

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File,  
Case No. GR-2024-0341, Spire Missouri, Inc., d/b/a Spire

**FROM:** David T. Buttig, PE, Senior Professional Engineer - Procurement Analysis  
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Anne M. Crowe, Lead Senior Utility Regulatory Auditor - Procurement Analysis

/s/ David M. Sommerer 12/15/25  
Project Coordinator / Date

**SUBJECT:** Staff's Recommendation for Case No. GR-2024-0341, Spire Missouri, Inc.,  
d/b/a Spire 2023-2024 Actual Cost Adjustment Filing

**DATE:** December 15, 2025

### I. EXECUTIVE SUMMARY

On October 31, 2024, Spire Missouri, Inc., d/b/a Spire ("Company" or "Spire") filed its Actual Cost Adjustment ("ACA") for the 2023-2024 ACA period. This filing revises the eastern ("Spire East") and western ("Spire West") Missouri operating division's ACA rates based upon the Company's calculation of the ACA balances.

The Procurement Analysis Department ("Staff") has reviewed the Company's ACA filing. Staff's analysis consisted of:

1. A review of the Company's billed revenues and actual natural gas costs for the period October 1, 2023, through September 30, 2024;
2. A reliability analysis for Spire, including a review of its estimate of customers' needs on a peak day (peak day requirements and the capacity levels to meet those requirements), peak day reserve margin and its rationale, and a review of gas supply plans for various weather conditions;
3. An examination of Spire's gas purchasing practices to determine the prudence of the Company's purchasing and operating decisions; and,
4. A hedging review to evaluate the reasonableness of Spire's hedging practices for this ACA period.

The following Table of Contents provides a guide to Staff's comments and recommendations contained in Sections I through VI of this Memorandum:

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## **STAFF'S TECHNICAL DISCUSSION AND ANALYSIS**

### **II. BACKGROUND**

Spire West's primary service areas are Kansas City, St. Joseph and Joplin. For the 2023-2024 ACA period, Spire West had an average of 541,521 residential, commercial, and industrial customers, and 585 transportation customers.

Spire West transports its gas supply over Panhandle Eastern Pipe Line, Southern Star Central Gas Pipeline, Tallgrass Interstate Gas Transmission, and Rockies Express Pipeline.

Spire East serves an average of 667,044 residential, commercial, and industrial customers, as well as 145 transportation customers in the St. Louis metropolitan area and surrounding counties.

Spire East transports its gas supply to its city-gate over contracts for capacity on Enable Mississippi River Transmission, Spire MoGas Pipeline<sup>1</sup>, Southern Star Central Gas Pipeline, and Spire STL Pipeline. Spire East holds upstream pipelines capacity contracts with Enable Gas Transmission, Rockies Express Pipeline, and Panhandle Eastern Pipe Line.

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<sup>1</sup> Spire Inc., the parent company of Spire Missouri, acquired MoGas Pipeline in January 2024.

### **III. BILLED REVENUE AND ACTUAL GAS COSTS**

#### **ACA Balance**

ACA balances are cumulative such that the ending balance of one period becomes the beginning balance of the next period. Due to the timing of this ACA filing, October 31, 2024, Spire did not have the ability to reflect the Spire East prior period adjustment and ending ACA balance approved by the Commission on March 26, 2025. Therefore, Staff proposes an adjustment to reduce Spire East's firm customers' gas costs by (\$51,644.84) for the prior ACA period<sup>2</sup>.

#### **Delayed Transfer**

In Spire's most recent general rate Case No. GR-2025-0107, the Commission issued an order directing Spire to respond to customer allegations regarding its disconnection and reconnection activities. Spire filed a Disconnection and Reconnection Report<sup>3</sup> in the Supplemental Direct Testimony of David Yonce on April 23, 2025. Spire's internal investigation found the delayed transfer process was the primary driver of the issues identified by the Commission. The delayed transfer issue resulted in a situation where gas was being used at premises without an active account. In some instances, the gas usage at these premises was longer than twelve months; however, according to Missouri Code of State Regulations Chapter 13, the Company cannot exceed twelve monthly billing periods in the event of an undercharge. The delayed transfer issue resulted in billed revenue being understated for this ACA period because Spire was unable to back bill customers for under-billing that exceeded twelve months. Staff proposes to increase billed revenue by (\$198,747.87) for Spire East and (\$219,337.70) for Spire West.

