STATE OF MISSOURI PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at the Commission's office in Jefferson City on the 18th day of July, 2024.

In the Matter of the Application of Spire Missouri Inc. d/b/a Spire for Approval of the Carbon Offset Initiative

File No. GO-2024-0180

ORDER APPROVING STIPULATION AND AGREEMENT REGARDING CARBON OFFSET INITIATIVE

Issue Date: July 18, 2024

Effective Date: August 17, 2024

On November 29, 2023, Spire Missouri Inc. d/b/a Spire filed an application for approval of a Carbon Offset Initiative and a request for waiver from the Commission's 60-day notice rule.¹ Along with its application, Spire Missouri filed tariff sheets, Tracking No. JG-2024-0073, to implement the program. The tariff sheets bore a December 29, 2023 effective date.

The Commission provided notice of the application, allowed time for responses to the application, directed its Staff to file a recommendation on the application and tariff sheets, and established a deadline for applications to intervene. On December 20, 2023, the Commission granted the application to intervene of the Missouri Industrial Energy Consumers (MIEC).

¹ Commission Rule 20 CSR 4240-4.017(1).

On December 21, 2023, the Commission suspended the tariff sheets filed by Spire until April 27, 2024,² and granted Staff additional time to file a recommendation on the application and tariff sheets.

On March 13, 2024, Staff filed its recommendation that the application be approved, subject to modifications to the tariff sheets, and with recommended annual reporting of specific information. On March 25, 2024, Spire filed its *Response to Staff's Recommendation and Request* in which it agreed to Staff's recommended annual reporting but requested that the parties be allowed additional time to discuss the tariff sheet modifications. On April 5, 2024, the Commission suspended the tariff sheets an additional six months, to October 27, 2024, in order for the parties to discuss the tariff sheet modifications.³

On June 28, 2024, Spire and Staff filed a *Full and Unanimous Stipulation and Agreement* (Stipulation). The Stipulation states that the parties have reached an agreement on the Carbon Offset Initiative and that Appendix 1, a specimen tariff, represents the parties' complete agreement of how Spire will operate the program. The Stipulation states that the Office of the Public Counsel (OPC) and MIEC were advised of the Stipulation and that OPC did not object to the Stipulation but MIEC did not respond.

Commission rules allow non-signatory parties seven days to object to a non-unanimous stipulation and agreement.⁴ If no party timely objects, the Commission may treat the agreement as unanimous.⁵ More than seven days have elapsed since the

² Section 393.150.1, RSMo, authorizes the Commission to suspend the effective date of a proposed tariff sheet for up to 120 days.

³ In addition to the 120-day suspension authorized by Section 393.150.1, RSMo, Section 393.150.2, RSMo, allows the Commission to suspend the effective date of a tariff sheet further, for a period not to exceed six months.

⁴ 20 CSR 4240-2.115(2)(B).

⁵ 20 CSR 4240-2.115(2)(C).

agreement was filed and no party objected. Thus, the Commission will treat the agreement as unanimous. The Stipulation is attached to this order.

The Commission has reviewed the Stipulation and specimen tariff sheets. The Commission finds that their terms are a reasonable resolution of the issues and should be approved. Therefore, the Commission will approve the Stipulation and allow Spire to file tariff sheets to implement the Carbon Offset Initiative program, per the terms of the Stipulation.

The Commission will grant Spire's request for waiver of the 60-day case filing notice requirement under Commission 20 CSR 4240-4.017. The Commission finds good cause exists for waiver based on Spire's verified declaration that it had no communication with the Commission regarding substantive issues likely to arise in this file within 150 days before filing its application.

THE COMMISSION ORDERS THAT:

1. The *Full and Unanimous Stipulation and Agreement* filed on June 28, 2024, is approved, and the signatories shall comply with its terms. A copy of the *Full and Unanimous Stipulation and Agreement* is attached to this order.

2. Spire is authorized to file tariff sheets complying with the terms of the *Full* and Unanimous Stipulation and Agreement to implement the Carbon Offset Initiative program.

3. The 60-day notice of case filing requirement is waived for this application pursuant to Commission Rule 20 CSR 4240-4.017(1)(D).

4. This order shall become effective on August 17, 2024.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell Secretary

Hahn, Ch., Coleman, Holsman Kolkmeyer, and Mitchell CC., concur.

