

Exhibit No:	—
Issue:	Case Overview
Witness:	Eric Bouselli
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Spire Missouri Inc.
Case Nos.:	GO-2024-XXXX
Date Prepared:	November 29, 2023

SPIRE MISSOURI INC.

GO-2024-XXXX

DIRECT TESTIMONY

OF

ERIC BOUSELLI

NOVEMBER 29, 2023

TABLE OF CONTENTS

PURPOSE..... 4

ENVIRONMENTAL FOCUS..... 5

CUSTOMER DEMAND 7

PREVIOUS CARBON NEUTRAL PROGRAM PROPOSAL 9

ENVIRONMENTAL ATTRIBUTES 11

CARBON NEUTRAL INITIATIVE: PROGRAM SPECIFICS..... 14

CONCLUSION 22

DIRECT TESTIMONY OF ERIC BOUSELLI

Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A: My name is Eric Bouselli, and my business address is 700 Market Street, St. Louis, Missouri 63101.

Q: WHAT IS YOUR PRESENT POSITION?

A: I am the Manager, Regulatory Strategy & Forecasting for Spire Missouri Inc. (“Spire Missouri”, “Spire”, or the “Company”).

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

A: I began employment in 2013 with Laclede Gas Company. I was promoted to my current position in January of 2022. In this role, I am responsible for the advancement of regulatory programs and constructs and the related forecasting and modeling. Before being promoted, I was a Lead in Financial Reporting with most of my time devoted to serving as the financial liaison with the regulatory group during the Spire Missouri GR-2021-0108 rate case process. Additionally, I continued to advance and utilize financial systems put in place during a system upgrade project to support enhanced reporting both internally and as part of the regulatory process in Spire Inc.’s various jurisdictions. Before that role, I led two teams in system upgrade and process improvement projects. For the system upgrade, I managed a team focused on improving the budget, forecast, and cost allocation processes and systems. The second project was a cross functional team of Finance, Operations Services, and Field Operations individuals focused on streamlining and harmonizing future state processes across Spire Inc.’s regulated utilities. Prior to that, I was a Financial Analyst II for Spire Missouri. In that capacity, I worked with executives and department leaders to budget and forecast for their respective departments. I also was responsible for providing insight into financials and guidance on future trends through reporting and ad hoc analysis.

Q. PLEASE BRIEFLY DESCRIBE YOUR PREVIOUS PROFESSIONAL EXPERIENCE PRIOR TO JOINING SPIRE MISSOURI.

A. Prior to being employed by Spire Missouri, I was employed by RubinBrown LLP as an Analyst. I performed detailed analytical analyses pertaining to business valuation, litigation support, and other miscellaneous financial projects. I worked directly with clients and was involved in project strategy formation. Among other things, I was also responsible for preparing detailed reports summarizing analyses performed and conclusions reached as a result of those analyses.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I graduated from the University of Missouri Trulaske College of Business in 2007 with a Masters in Accounting. I also am a licensed certified public accountant in the state of Missouri.

Q: HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION (“COMMISSION”)?

A: Yes. I filed testimony in Case No. GR-2022-0179.

PURPOSE

Q: WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A: The purpose of my Direct Testimony is to sponsor the filing of Spire Missouri’s Application for the Carbon Offset Initiative (the “Program”) to be offered to eligible residential and small general service customers. The Program, voluntary for customers to participate, is designed to help customers minimize or eliminate the carbon footprint from their natural gas usage through the purchase of environmental attributes. My Direct Testimony will first explain the environmental and customer drivers behind this program. Next, I will review the carbon neutral program proposed, and withdrawn, in GR-2021-

0108, specifically discussing the feedback and recommendations from the Staff of the Missouri Public Service Commission (“Staff”). Then, turning to the Program itself, I will explain what environmental attributes are and cover the specifics of this Program. I will highlight how this program will help our customers meet their environmental goals in an affordable way and how the Company has adapted this Program to address the Staff feedback and recommendations on the previously proposed carbon neutral program.

