

**TO:** Missouri Public Service Commission  
File Nos. GA-2026-0121 and GO-2026-0122

**FROM:** Spire Missouri

**SUBJECT:** Response to Staff Recommendation

**DATE:** April 2, 2026

**I. EXECUTIVE SUMMARY**

On November 5, 2025, Spire Missouri (“Spire” or the “Company”) filed an application with the Missouri Public Service Commission (“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”). Concurrently, the Company filed an application with the Commission for approval of a Renewable Natural Gas (“RNG”) Program, pursuant to Section 386.895, 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) in both filings.

The Commission directed Staff of the Commission (“Staff”) to file recommendations regarding the CCN and RNG Program Applications. On March 23, 2026, Staff filed its memorandum recommending denial of the Company’s CCN Application and Program Application. Spire Missouri submits this response to explain where Spire agrees and disagrees with Staff’s recommendations, as well as the conditions suggested by Staff if the Commission approves the applications. The Company continues to request Commission approval of the applications as approval is in the public interest.

**II. THE PROJECT AND BACKGROUND**

Significant effort has been invested in developing renewable natural gas policy for the State of Missouri. After receiving overwhelming bipartisan support, legislation was passed promoting the development of renewable natural gas in the state.<sup>1</sup> This legislation was approved and signed by the Missouri governor in July 2021. Rulemaking required by this legislation culminated with an initial working docket before the Commission in File No. GW-2022-0060 in August 2021, followed by two rulemaking dockets: File No. GX-2024-0326,

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<sup>1</sup> The Missouri House bill received 146 yeas and 1 nay, while the Missouri Senate bill received 33 yeas and 0 nays.

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which focused on utility RNG programs, and File No. GX-2024-0337, which focused on updating gas quality standards for RNG. Numerous stakeholders were involved in this process, including Staff, utilities, the RNG industry, consumer advocates, and other policy makers. As a result of these dockets, on November 30, 2024, the Commission implemented 20 CSR 4240-40.100, which addresses RNG programs and the recovery of investments in RNG, and amended 20 CSR 4240-10.030 to set gas quality standards for RNG. Legislators, the Commission, and multiple other parties have spent years developing the framework to support RNG in Missouri. Within this established framework, Spire Missouri is now asking for approval of an RNG Program and a certificate to construct, own, and operate an RNG facility in Missouri.

The City of Kansas City, Missouri (“Kansas City”) through its Water Services Department (“KC Water”) issued a public request of interest to beneficially utilize the biogas generated by the KC Water’s Blue River Wastewater Treatment Plant (“Blue River WWTP”) in late calendar 2021 and a subsequent request for proposal. Spire Missouri submitted its proposal on March 10, 2023. Multiple parties responded to KC Water’s requests; however, Spire Missouri was ultimately awarded the contract in October 2023 and received the notice to proceed with work on December 22, 2023.

The following information collectively refers to the “Project,” which will consist of the construction of a biogas upgrading facility with a meter and regulation interconnect at the Blue River WWTP at 7300 Hawthorne Road in Jackson County, MO. The equipment that will be installed on site as part of the RNG Upgrading system includes a hydrogen sulfide (“H<sub>2</sub>S”) removal system, oxygen and nitrogen removal system, and a CO<sub>2</sub> removal system. This site will also house a series of chromatograph equipment that will evaluate the quality of the gas being upgraded. Spire Missouri will also construct 1,200 feet of 6-inch steel (“KCWW RNG Pipeline”) to connect the new biogas upgrading facility to Spire Missouri’s distribution infrastructure. It is expected that approximately 175,000 MMBtu of pipeline quality gas will be moved to the distribution system annually. The Project is expected to be operational and ready to flow gas to customers in early calendar 2027.