Seyer, Regulatory Law Judge

1BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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In the Matter of the Application of Spire Missouri Inc. d/b/a Spire for Approval of the Carbon Offset Initiative.

File No. GO-2024-0180 Tariff No. JG-2024-0073

FULL AND UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Spire Missouri Inc. ("Spire Missouri" or the "Company") and Staff of the Missouri Public Service Commission ("Staff"), (collectively, the "Parties") respectfully submit this *Full and Unanimous Stipulation and Agreement* (this "Stipulation") to resolve this docket, stating the following:

1. On November 29, 2023, Spire Missouri filed its Application for Approval of the Carbon Offset Initiative and associated tariff with the Missouri Public Service Commission ("Commission").

2. On November 30, 2023, the Commission issued its order directing Staff to file a recommendation regarding the tariff by December 13, 2023.

3. On December 4, 2023, Staff filed its Motion for Additional Time and Suspension of Tariffs, requesting an extension until March 13, 2024, to submit its recommendation.

4. On December 21, 2023, the Commission granted Staff's request, directing Staff to issue its recommendation no later than March 13, 2024. The Commission also set the deadline to respond to Staff's recommendation as March 25, 2024. The Commission also directed the parties to jointly file a proposed procedural schedule, or a statement indicating no further procedural schedule is needed, no later than April 1, 2024.

5. Staff filed its Recommendation on March 13, 2024. Staff recommended approval

of Spire Missouri's Application subject to modifications to the Carbon Offset Initiative ("Program") tariff and recommended that the Company provide specific information on the Program to the Commission in this docket on an annual basis.

6. On March 25, 2024, Spire Missouri filed its response to Staff's Recommendation, and requested until May 24, 2024, to hold discussions with Staff to resolve this docket. The Commission granted this request and ordered a status update be filed by May 24, 2024. Spire Missouri filed a similar request on May 24, 2024. The Commission granted this request and ordered a status update be filed by June 24, 2024.

7. Spire Missouri and Staff have held discussions on the Carbon Offset Initiative and exchanged edits on Spire Missouri's proposed tariff filed with its application opening this docket. The Parties have reached an agreement on the Carbon Offset Initiative and now file this Stipulation.

8. The Parties agree that the specimen tariff, filed as **Appendix 1**, represents the Parties' complete agreement on how Spire Missouri will operate the Carbon Offset Initiative.

9. The Parties agree that Appendix 1 resolves Staff's recommendations and captures Staff's desired reporting requirements.

10. The Parties agree that the Commission should order Spire Missouri to file a compliance tariff consistent with Appendix 1.

11. The Office of the Public Counsel ("OPC") and the Missouri Industrial Energy Consumers ("MIEC") have been advised of this Stipulation. OPC does not object to the stipulation. No response was received from MIEC.

GENERAL PROVISIONS OF AGREEMENT

12. Limitation of Scope: This Stipulation is being entered into for the purpose of

disposing of the issues specifically addressed herein. In presenting this Stipulation, none of the Parties shall be deemed to have approved, accepted, agreed, consented or acquiesced to any procedural principle, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation, whether approved or not, in this or any other proceeding, other than a proceeding limited to the enforcement of the terms of this Stipulation, except as otherwise expressly specified herein. The Parties further understand and agree that the provisions of this Stipulation relate only to the specific matters referred to in this Stipulation, and no Party waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this Stipulation. The Parties further understand and agree that no Party to this Stipulation shall assert the terms of this Stipulation as a precedent in any future proceeding.

13. Interdependence and Non-Severability: This Stipulation has resulted from negotiations and the terms hereof are interdependent. If the Commission does not approve this Stipulation in total or approves it with modifications or conditions to which a Party objects, then this Stipulation shall be void and no Party shall be bound by any of its provisions. The agreements herein are specific to this proceeding and are made without prejudice to the rights of the Parties to take other positions in other proceedings except as otherwise noted herein. If the Commission does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void, neither this Stipulation, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with Section 536.080, of the Revised Statutes of Missouri ("RSMo") or Article V, Section 18, of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been

offered or received in support of this Stipulation shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

14. Waiver of Procedural Rights: If the Commission unconditionally accepts the specific terms of this Stipulation without modification, the Parties waive, with respect to the issues resolved herein, their respective rights as follows: (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo.; (2) to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo.; (3) to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo.; (4) to seek rehearing pursuant to Section 386.500, RSMo.; and (5) to judicial review pursuant to Section 386.510, RSMo., provided however that the Verified Applications and Updates submitted by Spire Missouri on behalf of Spire East and Spire West shall be received into evidence for the sole purpose of providing an evidentiary foundation for this Stipulation. These waivers apply only to a Commission order respecting this Stipulation issued in this above-captioned case and do not apply to any issues or matters raised in any prior or subsequent Commission order, or any issue or other matters not explicitly addressed by this Stipulation.

