

**Exhibit No.:**  
**Issue(s):**                   **Kearney Complaint**  
**Witness:**                   **David A. Yonce**  
**Type of Exhibit:**       **Direct Testimony**  
**Sponsoring Party:**      **Spire Missouri Inc.**  
**Case No.:**               **GC-2024-0172**  
**Date Prepared:**       **June 5, 2024**

**SPIRE MISSOURI INC.**

**GC-2024-0172**

**DIRECT TESTIMONY**

**OF**

**DAVID A. YONCE**

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

Joshua M. Kearney	)	
	)	
Complainant,	)	
	)	
v.	)	
	)	
Spire Missouri Inc. d/b/a Spire	)	
	)	File No. GC-2024-0172
Respondent	)	

**VERIFICATION OF DAVID A. YONCE**

STATE OF MISSOURI     )  
  )  
CITY OF ST. LOUIS     )

I, David A. Yonce, of lawful age, under penalty of perjury, and pursuant to Section 509.030, RSMo, state as follows:

1. My name is David A. Yonce. I am the Managing Director of Regulatory Affairs for Spire Missouri Inc. My business address is 700 Market St., St Louis, Missouri 63101.
2. My direct testimony on behalf of Spire Missouri Inc. is attached to this verification.
3. My answers to each question in the attached direct testimony are true and correct to the best of my knowledge, information, and belief.

David Yonce  
David Yonce (Jun 5, 2024 12:22 CDT)

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David A. Yonce  
Jun 5, 2024

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Date

**TABLE OF CONTENTS**

**I. INTRODUCTION ..... 4**

**II. PURPOSE OF TESTIMONY ..... 5**

**III. RESPONSE TO THE INITIAL FORMAL COMPLAINT ..... 5**

**IV. RESPONSE TO THE AMENDED COMPLAINTS..... 11**

**V. STAFF’S RECOMMENDATION ..... 14**

**VI. CONCLUSION..... 14**

**I. INTRODUCTION**

1  
2 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR**  
3 **THE BENEFIT OF THE MISSOURI PUBLIC SERVICE COMMISSION**  
4 **(“COMMISSION”)?**

5 A. My name is David A. Yonce, and my business address is 700 Market Street, St. Louis, MO  
6 63101.

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am the Managing Director of Regulatory Affairs for Spire Missouri Inc. (“Spire Missouri”  
9 or “Company”).

10 **Q. HOW LONG HAVE YOU HELD THAT POSITION AND WHAT ARE YOUR**  
11 **RESPONSIBILITIES?**

12 A. I have been in Spire Missouri’s regulatory division since July 2023. I joined Spire Inc. in  
13 2013 as an Analyst in the Strategy and Corporate Development department. I was then  
14 promoted to Director and worked in that group until 2018, at which point I held various  
15 positions, including Director of Gas Control, Director of Gas Operations, Director of  
16 Workload Planning Strategy, and Managing Director of Gas Supply. In 2023, I moved into  
17 my current position with the Company as Managing Director of Regulatory Affairs. As  
18 Managing Director of Regulatory Affairs, I am responsible for the Company’s rates and  
19 tariffs, including overseeing the Company’s regulatory filings, energy efficiency programs,  
20 and managing cases before the Missouri Public Service Commission.

21 **Q. WHERE DID YOU WORK BEFORE JOINING SPIRE MISSOURI?**

22 A. After earning my undergraduate degree, I joined Edward Jones in 2008 and held various  
23 positions, where I focused on supporting financial advisors in meeting investor needs and

1 managing investments. I later transitioned to a procurement role with Anheuser-Busch  
2 InBev in 2012, where I managed contract negotiations and technology acquisition.

3 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

4 A. I graduated from Truman State University in 2008 with a Bachelor of Science in Business  
5 Administration. I later obtained my Master of Business Administration in 2014 from  
6 Washington University in St. Louis.

7 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

8 A. Yes. I submitted testimony in GR-2021-0127 and GR-2022-0136.

9 **II. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

11 A. The purpose of my testimony is to address the Formal Complaint filed by Mr. Joshua  
12 Kearney on November 17, 2023, and his amended complaints filed on December 26, 2023,  
13 and April 4, 2024.

14 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

15 A. Spire Missouri bills its customers in accordance with its tariff and is not “charging the  
16 consumer twice” for the same service.