In its memorandum, Staff refers to a KCWW RNG pipeline and a Spire Planned Pipeline. The KCWW RNG Pipeline is part of the CCN application, however, the Spire Planned Pipeline that the KCWW RNG Pipeline will connect to is not part of the overall Project and the CCN Application. The Company had previously planned the 20” main extension from Wilson Road to Front Street as part of our 2018 Missouri West Master Plan. While there is a minor change to the route from the initial plans, the Spire Planned Pipeline to Front Street was planned before and would be constructed absent the Project. Installation of previous 20” main

extension phases began in 2019. The Spire Planned Pipeline in this case is scheduled to begin in June 2026 and be available for connection by the KCWW RNG Pipeline in October 2026. Staff did include a condition related to the Spire Planned Pipeline, which Spire addresses below.

### **III. STAFF'S REVIEW AND ANALYSIS**

In evaluating Spire's applications, Staff reviewed the technical design of the proposed biogas upgrading facility, the integration and connection with Spire's existing distribution system and gas quality monitoring and control, and the application to assess impacts to Spire Missouri's distribution system and cost considerations.

Staff performed an engineering analysis of the project and the associated pipelines. Staff found that the "pipeline specifications are consistent with the applicable commission rules for the proposed pipeline function and anticipated operation conditions" for both the KCWW RNG and Spire Planned Pipelines. Staff noted a concern regarding stray impressed currents from cathodic protection.

Staff also evaluated the gas quality standards prescribed in Commission Rule 20 CSR 4240-10.030 in relation to the anticipated quality and characteristics of the gas expected from the Project. Staff reviewed Spire's responses and identified two constituents that appear to be outside of the prescribed specification for continuous monitoring.

Finally, Staff reviewed the cost estimates and other data Spire provided as part of the CCN Application to evaluate cost of gas and other Purchased Gas Adjustment ("PGA") and Actual Cost Adjustment ("ACA") considerations. Staff noted that the RNG should not impact the PGA due to there being no costs for the RNG flowing to the PGA and any PGA revenues associated with the expected RNG volumes generated will be adjusted out of the PGA/ACA reconciliation. Staff concluded their financial analysis stating that the Project is not justified from a PGA or gas procurement standpoint and outweighs the various benefits of the RNG generation.

### **IV. TMF AND TARTAN FACTORS**

In its Memorandum, Staff explained that it utilizes the concepts of Technical, Managerial, and Financial capacities ("TMF") in reviewing certain CCN applications. Staff found that Spire has the ability to secure funding, oversee construction of any necessary upgrades or repairs or new construction, and to successfully manage operations of the project. Spire agrees.

Staff then turned its analysis to the Tartan Factors, which were adopted by the Commission as criteria for evaluating CCN applications. The Commission has recognized that these are merely guidelines and do not constrain the Commission. The Tartan Factors are as follows: need for the project; economic feasibility of the project; ability of the applicant to finance the project; qualifications of the applicant to construct the project; and whether the project is in the public interest. An affirmative finding of the first four factors generally leads to the conclusion that the public interest factor is satisfied.

Discussed in greater detail below, Staff's position is that since the cost to produce gas estimated by Spire is greater than the cost to traditionally procure natural gas, the CCN Application should be denied. Staff acknowledges that there are a variety of other benefits but assigns them no weight because of the estimated cost disparity.

*a. Areas of Agreement*

Staff agrees that Spire is qualified to provide service and has the financial ability to construct and operate the Project, and states, "It is Staff's position that Spire has the ability to secure funding, to oversee construction of any necessary upgrades or repairs or new construction, and to successfully manage operations of the Project." This satisfies two Tartan Factors.

*b. Areas of Disagreement*

As stated above, it is Spire's view that Staff recommends denial primarily due to the estimated levelized cost of gas over the life of the Project. Staff recognized that there are other RNG benefits but ultimately did not assign them value in their final evaluation. Spire and Staff disagree on the Tartan Factors pertaining to need for the project, economic feasibility of the project, and the concluding factor of whether the project is in the public interest. Spire will address each of these items separately.