15. Merger and Integration: This Stipulation and Appendix 1 contain the entire agreement of the Parties concerning the issues addressed herein. The intent of the Parties to this Stipulation has been fully and exclusively expressed in this document and the attached appendix.

WHEREFORE, the Parties respectfully request the Commission approve this Stipulation, order Spire Missouri to file a compliance tariff, and order any other relief as is just and reasonable.

Respectfully submitted,

/s/ J. Antonio Arias

Matthew Aplington, MoBar #58565 General Counsel Spire Missouri Inc. 700 Market Street, 6th Floor St. Louis, MO 63101 (314) 342-0785 (Office) Email: matt.aplington@spireenergy.com

Sreenivasa Rao Dandamudi, MoBar #50734 Director and Associate General Counsel -Regulatory Spire Missouri Inc. 700 Market Street, 6th Floor St. Louis, MO 63101 (314) 342-0702 (Office) Email: sreenu.dandamudi@spireenergy.com

J. Antonio Arias, MoBar #74475 Senior Counsel, Regulatory Spire Missouri Inc. 700 Market Street, 6th Floor St. Louis, MO 63101 (314) 342-0655 (Office) Email: antonio.arias@spireenergy.com

ATTORNEYS FOR SPIRE MISSOURI INC.

/s/ J. Scott Stacey

J. Scott Stacey Deputy Counsel Missouri Bar No. 59027 Missouri Public Service Commission P.O. Box 360 Jefferson City, MO 65102 573-522-6279 573-751-9285 (Fax) scott.stacey@psc.mo.gov

ATTORNEY FOR STAFF OF THE PUBLIC SERVICE COMMISSION

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent either by mail or electronic mail to all parties of record on this 28th day of June, 2024.

/s/ J. Antonio Arias

J. Antonio Arias

Spire Missouri Inc. d/b/a/ Spire

For: Spire Missouri

RULES AND REGULATIONS

- 35. Conservation and Energy Efficiency Programs (continued)
- N. Spire's Carbon Offset Initiative

Purpose:

The purpose of Spire's Carbon Offset Initiative (the "Program") is to provide customers the opportunity to voluntarily purchase a combination of environmental attributes ("EAs"): (1) Renewable Thermal Certificates ("RTCs"), which are environmental attributes specifically associated with renewable natural gas, and (2) Verified Carbon Offsets ("VCOs"), which are environmental attributes associated with reduced carbon emissions. These environmental attributes may be purchased by customers, on a voluntary basis, to offset all or a portion of their carbon emissions from their natural gas usage. Amounts received from customers through this Program will be used to pay for the commodity cost of the environmental attributes and program administrative costs including, but not limited to, program marketing, labor costs, and information technology.

Definitions:

Ccf – One hundred cubic feet.

MMBtu – One million (1,000,000) British thermal units.

Dekatherm – 10 therms or equivalent of one MMBtu.

<u>Renewable Thermal Certificates ("RTCs")</u> – Environmental attributes that represent one dekatherm of renewable thermal generation from sources such as renewable natural gas, and the benefits associated with that amount of renewable natural gas. These are tracked on the M-RETS Renewable Thermal Tracking System.

<u>Verified Carbon Offsets ("VCOs")</u> - Environmental attributes associated with an entity's reduction in emissions of carbon dioxide (CO2) or other greenhouse gases. The carbon offsets are verified and certified by host registries, which then allow the attributes to be purchased and retired by other entities to meet emission targets.

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For: Spire Missouri

RULES AND REGULATIONS

- 35. Conservation and Energy Efficiency Programs (continued)
- N. Spire's Carbon Offset Initiative (continued)

Conversion Formulas:

The following conversion formulas will be used by Spire to convert the RTC and VCO pricing into Ccf terms. Note that one Ccf equals 0.1 Mcf, the volume of 1,000 cubic feet.

