Appendix 3
Issue: In the Matter of Laclede Gas Company's & Missouri Gas Energy's Request to Increase Its Revenues for Gas Service
Witness: Louie R. Ervin Sr.
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2017-0215
Case No.: GR-2017-0216
Date: September 22, 2017

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2017-0215 & GR-2017-0216

APPENDIX 3

JOINT STIPULATION AND AGREEMENT

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
September 22, 2017

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's Request to Increase Its Revenue for Gas Service	))	**File No. GR-2017-0215** Tariff No. YG-2017-0195
In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to Increase Its Revenues for Gas Service	)))	 **File No. GR-2017-0216** Tariff No. YG-2017-0196

JOINT STIPULATION AND AGREEMENT

COME NOW Spire Missouri Inc., formerly known as Laclede Gas Company in its eastern division and for regulatory purposes now doing business as Spire Missouri East ("Spire East"), and formerly known as Missouri Gas Energy in its western division and for regulatory purposes now doing business as Spire Missouri West ("Spire West"), (and sometimes referred to collectively as "Spire Missouri" or "the Company"), and the Missouri School Boards' Association ("MSBA" or "the STP schools"), (collectively "the signatories"), and for their Joint Stipulation and Agreement ("Agreement") state the following:

BACKGROUND OF CASE

1. On April 11, 2017, Spire East and Spire West filed rate increase tariffs initiating the above cases. Spire West's tariffs seek a revenue increase in the amount of $50.4 million, exclusive of associated taxes, of which approximately $16.4 million is already being recovered through its Infrastructure System Replacement Surcharge (ISRS). The tariffs bear an effective date of May 11, 2017. The Spire West tariff was assigned Tracking No. YG-2017-0196, file No. GR-2017-0216, and was suspended from May 11, 2017, for 120 days, plus six months, to March 8, 2018. This Agreement applies only to the Spire West service territory tariff, as there are no changes affecting the MSBA's utilization of the School Transportation Program ("STP") tariff in the Spire East case, Case No. GR-2017-0215.

2. MSBA is a 501(c)(6) not-for-profit corporation representing approximately 390 elementary and secondary school districts in the State of Missouri as a trade association, of which approximately 130 are in the MGE service territory. MSBA is a party-intervenor in these cases.

3. MSBA has organized a purchasing cooperative denominated MoPRC (Missouri Purchasing Resource Center), also known as the MSBA Natural Gas Consortium. It is the authorized purchasing agent for over 2,300 STP school accounts of which approximately 850 are in the Spire West STP. The Consortium purchases natural gas on the open market, then delivers to various schools and school districts in Missouri under the school aggregation statute (the "statute") provisions of Section 393.310, RSMo.

MSBA STIPULATION ISSUES

4. In this case, the parties propose that Spire West make the following changes to its tariff: (a) revise tariff language relating to the cash out of imbalances, as provided in Tariff Sheet No. 58, Paragraph 8d; (b) add language to Sheet No. 57 that provides consequences for failing to take steps to minimize estimated gas supply imbalances; and (c) increase the balancing fee charged to STP schools in Sheet No. 55.

Cash Out of Imbalances

5. Spire West's STP tariff was initiated in 2002 as an experimental tariff approved in accordance with the statute, which required all Missouri Gas Corporations to file experimental STP tariffs with the Commission by August 1, 2002. In order to meet the statute's deadline that tariffs may be suspended for a period ending no later than November 1, 2002, the Commission held expedited hearings for all Missouri Gas Corporations. Spire West and MSBA agree that the

experimental tariffs were intended to provide flexibility to determine how the STP would work best for each specific Missouri Gas Corporation's experimental STP tariff.

6. Spire West's STP tariff was revised in 2003, and Paragraph 8 of Sheet No. 58 was added to apply several provisions from Spire West's general transportation tariff to the STP. One of the provisions of the general transportation tariff to be applied to the STP was Section 9 on Sheet No. 61.2, providing for a cash out of imbalances. As explained below, it was an error to include Section 9 because it was not practical to cash out the STP schools' imbalances on a calendar month basis due to the statutory requirements and type of meters used by the STP schools.

7. Section 9 states that "Monthly volumes of gas delivered to a transportation service customer should, *to the extent practicable*, match Company's receipts…" (emphasis added). Spire West believes that MSBA has made a reasonable effort to keep its deliveries in balance. It has not been practicable for Spire West to determine how closely calendar month volumes delivered by the STP schools match Company receipts, because the statute stated that the STP schools were not required to have the same electronic gas measuring (EGM) equipment to transmit daily usage that other transportation customers have. As a result, Spire West does not receive daily meter reads from the STP schools, but instead receives one monthly reading for each of the 850 STP schools, which are spread throughout the month across 104 manual reading routes in 31 Missouri counties.

8. It is neither commercially sensible nor economically feasible for Spire West to install costly electronic metering equipment on all of the STP accounts.[1] Without this equipment, Spire West cannot accurately match the various read cycles to the calendar month

[1] Spire West has estimated a cost of $2.3 million to install EGM equipment on the 850 STP meters. *See* Direct Testimony of Michael R. Noack in this case (EFIS Filing Item 10), p. 25 and Schedule MRN-D3.

nomination that the STP schools make to their pipelines. Since Spire West cannot accurately measure imbalances, it is not practical for the Company to cash out the STP schools' imbalances on a calendar month basis.

