MARKETER IN RELATIONSHIP TO SPIRE MISSOURI’S**  
18 **TARIFF?**

19 A. Under the terms of Spire Missouri’s Tariff, non-residential transportation customers can  
20 contract directly with natural gas Marketers or Aggregators (“Customer’s Agent”) to  
21 arrange the delivery of natural gas to Spire Missouri’s city gate. (Service, A.3., PSC MO  
22 No. 8, Sheet No. 16-16.1)<sup>2</sup>.

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<sup>2</sup> All Tariff references are to Spire Missouri’s Mo West Tariff in effect in February of 2021, unless otherwise specified.

1 **Q. WHAT IS SPIRE MISSOURI'S RESPONSIBILITY IN REGARD TO NON-**  
2 **RESIDENTIAL TRANSPORTATION CUSTOMERS?**

3 A. Spire Missouri, pursuant to its transportation service offered under the Tariff, is responsible  
4 for delivering to a transportation customer those volumes of gas which are thermally  
5 equivalent to the volumes of gas received at a receipt point, less any amount retained by  
6 Company to recover normal system losses. (Company's Responsibility, TRPR  
7 Requirements for Transportation Service, A.1., PSC MO No. 8, Sheet No. 16).

8 **Q. HOW MANY MARKETERS OR CUSTOMER'S AGENTS DELIVER GAS TO**  
9 **THE SPIRE MO WEST SYSTEM ON BEHALF OF SPIRE MISSOURI**  
10 **TRANSPORTATION CUSTOMERS?**

11 A. There are at least eight: Constellation NewEnergy-Gas Division, LLC (Constellation),  
12 Symmetry Energy Solutions, LLC (Symmetry), Clearwater Enterprises, LLC (Clearwater),  
13 Oncor Energy Services, Inc., Pro Solutions, LLC/CIMA Energy, LP , Oklahoma Energy  
14 Source, Evergy Energy Partners, and Spire Marketing Inc. There are also some very large  
15 industrial customers who nominate and source their own natural gas without utilizing a  
16 marketer/agent.

17 **Q. HOW MANY OF THOSE MARKETERS WERE ASSESSED PENALTIES UNDER**  
18 **SPIRE MISSOURI'S MO WEST SYSTEM AFTER WINTER STORM URI?**

19 A. Six.

20 **Q. HOW MANY HAVE NOT PAID THOSE PENALTIES?**

21 A. Three—the Complainants in the three complaint cases pending before the Commission –  
22 Constellation, Symmetry and Clearwater.

**VII. COMPLAINANT**

1

2 **Q. ARE THE COMPLAINANTS A CUSTOMER'S AGENT IN TERMS OF SPIRE**  
3 **MISSOURI'S TARIFF?**

4 A. Yes. Each of Complainants is a Customer's Agent that delivers gas to Spire Missouri's  
5 MO West system for delivery to customers on Spire Missouri's distribution system.  
6 Marketers perform the role of Customer's Agent.

7 **Q. HOW DOES A MARKETER OBTAIN THAT STATUS?**

8 A. A marketer must receive Spire Missouri's authorization to deliver gas on Spire Missouri's  
9 system by entering into a signed agreement with the Company acknowledging the agent's  
10 responsibilities under Section A-9 Cash out and Section B-5 penalties for Unauthorized  
11 Usage. (*See Agent's Responsibility, TRPR Requirements for Transportation Service,*  
12 *A.3.(a), PSC MO No. 8, Sheet No. 16).*

13 **Q. DO CUSTOMER'S AGENTS ADDRESS THE GAS NEEDS OF THEIR**  
14 **CUSTOMERS INDIVIDUALLY?**

15 A. Usually not. Marketers, as the customers' agents, are allowed to aggregate their customers'  
16 usages for purposes of nominating and balancing transportation deliveries on the  
17 designated interstate pipeline serving those customers. (*Aggregation, TRPR Requirements*  
18 *for Transportation Service, A.4., PSC MO No. 8, Sheet No. 16.1).*

19 **Q. HAVE COMPLAINANTS AGGREGATED THEIR CUSTOMERS' USAGES FOR**  
20 **THIS PURPOSE?**

21 A. Yes. As Customers' Agents, Complainants have established their customers within each  
22 aggregation area into a pool or pools.

23 **Q. IN THAT ROLE, WHAT IS THE CUSTOMERS' AGENT'S RESPONSIBILITY?**

1 A. Under the terms of Spire Missouri's Tariff, Complainants have the responsibility "for  
2 nominating volumes of gas to be received by Company for delivery to the delivery point  
3 in order to meet . . . pool's daily requirement for flowing gas plus retainage." (Nominations,  
4 TRPR Requirements for Transportation Service, A.5., PSC MO No. 8, Sheet No. 16.1).

5 **Q. WHAT IS THE PROCESS FOR "NOMINATING VOLUMES OF GAS" TO BE**  
6 **RECEIVED BY SPIRE MISSOURI?**

7 A. Marketers effectuate nominations to Spire Missouri's transportation customers by  
8 designating volumes on the interstate pipeline bulletin boards. Marketers primarily  
9 nominate gas on Southern Star, but small quantities are also nominated for a handful of  
10 customers on the PEPL system since those customers are located on the isolated system  
11 served by PEPL.

12 **Q. WHAT DO THESE NOMINATIONS MEAN FOR SPIRE MISSOURI?**

13 A. Nominated quantities are used by Spire Missouri to determine how much supply the  
14 marketers are bringing in to serve their transportation customer usage. When doing daily  
15 imbalance calculations, the marketer daily nominated quantities are compared to their  
16 customer's actual usage to determine whether there are any daily imbalances.

17 **Q. HOW DOES A MARKETER CONFIRM THE BALANCE OF THE**  
18 **NOMINATIONS IT HAS MADE AND THE GAS USED BY ITS CUSTOMERS?**

19 A. Marketers rely on the pipeline bulletin boards they are nominating on to confirm how  
20 much supply they are bringing into the Spire Missouri distribution system for their  
21 customers. Spire Missouri provides access to customer usage through an internet-based  
22 system that marketers can utilize to access their customers' usage information. Spire

1 provides customer daily meter reads to marketers and customers on a one-day lag through  
2 this internet based system. This is standard practice in the industry.