#### **Line of Credit Fees**

Line of credit fees was an issue in Spire's prior ACA Case No GR-2023-0217. The parties filed a *Full Unanimous Stipulation and Agreement* ("Agreement") which, in addition to other issues, addressed the line of credit fees on a going forward basis. The parties agreed that only the line of credit fees allocated to storage inventory should be disallowed and that Spire modify its tariff language to include an explicit statement that storage inventories shall not be allocated these line of credit fees. The Commission approved both the Agreement and Spire's compliance tariff that

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<sup>2</sup> Spire's 2022/2023 ACA period in Case No. GR-2023-0217.

<sup>3</sup> Link to Disconnection and Reconnection Report: [829812](#).

incorporated the provisions from the Agreement. Consistent with the Agreement from the prior ACA, Staff proposes a (\$195,818.71) gas cost reduction for Spire East to disallow line of credit fee allocated to storage.

### **School Transportation Cash Out**

Spire's transportation tariff contains a cash out provision which reconciles a transportation customer's imbalance by requiring Spire to either buy (shown as a billing credit) or sell (shown as a billing charge) gas to the transportation customer equal to the customer's monthly imbalance.<sup>4</sup> While customers participating in the school transportation program are not cashed out on a monthly basis, there is a final cash out reconciliation when the school association transitions from one Retail Gas Marketer<sup>5</sup> to another. During Staff's review in this case, it found that Spire reduced Spire West's instead of Spire East's gas costs in connection with the school transportation program cash out reconciliation. Therefore, Staff proposes to decrease Spire East's gas costs by (\$119,168.88) and increase Spire West's gas costs by \$119,168.88.

The following tables summarize Staff's proposed current period natural gas cost adjustments for Spire East and Spire West.

<b>Spire East - Firm Sales</b>	
<b>Issue</b>	<b>Amount</b>
Prior ACA Period Stipulated Adjustment (2022/2023)	\$ (51,644.84)
Delayed Transfer	\$ (198,747.87)
Line of Credit Fees	\$ (195,818.71)
Cash Outs	\$ (119,168.88)
Total Staff Proposed Adjustments	\$ (565,380.30)

<b>Spire West - Firm Sales</b>	
<b>Issue</b>	<b>Amount</b>
Delayed Transfer	\$ (219,337.70)
Cash Outs	\$ 119,168.88
Total Staff Proposed Adjustments	\$ (100,168.82)

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<sup>4</sup> "Balancing" by a transportation customer or a pool of transportation customers means that the amount of gas put into Spire's system (receipts) is made equal to the amount used or taken out of Spire's system (deliveries). When a transportation customer puts more or less gas into Spire's system than it uses, this is referred to as an "imbalance."

<sup>5</sup> A Retail Gas Marketer is responsible for aggregating and delivering gas supply to Spire's system on behalf of its transportation customers.

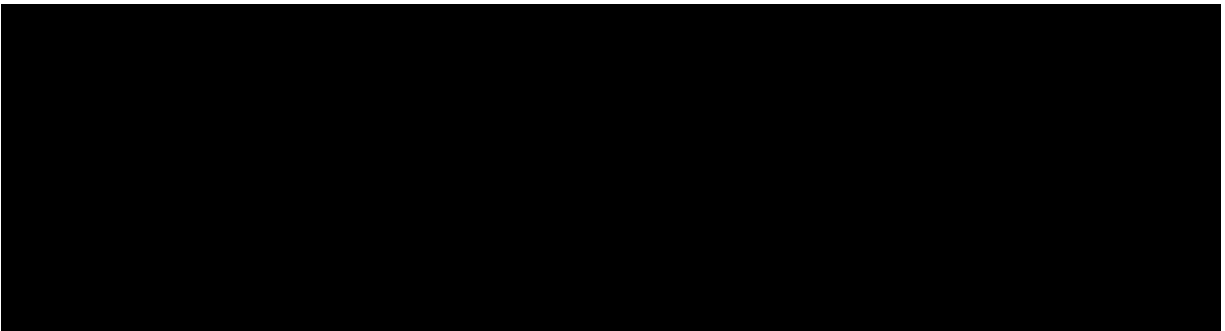
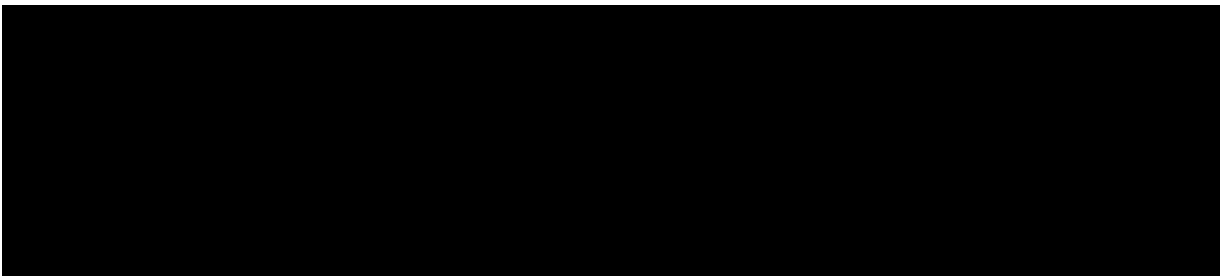
#### **IV. RELIABILITY AND GAS SUPPLY ANALYSIS**