ENVIRONMENTAL FOCUS

Q: WHY IS SPIRE SEEKING TO OFFER A CARBON OFFSET PROGRAM TO CUSTOMERS?

A: As an energy company, Spire fully embraces the globally shared responsibility to create a sustainable energy future and recognizes the important role that affordable, reliable, and sustainable natural gas will play in achieving this goal. Spire’s focus on sustainability is demonstrated through the steps that we have taken to reduce our environmental footprint. Spire is among the first natural gas utilities in the U.S. to commit to carbon neutrality by mid-century. Since 2005, Spire has reduced methane emissions from our gas utilities by more than 50%, and we project a nearly 73% reduction by 2035.¹ Spire also sponsors projects and partners with local organizations throughout Missouri on environmental projects such as Forest Re-Leaf Missouri, Green Works, and Missouri River Relief. Spire has implemented internal processes to provide visibility into emissions across the Company, annually reporting on our progress through our extensive sustainability report. And, as discussed below, Spire’s customers share the Company’s sustainability goals and are interested in opportunities to reduce their own environmental impact. Our focus on the

¹ 2022 Spire Sustainability Report. Pg. 10. (23-SR-FY22SustainabilityReport.pdf (spireenergy.com))

environment and meeting the desires of our customers are the primary drivers behind this carbon neutral program.

Q: IS IT COMMON FOR COMPANIES TO OFFER PRODUCTS OR PROGRAMS TO HELP THEIR CUSTOMERS MITIGATE THE ENVIRONMENTAL IMPACTS OF THEIR PRODUCT OR SERVICE?

A: Yes. Southwest Airlines² and car rental companies Enterprise and National³ are just a few examples of non-utility companies that offer their customers the ability to reduce or offset the emissions from their product or service use. Additionally, there are numerous gas utilities around the country offering carbon neutral programs to their customers including: DTE (Natural Gas Balance); Nipsco (Green Path); Dominion Energy North Carolina (GreenTherm); Dominion Energy Utah (CarbonRight); Piedmont Natural Gas (GreenEdge); and Puget Sound Energy (Carbon Balance). This list is not exhaustive.

Q: IS THERE PRECEDENT WITH A MISSOURI UTILITY OFFERING A VOLUNTARY, ENVIRONMENTALLY FOCUSED PROGRAM OR PROGRAMS?

A: Yes. One example is Ameren Missouri, which has had multiple voluntary programs such as the Pure Power and Community Solar programs. These programs have been in place for some time, with Pure Power being offered to customers for over 15 years now.

Q: DO YOU THINK THE CARBON OFFSET INITIATIVE IS IN LINE WITH SPIRE'S ENVIRONMENTAL COMMITMENT?

A: Yes. This program will allow participating customers to offset emissions from their natural gas usage, which will further the Company's and our customers' goal for a sustainable energy future.

² <https://www.southwest.com/carbon-offset-program/?clk=GFOOTER-CARBON-OFFSET-PROGRAM#calculator>

³ https://www.enterprise.com/content/dam/ecom/brp/Carbon_Offset_Program_Overview.pdf

CUSTOMER DEMAND

Q: YOU HAVE MENTIONED THAT THIS PROGRAM IS A VOLUNTARY CUSTOMER PROGRAM. WHAT DO YOU MEAN BY VOLUNTARY?

A: The Company is offering this Program to our customers, and they can either voluntarily choose to participate, incurring the related costs and experiencing the related benefits, or decline to sign up.

Q: WHAT DOES SPIRE CONSIDER WHEN EVALUATING THE OFFERING OF A VOLUNTARY PROGRAM?

A: Spire is focused on offering programs that are supported by customer interest to maximize participation. Spire seeks to leverage the information gathered from customer survey data to create a meaningful program that will garner widespread participation.

Q: WHAT RELEVANT SURVEYS WERE CONDUCTED AND WHAT DID YOU LEARN FROM THEM THAT INFORMED SPIRE'S CARBON OFFSET INITIATIVE DESIGN?

