

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

In the Matter of the Application of Spire	)	
Missouri Inc. for Approval of a Certificate	)	
Of Convenience and Necessity to	)	<b><u>File No. GA-2026-0121</u></b>
Construct and Operate Renewable Natural	)	
Gas Infrastructure in Kansa City, Missouri	)	
	)	
In the Matter of the Application of Spire	)	
Missouri Inc. for Approval of a Renewable	)	<b><u>File No. GO-2026-0122</u></b>
Natural Gas Program	)	

**STAFF RECOMMENDATION**

**COMES NOW**, the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its *Staff Recommendation*, states as follows:

1. On November 5, 2025, Spire Missouri, Inc. d/b/a Spire (“Spire”) filed an application with the Commission requesting a Certificate of Convenience and Necessity (“CCN”) to construct, install, own, operate, maintain, and otherwise control and manage equipment and facilities for the production, processing, pipeline interconnection, and distribution of renewable natural gas in the Kansas City, Missouri area (the “CCN Application” or the “Project”). Spire also requested a waiver from the notice provisions of Commission Rule 20 CSR 4240.4.017(1).<sup>1</sup>

2. Also on November 5, 2025, Spire filed an application with the Commission for approval of a Renewable Natural Gas (“RNG”) program, pursuant to Section 386.895 of the Revised Statutes of Missouri (“RSMo”), and Commission Rules 20 CSR 4240-2.060 and 20 CSR 4240-40.100 (the “Program Application”). Spire also requested a waiver from the notice provisions of Commission Rule 20 CSR 4240-4.017(1).<sup>2</sup>

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<sup>1</sup> This case was assigned File No. GA-2026-0121.

<sup>2</sup> This case was assigned File No. GO-2026-0122.

3. On November 6, 2025, the Commission issued in both cases an *Order Directing Notice, Setting Intervention Deadline, and Directing Staff Recommendation* (“Orders”). The Orders directed Staff to file its recommendation(s) regarding Spire’s Application(s) or an alternative pleading on when it expects to file a recommendation no later than December 22, 2025.

4. On December 19, 2025, Staff filed in both cases its *Status Report and Motion for Extension of Time to File Staff Recommendation*, in which Staff requested an extension to March 23, 2026. On December 30, 2025, the Commission granted Staff’s motion in both cases and ordered Staff to file a recommendation or a status report no later than March 23, 2026.

5. Staff’s Memorandum is attached hereto as **Appendix 1** and incorporated by reference.

6. Pursuant to Section 393.170, RSMo, no gas corporation shall provide service to consumers without first having obtained approval from the Commission. Section 393.170.3, RSMo states: “The commission shall have the power to grant the permission and approval herein specified whenever it shall after due hearing determine that such construction or such exercise of the right, privilege or franchise is necessary or convenient for the public service.”

7. In determining whether or not to grant such approval, the Commission has traditionally applied the five “Tartan Criteria”:<sup>3</sup>

- a. There must be a need for the service;
- b. The applicant must be qualified to provide the service;

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<sup>3</sup> *In re Tartan Energy Co.*, 3 Mo. PSC 3d 173, 177 (1994); 1994 WL 762882, at \*3.

- c. The applicant must have the financial ability to provide service;
- d. The applicant's proposal must be economically feasible; and
- e. The service must promote the public interest.

8. The "term 'necessity' does not mean 'essential' or 'absolutely indispensable,' but that an additional service would be an improvement justifying its cost."<sup>4</sup>

9. Commission Rule 20 CSR 4240-40.100(2) states "[p]ursuant to section 386.895, RSMo, a gas corporation may file an application with the commission for approval of a renewable natural gas program. Applications under this rule do not supersede a gas utility's obligation to apply for a certificate of convenience and necessity under section 393.170, RSMo."

10. As explained in Staff's Memorandum, Staff recommends denial of Spire's CCN Application and denial of Spire's Program Application.

11. The Project appears to have originated in response to Kansas City's and KC Water's need to beneficially utilize biogas generated at the Blue River Wastewater Treatment Plant rather than flare the gas. This purported initial need for KC Water's biogas disposition and beneficial use is materially different from a utility need for new system supply, new capacity, improved reliability, or ordinary customer service growth, for example. Spire has not demonstrated a need for the service or that the service would be an improvement justifying its cost.

12. Further, it is difficult to justify the RNG premium paid to traditional fossil-based natural gas even when recognizing various intangible or qualitative benefits from

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<sup>4</sup> *State ex rel. Intercon Gas, Inc. v. Pub. Serv. Comm'n of Missouri*, 848 S.W.2d 593, 597 (Mo. App. W.D. 1993).

RNG. The Project and Program are not justified from a Purchase Gas Adjustment or gas procurement standpoint. Rather, as currently proposed, the Project builds out rate base with no substantial conventional benefit to ratepayers.

13. Staff is aware that the Board of Directors of the National Association of Regulatory Commissions (“NARUC”) adopted a resolution where it was resolved in part that “NARUC recognizes RNG’s ancillary benefits for emissions reduction and energy system resilience, and encourages collaboration among regulators, policymakers, and industry stakeholders to ensure RNG development advances both economic and environmental objectives without compromising customer affordability or system reliability.” Notwithstanding Staff’s Recommendation to deny the CCN Application and Program Application, Staff seeks to participate in the collaboration encouraged by NARUC and requests that the Commission order the parties to this case to file a Joint Procedural Schedule.

14. Staff suggests that in the Joint Procedural Order the Commission require changes to Spire’s feasibility analysis as set out and explained in detail in Staff’s Memorandum, to wit:

- a. Staff recommends using the gross capital investment projected for the project for purposes of calculating rate base investment and depreciation. Spire used the gross capital investment less 30% for the Inflation Reduction Act (“IRA”) Investment Tax Credits (“ITC”). Staff included the estimated capitalized interest, commonly referred to as Allowance for Funds used During Construction (“AFUDC”) in the rate base investment. For ratemaking purposes, the gross capital investment would

be utilized for rate base, book depreciation, and property tax purposes. This change increases the estimated levelized average cost of gas.

- b. Staff recommends increasing the capital expenditures by at least the annual inflation assumption of 3%. The capital expenditures for this project were estimated at January 2025. Spire assumed 3% annual O&M inflation for the operation of the RNG facility. The commissioning of the facility is projected to occur in February 2027 assuming the Commission approves this application. This change increases the estimated levelized average cost of gas.
- c. Staff recommends including an amortization of the Investment Tax Credit over the life of the project. This ratemaking treatment assumes Spire can utilize the tax credits to offset its tax liability. In the alternative, Spire can monetize these credits. This change decreases the estimated levelized average cost of gas, but is mitigated by not assuming immediate monetization of the tax credits.

**WHEREFORE**, Staff respectfully submits its *Staff Recommendation*, requests that the Commission accept the same as compliant with its Orders, and requests that the Commission order the parties to file a Joint Procedural Schedule.

Respectfully submitted,

**/s/ J. Scott Stacey**

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 23rd day of March, 2026.

**/s/ J. Scott Stacey**