<u>Dekatherm to Ccf</u> – Multiply dekatherms by 0.1038. Source: U.S. Energy Information Administration (EIA), <u>https://www.eia.gov/tools/faqs/faq.php?id=45&t=8</u>. Relevant data last updated April 29, 2024, with preliminary national average natural gas heat content data for 2023.

<u>Greenhouse Gas Equivalencies in metric tons (MT) to Ccf</u> – Multiply the Co2e MT by 0.0055. Source: U.S Environmental Protection Agency (EPA), <u>https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references</u>. Relevant data collected on May 1, 2024.¹

Availability:

- A. This Program will be available to all Spire Missouri residential and small general service customers, except those customers falling under the restrictions in subparagraph B.
- B. Customers who have, in the most recent twelve-month period (1) received a disconnection notice,
 (2) entered into a payment agreement with the Company for a delinquent bill, or (3) have had service terminated, are not eligible to participate in this Program.

Participation Level and Surcharge:

Customers that enroll in this Program will have a separate charge added to their next regular monthly bill, and the Company will use the funds received to purchase and retire RTCs and VCOs to help offset their carbon emissions from conventional natural gas usage for the stated volumes per \$1 below. Customers will elect the monthly charge in whole dollar increments that they determine to pay.

Ccf Offset per \$1	2.79

¹ This conversion factor does not represent the actual heat content of natural gas delivered by Spire Missouri.

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For: Spire Missouri

RULES AND REGULATIONS

35. Conservation and Energy Efficiency Programs (continued)

N. Spire's Carbon Offset Initiative (continued)

The Ccf Offset per \$1 was calculated using the following formula:

Ccf Offset per \$1 = \$1 / Customer Program Cost per Ccf*

*Customer Program Cost per Ccf = Environmental attribute costs per Ccf plus an administrative cost adder. The environmental attribute costs per Ccf will use the conversion factors defined above to convert costs in terms of Ccf from the original pricing units. Administrative cost adder will be no more than 15% of the total customer program costs.

The following tables show examples of the monthly and annual charges along with the associated Ccf of natural gas emissions offset for the specified customer class based on normalized usage.

Table 1: Residential Customers Approx. Annual Offset % Residential (Applied to normalized Monthly Monthly Annual Annual Charge[^] Ccf Offset Ccf Offset* class usage) Charge 4% \$ 1.00 2.79 \$ 12.00 33.48 \$ 9% 2.00 5.58 \$ 24.00 66.96 \$ \$ 200.88 26% 6.00 16.74 72.00 48% \$ 11.00 30.69 \$ 132.00 368.28 \$ 17.00 74% 47.43 \$ 204.00 569.16 101% \$ 23.00 64.17 \$ 276.00 770.04

^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.

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RULES AND REGULATIONS

Table 2: Small General Service Customers

Approx. Annual Offset %	Small General Service						
(Applied to normalized	Monthly		Monthly	Annual		Annual	
class usage)	Charge^		Ccf Offset	Charge		Ccf Offset*	
2%	\$	1.00	2.79	\$	12.00	33.48	
10%	\$	6.00	16.74	\$	72.00	200.88	
25%	\$	15.00	41.85	\$	180.00	502.20	
49%	\$	29.00	80.91	\$	348.00	970.92	
74%	\$	44.00	122.76	\$	528.00	1,473.12	
100%	\$	59.00	164.61	\$	708.00	1,975.32	

^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.

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For: Spire Missouri

RULES AND REGULATIONS

- 35. Conservation and Energy Efficiency Programs (continued)
- N. Spire's Carbon Offset Initiative (continued)

Terms and Conditions:

- 1. Customers may sign-up for the Program by calling the Spire Contact Center or through MyAccount.
- 2. Customers must select their monthly participation level expressed in a whole dollar amount at the time of subscription.
- 3. Customers may apply for or leave this Program at any time throughout the year.
- 4. Changes to a customer's bill will be reflected on the Customer's next regular monthly bill following the date of enrollment. A maximum of one change in participation level can be made in any one month.
- 5. Customers must maintain eligibility to participate in the Program. If condition under part B of the Availability section is triggered by an enrolled customer, then that customer will automatically be terminated from the Program and the customer's billing related to this Program will discontinue.
- 6. The pricing of the Ccf offset per \$1 will be reviewed periodically and any rate changes shall be submitted to the Commission no more than once per year.
- 7. The Company reserves the right to modify the RTC and VCO mix to manage Program costs.
- 8. On an annual basis, the Company shall purchase and retire on its customers' behalf attributes whose total carbon offset is greater than or equal to the total equivalent carbon emitted from the volume of gas equal to the program revenue multiplied by the current Ccf per dollar rate.

