

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GA-2019-0214, Spire Missouri Inc., d/b/a Spire

FROM: Byron M. Murray, Regulatory Economist III

/s/ Robin Kliethermes 04/10/19 /s/ Ron Irving 04/10/19
Rate & Tariff Examination Manager/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Approval CCN Application with Conditions

DATE: April 10, 2019

Overview

On January 17, 2019, Spire Missouri, Inc., d/b/a Spire (“Spire” or the “Company”) filed its Application (“Application”) with the Missouri Public Service Commission (Commission) for a certificate of public convenience and necessity (“CCN”), and Request for a Waiver. Spire provided the following rationale for the requested waiver:

Commission Rule 4 CSR 240-4.017(1) provides that “(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case.” No such notice was filed herein. As such, Spire seeks a waiver of the 60-day notice requirement.

Spire requests, for good cause shown, that the Commission waive the notice requirement of 4 CSR 240-4.017(1), grant a variance from the filing requirements of Commission rule 4 CSR 240-3.205(1)(A)...

On February 19, 2019, the Commission issued its *Order Directing Staff to file a Report and Recommendation* no later than March 11, 2019. On February 22, 2019, Staff filed its *Staff Motion for Extension of Time to File Report and Recommendation* and on the same day the Commission issued its *Order Extending Deadline for Staff Recommendation* ordering Staff to file its Recommendation no later than April 19, 2019.

Discussion

Spire’s application states that it seeks a CCN to extend its existing certificated area in Barton County to Township 33 North, Range 30 West, Sections 7 and 18 in order to serve one

particular property for purposes of an irrigation operation¹. The customer requested gas service in order to install an irrigation operation. Spire is the only regulated natural gas utility operating in Barton County.

Per its application, Spire has assessed and collected a customer contribution of ** _____ ** in order to construct the extension. Per Appendix 1 attached to the application, Spire will install 6,005 feet of four (4) inch main pipeline along NE 80th Rd to serve the irrigation pump. Although, there are three additional customers located along the extension route, only the customer requesting service will be added at this time.

Based on the Company's response to Staff Data Request No. 0004, Staff found that the main line and service line extension required to meet the individual customer's demand is a two-inch service line. However, the Company actually plans to install a four-inch main line because the Company anticipates future growth in the area near the customer's property. Per Spire's Rules and Regulations Tariff Sheet No. R-15.1, the design and extent of any extension of the Company's facilities will be determined solely by the Company, applying sound principles of economics and engineering. The Company's response to Staff Data Request No. 0004, states that this project creates no pressure concerns on the existing infrastructure.

An outline of the costs related to the two-inch line required to meet the customer's demand and the proposed four-inch line are provided below.

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Spire provided the below information regarding the length and size of distribution line being installed in response to Staff Data Request No. 0004.

	Available Capacity	2" (ft)	4" (ft)
Min Sizing	7.5 mcfh	6005	0
4" Option	23 mcfh	0	6005

¹ Page 3 of Spire's Application.

Because no additional service area extending the requested line beyond serving the prospective customer's irrigation need is being sought at this time and no potential customers or revenues have been provided, the requested CCN does not appear to be an economically feasible extension of the Company's service area. However, consistent with past Commission practice all rate making determinations regarding the revenue requirement impact of this service area extension request should be reserved until the Company's next general rate making proceeding. Staff will examine the revenue requirement impacts of the Company's investment in the next rate case and propose adjustments as necessary at that time to remove any imprudent costs in order to establish the economic feasibility of the requested expansion.

Tartan Criteria

In the Tartan Energy Company case, the Commission's Order listed five criteria to include in the consideration when making a determination on whether a utility's proposal meets the standard of being "necessary or convenient for the public service". (A short description of how, in Staff's opinion, each criteria has been met is also included):

- Is the service needed? (The earlier discussion regarding customer need to establish an irrigation operation addresses the need of the project.);
- Is the applicant qualified to provide the service? (Spire is a public utility and gas corporation, as those terms are defined in RSMo. §386.020, and is a corporation incorporated under the laws of the State of Missouri, with its principal office located at 700 Market Street, St. Louis, Missouri, 63101. A Certificate of Good Standing evidencing Spire's standing to do business in Missouri was submitted in Case No. GM-2013-0254.);
- Does the applicant have the financial ability to provide the service? (Spire stated in its application that no external financing is required.);
- Is the applicant's proposal economically feasible? (If all rate making determinations regarding revenue requirement impact of this service area extension are reserved until the Company's next general rate making proceeding the CCN is an economically feasible extension of Company's service area for purposes of this evaluation.); and,
- Does the service promote the public interest? (If all of the other criteria and conditions are met, then the criterion regarding public interest is considered met. Further, the CCN is affirmatively in the interest of the potential customer requesting service, and prudence adjustments in future rate cases are available to ensure that other customers are not harmed by granting this CCN.).

Staff Recommendation

Based on the information provided above Staff recommends the Commission approve the Company's requested CCN with the following conditions:

- Reserve all rate making determinations regarding the revenue requirement impact of this service area extension request until the Company's next general rate making proceeding.
- Require Spire to file to update Tariff Sheet No. 20.1 incorporating the requested Sections for Barton County provided above.

Staff has verified that the Company has filed its annual report and is not delinquent on any assessment.