A: Scott Weitzel's direct testimony in GR-2021-0108 discussed in detail of "Fresh Perspectives", the customer engagement program Spire embarked on in 2019 and early 2020. The final phase of the Fresh Perspective program involved a twenty-minute online survey in which 1,097 Spire residential customers participated. The environment topped the list of customers' needs and interests, and approximately 40% of Spire's Missouri customers surveyed responded as very or extremely interested in carbon neutral and renewable programs, demonstrating that a demand is present. Customers were also asked about the level of additional monthly expenditure they were willing to pay to participate in these environmentally focused programs. Approximately 50% of those surveyed would be

willing to pay \$1 to \$5 more per month toward a program, while approximately 8% would be willing to pay more than \$5 per month. This is relevant information that impacts the type of environmental focused program offering we planned to put forth for our customers.

Q: HOW WERE THE SURVEY RESULTS UTILIZED WHEN STRUCTURING THE PROPOSED PROGRAM?

A: The survey results were utilized in reviewing and observing programs in place at gas utilities around the country to determine what would be best for our customers. One is a pure-play renewable natural gas (“RNG”) program, which allows customers to displace all or some portion of their traditional natural gas usage with RNG, and the other is a carbon neutral focused program, which allows customers to offset their natural gas consumption emissions through the purchase of environmental attributes.

Q: DO THE UTILITIES YOU MENTIONED EARLIER EMPLOY THE ENVIRONMENTAL ATTRIBUTES YOU WILL DISCUSS IN MORE DETAIL LATER IN YOUR TESTIMONY?

A: Yes.

Q: WHAT IS THE KEY DIFFERENCE BETWEEN THE TWO TYPES OF PROGRAMS?

A: While both types of programs have their own merits, one of the most noticeable differences between the two types is the ultimate cost to the customer. In a pure-play RNG program, a utility goes out and purchases Renewable Thermal Certificates (“RTCs”), which are environmental attributes specific to renewable natural gas. These credits serve as a direct offset of traditional natural gas usage, making the premium fairly expensive, with a cost range of \$20-\$25 per MMBtu. On the other hand, carbon neutral programs involve the

offset of carbon emissions from traditional natural gas usage through a combination of environmental attributes, including RTCs and less expensive verified carbon offsets (“VCOs”). Due to the combination of RTCs with the VCOs, the cost of a carbon neutral program is significantly more affordable, often 5 to 8 times cheaper than a pure-play RNG program in many cases. I will explain RTCs and VCOs in detail below.

Q: HOW DID THIS INFORMATION IMPACT SPIRE’S PLANS FOR THE PROGRAM OFFERING?

A: Taking into account both the pricing disparity between the two types of programs and what we know a customer would be willing to pay in a voluntary, emission-offset program, Spire decided to focus on a carbon neutral offering for residential and small general service customers.

PREVIOUS CARBON NEUTRAL PROGRAM PROPOSAL

Q: HAS SPIRE PREVIOUSLY PROPOSED A CARBON NEUTRAL PROGRAM?

A: Yes. A voluntary program was proposed as part of the GR-2021-0108 filings, but the program was ultimately withdrawn during the proceedings of the general rate case.

Q: DID STAFF HAVE ANY COMMENTS ON THE PROPOSED CARBON NEUTRAL PROGRAM FILED AS PART OF GR-2021-0108?

A: Yes. Staff addressed program need, proposed scope, and participation costs. Staff provided both feedback on the program set forth in that proceeding as well as some recommendations for the Commission should they approve of the program.⁴

⁴ Rebuttal Testimony of Saeid R. Dindarloo, PhD, GR-2021-0108. Pg. 2.

Q: WHAT WAS THE NATURE OF STAFF’S FEEDBACK ON THE CARBON NEUTRAL PROGRAM SET FORTH DURING GR-2021-0108?

A: While Staff had specific feedback on the program that I will discuss in a moment, Staff had a general concern about a gas utility offering programs to offset customer carbon usage, and that the program could be offered as an unregulated service.⁵ Ultimately, Staff recommended the Commission reject the program.