3 **Q. IS THE PROCESS USED TO TRACK MARKETER NOMINATIONS AND**  
4 **CUSTOMER USAGE NEW TO THE SPIRE MISSOURI SYSTEM?**

5 A. No. The system and processes that the marketers were operating under during Winter  
6 Storm Uri have been in place for many years and the marketers were, or should have  
7 been, well aware of these processes going into the winter and ahead of Winter Storm Uri.

8 **Q. HOW ARE IMBALANCES TYPICALLY HANDLED?**

9 A. Under normal circumstances, imbalances (long or short) are trued up with each marketer  
10 at the end of the month. At that time, Spire Missouri either bills the marketer for any net  
11 short imbalance, or remits payment for any net long imbalance for the month. (TRPR  
12 Requirements for Transportation Service, PSC MO No. 8, Sheet No. 16.5-16.6).

13 **VIII. OPERATIONAL FLOW ORDERS (OFO)**

14 **Q. WHAT ARE OPERATIONAL FLOW ORDERS (OFOS)?**

15 A. An OFO is a notice from Spire Missouri to transportation customers on Spire Missouri's  
16 system (or their agents) of an unusual situation impacting Spire Missouri's distribution  
17 system that requires Spire Missouri to deviate from its normal tariff rules and instead of  
18 balancing receipts and deliveries on a monthly basis. It requires marketers' daily  
19 nominations to meet or exceed their customer's daily usage. There are two types of  
20 OFOs under Spire Missouri's Tariff—Standard OFOs and Emergency OFOs.

21 **Q. WHEN MAY OFOS BE ISSUED BY SPIRE MISSOURI?**

22 A. The Tariff allows Spire Missouri to issue an OFO "to protect the integrity of its system or  
23 any portion thereof and/or to ensure compliance with the requirements of upstream pipeline

1 companies.” (Operational Flow Orders, TRPR Priority of Service, B.2., PSC MO No. 8,  
2 Sheet No. 16.8).

3 **Q. WHY IS IT SO CRITICAL TO ALWAYS MAINTAIN THE INTEGRITY OF A**  
4 **NATURAL GAS DISTRIBUTION SYSTEM?**

5 A. In my role as General Manager over field operations for Spire Missouri East I clearly  
6 understand the impacts of experiencing a natural gas outage. Unlike the electric utilities  
7 that can flip the power off and back on in a moment’s notice, natural gas service is much  
8 harder to restore if an outage occurs, even if that outage is just for a few minutes or hours.  
9 If an outage occurs, Spire Missouri service technicians would have to go door-to-door to  
10 insure safe restoration of service. To ensure the safety of our customers, to restore natural  
11 gas service, a utility technician must visit each impacted home or business to physically  
12 shut off the meter prior to re-establishment of gas into the system. When the pressures are  
13 restored and gas flow is re-established to the Company’s facilities, a utility technician  
14 must return to physically purge the customer’s fuel lines of any air, complete a shut-in  
15 pressure test, and re-light all gas appliances. For any widespread outages it could take  
16 days to restore gas service to customers and would be happening at that worst possible  
17 time - when temperatures are at their coldest. This ultimately risks the lives of our  
18 customers. Spire Missouri takes its responsibility to maintain gas service very seriously.

19 **Q. WHAT IS THE CUSTOMERS’ AGENT’S RESPONSIBILITY WHEN AN OFO**  
20 **HAS BEEN ISSUED?**

21 A. When an OFO is issued, the Transportation Customer or Customer’s Agent shall be  
22 responsible for complying with the directives set forth in the OFO. (Standard OFO, TRPR  
23 Priority of Service, B.2.(a), PSC MO No. 8, Sheet No. 16.9).

**IX. NONCOMPLIANCE WITH OFOS**

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**Q. WHAT IS THE CONSEQUENCE OF NONCOMPLIANCE WITH AN OFO?**

A. If a Transportation Customer does not comply with the directives set forth in the OFO, it will be charged OFO penalties pursuant to the Tariff. (Penalties for Unauthorized Usage provision 5., PSC MO No. 8, Sheet No. 16.13).

**Q. WHAT IS THAT OFO PENALTY?**

A. Spire Missouri's Tariff specifies that customers or pools that take delivery of more natural gas than is being nominated by or for it during an OFO will be charged a penalty as follows:

Standard OFO Penalties: For each day of the Standard OFO, the greater of \$5 or 2 ½ times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas pipeline (Oklahoma) times the MMBtu of Unauthorized Over- or Under-deliveries that exceed the tolerance level applicable under Section B-5-a Tolerance Levels.

Emergency OFO Penalties: For each day of the Standard OFO, the greater of \$10 or 5 times the daily midpoint stated on Gas Daily's Index for Southern Star Central Gas pipeline (Oklahoma) times the MMBtu of Unauthorized Over- or Under-deliveries that exceed the tolerance level applicable under Section B-5-a Tolerance Levels.

(Penalties for Unauthorized Usage provision 5(c)(i), PSC MO No. 8, Sheet No. 16.14).

**Q. WHICH TYPE OF OFO DID SPIRE MISSOURI ENTER INTO DURING WINTER STORM URI?**

A. A Standard OFO.

1 **X. CIRCUMSTANCES IN FEBRUARY 2021**

2 **Q. WHAT HAPPENED IN FEBRUARY OF 2021?**

3 A. The Central and Southern Plains were hit by a severe winter storm on an unusually  
4 Southern track. This “polar vortex” event became known as Winter Storm Uri. For the  
5 period of February 12, 2021, to February 17, 2021, the forecast called for average daily  
6 temperatures in Kansas City from -2 to 13 degrees; in St. Joseph from -4.5 to 10.5  
7 degrees; and, in Joplin from 3.5 to 19 degrees.

8 **Q. HOW DID THIS COMPARE TO PREVIOUS WEATHER EVENTS?**

9 A. The extreme cold temperatures, extended period of those temperatures, and precipitation  
10 contributed to what some have described as an “85 year event”. According to the National  
11 Weather Service, the western side of Missouri experienced the coldest temperatures, while  
12 the St. Louis and Springfield areas experienced larger snowfall amounts. *See* Staff Report,  
13 File No. AO-2021-0264 (April 30, 2021). This Report is attached to Spire Missouri witness  
14 Weitzel’s Rebuttal Testimony, Schedule SAW-R3.