*i. Economic Feasibility*

First, contrary to Staff's findings, the Project is economically feasible. Staff reviewed the levelized average cost of gas estimates calculated by the Company and suggested recommended changes to the calculations. Spire believes that its calculations already effectively account for the mechanical aspects of Staff's recommendations, and the Company will respond to the other cost considerations. Staff recommends using the gross projected capital investment, including AFUDC, but excluding estimated Inflation Reduction Act ("IRA") tax incentives from the rate base value. Additionally, Staff recommends the amortization of the estimated Federal Investment Tax Credits ("ITC") over the life of the project. Spire believes that the ITC value should be used to offset the rate base value of the

gross capital investment. Since these tax credits will only be generated through investment in the RNG plant, the Company believes it is only fair to offset the rate base value of the Project with these anticipated credits. If the Commission agrees with this approach, then the Company's calculations already consider all of the aforementioned Staff recommendations in the Company's calculations. However, the values for discrete depreciation and amortization of the estimated ITC credits over the life of the project are netted together in the calculations presented by the Company. In reality, these costs will be accounted for in separate line items, but for initial calculation purposes were presented on a net basis.

Staff also made recommendations to "inflate" the capital and O&M estimates used by the Company. Spire believes this is unnecessary. Exhibit 5 to the CCN Application included capital and O&M estimates generated in the first quarter of calendar 2025. Spire noted to Staff during our discussions over the course of these related dockets that we were in the process of working with our project partners to produce a finalized construction budget and evaluate any impacts to estimated ITCs, O&M, and other financial aspects of the project. Spire has received updated information during the month of March, and the expected overall costs are still in line with the cost information provided to Staff. Hence, this additional adjustment is unnecessary.

Second, Spire agrees that there are items outside of our control that can impact the cost profile of the project. The Company just addressed the more contemporaneous construction budget, which is still in line with the overall estimate provided to Staff. With any activity impacted by public markets, there is uncertainty associated with what the future market pricing will be. They could be lower, equal to, or higher than our average market assumptions. Spire has explained that it is working with Anew to market the environmental attributes generated from the Project. Anew is incentivized to seek the highest value for these attributes through the available markets. Additionally, Spire has reflected that 100% of any residual value will be for the benefit of customers.

Third, the Project and its cost should be examined within the overall scale of the Spire Missouri West system. The estimated rate base, with the inclusion of the offsetting ITCs, represents approximately \*\*[REDACTED]\*\* of Spire Missouri West's estimated rate base.<sup>2</sup> The expected volume of gas generated from the Project is estimated at approximately \*\*[REDACTED]\*\* of calendar 2025 billed Ccf, excluding Large Volume and Large Volume Transport usage. While there is no current rate adjustment requested in either of the Applications, the

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<sup>2</sup> The Missouri West rate base estimate is from the December 31, 2025, Surveillance Report that is provided to Staff as part of the Company's ongoing reporting commitments.

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estimated year one revenue requirement provided in Spire’s model to Staff would equate to approximately \*\* [REDACTED] \*\* of the revenue allocation to Spire Missouri West in File No. GR-2025-0107, excluding Large Volume and Large Volume Transport revenue allocation. This translates to approximately \*\* [REDACTED] \*\* per month per Spire Missouri West residential customer in year 1 and approximately \*\* [REDACTED] \*\* per month when viewed over the life of the Project.

Finally, Staff stated that this project is not justified from a PGA or gas procurement standpoint. The CCN and RNG Program Applications are the first utility filings related to the RNG statute and Commission RNG rules. The legislation and related regulations opened other avenues for Missouri utilities to deliver gas to their distribution systems. A pure look at the Project and other RNG projects from a traditional PGA or gas procurement process ignores the additional benefits these projects provide. Electric utilities deliver energy to their customers via multiple types of generation that have differing cost profiles.<sup>3</sup> The cost to deliver energy differs among the power sources typically found in Missouri such as coal, natural gas, nuclear, wind, and solar, and the Commission has deemed this fuel diversity to be reasonable.