Q: HOW WOULD YOU RESPOND TO THIS CONCERN?

A: I would note that the Company’s survey conducted in early 2020 indicated that approximately 40% of Spire’s Missouri customers surveyed are very or extremely interested in carbon neutral programs and over 60% are willing to pay for it. This is not an isolated interest. There are numerous gas utilities around the country offering carbon neutral programs to their customers, indicating a nationwide customer expectation that their gas utilities should be in this space, and that regulatory bodies across the country agree. I highlighted some of the gas utilities that have carbon neutral programs above. Further, as discussed below, the environmental attribute market is complex. Having the natural gas utility enter this space on behalf of its customers makes the benefits that may be recognized from environmental attributes accessible.

Q: YOU MENTIONED THAT STAFF HAD MORE SPECIFIC FEEDBACK? WHAT WAS THE FOCUS OF THAT FEEDBACK?

A: Staff stated that the proposed program and tariff “[were] poorly designed and unclear,” further explaining that there were supplementary programs included in the proposed tariff

⁵ Ibid. Pg. 2-3.

that lacked sufficient detail, there was not a clear plan for administration, and there was no supporting information for preliminary cost estimates and related future cost increases.⁶

Q: AT THE TIME, DID STAFF ALSO MAKE RECOMMENDATIONS FOR MODIFICATIONS TO THE PROGRAM AND TARIFF LANGUAGE SHOULD THE COMMISSION APPROVE THE PROGRAM?

A: Yes. Staff had four recommendations: (1) the initial customer participation cost should be itemized and included in the tariff; (2) the tariff language should be sufficiently clear on the proposed program being signed up for by participants; (3) the program’s participation and withdrawal terms and conditions should be clearly established and included in the tariff; and (4) potential future cost increases should be removed from the program because the cost increases are not justifiable.⁷

Q: DOES SPIRE’S NEW CARBON NEUTRAL PROGRAM REFLECT STAFF’S PREVIOUS FEEDBACK AND RECOMMENDATIONS?

A: Yes.

ENVIRONMENTAL ATTRIBUTES

Q: WILL YOU PLEASE DESCRIBE WHAT ENVIRONMENTAL ATTRIBUTES ARE?

A: The environmental attributes (“EAs”) that will be available to customers under this Program are in the form of two products: (1) a carbon offset and (2) a displacement of natural gas with renewable natural gas. There is value to both types of EAs and markets to buy and sell title to them.

⁶ Ibid. Pg. 2-3.

⁷ Ibid. Pp. 3-4.

Q: WHAT SPECIFICALLY IS A CARBON OFFSET?

A: Carbon Offsets are measured in metric tons of CO₂ or CO₂ Equivalent (CO₂e) and are generated from projects that avoid or reduce greenhouse gas (GHG) emissions to the atmosphere. Holders of title to these offsets can claim to have reduced or avoided emissions outside of an organization's operations or an individuals' normal actions.⁸

Q: CAN YOU PROVIDE SOME EXAMPLES OF PROJECTS THAT ARE COMMONLY USED TO GENERATE CARBON OFFSETS?

A: Yes. Some common examples include reforestation or avoidance of aggressive harvesting practices; changing to regenerative and climate restorative agriculture practices; and capturing, diverting, and destroying methane through changing landfill practices are some of the more common types of projects. However, there are numerous other projects that focus on methane destruction, capturing industrial gases, conserving or expanding natural habitats, and moving to more energy efficient practices that may qualify as carbon offsets if they can be verified through a certifying agency.

Q: HOW ARE THESE OFFSETS VERIFIED?

A: Carbon Offsets that are verified and receive certification by a specified host registry and must meet five criteria areas bulleted out below. Once the offsets meet the criteria and are certified, they are considered Verified Carbon Offsets, or VCOs.

- Real: Reductions can be accurately measured in accordance with scientifically based protocols developed by independent, non-profit carbon offset registries.