15 **Q. WHAT WERE THE CONDITIONS IN KANSAS CITY AND SPRINGFIELD?**

16 A. Kansas City saw temperatures from -13 degrees to 23 degrees during this period, with  
17 February 15 having a high temperature of -1 degree and a low temperature of -10 degrees.  
18 Snow depths were about 1 to 3 inches during this period.  
19 Springfield saw temperatures from -15 degrees to 19 degrees during this period, with  
20 February 15, 2021, having a high temperature of 0 degrees and a low temperature of -9  
21 degrees. Snow depth on February 17, 2021, was about 7 inches.

22 While the daytime highs on February 16, 2021, were generally in the double digits, each  
23 area saw its lowest temperatures on that day, with Kansas City and Springfield hitting lows



1 of -13 degrees and -15 degrees, respectively. *See* Staff Report, File No. AO-2021-0264  
2 (April 30, 2021). This Report is attached to Spire Missouri witness Weitzel's Rebuttal  
3 Testimony, Schedule SAW-R3.

4 **Q. WHAT DID THIS FORECAST MEAN FOR SPIRE MISSOURI?**

5 A. The forecast of extremely cold temperatures for an extended period coupled with freezing  
6 precipitation, over large swaths of the natural gas production basins that supply the Spire  
7 MO West system was concerning due to the possibility of widespread wellhead freeze-  
8 offs that had the potential to severely limit output from those basins. At the same time,  
9 the forecast for widespread, extended and extreme cold in the Spire MO West service  
10 territory meant we would likely experience heavy load demand. We anticipated that  
11 these conditions could threaten the integrity of the Company's distribution system, to  
12 include loss of sufficient line pressure to meet distribution system delivery obligations or  
13 create other conditions which might cause the Company to be unable to deliver natural  
14 gas consistent with its tariff (insufficient supply).

15 **Q. WERE ANY OFOS ISSUED BY INTERSTATE PIPELINES SERVING THE**  
16 **SPIRE MO WEST SYSTEM?**

17 A. Yes. Southern Star, our primary upstream pipeline, issued an OFO on February 9, 2021,  
18 requiring as follows:

19 Takes at any delivery point on ALL Line Segments shall not exceed the sum of the  
20 quantity scheduled by Southern Star and confirmed by the Receiving Party for the  
21 account of all Shippers delivering gas at that point, plus the remaining MDQ(s) for  
22 that Delivery Point under Rate Schedules TSS and STS. Aa copy of the OFO is  
23 attached as Schedule GG-R1.

1 **Q. WHY WAS THE SOUTHERN STAR OFO SIGNIFICANT FOR SPIRE**  
2 **MISSOURI?**

3 A. The issuance of the Southern Star OFO was very significant for Spire Missouri for two  
4 reasons. First, it confirmed our expectation that there might not be enough natural gas  
5 supply into the market to maintain delivery pressures on Southern Star. As I described  
6 above, these pressures are critical to the integrity of the Spire MO West system because  
7 of its lack of on-system storage or peaking capabilities. Second, Spire Missouri serves as  
8 the “point operator” of the Kansas City takepoints on the Southern Star system. Under the  
9 Southern Star tariff, this means that Spire Missouri would be responsible for all OFO  
10 overrun penalties assessed based on violations of the Southern Star OFO at the Kansas  
11 City point, *regardless of whether those overruns were caused by Spire Missouri or*  
12 *someone else*, such as a marketer serving transportation customers behind Spire  
13 Missouri’s city gate.

14 **Q. WERE OTHER OFOS ISSUED BY ANY UPSTREAM PIPELINES?**

15 A. Yes. Spire Missouri witness Justin Powers discusses OFOs issued by other market  
16 participants in his rebuttal testimony.

17 **Q. HOW LONG DID THE SOUTHERN STAR OFO REMAIN IN PLACE?**

18 A. Southern Star had an OFO in place thru the duration of Winter Storm Uri. Southern  
19 Star’s OFO was lifted on February 20<sup>th</sup> at 9:00 a.m.

20 **XI. OFO ISSUED BY SPIRE MISSOURI**

21 **Q. DID SPIRE MISSOURI ISSUE AN OFO FOR ITS MO WEST SYSTEM IN**  
22 **FEBRUARY OF 2021?**

23 A. Yes.

1 **Q. WHEN?**

2 A. On February 10, 2021, Spire Missouri gave notice of the issuance of a standard operation  
3 flow order (Standard OFO) beginning at 9:00 am, on February 12, 2021. A true and  
4 correct copy of the Standard OFO is attached hereto as Schedule GG-R2.

5 **Q. WHAT WAS THE LANGUAGE OF THAT OFO?**

6 A. The Spire Missouri OFO stated, “In order to maintain and protect the integrity of our  
7 distribution system, Spire Missouri is requesting that all end users control their usage to  
8 avoid any Under-Deliveries.” The OFO further reminded Customers and Customer’s  
9 Agents to “see [the Spire Missouri] tariff for the charges with non-compliance with this  
10 Standard OFO.” *See* Schedule GG-R2.

11 **Q. WHY DID SPIRE MISSOURI ISSUE THIS OFO?**

12 A. The purpose of the OFO was two-fold. First, Spire Missouri needed to ensure that enough  
13 natural gas was delivered into the Spire MO West system to maintain sufficient system  
14 pressure throughout the duration of the event. As noted above, a portion of the daily  
15 sendout on the system is supported by city gate deliveries from marketers serving our  
16 transportation customers and is not part of Spire Missouri’s reliability planning analysis.  
17 Without sufficient natural gas deliveries, there is a risk that system pressure could drop to  
18 a point that would cause uncontrolled outages. The OFO was intended to prevent this  
19 scenario from occurring and was the determining factor in issuing a Standard OFO versus  
20 the more extreme Emergency OFO. Secondly, the OFO was designed to ensure that Spire  
21 Missouri would not be subject to OFO penalties on upstream pipelines as the point  
22 operator. Such penalties could have been imposed on Spire Missouri due to the failure of  
23 marketers to balance their deliveries with transportation customer usage each day.

1 **Q. BASED ON THE LANGUAGE OF THE OFO, WHAT WAS EXPECTED FOR**  
2 **TRANSPORTATION CUSTOMERS AND MARKETERS?**

3 A. The OFO simply required marketers to be in balance for each day of the OFO period. In  
4 other words, it required them to bring as much natural gas to Spire Missouri's city gates  
5 each day as their transportation customers were actually using on those days.

6 **Q. DID SPIRE MISSOURI RECEIVE ANY INQUIRIES AS TO WHAT THE OFO**  
7 **REQUIRED?**

8 A. No. While we did communicate with marketers during the OFO period, everyone  
9 understood what the OFO required of them.

