

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

In the Matter of Spire Inc.'s Acquisition       )  
of EnergySouth, Inc. and Related                )  
Matters    )

**File No. GM-2016-0342**

**STAFF'S RESPONSE TO COMMISSION ORDER**

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its response to the Commission's *Order Directing Filing* issued on June 29, 2016, states as follows:

**Recommendation on Public Counsel's Motion to Open an Investigation**

1. On June 16, 2016, the Office of the Public Counsel ("Public Counsel") filed a motion requesting the Commission open a docket to investigate whether or not the announced acquisition of EnergySouth, Inc. ("EnergySouth") by Spire Inc. ("Spire") is likely to be detrimental to the public interest and the interests of Missouri ratepayers. In addition, Public Counsel requested that the scope of the investigation include inquiries into whether Spire (formerly named The Laclede Group, Inc.) sought Commission approval prior to the 2014 acquisition of Alabama Gas Corporation ("Alagasco") and whether the acquisition of Alagasco was detrimental to the public or otherwise impacted Missouri customers.

2. The Commission has authority to approve, or reject, the reorganization of gas companies. Section 393.250.1, RSMo. When approving a reorganization agreement "[t]he commission may by its order impose such condition or conditions as it may deem reasonable and necessary." Section 393.250.3, RSMo.

3. The Commission authorized the restructure of Laclede Gas Company into a holding company, The Laclede Group, Inc., and a regulated subsidiary that maintained the name Laclede Gas Company in *Order Approving Stipulation and Agreement and Approving Plan to Restructure*, Case No. GM-2001-342. The Commission approved the *Unanimous Stipulation and Agreement* filed by the parties in that 2001 Order.

4. The shareholders of The Laclede Group, Inc. officially approved a name change to Spire Inc. on April 28, 2016. Spire is a holding company and owns Laclede Gas Company (and its operating unit Missouri Gas Energy), utilities subject to regulation in Missouri by this Commission.

5. The Commission is authorized to approve utility mergers, acquisitions and restructurings upon a determination that the proposed transaction is not detrimental to the public interest. Sections 393.190.1 and 393.250, RSMo.

6. The Commission is authorized to investigate, and the Commission itself has recognized that it has a duty to do so. As the Commission noted in its Order opening an investigation of Great Plains Energy, Inc.'s announced acquisition of Westar Energy, Inc., File No. EM-2016-0324, "[t]he Commission has a duty to determine whether the transaction threatens Missouri ratepayers."

7. Staff agrees with Public Counsel's assertion that it is presently unknown whether Spire's acquisition of Alagasco and EnergySouth impacts Missouri customers. It is, therefore, prudent for the Commission to open a docket to investigate Spire's acquisition of Alagasco and Spire's announced acquisition of EnergySouth.

**Response to Spire Inc.'s Verified Response Opposing Public Counsel's**

**Motion to Open an Investigation**

8. Spire's contention that the Commission should deny Public Counsel's request to open an investigatory docket of the acquisitions of Alagasco and EnergySouth for lack of jurisdiction is incorrect. The Commission noted in its *Order Denying Motion for Reconsideration*, File No. EM-2016-0324, that the act of Staff filing for authorization to investigate Great Plains Energy, Inc.'s acquisition of Westar Energy, Inc., "does not create a case, contested or non-contested." Similarly, to Staff's knowledge, Public Counsel is simply requesting the Commission investigate Spire's acquisitions of Algasco and EnergySouth. As a request to investigate does not create a case, contested or otherwise, Spire's assertion that the Commission lacks jurisdiction is premature.

9. Spire (then operating as The Laclede Group, Inc.) agreed to many conditions in the *Unanimous Stipulation and Agreement* filed in its 2001 restructure case. Among the provisions pertinent to this request for an investigation are conditions requiring Spire to provide Staff and Public Counsel access to certain information and seek Commission authorization for mergers and acquisitions under certain circumstances. For example, that Stipulation provided that:

The Laclede Group, Inc. and Laclede Gas Company shall provide the Staff and Public Counsel with access, upon reasonable written notice during normal working hours and subject to appropriate confidentiality and discovery procedures, to all written information provided to common stock, bond, or bond rating analysts, which directly or indirectly pertains to Laclede Gas Company or any affiliate that exercise influence or control over Laclede Gas Company or has affiliate transactions with Laclede Gas Company. Such information includes, but is not limited to, reports provided to, and presentations made to, common stock analysts and bond rating analysts. For purposes of this condition, "written" information includes but is not limited to, any written and printed material, audio

and videotapes, computer disks, and electronically stored information. (*Unanimous Stipulation and Agreement*, Case No. GM-2001-342, pp. 7-8).

\* \* \*

**The Laclede Group, Inc. agrees that it will not, directly or indirectly, acquire or merge with or allow itself to be acquired or merged with, a public utility or the affiliate of a public utility, where the affiliate has a controlling interest in a public utility, or seek to become a registered holding company, or take any action which has a material possibility of making it a registered holding company or of subjecting all or a portion of its Missouri intrastate gas distributions to FERC jurisdiction, without first requesting and, if considered by the Commission, obtaining prior approval from the Commission and a finding that the transaction is not detrimental to the public,** provided that for the purposes of acquisitions by the Holding Company only, public utility shall mean a natural gas or electric public utility. (*Id.* at pp. 9-10). (Emphasis added)

Spire's *Response* focuses on the "or take any action which has a material possibility of making it a registered holding company or of subjecting all or a portion of its Missouri intrastate gas distributions to FERC jurisdiction" language from the foregoing quotation, rather than the language set out in bold in the above quotation. Spire's participation in a docket to investigate the acquisitions of Alagasco and EnergySouth is consistent with the conditions Spire agreed to when it requested the Commission approve its 2001 restructure request.

**WHEREFORE**, Staff submits this response pursuant to the Commission's June 29, 2016 Order and recommends that the Commission open a docket pursuant to Chapters 386 and 393, RSMo., for the investigation of the acquisition of Alabama Gas Company and the announced acquisition of EnergySouth, Inc. by Spire Inc. to determine whether the acquisition of Alabama Gas Company detrimentally impacted Missouri ratepayers and to determine whether or not the acquisition of EnergySouth, Inc. is likely to be detrimental to the public interest and the interests of Missouri ratepayers.

Respectfully submitted,

**/s/ Jamie S. Myers**

Jamie S. Myers

Legal Counsel

Missouri Bar No. 68291

Attorney for the Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

(573) 526-6036

[jamie.myers@psc.mo.gov](mailto:jamie.myers@psc.mo.gov)

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 11th day of July, 2016.

**/s/ Jamie S. Myers**