17 **III. RESPONSE TO THE INITIAL FORMAL COMPLAINT**

18 **Q. HAVE YOU REVIEWED THE COMPLAINT FILED BY MR. JOSHUA**  
19 **KEARNEY?**

20 A. Yes.

21 **Q. WHAT IS YOUR OVERALL IMPRESSION OF THE COMPLAINT?**

22 A. I believe that Mr. Kearney misunderstands how Spire Missouri’s rates are calculated and  
23 ultimately used to bill its customers.

1 **Q. PLEASE SUMMARIZE THE BASIS OF MR. KEARNEY'S COMPLAINT.**

2 A. Mr. Kearney believes that he's being charged twice for the same service. It's somewhat  
3 unclear from the details in his Complaint, but I believe he thinks he's being charged twice  
4 for the commodity portion of his bill.

5 **Q. WILL YOU ELABORATE FURTHER?**

6 A. Yes. Based on Mr. Kearney's complaint, I believe the confusion revolves around the  
7 terminology: "charge for gas used" which can be found on Sheet No. 2 of Spire Missouri's  
8 tariff.

9 **Q. WHAT IS THE INTENDED PURPOSE OF THE TERMINOLOGY: "CHARGE  
10 FOR GAS USED" AS REFERENCED IN THE TARIFF?**

11 A. The intended purpose is exactly what it says. It defines a charge as being based on the  
12 amount of gas used. So, rather than a fixed charge, it's a volumetric charge based on usage.

13 **Q. IS THIS TERMINOLOGY USED TO DEFINE MORE THAN ONE CHARGE IN  
14 SPIRE MISSOURI'S TARIFF?**

15 A. Yes. I've included an excerpt from the tariff below, highlighting references to this  
16 terminology.

**RESIDENTIAL GAS SERVICE**  
**RS**

Availability – This rate schedule is available for all gas service rendered by the Company to residential customers, including space heating service.

Rate – The monthly charge shall consist of a customer charge plus a charge for gas used as set forth below:

	<u>Spire East</u>	<u>Spire West</u>
Customer Charge – per month	\$20.00	\$20.00
Winter Billing Months of November-April Charge for Gas Used – per Ccf	\$0.36538	\$0.37404
Summer Billing Months of May-October Charge for Gas Used- per Ccf		
For the first 50 Ccfs used per month	\$0.32877	\$0.33660
For all Ccfs used in excess of 50 Ccfs	\$0.39835	\$0.41527

Minimum Monthly Charge – The Customer Charge.

Purchased Gas Adjustment – The charge for gas used as specified in this schedule shall be subject to an adjustment per Ccf for increases and decreases in the Company's cost of purchased gas, as set out on Sheet No. 11.

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**Q. WILL YOU EXPLAIN THE RATE SCHEDULE AT A HIGH LEVEL?**

A. Yes. At a high level, there are five components to a customer bill.

1. A fixed customer charge (this is one component of the charge to deliver the gas)
2. A **volumetric** charge related to the delivery of the gas (this is the second component of the charge to deliver the gas)
3. Purchased Gas Adjustment (this is a **volumetric** charge for the natural gas)
4. ISRS (this is an infrastructure system replacement surcharge)
5. WNAR (this is a weather normalization adjustment rider)

The first three components included in the rate schedule above are found on Sheet 2 of the Company's currently effective tariff. The final two components, the Infrastructure System Replacement Surcharge, also referred to as the Pipeline Upgrade Charge on a customer's

1 bill, and the Weather Normalization Adjustment Rider, are found on Sheet 12 and Sheet  
2 13, respectively.

3 **Q. WILL YOU PLEASE EXPLAIN THE CHARGES YOU HIGHLIGHTED ABOVE?**

4 A. Yes. As described above, there are two volumetric components to Spire Missouri's bill  
5 which are billed based on the amount of gas used (i.e. a charge for gas used). The first is a  
6 volumetric charge related to Spire Missouri's revenue requirement as set in Spire  
7 Missouri's last general rate case. For Spire Missouri East, this charge is \$0.36538 in the  
8 winter and then is tiered in the summer at \$0.32877 for the first 50 Ccfs used per month  
9 and \$0.39835 for all Ccfs used in excess of 50 Ccfs. The second is a volumetric charge  
10 related to the natural gas itself that is used by a customer. This is called the Purchased Gas  
11 Adjustment and is also billed based on usage.