⁸ https://www.epa.gov/sites/default/files/2018-03/documents/gpp_guide_recs_offsets.pdf

- **Additional:** Reductions are not required by regulation or any other legal requirements and it is demonstrated that the project activity is not business-as-usual as defined by the applicable carbon offset registry and applicable carbon offset protocol.
- **Verifiable:** Reductions are independently verified by an accredited third party.
- **Enforceable:** There is undisputed ownership of the reductions and no double counting of the offsets.
- **Permanent:** Any net reversal in reductions used to offset emissions (such as a fire in a forest for a nature-based project) are accounted for and compensated by the applicable registry through the achievement of additional reductions; buyers do not assume any reversal risk.

Q: WHAT ARE SOME OF THE VCO REGISTRIES THAT CARRYOUT THIS VERIFICATION AND CERTIFICATION PROCESS?

A: Verra, Climate Action Reserve, American Carbon Registry, and The Gold Standard are all internationally recognized carbon offset registries that register, issue, and retire VCOs.

Q: WHAT IS A DISPLACEMENT ENVIRONMENTAL ATTRIBUTE?

A: A displacement environmental attribute represents the environmental benefits from a specified amount of renewable energy that can be then used to displace the environmental footprint from the same amount of traditional-source energy. In the electric industry, these attributes are called renewable energy certificates and are commonly associated with solar and wind generation. These certificates are used to displace fossil fuel generation. In the natural gas industry, the equivalent certificate that is associated with renewable natural gas resources is the Renewable Thermal Certificate. An RTC represents one dekatherm of

renewable thermal generation from sources such as renewable natural gas,⁹ and the benefits associated with that amount of renewable natural gas.

Q: HOW ARE THESE RTCs CERTIFIED OR VERIFIED?

A: The RTCs are certified and verified by M-RETS. M-RETS is an industry-leading renewable resource system that tracks and manages the activity of a diverse variety of environmental attributes. To substantiate renewable energy claims, M-RETS defines a Renewable Thermal Certificate as a “whole RTC” and includes all environmental attributes. Each RTC is identified by a unique serial number and contains information describing its environmental attributes, such as site location, feedstock source, and date of injection. Once created, the RTC is tracked on the M-RETS platform until it is delivered and combusted, at which point the RTC can be retired to ensure there is no-double counting. M-RETS is used by various utilities with RNG programs across the country, such as SoCal Gas and CenterPoint.

Q: WILL BOTH VCOs AND RTCs BE USED IN SPIRE’S CARBON OFFSET INITIATIVE?

A: Yes, I will speak in further detail about the planned source for VCOs and RTCs as well as pricing considerations further in my testimony.

CARBON NEUTRAL INITIATIVE: PROGRAM SPECIFICS

Q: WILL YOU PLEASE EXPLAIN THE PROGRAM SPIRE IS PROPOSING IN THIS FILING?

A: The average Spire residential customer emits approximately 4 tons of CO₂ per year. This program will allow participating Spire customers the ability to offset a desired amount of

⁹ <https://www.mrets.org/m-rets-renewable-thermal-tracking-system/>

their carbon footprint from natural gas usage. Through this offering, customers will have an affordable and accessible way to further their individual environmental goals and commitments.

Q: HOW WILL THIS PROGRAM WORK?

A: A customer will select the amount per month in whole dollars that they want to subscribe to purchase offsets. The current pricing allows for CO₂e emissions of 2.89 hundred cubic feet (Ccf) of natural gas usage to be offset per \$1 subscribed.

Q: IS THE PROGRAM GOING TO BE OFFERED TO CUSTOMER CLASSES OTHER THAN RESIDENTIAL?

A: Yes. Spire is proposing offering this program to small general service customers as well. The general program design will be the same.

Q: WHY DID YOU SETTLE ON THIS FORM OF A PROGRAM?