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For: Spire Missouri

RULES AND REGULATIONS

- 35. Conservation and Energy Efficiency Programs (continued)
- N. Spire's Carbon Offset Initiative (continued)

Terms and Conditions (continued):

- 9. The Company will not make any emission reduction claims through the Program or the attributes purchased to support the Program and all attributes will be retired by its third-party agent for the sole benefit of participating customers.
- 10. This Program is offered to customers based on available supply of RTCs and VCOs. The Company reserves the right to suspend or curtail the Program and related charges in the event that sufficient RTC and VCO supply is unavailable. In the event the Company cannot meet customer demand, all unspent customer contributions shall be credited to the associated account on an annual basis.
- 11.All attributes must be purchased and retired, or customer funds refunded no later than one year after the first customer contribution is received, and each year on that date thereafter.
- 12. The interest rate used to accrue interest on shareholder and customer supplied funds for the carbon offset Program will be the per annum rate equal to the prime bank lending rate plus one percentage point as published in The Wall Street Journal for the last business day of the preceding calendar year, compounded annually.

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For: Spire Missouri

RULES AND REGULATIONS

- 35. Conservation and Energy Efficiency Programs (continued)
- N. Spire's Carbon Offset Initiative (continued)

Terms and Conditions (continued):

- 13. The Company will submit reports to the Commission annually, or as otherwise ordered in relation to the carbon offset Program operation and accounting. The Company will provide the following information to the Commission:
 - Total RTCs and VCOs purchased, sold, transferred, or retired during the calendar year, and reports from each applicable tracking system showing this information;
 - The source of all RTCs and VCOs acquired during the calendar year, including which tracking system the RTCs and VCOs are registered in;
 - The identification, by source and serial number, or some other identifier sufficient to establish the vintage and source of the RTCs and VCOs, of any RTCs and VCOs that have been carried forward to a future calendar year;
 - The total number of customers participating in the Program by month;
 - Monthly revenue collected from Program participants;
 - The amount expended by Spire to purchase RTCs and VCOs, including the price and terms of future purchase contracts and any and all associated administrative fees;
 - The amount expended by Spire Missouri on program administrative costs including, but not limited to, program marketing, labor costs, and information technology;
 - If sufficient RTCs and VCOs were not purchased to fulfill customer demand in the calendar year, and explanation why;
 - Report on any contracts executed for any type of Program activity.

Commission staff may request additional information related to the Program that is not listed in number 13.

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For: Spire Missouri

RULES AND REGULATIONS

- 35. Conservation and Energy Efficiency Programs (continued)
- N. Spire's Carbon Offset Initiative (continued)

Cancellation:

Participants may cancel their participation in this Program by calling into the Spire Contact Center or through MyAccount with the cancellation being effective on the Customer's next regular monthly bill following the date of cancellation. Cancellation of a customer's participation in the Program will not interfere with or terminate a customer's existing natural gas service.

Carbon Offset Initiative Regulatory Balance Account:

To ensure that all costs and activities associated with this Program are attributed to only Program participants, all funds will be separately identified, and tracked within the approved regulatory balance account. The flow of interest will either act to lower the total program cost, if customer contributions exceed other program costs, or add to the cost of the program, if program costs exceed customer contributions.

The Carbon Offset Initiative Regulatory Balance Account (Account 182391) will include the following revenues and expenses:

- 1. Customer contributions
- 2. Marketing and administrative costs
- 3. Interest expense and revenue
- 4. Expenses associated with the purchase of RTCs and VOCs

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OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 18th day of July 2024.



ry Dippell

Nancy Dippell Secretary

MISSOURI PUBLIC SERVICE COMMISSION July 18, 2024

File/Case No. GO-2024-0180

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Spire

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

Lippell

Nancy Dippell Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.