12 **Q. WHAT COSTS ARE RECOVERED THROUGH THE CHARGES RELATED TO**  
13 **SPIRE MISSOURI'S REVENUE REQUIREMENT?**

14 A. The costs that are recovered through the charges related to Spire Missouri's revenue  
15 requirement are costs related to the delivery of natural gas to customers through Spire  
16 Missouri's system. These costs include installation and maintenance of distribution pipe,  
17 field vehicles, metering equipment, and payroll, but this list is far from exhaustive. Also  
18 included in this revenue requirement is Spire Missouri's return on its capital investments  
19 in the distribution system and supporting infrastructure.

20 **Q. WHAT WAS THE REVENUE REQUIREMENT FOR RESIDENTIAL SERVICE**  
21 **APPROVED IN SPIRE MISSOURI'S LAST RATE CASE FOR SPIRE MISSOURI**  
22 **EAST?**

23 A. \$319,076,942.



1 **Q. DO YOU HAVE A BREAKDOWN OF HOW THIS IS SPREAD BETWEEN THE**  
 2 **WINTER AND SUMMER CHARGES RELATED TO THE DELIVERY OF THE**  
 3 **GAS THAT YOU DESCRIBED ABOVE?**

4 A. Yes. Here is an excerpt allocating those costs based on the approved billing determinants  
 5 in Spire Missouri’s last rate case.

<b>RESIDENTIAL</b>	<b>\$</b>	<b>0</b>	<b>Billing Determinants</b>	<b>Final Revenue</b>
Customer Charge	\$	20.00	7,425,866	\$ 148,517,328
Winter billing months (November-April)	\$	0.36538	411,917,251	\$ 150,506,325
Summer billing months (May-October)				
First 50 Ccfs	\$	0.32877	54,667,617	\$ 17,973,072
All additional gas	\$	0.39835	5,222,083	\$ 2,080,217
<b>Total Revenue</b>			471,806,951	\$ 319,076,942

6  
 7 **Q. DO THOSE RATES MATCH WHAT IS IN SPIRE MISSOURI’S TARIFF?**

8 A. Yes.

9 **Q. WHAT DOES THAT TELL YOU?**

10 A. That tells me that the “charge for gas used” related to recovery of Spire Missouri’s revenue  
 11 requirement does not include any costs associated with the natural gas itself as they are  
 12 strictly charges related to the delivery of the gas.

13 **Q. HOW ARE THE COSTS ASSOCIATED WITH THE NATURAL GAS ITSELF**  
 14 **CHARGED?**

15 A. Through the Purchased Gas Adjustment, as defined in the Purchased Gas Adjustment  
 16 section (Sheet 11) of Spire Missouri’s tariffs which I’ve attached as Schedule DAY-D-1.

17 **Q. WHAT COSTS ARE INCLUDED IN THE PURCHASED GAS ADJUSTMENT?**

1 A. As referenced in the tariff, the Purchased Gas Adjustment is made up of two primary  
2 components, the Current Purchased Gas Adjustment (“CPGA”) and the Actual Cost  
3 Adjustment (“ACA”). The CPGA is “a per Ccf factor to reflect the current estimate of the  
4 annualized cost of various natural gas services purchased by the Company, including but  
5 not limited to firm and interruptible gas supply, gathering, processing and treating services,  
6 firm and interruptible transportation service, storage services, gas supply demand charges,  
7 gas price volatility mitigation instruments, including but not limited to financial  
8 instruments and any service which bundles or aggregates these various services.” The ACA  
9 is “a per Ccf factor to reflect the annual reconciliation of actual purchased gas and pipeline  
10 service costs with the actual recovery of such costs through the application of this PGA  
11 Clause. Revised ACA factors shall be filed with the PGA Filing to be effective in  
12 November of each year. This includes any refunds received by the Company in connection  
13 with purchased gas and/or pipeline services.”