A: The program design gives customers maximum control to offset their emissions at a monthly price they choose. **Table 1** reflects corresponding monthly charges and the related offsetting emissions for normalized residential customer usage. As this table shows, a residential customer signing up at \$1 per month would offset approximately 5% of normalized residential usage and \$5 per month would offset nearly 25%. This lines up with our customer survey data, which indicated approximately 50% were willing to pay \$1 - \$5 per month, with approximately 8% willing to pay more than that.

Table 1: Residential Customers

Approx. Annual Offset % (Applied to normalized class usage)	Residential			
	Monthly Charge [^]	Monthly Ccf Offset	Annual Charge	Annual Ccf Offset*
5%	\$ 1.00	2.9	\$ 12.00	34.7
9%	\$ 2.00	5.8	\$ 24.00	69.5
23%	\$ 5.00	14.5	\$ 60.00	173.7
50%	\$ 11.00	31.8	\$ 132.00	382.1
77%	\$ 17.00	49.2	\$ 204.00	590.5
100%	\$ 22.00	63.7	\$ 264.00	764.2

[^]Represents amount per billing cycle with 12 billing cycles in a year.

*Annual carbon emissions offset for equivalent geological natural gas usage if enrolled in the program for 12 months.

Q: WHAT WOULD AVERAGE SMALL GENERAL SERVICE CUSTOMERS NEED TO PAY MONTHLY TO OFFSET CLASS AVERAGE EMISSIONS?

A: Please see **Table 2**. The flexibility of allowing customers to select the amount per month they want to subscribe to allows them to tailor to their specific natural gas usage if they desire or they could use the below information to pick levels based on normalized customer usage.

Table 2: Small General Service Customers

Approx. Annual Offset % (Applied to normalized class usage)	Small General Service			
	Monthly Charge [^]	Monthly Ccf Offset	Annual Charge	Annual Ccf Offset*
2%	\$ 1.00	2.9	\$ 12.00	34.7
9%	\$ 5.00	14.5	\$ 60.00	173.7
25%	\$ 14.00	40.5	\$ 168.00	486.3
51%	\$ 29.00	83.9	\$ 348.00	1,007.4
75%	\$ 43.00	124.5	\$ 516.00	1,493.7
100%	\$ 57.00	165.0	\$ 684.00	1,980.0

[^]Represents amount per billing cycle with 12 billing cycles in a year.

*Annual carbon emissions offset for equivalent geological natural gas usage if enrolled in the program for 12 months.

Q: WHAT WOULD CUSTOMERS BE PURCHASING?

A: Customers would be purchasing a combination of RTCs and VCOs. As they would be offsetting emissions from natural gas usage, the Company sought to find a balance between the specific environmental attributes offered and the cost to the customer. The Company has initially settled on a product composed of 5% RTCs and 95% VCOs, so that customers do displace an amount of natural gas with renewable natural gas.

Q: HOW WILL SPIRE BE SOURCING THE RTCs AND VCOs FOR CUSTOMERS TO PURCHASE?

A: Spire will be working with Anew Climate (“Anew”), both the largest carbon offset project developer and the largest independent marketer of renewable natural gas in North America, Anew accounts for over 20% of the RNG in the US transportation market. We evaluated whether to source the attributes for the program ourselves or work with an established third-party. We ultimately landed on the latter option, choosing a vendor that has worked in the space for nearly 20 years, with over 15 years of experience in RNG markets.

Q: HAS SPIRE ENTERED INTO A CONTRACT WITH ANEW, IF SO, WHAT ARE THE TERMS?

A: No. Spire will be sourcing the RTCs and VCOs from Anew but purchases of the attributes will be made as needed, based on program subscriptions. This design requires no multi-year agreement. The initial cost per MMBtu offset is expected to be approximately \$3.00. Exact pricing will be determined at the time of purchase, which will only be after Commission approval of the Program. The cost per MMBtu offset is subject to market price fluctuations and can be impacted by timing and volumes purchased, however, as discussed in the tariff, the Company will annually review the rates charged under this Program, and any rate changes will be submitted for Commission approval.

Q: IS THERE A MINIMUM QUANTITY THAT SPIRE WILL BE OBLIGATED TO PURCHASE EACH YEAR?