As a regulated gas corporation providing natural gas services to Missouri customers, a local distribution company (“LDC”) is responsible for conducting reasonable long-range supply planning and the decisions resulting from that planning. A purpose of the ACA process is to review the LDC’s planning for gas supply, transportation, and storage to meet its customers’ needs. For this analysis, Staff reviewed Spire’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.

##### **Reserve Margin**

Spire Missouri submitted its revised resource plan for both its east and west service territories in October 2023. Spire has been relying on these resource plans since that time for its demand forecasting. Staff and Spire have discussed Spire’s plan, and Staff continue to monitor Spire’s resource planning and demand forecasting. The calculated peak day and peak hour reserve margins for both Spire East and Spire West are included in the Tables below:

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Included in Spire's Resource plan is its calculated reserve margins. The reserve margins are calculated by subtracting the supply demand from the contracted supply capacity and then dividing by the supply demand. Staff considers the calculated reserve margins to be in the generally accepted range.

Staff has no proposed financial adjustments for the 2023-2024 ACA period related to reliability analysis and gas supply planning. Staff recommends that Spire continue to monitor its pipeline supply contracts and maintain an appropriate reserve margin for its service territories.

## **V. HEDGING**

One of the purposes of hedging is to reduce upward gas price volatility. Staff reviewed the Company's Hedging Strategy, Gas Supply Risk Management Policy and its financial hedging transactions for the 2023-2024 ACA period. Part of the hedging strategy is that \*\* [REDACTED] \*\* percent of normal winter purchases is expected to be hedged with financial instruments prior to entering the winter season. The Company implemented its financial hedging transactions based on the hedging strategy. Staff also reviewed monthly hedged coverage for the winter period of November 2023 through March 2024. Spire used financial natural gas futures, swaps and storage withdrawals for its hedge coverage. The financial hedges were placed between January 2023 and October 2023 for the winter heating season of November 2023 through March 2024 respectively. For Spire East, these resulted in about \*\* [REDACTED] \*\* percent hedged for winter purchases with financial instruments \*\* [REDACTED] \*\* percent hedged overall with financial instruments and storage based on actual delivered volumes for the winter months, and \*\* [REDACTED] \*\* percent based on normal volumes for the winter months. For Spire West, these resulted in about \*\* [REDACTED] \*\* percent hedged for winter purchases with financial instruments \*\* [REDACTED] \*\* percent hedged overall based on actual delivered volumes for the winter months, and \*\* [REDACTED] \*\* percent based on normal volumes for the winter months.

Staff has the following comments on Spire's hedging practice:

A. \*\*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] \*\*

**B. Evaluation of Hedge Program**

Staff reviews the prudence of a Company's decision-making based on what the Company knew or reasonably could have known at the time it made its hedging decisions. The Company's hedging planning should be flexible enough to incorporate changing market circumstances. The Company should evaluate its hedging strategy in response to changing market dynamics as to how much the existing hedging strategy actually benefits its customers while balancing market price risk. For example, Spire should routinely review and evaluate the adequacy of its hedge coverage regarding the appropriate volumes of financial instruments as well as the possible use of more cost-effective financial instruments to assess exposure to market prices when the market prices become relatively less volatile.

