

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

In the Matter of the Application of Spire)	
Missouri, Inc. d/b/a Spire Purchased)	Case No. GR-2023-0157
Gas Adjustment (PGA) Tariff Filing)	

**SPIRE MISSOURI INC.’S RESPONSE TO
STAFF’S RECOMMENDATION**

COMES NOW Spire Missouri Inc. (“Spire Missouri” or the “Company”), by and through counsel, and respectfully submits its Response to Staff’s Recommendation Regarding Spire’s 2021-2022 Actual Cost Adjustment Filing (“Response”) for its eastern and western operating units, stating the following:

1. On November 11, 2022, Spire Missouri filed revised tariff sheets with the Missouri Public Service Commission (“Commission”) for the Spire East and Spire West Purchased Gas Adjustment (“PGA”), for the 2021-2022 period, which reflected changes to its Actual Cost Adjustment (“ACA”).

2. On November 17, 2022, Staff of the Commission (“Staff”) recommended approval of Spire Missouri’s revised tariff sheets on an interim basis and requested a Commission order directing the filing of its recommendation on December 15, 2023.

3. On December 15, 2023, Staff issued its Recommendation and Memorandum, making recommendations to the Company’s proposed ACA balances, and providing comments and recommendations on the Company’s reliability and gas supply planning and hedging policies. The Company will first address the latter comments and recommendations, before responding to Staff’s recommendations to the Company’s proposed ACA balances.

4. **Reliability and Gas Supply Analysis.** For its analysis into Spire Missouri’s reliability and gas supply, Staff reviewed the Company’s plans and decisions regarding estimated

peak day requirements and the capacity levels to meet those requirements, peak day reserve margin and the rationale for this margin, and natural gas plans for various conditions. For the Company's reserve margin, Staff recognizes the resource plan provided by the Company for its East and West operating units in 2020, and notes that it will continue to monitor Spire Missouri's resource planning and demand forecasting. Staff also notes that it has reviewed the Company's reserve margins and that they are within the generally accepted range with a 95% confidence interval. Staff recommends that Spire Missouri continue to monitor its pipeline supply contracts and maintain an appropriate reserve margin for its East and West operating units, which the Company accepts.

5. **Hedging.** Staff reviewed Spire Missouri's Risk Management Strategy, Gas Supply Risk Management Policy, and its financial hedging transactions for the 2021-2022 period. Staff did not have any findings of imprudence by Spire Missouri in relation to its hedging decision-making. Staff recommended that the Company analyze the costs and benefits on the outcomes of its hedging strategy and evaluate any potential improvements to its hedging plan and its implementation to achieve a cost-effective hedging outcome as the Company reviews and develops its hedging program each year in the Company's Risk Management Strategy. Staff also recommended that the Company document the rationale for its hedging decisions. Finally, Staff noted that, as the Company incorporates certain index pricing for swing supply as insurance against daily price spikes within a month into its Risk Management Strategy, the Company should continue to evaluate the costs and benefits of these instruments in conjunction with other parts of the Company's hedging program. Spire Missouri agrees with and accepts Staff's recommendations and comments on the Company's hedging policies.

6. **Spire Missouri East Balances.** Staff proposes adjusting the final ACA balance by \$(600,000), which reflects the *Partial Stipulation and Agreement* entered into by Staff and the

Company in GR-2021-0127, the ACA case for the 2019-2020 period for Spire East, on January 6, 2023. Spire Missouri acknowledges the Stipulation and the resulting adjustment, however, the Company accounted for such adjustment in January 2023, which was after the filing of the ACA case for the 2021-2022 period. Instead, this adjustment is reflected in the subsequent ACA case for 2022-2023 period, Docket No. GR-2023-0217, which encompasses the month of January 2023 when the adjustment was actually made. This fact may not require a change to Staff's recommendation, but the record should state the actual timing of the adjustment.

7. **Spire Missouri West Balances.** Staff proposes an ACA balance reflecting an adjustment of \$(25,000,000). This adjustment is still an issue in dispute in GR-2022-0136, which, as Staff does note, is an adjustment Staff proposed to the Company's Off-System Sales ("OSS") in the 2020-2021 ACA period. Non-utility direct testimony in GR-2022-0136, including Staff's direct testimony, is due on January 26, 2024, with the hearing set for May 2024. The Company agrees that the Commission hold this ACA case open pending resolution of the OSS issue as the adjustment is still in dispute.

WHEREFORE, Spire Missouri respectfully requests that the Commission accept this response and order any other relief as is just and reasonable.

Respectfully submitted,

/s/ J. Antonio Arias

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ATTORNEYS FOR SPIRE MISSOURI, INC

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail to all counsel of record on this 19th day of January, 2024.

/s/ Julie Johnson

Julie Johnson