10 **Q. P.S.C. MO. NO. 8, SHEET NO. 16.8 OF THE SPIRE MO WEST TARIFF**  
11 **INDICATES, IN PART, THAT "ANY OFO, ALONG WITH ASSOCIATED**  
12 **CONDITIONS AND PENALTIES, SHALL BE LIMITED, AS PRACTICABLE TO**  
13 **ADDRESS ONLY THE PROBLEM(S) GIVING RISE TO THE NEED FOR THE**  
14 **OFO." DO YOU BELIEVE SPIRE MISSOURI'S OFO WAS SO LIMITED?**

15 A. Yes.

16 **Q. WHY?**

17 A. As mentioned above, Spire Missouri did not initiate an Emergency OFO. We simply  
18 asked that marketers ensure they were bringing in enough supply to cover the usage of  
19 the transportation customers they serve, and requested that transportation customers  
20 control their usage during this period to avoid any under deliveries to ensure adequate  
21 supply and pressure for all customers on the Spire MO West system. This basically meant  
22 that marketers' pools needed to be in balance each day to avoid the penalties set forth in  
23 the Tariff.

1 **Q. WERE THERE OTHER ALTERNATIVES TO ADDRESS THE ISSUES?**

2 A. None, apart from further implementing the Emergency Curtailment Plan. Complainants  
3 state (or imply) that Spire Missouri should have curtailed or turned off transportation  
4 customers during this period to ensure system integrity and compliance with the OFO.  
5 This is a far more drastic step, with major negative ramifications for the community.  
6 Taking that step was neither necessary nor appropriate, as Spire Missouri was able to  
7 source enough additional gas to keep all transportation customers supplied during the  
8 OFO period. That's why we maintained the Standard OFO throughout Winter Storm Uri  
9 rather than escalating to an Emergency OFO.

10 **Q. P.S.C. MO. NO. 8, SHEET NO. 16.7 OF THE SPIRE MO WEST TARIFF STATES,**  
11 **IN PART, THAT NOTICE:**

12 **. . . . shall be provided as far in advance as practicable and prospectively may**  
13 **be changed by Company upon reasonable advance notice as conditions**  
14 **warrant. Where practicable, OFO's will be issued by 12 noon Central time**  
15 **and will be effective the second day after issuance, thereby providing time for**  
16 **Transportation Customers to adjust their nominations in accordance with the**  
17 **OFO. Company may make OFO's effective with a shorter notice if necessary**  
18 **to protect the integrity of its system and/or where such actions are necessary**  
19 **to insure compliance with the requirements of upstream pipeline companies**  
20 **and shall permit Transportation Customers to adjust nominations as**  
21 **necessary to reasonably comply with the OFO. Notice shall be given to each**  
22 **affected customer by telephone and in writing, in the manner elected by the**  
23 **customer or its agent, including facsimile and electronic mail. Notification of**

1        **the customer’s agent shall fulfill the requirement of this paragraph. During**  
2        **emergency situations, if providing notice to customers by one of the previously**  
3        **identified methods is not practicable, Company may use commercial radio**  
4        **and/or television to notify customers. Spire West will also make every**  
5        **reasonable effort to provide direct notification by electronic or telephonic**  
6        **means to each affected customer.**

7        **WHAT STEPS DID SPIRE MISSOURI TAKE TO NOTIFY CUSTOMERS’**  
8        **AGENTS AND ITS CUSTOMERS?**

9        A.     Spire Missouri emailed the OFO notice to each of the customer’s agents (marketers)  
10        doing business on its system. Under the Tariff, notice to a customer’s marketer, as the  
11        customer’s agent, is considered notice to the customer. Importantly, our team had  
12        communications with many of the Complainants during the OFO period in which they  
13        acknowledged that an OFO was in effect. Spire Missouri also attempted to communicate  
14        with transportation customers to ensure they had received notice of the Standard OFO.  
15        Spire contacted its customers through news releases, social media, website postings, and  
16        direct email, calls, and text. Staff’s Report in AO-2021-0264 reviewed communications  
17        to customers, including transportation customers. This Report is attached to Spire  
18        Missouri witness Scott Weitzel’s rebuttal testimony as SAW-R3 to

19        **Q.     P.S.C. MO NO. 8, SHEET NO. 16.8 OF THE SPIRE MO WEST TARIFF STATES,**  
20        **IN PART,:**

21        **NOTICE OF AN OFO SHALL SPECIFY THE NATURE OF THE**  
22        **PROBLEM SOUGHT TO BE ADDRESSED, THE ANTICIPATED**

1           **DURATION OF THE REQUIRED COMPLIANCE AND THE**  
2           **PARAMETERS OF SUCH COMPLIANCE.**

3           **DID THE SPIRE MISSOURI'S OFO CONTAIN THIS INFORMATION?**

- 4    A.    Yes. The OFO notice specified system integrity as the problem sought to be addressed.  
5           Because of the dire weather and market forecasts, and the widespread nature of the event,  
6           we believe it was understood by all market participants that system integrity in this  
7           instance referred to natural gas supply shortages. The notice states the anticipated  
8           duration as "until further notice." This is a common practice in the industry where the  
9           condition requiring the OFO is based on acts of God such as weather events, because it  
10          was unknown how long the event would continue or how severe its impacts would be.  
11          The notice also lists the parameters of compliance, which is to avoid any Under  
12          Deliveries, as that term is defined in the Tariff.

13   **Q.    P.S.C. MO. NO. 8, SHEET NO. 16.8 OF THE SPIRE MO WEST TARIFF**  
14   **REQUIRES THAT SPIRE MISSOURI ATTEMPT TO IDENTIFY THE**  
15   **CUSTOMER CAUSING THE CONDITION PRIOR TO ISSUING AN OFO. DID**  
16   **SPIRE DO THAT IN THIS INSTANCE?**

- 17   A.    No, because the system integrity concern was about a lack of overall supply  
18          reaching the market. The winter storm, and the supply disruptions it caused, were  
19          not related to any specific customer. Rather, they impacted the entire service  
20          territory and all customers within it. The tariff requirement was a non sequitur in  
21          this context.

22   **Q.    DID COMPLAINANTS RECEIVE THIS OFO ON FEBRUARY 10, 2021?**

- 23   A.    Yes.