Staff recommends the Company analyze the benefits/costs based on the outcomes from its hedging strategy, and evaluate any potential improvements on the future hedging plan and its implementation to achieve a cost effective hedging outcome as the Company reviews and develops its hedging program each year.<sup>6</sup> For example,

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<sup>6</sup> \*\* [REDACTED] \*\*

the Company should continue to evaluate the performance of its hedge program in terms of the various types of financial instruments used, \*\* [REDACTED]

[REDACTED]

[REDACTED] \*\* Staff recommends the Company document the rationale well for its hedging decisions.

Additionally, as Spire East incorporates the lower of First Of Month (“FOM”) Index or Daily Index pricing for swing supply as a type of insurance against daily price spikes the Company should continue to evaluate the costs/benefits of these instruments in conjunction with other parts of the Company’s hedge program.

## VI. RECOMMENDATIONS

1. Staff recommends the Spire East and Spire West ACA September 30, 2024, ACA balances shown in the table below.

September 30, 2024 Ending ACA Balances			
Spire East	Company Filing	Staff Adjustments	Staff Recommended
Firm Sales	\$ 29,687,699.55	\$ (565,380.30)	\$ 29,122,319.25
LP Sales	\$ 2,282.73	\$ -	\$ 2,282.73
Spire West			
Firm Sales	\$ (8,864,873.82)	\$ (100,168.82)	\$ (8,965,042.64)

A positive ACA balance indicates an under-recovery that must be collected from customers.

A negative ACA balance indicates an over-recovery that must be returned to customers.



2. Staff recommends the Spire continue to monitor its pipeline supply contracts and maintain an appropriate reserve margin for its service territories. (IV. Reliability and Gas Supply Analysis)
3. Staff recommends Spire evaluate its hedging strategy in response to changing market dynamics as to how much the existing hedging strategy actually benefits its customers while balancing market price risk. (V. Hedging)
4. Staff recommends Spire continue to evaluate the performance of its hedge program in terms of the various types of financial instruments used, whether the existing program should be modified under the current market. (V. Hedging)
5. Staff recommends Spire document in detail the rationale for its hedging decisions with executions of financial transactions. (V. Hedging)
6. Staff recommends the Commission issue an order requiring Spire to respond to all of the recommendations herein within 30 days.

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

In the Matter of Spire Missouri Inc. d/b/a                     )  
Spire's Revised PGA Rates for Spire                         )  
Missouri West   )

Case No. GR-2024-0341

**AFFIDAVIT OF DAVID T. BUTTIG, PE**

STATE OF MISSOURI         )  
                                       )  
COUNTY OF COLE         )                 ss.

**COMES NOW DAVID T. BUTTIG, PE**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

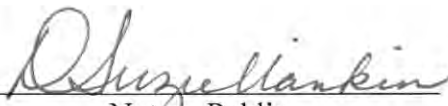
Further the Affiant sayeth not.

  
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**DAVID T. BUTTIG, PE**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 8<sup>th</sup> day of December 2025.



  
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Notary Public

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

In the Matter of Spire Missouri Inc. d/b/a                     )  
Spire's Revised PGA Rates for Spire                         )  
Missouri West.   )           Case No. GR-2024-0341

**AFFIDAVIT OF KWANG Y. CHOE, PhD**

STATE OF MISSOURI         )  
                                       )  
COUNTY OF COLE         )           ss.

**COMES NOW KWANG Y. CHOE, PhD**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

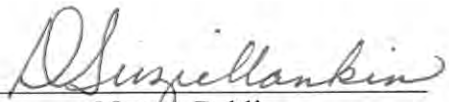
Further the Affiant sayeth not.

  
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**KWANG Y. CHOE, PhD**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 8<sup>th</sup> day of December 2025.



  
\_\_\_\_\_  
Notary Public

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

In the Matter of Spire Missouri Inc. d/b/a                     )  
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**AFFIDAVIT OF ANNE M. CROWE**

STATE OF MISSOURI                     )  
   )  
COUNTY OF COLE                     )                     ss.

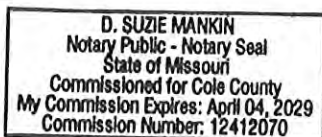
**COMES NOW ANNE M. CROWE**, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

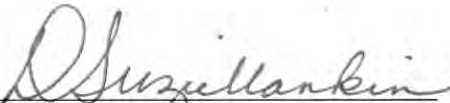
Further the Affiant sayeth not.

  
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**ANNE M. CROWE**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 8<sup>th</sup> day of December 2025.



  
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Notary Public