A: No. Spire will make its best-efforts to match attribute purchases with expected customer demand.

Q: WILL YOU ELABORATE ON THE SOURCE OF THE RTCs?

A: The RTCs would be delivered from Anew's dynamic portfolio and would not be restricted to a single, pre-selected project, allowing for enhanced reliability of supply and the ability to scale volume over time. However, all RTCs will be sourced from US based projects and would be derived from renewable feedstock and meet common carrier pipeline specifications. Anew would sell Spire the RTCs and would deliver them via delivery by displacement (displacing natural gas in the system with renewable natural gas) on the M-RETS system.

Q: WILL YOU ELABORATE ON THE SOURCE OF THE VCOs?

A: All VCOs would be delivered from Anew's dynamic portfolio of carbon offsets. However, the VCOs will be sourced from US based projects. All VCOs delivered represent the reduction of one metric ton of carbon dioxide equivalent and have received certification by one of the specified independent, third-party registries.

Q: HOW WILL YOU ENSURE ENVIRONMENTAL CLAIMS CAN BE CERTIFIED?

A: Anew utilizes RTCs and VCOs that are registered, tracked, and retired through the registries discussed earlier in the Environmental Attributes section of my testimony.

Q: HOW WILL YOU ENSURE THAT SPIRE WILL END UP PURCHASING THE TOTAL AMOUNT OF RTCs and VCOs FOR WHICH CUSTOMERS WILL BE BILLED?

A: Spire will make an initial purchase of RTCs and VCOs based on initial program subscription. Spire will periodically review the volume of gas collectively offset by customer elections and payments. As needed, Spire will make subsequent attribute purchases to cover expected demand. Spire may find itself in an attribute deficit, but the Company will remedy the deficit with additional attribute purchases. An attribute balance tracker will be used similar to how a regulatory balance account will be used to track program revenue inflows and expenditure outflows. This cost tracker is discussed in further detail below.

Q: WHAT ENVIRONMENTAL CLAIMS WILL CUSTOMERS PARTICIPATING IN THE PROGRAM BE ABLE TO MAKE?

A: Principally, participating customers will be able to claim they offset the CO₂e emissions of 2.89 Ccf of natural gas for each dollar they spend on the Program. **Table 1** and **Table 2** above show the Ccf of natural gas usage offset at the different participation levels by each class on a monthly and annual basis. Additionally, participation in this program would promote a circular economy: RTCs are the result of renewable natural gas production, which takes methane emissions otherwise emitted into the atmosphere unutilized, and repurposes waste to produce biogenic energy. On the carbon offset side, carbon emission reduction projects have numerous benefits beyond reducing emissions including job creation, improved water quality and air quality for underserved communities, and the promotion of other environmental conservation initiatives, depending on the type of VCO supplied.

Q: SINCE THIS IS A VOLUNTARY PROGRAM, HOW WILL PROGRAM COSTS AND REVENUES BE SEGREGATED FROM GENERAL REVENUES AND EXPENSES?

A: A balancing account will be used to track both inflows and outflows related to the program to ensure these voluntary program costs are not socialized to non-participating customers. The inflows will consist of customer contributions based on their selected participation levels and the outflows will consist of payments for the EAs and any miscellaneous marketing and administrative costs incurred.

Q: DO YOU BELIEVE THE CURRENT PROGRAM OFFERING AND RELATED TARIFF LANGAUGE ADDRESSES STAFF'S CONCERNS AND RECOMMENDATIONS FROM GR-2021-0108?

A: Yes, I will address each item below.

Q: HOW DOES THIS OFFERING ADDRESS STAFF'S CONCERNS AND RECOMMENDATIONS FROM GR-2021-0108 THAT INITIAL CUSTOMER PARTICIPATION COST SHOULD BE ITEMIZED AND INCLUDED IN THE TARIFF?