**XII. IMPACT AND USE OF STORAGE POSITIONS**

1  
2 **Q. WHAT ROLE DOES UPSTREAM STORAGE PLAY IN SPIRE MISSOURI'S**  
3 **SUPPLY PLANNING?**

4 A. Spire Missouri contracts with Southern Star to hold volumes of natural gas in storage fields  
5 connected to the Southern Star system upstream of the Spire MO West system. This helps  
6 ensure that Spire Missouri has sufficient natural gas inventory for its sales customers on  
7 very cold days and reduces the price volatility in extreme weather and price events like  
8 Winter Storm Uri.

9 **Q. WHAT STORAGE DID SPIRE MISSOURI HAVE AVAILABLE DURING**  
10 **WINTER STORM URI?**

11 A. Heading into the winter storm event, Spire Missouri had approximately 9 Bcf of natural  
12 gas in upstream storage on the Southern Star system.

13 **Q. WAS THAT STORAGE UTILIZED TO THE BENEFIT OF SPIRE MISSOURI'S**  
14 **CUSTOMERS?**

15 A. Yes. Firm sales customers paid over \$17 Million for this storage service in fiscal year 2021  
16 as a component of the purchase gas adjustment (PGA). It was available for their use and  
17 benefit, including during Winter Storm Uri.

18 **Q. WAS THE STORAGE AVAILABLE TO SPIRE MISSOURI SUFFICIENT TO**  
19 **COVER THE SUPPLY ISSUES CAUSED BY WINTER STORM URI?**

20 A. No. Even with a large storage reserve, Spire Missouri was still required to purchase  
21 additional incremental flowing supply into the Spire MO West System during Winter  
22 Storm Uri to cover the firm customer demands as well as buy incremental supply to cover  
23 the marketer shortfalls for the transportation customers.



1 **Q. WHY?**

2 A. The Southern Star Tariff contains a unique feature that limits storage withdrawals to two  
3 thirds (2/3) of total deliveries at any point for a gas day. Southern Star Tariff, (TSS Rate  
4 Schedule, Section 2, Tariff Sheet 103. Spire Missouri witness Justin Powers provides  
5 testimony on this feature of the Southern Star tariff in his rebuttal testimony.

6 **Q. Was the usage of storage maximized to the greatest extent possible?**

7 A. Yes. Spire Missouri relied on upstream Southern Star storage as much as practically  
8 possible. Because some of Spire Missouri's upstream natural gas supplies were "cut" by  
9 producers, Spire Missouri did not know exactly how much flowing supply would actually  
10 arrive at our city gates on any given day until the very last intraday nomination cycle that  
11 occurs at the end of a gas day. Therefore, Spire Missouri had to allow for an additional  
12 buffer in supply to ensure that enough flowing gas arrived to support adequate storage  
13 withdrawals under the "Two Thirds Rule" in the Southern Star tariff and to ensure adequate  
14 supplies were available to uphold system pressures. In retrospect, there were some days  
15 during the OFO that actual flowing supply would have supported additional incremental  
16 storage withdrawals after supply cuts were fixed in the last nomination cycle, but given the  
17 circumstances that existed throughout the day during Winter Storm Uri, I think my team  
18 maximized our storage to the fullest extent practical. This is also discussed further in the  
19 rebuttal testimony of Justin Powers.

20 **Q. DID SPIRE MISSOURI SELL ANY OF ITS INVENTORY OF NATURAL GAS IN**  
21 **STORAGE DURING WINTER STORM URI?**

1 A. Yes. On February 15, 2021, Spire Missouri sold 0.5 Bcf of its natural gas inventory in  
2 Southern Star storage to Atmos Energy (Atmos), a state-regulated natural gas utility  
3 serving customers in the State of Kansas.

4 **Q. WHY DID SPIRE MISSOURI PARTICIPATE IN THIS TRANSACTION?**

5 A. The situation was very dire for Atmos during Winter Storm Uri. Atmos was in dire straights  
6 at the time because its Southern Star storage assets had been mismanaged by Symmetry  
7 under an Asset Management Agreement between Atmos and Symmetry. Atmos reached  
8 out to Spire Missouri seeking assistance to manage through this dire situation and inquired  
9 whether Spire Missouri would be able to sell any Southern Star storage gas to Atmos to  
10 help them meet their service obligations. Once Symmetry had depleted Atmos' storage  
11 inventory, Atmos was then exposed to potential penalties on the Southern Star system, as  
12 well as at risk of not being able to serve the customers behind its city gate in Kansas. We  
13 knew that Spire Missouri could help out a fellow utility by selling a small portion of our  
14 gas storage inventory, while at the same time helping to offset some gas costs for our sales  
15 customers through an off-system sale transaction. Therefore, Spire Missouri participated  
16 in the transaction with Atmos.

17 **Q. DID THE ATMOS TRANSACTION IMPAIR IN ANY WAY SPIRE MISSOURI'S**  
18 **ABILITY TO USE ITS STORAGE TO PROVIDE SERVICE TO ITS**  
19 **CUSTOMERS?**

20 A. No.

21 **Q. WHY NOT?**

22 A. As I described above, storage withdrawals on the Southern Star system are limited by the  
23 "Two Thirds Rule" contained in the Southern Star Tariff. At the time of the sale, Spire

1 Missouri was very prepared heading into Winter Storm Uri and had more natural gas  
2 inventory in Southern Star storage than it could possibly use during the OFO period based  
3 on system sendout needs and actual flowing supplies needed to serve that sendout  
4 requirement, coupled with Southern Star's tariff limitation on how much inventory Spire  
5 Missouri could use on a daily basis. Therefore, the sale of a portion of this excess inventory  
6 had no impact on Spire's ability to source gas for the Spire MO West System during Winter  
7 Storm Uri.

8 **Q. DID THIS STORAGE SALE IN ANY WAY LIMIT SPIRE'S ABILITY TO USE**  
9 **ITS FULL STORAGE WITHDRAWAL CAPABILITY ON THE DAY THE SALE**  
10 **TOOK PLACE?**

11 A. No. The inventory sale was effectuated by doing a paper transfer from Spire Missouri's  
12 storage account to Atmos' storage account so it was not counted against Spire Missouri's  
13 daily storage withdrawal capability and in no way limited Spire Missouri's ability to utilize  
14 ITS STORAGE CONTRACT.