14 **Q. SO THE PGA IS COMPRISED OF THE COSTS INCURRED BY SPIRE**  
15 **MISSOURI FOR THE COMMODITY ITSELF AND THE COSTS TO GET THAT**  
16 **COMMODITY TO ITS DISTRIBUTION SYSTEM?**

17 A. Yes.

18 **Q. DOES THE COMPANY EARN ANY RETURN THROUGH THE PURCHASED**  
19 **GAS ADJUSTMENT?**

20 A. No. The Purchased Gas Adjustment rate charged is purely a pass-through rate to recover  
21 the costs Spire Missouri incurs purchasing the commodity itself and bringing it to its local  
22 distribution system. There is no mark-up on the costs nor any profit earned.

1 **Q. DO OTHER NATURAL GAS UTILITIES IN THE STATE OF MISSOURI**  
2 **CHARGE CUSTOMERS A PURCHASED GAS ADJUSTMENT RATE?**

3 A. Yes. Summit Natural Gas, Ameren Missouri, Liberty Utilities, and The Empire District  
4 Gas Company all have Purchased Gas Adjustment rates.

5 **Q. MR. KEARNEY ALLEGES THAT SPIRE MISSOURI IS “CHARGING**  
6 **CUSTOMERS A CHARGE FOR GAS USED AND ALSO CHARGING THE**  
7 **ADJUSTED CHARGE FOR GAS USED AMOUNT KNOWN AS THE PGA.”**  
8 **WHAT IS YOUR RESPONSE TO THIS ALLEGATION?**

9 A. As I’ve already stated above, Spire Missouri is not charging customers for the natural gas  
10 itself as part of the charges associated with the delivery of the natural gas **through** its  
11 system. The charge for the natural gas and getting the natural gas **to** Spire Missouri’s  
12 system is included in the Purchased Gas Adjustment.

13 **Q. MR. KEARNEY GOES ON TO STATE THAT “IT IS BEING DONE THIS WAY**  
14 **BECAUSE THE PGA OR PURCHASED GAS ADJUSTMENT IS CALCULATED**  
15 **USING THE PREVIOUS CHARGE FOR GAS USED THEREFORE**  
16 **EFFECTIVELY CHARGING THE CONSUMER TWICE FOR THE SAME**  
17 **SERVICE.” HOW WOULD YOU RESPOND TO THIS?**

18 A. It’s possible Mr. Kearney may be referencing the fact that the PGA includes an Actual Cost  
19 Adjustment which I referenced above and reflects “a reconciliation of actual purchased gas  
20 and pipeline service costs.” However, regardless of what he’s referring to, customers are  
21 not being charged twice for the same service.

22 **IV. RESPONSE TO THE AMENDED COMPLAINTS**

1 **Q. HAVE YOU REVIEWED MR. KEARNEY’S FIRST AND SECOND AMENDED**  
2 **COMPLAINTS?**

3 A. Yes.

4 **Q. WHAT IS YOUR IMPRESSION OF THE AMENDED COMPLAINTS?**

5 A. First, Mr. Kearney’s initial allegation has not changed. He still alleges that customers are  
6 being charged twice by the delivery charge and the commodity charge, as they both charge  
7 for “gas used.” However, consistent in both the first and second amended complaints are  
8 requests for penalties found in federal laws. My understanding is that through counsel,  
9 Spire Missouri has responded to these requests for penalties. I will briefly address Mr.  
10 Kearney’s reference to the Precedent Agreement between Spire Missouri Inc. and Spire  
11 STL Pipeline LLC.

12 **Q. WHAT IS SPIRE STL PIPELINE LLC?**

13 A. Spire STL Pipeline LLC (“Spire STL”) is an affiliate interstate natural gas pipeline  
14 company of Spire Missouri. Spire Missouri receives service from the Spire STL Pipeline  
15 (the “Pipeline”) for its eastern service territory. As an interstate pipeline company, Spire  
16 STL’s rates and services are regulated by the Federal Energy Regulatory Commission  
17 (“FERC”).

18 **Q. WHAT IS THE PRECEDENT AGREEMENT?**

19 A. This agreement stated that once Spire STL received all necessary governmental approvals  
20 necessary to construct, maintain, and operate an interstate natural gas pipeline, including  
21 approval from the FERC, Spire Missouri would take service pursuant to a firm  
22 transportation service agreement with Spire STL. This agreement was incorporated into  
23 the Precedent Agreement.