A: The initial customer participation cost will be itemized and included in the tariff with the primary cost being the RTCs and VCOs purchased by Spire. Additional items impacting the costs will be program specific marketing, labor, and information technology changes. The ultimate cost to the customer is dependent on the level of participation elected by the residential or small general service customer. The participation pricing is straight forward, which should eliminate concerns about lack of transparency in the program costs.

Q: HOW DOES THIS OFFERING ADDRESS STAFF'S CONCERNS AND RECOMMENDATIONS FROM GR-2021-0108 THAT THE TARIFF LANGUAGE SHOULD BE SUFFICIENTLY CLEAR ON THE PROPOSED PROGRAM BEING SIGNED UP FOR BY PARTICIPANTS?

A: The program offering is a blend of RTCs and VCOs as discussed earlier in this testimony. This language is written into the tariff and should provide the clarity Staff requested.

Q: HOW DOES THIS OFFERING ADDRESS STAFF'S CONCERNS AND RECOMMENDATIONS FROM GR-2021-0108 THAT THE PROGRAM'S PARTICIPATION AND WITHDRAWAL TERMS AND CONDITIONS SHOULD BE CLEARLY ESTABLISHED AND INCLUDED IN THE TARIFF?

A: The tariff includes language about customer eligibility, entry and withdrawal from the Program. It also highlights the removal process from the Program, which occurs when a customer becomes ineligible for the Program. Briefly, for customers that voluntarily terminate their participation in the program or change their monthly charge, the change will go into effect the next billing cycle. Customers can elect to change the monthly charge once per month. For customers automatically removed from the Program on ineligibility grounds, the monthly charge will be removed in the next month following becoming ineligible for the Program.

Q: HOW DOES THIS OFFERING ADDRESS STAFF'S CONCERNS AND RECOMMENDATIONS FROM GR-2021-0108 THAT POTENTIAL FUTURE COST INCREASES SHOULD BE REMOVED FROM THE PROGRAM BECAUSE COST INCREASES ARE NOT JUSTIFIABLE?

A: Spire has not included any stepped-up costs in the tariff or dictated any future prices in any marketing language. The cost per MMBtu to offset CO₂e emissions will start out around \$3.00 per MMBtu, but it will be subject to price changes annually as the market drives the attribute pricing. Spire will review the attribute price in combination with the program administration costs incurred or expected to be incurred in the next program year and evaluate the need for pricing adjustments under this Program. However, Spire will submit any pricing adjustments to the Commission for approval.

Q: ARE THERE OTHER GAS UTILITIES THAT HAVE PROGRAMS GENERALLY STRUCTURED IN A SIMILAR MANNER?

A: Yes. DTE in Michigan has the Natural Gas Balance program which lets residential and small customers balance natural gas usage greenhouse gas emissions. It offers offsets in 25% increments from 25% to 100%. I previously mentioned other gas utilities and their related carbon offset programs. The programs generally offer the same product, a combination of RTCs and VCOs to offset a portion of either average customer or actual customer natural gas usage related emissions. Based on our customer surveys, we believe being able to offer a flexibly priced product allows for cost predictability for the customer and minimizes any cost hurdles for customer participation.

Q: ARE THERE PLANNED REPORT OUTS ON THE PROGRAM?

A: Spire proposes an annual report out that details the number of customers participating, the levels of participation, and total CO₂e offset through the program.

CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

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

In the Matter of the Application of Spire)
Missouri Inc. d/b/a Spire for Approval of)
the Carbon Offset Initiative.) File No. GO-2024-XXXX
)
)

AFFIDAVIT

STATE OF MISSOURI)
) SS.
CITY OF SAINT LOUIS)

Eric A. Bouselli, of lawful age, being first duly sworn, deposes and states:

1. My name is Eric A. Bouselli. I am Manager, Regulatory Strategy and Forecasting for Spire Missouri Inc. My business address is 700 Market Street, Saint Louis, Missouri 63101.
2. Attached hereto and made a part hereof for all purposes is my direct 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.

Eric A. Bouselli

Eric A. Bouselli (Nov 29, 2023 15:31 CST)

Eric A. Bouselli

11/29/2023

Date