15 **Q. DID SPIRE MISSOURI'S FIRM CUSTOMERS BENEFIT IN ANY WAY FROM**  
16 **THIS TRANSACTION?**

17 A. Yes. Under Spire Missouri's Off System Sales (OSS) tariff provisions, firm customers  
18 received 75% of the profit from this sale as a credit to the PGA. In this instance, that  
19 amounted to nearly \$75,000,000 PGA credit for Spire Missouri's firm customers. This was  
20 a major factor limiting the amount of the PGA increase required for Spire Missouri  
21 customers as a result of Winter Storm Uri, compared to other Missouri natural gas utilities.  
22 *See. P.S.C. MO. No. 8, Sheet No. 11.2.*

1 **Q. DURING THIS PERIOD, DID SPIRE MISSOURI EXPERIENCE LOW**  
2 **PRESSURE ISSUES ON ITS SYSTEM?**

3 A. Spire Missouri largely did not experience low pressure issues during Winter Storm Uri.  
4 However, on the night of February 15-16, 2021 system pressures dropped to dangerously  
5 low levels on the Southern Star system in Southwest Missouri due to loss of supply out of  
6 Oklahoma, coupled with rolling blackouts in the Springfield area, that had detrimental  
7 impacts to Southern Star's pressures. As a result, Spire Missouri initiated its Emergency  
8 Curtailment Plan in that area. Ultimately, the pressure issues did not spill over into Spire  
9 MO West system so Spire Missouri did not have to physically curtail any customers

10 **Q. WHY DID SPIRE MISSOURI NOT HAVE TO PHYSICALLY CURTAIL ANY**  
11 **CUSTOMERS?**

12 A. The reason the Spire MO West system did not experience any integrity issues due to low  
13 pressure during the OFO Period is that Spire Missouri was able to go out into the market  
14 and procure enough additional natural gas to supply all of the customers on its system. This  
15 includes both the firm customers whose gas supply needs Spire Missouri plans for, as well  
16 as the transportation customers whose needs Spire Missouri generally does not plan for  
17 except when their marketers fail to perform, as occurred during Winter Storm Uri.

18 **Q. WAS SPIRE MISSOURI ABLE TO DELIVER SERVICE TO ALL CUSTOMERS**  
19 **DURING WINTER STORM URI?**

20 A. Yes.

21 **Q. ULTIMATELY, WAS THE SPIRE MISSOURI'S OFO HELPFUL IN**  
22 **ADDRESSING THE PROBLEMS PRESENTED BY WINTER STORM URI?**

1 A. Yes. Spire Missouri believes the tariff-based OFO Penalties functioned as intended, at  
2 least in part. The OFO penalties are designed to deter marketers from shorting deliveries  
3 on critical days by making non-performance expensive. They likely encouraged at least  
4 some of the marketers to maximize deliveries to the Spire MO West system.

5 **Q. DOES THIS CONFIRM THAT THE OFO WAS NECESSARY?**

6 A. Yes. Complainants point to the fact that the Spire MO West system did not experience any  
7 actual integrity issues or unplanned outages as evidence that the OFO was unnecessary.  
8 This view completely ignores the fact that integrity was maintained because of the  
9 extraordinary actions Spire Missouri took to ensure enough gas arrived at Spire Missouri's  
10 city gates to cover sendout to all customers, firm and transportation. This gas came, in part,  
11 from marketer deliveries which the OFO incentivized. The remainder of the sendout  
12 requirement was fulfilled by Spire Missouri's contract supply arrangements and the  
13 additional natural gas Spire Missouri was able to procure to cover both its firm customers'  
14 needs and the marketer shortfalls.

### 15 **XIII. TERMINATION OF OFO**

16 **Q. WHEN WAS THE SPIRE MISSOURI OFO TERMINATED?**

17 A. The Spire Missouri OFO was terminated as of 9:00 a.m. on February 20, 2021.

18 **Q. HOW WAS THIS TERMINATION COMMUNICATED TO THE CUSTOMERS'**  
19 **AGENTS AND CUSTOMERS?**

20 A. In the same manner that the Standard OFO was initiated—via email to marketers.

21 **Q. WHY DID THE OFO STAY IN PLACE UNTIL THIS TIME?**

1 A. The OFO was left in place in place: 1) until the termination of the Southern Star OFO; and,  
2 2) until gas market conditions had normalized and supply from marketers returned to a  
3 normal, largely balanced state.

#### 4 **XIV. PERFORMANCE OF MARKETERS**

5 **Q. HOW DID COMPLAINANTS PERFORM DURING STORM URI AND THE**  
6 **PERIOD THE OFO WAS IN EFFECT?**

7 A. Each of Complainants nominated less gas than its customers used on at least some days  
8 while the OFO was in effect, and thus did not comply with the OFO's directives. Attached  
9 as Schedule GG-R3 is a spreadsheet showing the nominations and usage for each day of  
10 the OFO period. Symmetry was the worst performer, delivering substantially less natural  
11 gas than its customers were using during the OFO period. In fact, on most days, Symmetry  
12 delivered no gas at all to Spire Missouri's city gates.

13 **Q. SOME OF COMPLAINANTS HAVE ARGUED THAT THEY WERE UNABLE TO**  
14 **MAKE ARRANGEMENTS TO SUPPLY GAS DURING THESE PERIODS OF**  
15 **TIME. HOW DO YOU RESPOND TO THAT CLAIM?**

16 A. It's a little baffling. Spire Missouri, and Justin Powers' team in particular, was able to go  
17 out into the market and source both natural gas supply and transportation to serve all  
18 customers on the Spire MO West system, including enough gas to cover marketers'  
19 shortfalls for the transportation customers Spire Missouri does not plan for. This is the  
20 result of very hard work and prudent planning. There is no secret market available to Spire  
21 Missouri — the gas and transportation paths were available to those willing to pay for it.  
22 If marketers had additional gas to supply to the system and no transportation path, Spire  
23 Missouri would have been willing to release transportation capacity to them in order to get

1 the gas to the Spire MO West system. Ultimately, the OFO was the result of a natural gas  
2 supply shortage, not transportation constraints. Unlike other marketers, Complainants  
3 simply did not procure the necessary volumes of gas during that period.