1 **Q. WHAT IS THE PURPOSE OF THE FIRM TRANSPORTATION SERVICE**  
2 **AGREEMENT?**

3 A. Firm transportation service agreements dictate the terms of service between interstate  
4 pipeline operators and their customers. While FERC sets rates that interstate pipeline  
5 operators may charge, it also allows interstate pipeline operators to set negotiated or  
6 discounted rates. These rates are included as terms in firm transportation service  
7 agreements.

8 **Q. WHAT DOES THE FIRM TRANSPORTATION SERVICE AGREEMENT**  
9 **BETWEEN SPIRE MISSOURI AND SPIRE STL PIPELINE LLC PROVIDE?**

10 A. The agreement contains a negotiated reservation rate for Spire Missouri for the capacity it  
11 reserves on the Pipeline. Spire STL has an approved maximum rate set by FERC that is  
12 based on its cost of service; however, as a part of the Precedent Agreement between Spire  
13 Missouri and Spire STL, Spire Missouri was able to negotiate a lower reservation rate into  
14 its firm transportation service agreement.

15 **Q. IS THIS FAVORABLE TO CUSTOMERS?**

16 A. Yes. As I discussed previously, one of the components of the Purchased Gas Adjustment  
17 is the CPGA. The CPGA represents the cost of the commodity as well as the upstream  
18 pipeline costs and includes pipeline reservation rates the Company must pay to ensure  
19 sufficient supply. The Purchased Gas Adjustment is a direct pass-through to customers,  
20 which, again, means the Company earns no return on this charge. Any action taken by Spire  
21 Missouri to reduce the CPGA component of the Purchased Gas Adjustment, including  
22 obtaining a reduced reservation rate with Spire STL, is for the benefit of our customers.

1 **Q. IS THE FIRM TRANSPORTATION AGREEMENT WITH SPIRE STL THE**  
2 **ONLY FIRM TRANSPORTATION AGREEMENT SPIRE MISSOURI HAS**  
3 **ENTERED INTO?**

4 A. No. Spire Missouri has active firm transportation agreements with all interstate pipelines  
5 it reserves capacity with to bring natural gas to its customers in Missouri. Like the costs to  
6 receive service from Spire STL Pipeline, the costs to receive service from the other  
7 pipelines are included in the CPGA.

8 **V. STAFF'S RECOMMENDATION**

9 **Q. HAS STAFF ISSUED A RECOMMENDATION ON MR. KEARNEY'S**  
10 **COMPLAINT?**

11 A. Yes. Staff investigated Mr. Kearney's Formal Complaint and his first amended complaint  
12 and issued its Memorandum and Recommendation on February 14, 2024.

13 **Q. WHAT WAS THE RESULT OF STAFF'S INVESTIGATION?**

14 A. Staff found no evidence that Spire Missouri has violated any statute, tariff, or Commission  
15 rule in regard to its charges for "general rate case costs" and the Purchased Gas Adjustment.  
16 (Staff Memorandum, P. 2-3). Staff also noted that the two rates that Mr. Kearney claims  
17 results in a double charge are "absolutely distinguishable," and that "[he] is not paying  
18 twice for the same service." (Staff Memorandum, P. 2).

19 **VI. CONCLUSION**

20 **Q. ONCE AGAIN, COULD YOU PLEASE SUMMARIZE THE PRIMARY ISSUE IN**  
21 **DISPUTE IN THIS CASE?**

22 A. Mr. Kearney believes that he is being charged twice for the cost of the natural gas  
23 commodity. However, while Spire Missouri's tariff uses the same language "charge for gas

1           used” in two places to describe volumetric charges, the rates are distinct. One rate allows  
2           Spire Missouri to recover the cost to deliver the gas used by customers **through** its system,  
3           and the other allows Spire Missouri to recover the cost of the commodity itself and the  
4           costs associated with getting the gas **to** its system.

5   **Q.   WHAT CONCLUSIONS DO YOU BELIEVE THE COMMISSION SHOULD**  
6   **REACH IN THIS CASE?**

7   A.   The Commission should find that Spire Missouri is not charging customers twice for the  
8       cost of the natural gas used, and that Spire Missouri is in fact charging customers the just  
9       and reasonable rates that the Commission has set in both its general rate case and in its  
10      Purchased Gas Adjustment cases.

11 **Q.   DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A.   Yes.