9. In lieu of cashing out imbalances on a calendar month basis, Spire West has maintained a running total of the STP schools' usage versus its deliveries. In cases where it appears that the STP schools may have been experiencing an imbalance, the STP schools made their next monthly nomination with the intent of eliminating that estimated imbalance.

New Terms to Further Motivate Maintaining Balance

10. Spire West's records indicate nothing in the STP schools' nomination history that would suggest a pattern of imbalances at all, much less one that has adversely affected any other customers. To address a concern that the lack of ability to precisely match pipeline calendar month nominations to calendar month usage may allow the STP schools an opportunity to take advantage of an imbalance, Spire West proposes, and MSBA accepts, a tariff change, provided in paragraph 12c below, that will motivate the STP schools to minimize estimated imbalances by subjecting the STP schools to suspension or termination of STP service if they fail to take certain actions to promote balance. The signatories believe that this approach is the most cost-effective way to control imbalances rather than investing $2.3 million dollars to install EGM equipment.

Increase of Balancing Fee

11. The statute provides that STP schools would pay an "aggregation and balancing fee" to be determined by the Commission, not to exceed four-tenths of one cent per therm delivered during the first year. Prior to the filing of this case, Spire West had been charging $.004 per Ccf through an aggregation fee of $0.003 per Ccf, or approximately $0.003/therm, and a balancing fee of $0.001 per Ccf, or approximately $0.001/therm. In this case, Spire West filed

tariffs proposing to increase the balancing fee to $0.003/therm. However, Spire West has updated its calculations through June 2017 and determined that the balancing fee should be $0.002/ccf, to which the signatories agree.

Agreement

12. The signatories have agreed on the following as a resolution, applicable only to this issue, in Case No. GR-2017-0216:

a. Spire West shall delete the language in its Tariff Sheet 58 under Paragraph 8d, which refers to cash out;

b. Spire West shall increase the balancing fee on Tariff Sheet No. 55 from $.001 per Ccf to $.002; and

c. The remainder of the STP tariff shall be in the form filed by Spire West in GR-2017-0216. With respect to balancing, the signatories specifically note that Tariff Sheet No. 57 shall include the following language to motivate STP schools to minimize estimated imbalances:

"Associations shall make reasonable good faith efforts to avoid imbalances. If the ESEs are not pooled on the same billing cycle, the Association will prepare its monthly nomination by taking into account weather and an estimated imbalance. During the months of November through March, after the Association receives the Company's invoice with new actual usage information, the Association will, within a reasonable time, revise its nomination for the remainder of the month as necessary to reflect such information and any adjustments based on weather. At the Company's request, the Association will provide the Company (i) monthly nominations and supporting data prior to the start of each month, and (ii) revised nominations and supporting data during the months November through March.

The Company may recommend an adjustment to a nomination at any time, and the Association shall make such adjustment within two business days after receipt. If the Association fails or refuses to timely adjust a nomination, the Association agrees that Company may adjust the nomination with the transporting pipeline. If an Association fails or refuses to adjust a nomination three or more times within a 12 month period, Company shall be entitled, upon not less than 10 days' notice, to suspend or terminate that Association's aggregation program and convert the ESEs to regular sales service for a period of up to one (1) year."

13. Upon approval of this Agreement, the signatories agree that all issues pertaining to the STP have been resolved and MSBA may be excused from both of the above referenced cases.

14. Unless otherwise explicitly provided herein, none of the signatories and non-opposing parties to this Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation, depreciation or revenue related method or any service or payment standard, and none of the signatories and non-opposing parties shall be prejudiced or bound in any manner by the terms of this Agreement in any other proceeding, except as otherwise provided herein. Nothing in this Agreement shall preclude any of the signatories and non-opposing parties in future proceedings from providing recommendations as requested by the Commission or limit the signatories and non-opposing parties' access to information in any other

proceedings. Nothing in this Agreement shall waive any applicable statute or Commission regulation or Company tariff.

15. This Agreement has resulted from negotiations among the signatories and the terms hereof are interdependent. In the event the Commission approves this Agreement with modifications or conditions that a signatory to this Agreement objects to, then this Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

16. In the event the Commission accepts the specific terms of this Agreement without modification, the parties waive, with respect to the issues resolved herein: any respective rights they may have in this action, pursuant to Section 536.070(2) (RSMo. 2000) to call, examine and cross-examine witnesses; any respective rights they may have in this action, pursuant to Section 536.080.1 (RSMo. 2000) to present oral argument and written briefs; any respective rights they may have in this action to the reading of the transcript by the Commission pursuant to Section 536.080.2 (RSMo. 2000); any respective rights they may have in this action to seek rehearing pursuant to Section 386.500 (RSMo. 2000); and any respective rights they may have in this action to judicial review of the Commission's Report and Order in this case pursuant to Section 386.510 (RSMo. 2000).

17. Every party shall also have the right to provide, at any agenda meeting at which this Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that it shall, to the extent reasonably practicable, provide the other parties with advance notice of when it shall respond to the Commission's request for such explanation once such explanation is requested from it. The parties' oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to the Commission's rules on confidential information.

WHEREFORE, for the foregoing reasons, the undersigned signatories respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Joint Stipulation and Agreement.

Respectfully submitted,

MISSOURI SCHOOL BOARDS' ASSOCIATION

/s/ Mike Parnell
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CERTIFICATE OF SERVICE

I hereby certify that copies of the above and foregoing document were sent by electronic mail on this 25th day of September, 2017 to counsel of record.

/s/ Marcia Spangler