4 **Q. THE SPIRE MISSOURI TARIFF CALLS FOR A PENALTY WHERE THERE**  
5 **HAS BEEN NON-COMPLIANCE WITH AN OFO. DOES A PENALTY HAVE**  
6 **ANY PURPOSE, IF THE CUSTOMERS' AGENT HAS NO ABILITY TO COMPLY**  
7 **BECAUSE OF GAS SUPPLY PROBLEMS?**

8 A. As discussed above, it seems the marketers could have taken the same actions as Spire  
9 Missouri and found gas for their cutometers, even though that gas was priced at much  
10 higher levels than previously experienced. Instead, by sitting back, those marketers have  
11 allowed Spire Missouri, and Spire Missouri's firm customers, to act as their "bank" in  
12 terms of natural gas purchasers for the transportation customers. In these situations,  
13 marketers have a choice about where to send scarce natural gas. The OFO penalties provide  
14 a financial incentive to marketers to send this gas to the Spire Missouri systems instead of  
15 elsewhere. The OFO penalties are also the mechanism by which Spire Missouri's firm sales  
16 customers are paid back for the additional gas costs that flow to the PGA as a result of  
17 Spire Missouri having to make additional gas purchases to maintain the integrity of the  
18 system. If firm customers served as the "bank" for transportation customers and their  
19 marketers during this period, the OFO penalties represent repayment of principal and  
20 interest. Absent collection of at least some portion of the tariff-based OFO penalties, it is  
21 unclear whether there is any viable avenue for firm sales customers to be repaid.

## 22 **XV. HOW PENALTY CALCULATED**

23 **Q. HOW DID SPIRE MISSOURI CALCULATE THE OFO PENALTIES?**

1 A. In accordance with its Tariff, Spire Missouri calculated each of Complainant's OFO  
2 penalty at 2½ times the daily midpoint stated on Gas Daily's Index for Southern Star  
3 Central Gas pipeline (Oklahoma) times the MMBtu of Unauthorized Over- or Under-  
4 deliveries that exceed the tolerance level applicable under Section B-5-a Tolerance Levels.

5 **XVI. LIABILITY FOR PENALTY**

6 **Q. WHAT DOES THE SPIRE MISSOURI TARIFF DIRECT IN TERMS OF**  
7 **LIABILITY FOR OFO PENALTIES?**

8 A. The Spire MO West tariff states that "Unauthorized Over- or Under-Delivery Penalties for  
9 pools shall be billed to and collected from the agent representing the aggregated  
10 customers." (Responsibility for Payment, TRPT Priority of Service, 5.(d), PSC MO No. 8,  
11 Sheet No. 16.14).

12 **Q. HAS SPIRE MISSOURI BILLED PENALTIES TO COMPLAINANTS?**

13 A. Yes. On February, 24, 2021, Spire Missouri billed the Under-Delivery Penalties to each  
14 marketer subject to such penalties, for each pool based on the information available at the  
15 time. This communication is attached as Schedule GG-R4.

16 **Q. HAS THAT BILLED AMOUNT CHANGED SINCE FEBRUARY 24, 2021?**

17 A. Yes. After further review Spire Missouri has updated those calculations for tolerance  
18 allowances pursuant to the tariff and upon receiving more accurate measurement  
19 information. The overall magnitude of the penalties did not change. The updated amount  
20 is included in the attached Schedule GG-R3.

21 **Q. HAS PAYMENT FOR THOSE PENALTIES BEEN RECEIVED?**

22 A. No.



1 **Q. HAS PAYMENT FOR SIMILAR PENALTIES BEEN RECEIVED FROM OTHER**  
2 **CUSTOMERS' AGENTS?**

3 A. Yes.

4 **Q. HAVE COMPLAINANTS PAID SPIRE BACK FOR THE ACTUAL COST OF THE**  
5 **GAS SPIRE PURCHASED TO COVER ITS UNDER DELIVERIES DURING THE**  
6 **OFO PERIOD?**

7 A. No.

8 **Q. HAS COMPLAINANTS MADE ANY PAYMENT TO SPIRE AT ALL FOR COVER**  
9 **GAS SPIRE PURCHASED DURING THE OFO PERIOD?**

10 A. No.

11 **XVII. IMPACT ON SPIRE MISSOURI**

12 **Q. HOW MUCH DID SPIRE MISSOURI SPEND TO COVER THE MARKETER**  
13 **SHORTFALL ("COVER GAS") GENERALLY?**

14 A. Approximately \$80,000,000. Please see Schedule GG-R5.

15 **Q. HOW WAS THE COVER GAS CALCULATED?**

16 A. The Cover Gas Cost is calculated by multiplying the cumulative marketer shortfall by day  
17 times Spire Missouri's actual gas costs incurred to cover the marketer shortfalls during the  
18 OFO period. These calculated cover costs are comparable to the Gas Daily Southern Star  
19 Index price.

20 **Q. WHAT PERCENTAGE OF THE OFO PENALTIES APPROXIMATES SPIRE**  
21 **MISSOURI'S COVER GAS COSTS?**

22 A. Most of the Cover Gas Spire Missouri purchased during the OFO Period was purchased at  
23 or around the Southern Star *Gas Daily* daily index price. Therefore, taking the OFO penalty

1 per marketer and dividing by 2.5 approximates the amount of Cover Gas that would be  
2 owed by each Complainant to Spire to repay Spire's actual Cover Gas costs for that  
3 Complainant. In other words, about 40% of the tariff-based OFO penalty reimburses  
4 Spire's firm customers for their actual cost of Cover Gas.

#### 5 XVIII. WAIVER REQUEST

6 **Q. THE COMPLAINANTS HAVE MENTIONED THAT SOUTHERN STAR**  
7 **REQUESTED, AND WAS GRANTED BY THE FEDERAL ENERGY**  
8 **REGULATORY COMMISSION (FERC), A WAIVER FROM ITS PENALTIES**  
9 **ASSOCIATED WITH WINTER STORM URI. IS THE SITUATION FOR SPIRE**  
10 **MISSOURI DIFFERENT THAN THAT FOR SOUTHERN STAR?**

11 A. Yes.

12 **Q. HOW?**

13 A. Interstate pipeline operators like Southern Star have both production zones and market  
14 zones on their systems. The purpose of OFOs on an interstate pipeline is to keep deliveries  
15 and receipts balanced between those zones, allowing for any available storage. Ultimately,  
16 an interstate pipeline operator like Southern Star does not itself ship gas, and therefore  
17 cannot purchase additional supplies into its system in order to achieve balance. In contrast,  
18 a utility such as Spire Missouri is reliant on the performance of third parties (the marketers)  
19 to ensure adequate supply on its own system. It is therefore critical that those third party  
20 marketers be properly incentivized to perform when it matters most. Waiver of OFO  
21 penalties in this instance would set a terrible precedent for Missouri. It would send the  
22 message that, in the future, marketers can feel free to direct natural gas to other states or  
23 regions when supply is short, without financial consequences, to the detriment of Missouri

1 customers and utilities. Spire Missouri is very concerned that another polar vortex event  
2 could happen again. If Spire Missouri is unable to collect OFO penalties that benefit its  
3 firm sales customers in this instance, we may not be in a position to keep natural gas  
4 flowing to transportation customers during future events. In the absence of an enforcement  
5 mechanism, it simply would not be fair to firm sales customers to continue to serve as the  
6 guarantor and payor of cover gas. Such service interruptions, which have in fact been  
7 recommended by some of Complainants, would have devastating effects on the  
8 communities we serve. That's why holding marketers to their performance obligations  
9 during critical periods is such an important precedent Missouri.

