# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Spire Missouri, Inc. d/b/a Spire (East) )
Purchased Gas Adjustment (PGA) Tariff Filing )

File No. GR-2021-0127

#### STAFF ACA REVIEW RECOMMENDATION AND REPORT

**COMES NOW** the Staff of the Missouri Public Service Commission and for its Staff ACA Review Recommendation and Report states as follows:

#### Background

- 1. On October 30, 2020, Spire Missouri Inc, d/b/a Spire ("Spire East") filed a proposed tariff sheet bearing an effective date of November 16, 2020. The tariff sheet was filed to reflect changes in Spire East's Purchased Gas Adjustment ("PGA") factors as the result of an estimated change in the cost of natural gas from the 2019-2020 winter season and changes in the Actual Cost Adjustment ("ACA") factors. This case was established to reconcile the actual gas costs for the 2019-2020 ACA period.
- 2. Staff filed a recommendation on November 9, 2020, in which Staff recommended the Commission approve the PGA and ACA factor rate changes, on an interim basis, subject to refund, pending final Commission decisions in ACA Case Nos. GR-2021-0127 and GR-2020-0121, and to be effective no sooner than November 16, 2020. Staff further stated in its recommendation a request that the Commission grant Staff permission to submit its results and recommendations regarding the information included in that ACA filling to the Commission on or before December 15, 2021.
- 3. On November 12 2020, the Commission issued an order approving the ACA rate changes, on an interim basis subject to refund, to become effective on and

after November 16, 2020. In that same order the Commission ordered Staff to file the results and recommendations of its ACA review no later than December 15, 2021.

- 4. On November 9, 2021, Staff filed a request for an extension to file the results of its ACA review and recommendations in this matter no later than April 29, 2022, due to among other things, the many unique and very complex issues in this ACA filing that had been not considered in previous ACA filings. Staff further noted that this is the first ACA case where costs related to Spire Missouri Inc.'s contract with Spire STL Pipeline will be considered. The Commission granted Staff's request on November 30, 2021.
- 5. On April 21, 2022, Staff filed an additional request for an extension stating that Staff had submitted various data requests and follow up data requests and Staff had begun drafting its recommendation but needed a few more weeks to follow up with Spire on a few remaining questions and adequate time to finish drafting and processing its final recommendation report. Staff requested until May 27, 2022 to file its recommendation. The Commission granted Staff's request on April 22, 2022.

#### Staff's Investigation

6. The Commission's Procurement Analysis Department ("Staff") reviewed Spire East's ACA filing, including an analysis of billed revenues and actual gas costs for the period of October 1, 2019, through September 30, 2020. Staff conducted a reliability analysis for Spire East, including a review of its estimate of customers' needs on a peak day; a review of peak day reserve margin and its rationale; and a review of gas supply plans for various weather conditions. Staff also reviewed the prudence of the company's purchasing and operating decisions.

- 7. Notably, and as stated in paragraph 4, this is the first ACA case where costs related to Spire Missouri Inc.'s contract with Spire STL Pipeline are being considered. Spire STL Pipeline is an interstate pipeline regulated by the Federal Energy Regulatory Commission ("FERC"). Spire East customers are paying for costs of this pipeline in current rates.
- 8. Staff sought assistance from an outside consultant Schumaker & Company in order to review the prudence and affiliated aspects of the contract between Spire Missouri Inc. and Spire STL Pipeline. The results of the consultants' review are included with Staff's ACA Recommendation and Report and are incorporated herein.

### **Summary of Conclusions and Recommendations**

- 9. After completion of its review of Spire East's ACA filing period of October 1, 2019 through September 30, 2020, Staff had the following recommendations:
  - That the Commission issue an order directing Spire to establish for Spire East the ACA account balance as shown in the table below to reflect the under or (over)-recovery balance as of September 30, 2020.

	Firm Sales non-LVTSS	Firm Sales LVTSS	Interruptible Sales	LP Sales	Firm Transportation	Basic Transportation	Vehicular Fuel
ACA Balance per Filing	\$(58,034,422)	\$ (242,189)	\$ (144,019)	\$ (1,011)	\$ 272,512	\$ 241	\$ 336,778
Staff Adjustments	\$ (1,242,401)	\$ (2,854)	\$ (6,393)	\$ 0	\$ 0	\$ 0	\$ (1,936)
Staff Recommended ACA Balance	\$(59,276,823)	\$ (245,043)	\$ (150,412)	\$ (1,011)	\$ 272,512	\$ 241	\$ 334,842

- 2) That the Commission also include in its order a requirement that Spire respond to all recommendations contained in this Staff filing within 45 days.
- 10. After completion of its review and investigation of the contract between Spire Missouri Inc. and Spire STL Pipeline, Staff and its consultants concluded the following:
  - The decision made by Spire to build the Spire STL Pipeline was reasonable and prudent.
  - The Spire Inc. Board of Directors were involved in the decision making process throughout this timeframe.
  - Missouri ratepayers have been shielded from the cost overruns associated with Spire STL Pipeline by a precedent (founders) agreement that was negotiated at the start of the project.
  - A qualified Project Management team was put in place to manage the Spire STL Pipeline project.
  - Spire Inc. has created an organization similar to what is observed at other electric and gas utilities.
  - Staff still has concerns regarding the availability and access to certain supporting documentation.
  - Key risks remain for Spire regarding the ongoing FERC certification process and court review process and those risks should be borne by Spire in future Commission proceedings.

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**WHEREFORE**, Staff submits its *Staff ACA Review Recommendation and Report* and recommends the Commission issue an order that:

 Directs Spire to establish for Spire East the ACA account balance as shown in the table below to reflect the under or (over)-recovery balance as of September 30, 2020.

	Firm Sales non-LVTSS	Firm Sales LVTSS	Interruptible Sales	LP Sales	Firm Transportation	Basic Transportation	Vehicular Fuel
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Staff Recommended ACA Balance	\$(59,276,823)	\$ (245,043)	\$ (150,412)	\$ (1,011)	\$ 272,512	\$ 241	\$ 334,842

Directs Spire respond within 45 days to all recommendations contained in this Staff filing.

Respectfully submitted,

## /s/ Jamie S. Myers

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# **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record on this  $27^{\text{th}}$  day of May, 2022.

/s/ Jamie S. Myers