#### 10 **XIX. CONCLUSION**

11 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

12 **A.** Yes, it does.

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

Constellation NewEnergy-Gas )  
Division, LLC, Complainant v. )  
Spire Missouri, Inc. d/b/a Spire, )  
Respondent )  
  
Symmetry Energy Solutions, )  
LLC, Complainant v. Spire )  
Missouri, Inc. d/b/a Spire, )  
Respondent )  
  
Clearwater Enterprises, L.L.C., )  
Complainant v. Spire Missouri, )  
Inc. d/b/a Spire and its )  
Operating Unit Spire Missouri )  
West, Respondent )

File Nos.  
GC-2021-0315  
GC-2021-0316  
GC-2021-0353

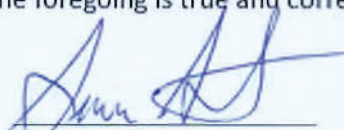
AFFIDAVIT

STATE OF MISSOURI  
CITY OF ST. LOUIS

)  
) SS.  
)

George Godat, of lawful age, being first duly sworn, deposes and states:

1. My name George Godat, I am the Vice President, Gas Supply at Spire Missouri Inc. My business address is 700 Market St., St. Louis, Missouri, 63101.
2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony on behalf of Spire Missouri Inc.
3. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

  
George Godat

1-27-22  
Date

Southern Star OFO

**From:** [csinotices@southernstar.com](mailto:csinotices@southernstar.com) <[csinotices@southernstar.com](mailto:csinotices@southernstar.com)>

**Sent:** Tuesday, February 9, 2021 9:12 AM

**Subject:** Critical, Operational Flow Order,20210211, Southern Star, 007906233

 External email

TSP Name: Southern Star Central Gas Pipeline, Inc.

TSP: 007906233

Notice ID: 9676

Critical: Y

Notice Type: Operational Flow Order

Notice Stat Desc: Initiate

Notice Eff Date / Time: 2/11/2021 9:00 AM

Notice End Date / Time: 2/17/2021 9:00 AM

Reqrd Rsp Desc: No response required.

Post Date / Time: 2/9/2021 8:45 AM

Subject: Storage Operational Flow Order (OFO) – System Wide

#### Notice Text

Per Section 10.2 of the General Terms and Conditions (“GT&C”) of its FERC approved tariff, Southern Star Central Gas Pipeline (“Southern Star”) is issuing a system wide Standard Operational Flow Order (“Standard OFO”), to be effective at 9:00 A.M. CST February 11, 2021. This notice is being issued to all storage customers under Rate Schedules TSS, STS, FSS, and FS1 to protect the integrity of the Southern Star’s storage facilities due to high withdrawal levels from Southern Star’s storage fields.

This OFO requires each shipper with an agreement or agreements under Rate Schedules TSS, STS, FSS, or FS1 to adjust its receipts and/or deliveries so as to maintain

1. Storage withdrawals at or below the applicable Maximum Daily Withdrawal Quantity (“MDWQ”) under each agreement; and
2. Storage inventories at or above 0% of its contractual Maximum Storage Quantity (“MSQ”) under each agreement.

Failure to specifically adhere to this OFO will result in penalties for all quantities withdrawn from storage on any day above the applicable MDWQ and/or for inventories below 0% of the MSQ. Penalties for failure to comply will be as set forth in GT&C Sections 10.3 and 10.4.

Customer specific information is available on CSI (<https://csi.southernstar.com>). Storage Operators can review their daily storage balances by running report CSI041 Storage Information found in the Reports Section of CSI under the Imbalance heading.

This OFO shall remain in effect through the February 16, 2021 gas day; however, Southern Star will monitor storage withdrawals and may, by additional notice, either adjust this Standard OFO to an Emergency OFO, extend it beyond such date or terminate it earlier as operational conditions

warrant. Thank you in advance for your cooperation in this matter. If you have any questions regarding this notice, please contact one of the Customer Service Representatives listed below.

Scott Warren	Office: (270) 852-4559	Cell: (270) 302-6433
Chris Williams	Office: (270) 852-4544	Cell: (270) 302-1143
Buster Ashley	Office: (270) 852-4546	Cell: (270) 314-1436
Will Wathen	Office: (270) 852-4483	Cell: (270) 925-1969
Robin Joska	Office: (270) 852-4565	Cell: (270) 302-5007
Scheduling	Office: (855) 730-2926	

**Keathley, Lew**

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**From:** Payne, Theresa  
**Sent:** Wednesday, February 10, 2021 9:20 AM  
**To:** Hayes, Greg  
**Cc:** Powers, Justin  
**Subject:** RE: Spire Missouri West Extreme Weather Alert

Good morning,

Due to predicted extreme cold weather beginning 09:00 am Friday, February 12, 2021, until further notice, Spire Missouri West is issuing a standard operation flow order (Standard OFO). In order to maintain and protect the integrity of our distribution system, Spire Missouri is requesting that all end users control their usage to avoid any Under-Deliveries. Please see our tariff for the charges with non-compliance with this Standard OFO.

Thank you,  
Theresa

**Justin Powers**  
**Director, Gas Supply**

700 Market Street 3<sup>rd</sup> Floor  
St. Louis, MO 63101  
314.452.4167 Mobile  
314.658.8466 Fax  
Jpowers2 ICE

**Theresa Payne**  
**Coordinator, Gas Supply and Operations**

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Highly Confidential pursuant to the protective order in these cases.

This schedule is highly confidential.



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