The Commission has also directed gas utilities to diversify their portfolios to mitigate natural gas prices and secure adequate supplies for their customers. 20 CSR 4240-40.018 represents the statement of commission policy on this subject. 20 CSR 4240-40.018 (1)(A) states, “As part of a prudent planning effort to secure adequate natural gas supplies for their customers, natural gas utilities should structure their **portfolios** of contracts with **various supply** and pricing provisions in an effort to mitigate upward natural gas price spikes, and provide a level of stability of delivered natural gas prices (*emphasis added*). 20 CSR 4240-40.018(1)(C) continues, stating “Part of a natural gas utility’s balanced portfolio may be higher than spot market price at times, and this is recognized as a possible result of prudent efforts to dampen upward volatility.” Spire is diversifying its natural gas portfolio by having the first in-state natural gas production facility serving our customers in an effort to mitigate upward natural gas price spikes and provide a level of stability of delivered natural gas prices.

For these reasons, as well as the reasons contained within Spire’s applications, the Commission should find that the project is economically feasible.

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<sup>3</sup> *Levelized Costs of New Generation Resources in the Annual Energy Outlook 2025*, U.S. Energy Information Administration, April 2025, [https://www.eia.gov/outlooks/aeo/electricity\\_generation/pdf/AEO2025\\_LCOE\\_report.pdf](https://www.eia.gov/outlooks/aeo/electricity_generation/pdf/AEO2025_LCOE_report.pdf).

ii. Need for the Project

Next, there is also a need for the Project. Spire did not initiate this project, but rather responded to a formal request from KC Water. KC Water identified the need for a partner to beneficially utilize the biogas generated at the Blue River WWTP. Both the request for qualifications from KC Water to which Spire responded and a presentation KC Water presented to the City Council of Kansas City linked the Project to assisting KC Water maintain compliance with various permits.<sup>4</sup> There were also multiple non-monetary reasons from the standpoint of a natural gas utility that supported the Company's belief that the project is just and reasonable, and while not considered by Staff, these reasons should be considered by the Commission. There will be an estimated 175,000 of MMBtu of pipeline quality gas being generated behind the city gate. This additional generation enhances the overall system resiliency and reliability of Spire Missouri's western distribution system. The nature of wastewater plants also allows for the generation of gas for Spire Missouri customers throughout the year, supporting the Company's operations. The availability of this gas will be operationally and economically beneficial to customers during the critical winter months, when gas demand is high and prices may fluctuate. Highlighting the role that RNG can play in the future of the natural gas industry, Spire Missouri also included the Project in its 2024 Integrated Resource Plan ("IRP") filed in File No. GO-2025-0161.

iii. Promotion of the Public Interest

Finally, the Project promotes the public interest. Spire did not begin to actively pursue the project until the RNG legislation, Section 386.895, RSMo was passed. The Missouri legislature and Governor saw the importance of RNG investment when this went into law in 2021, intending to promote and encourage the development of RNG as an energy source in the state. Both sponsors of the legislation also continued to support the objective of the legislation, submitting submitted letters to the Commission's working docket File No. GW-2022-0060.<sup>5</sup> More recently, the National Association of Regulatory Utility Commissioners ("NARUC") passed its GAS-2 resolution supportive of RNG development due to the benefits of emissions reduction, system resilience and diversification of energy resources.<sup>6</sup> In a

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<sup>4</sup> Request for Qualifications for Design-Build-Operate Services Contract for Project No. 81000992 – Contract Number 1663 Biogas Use Application Project. Pg. 2. Section 1.3 KC Water Objectives. And October 25, 2023, Transportation, Infrastructure and Operations Committee presentation 230891. Slide 6. (<https://kansascity.legistar.com/LegislationDetail.aspx?ID=6373480&GUID=E965D18A-AAFC-4FAB-A0CD-CA2516905ABF>)

<sup>5</sup> File No. GW-2022-0060, *Comment from State Representative John F. Black* and *Comment from State Senator Mike Cierpoit*, District 8.

<sup>6</sup> Resolutions Adopted by the Board of Directors of the National Association of Regulatory Utility Commissioners, February 8-11, 2026, <https://pubs.naruc.org/pub/0D805BB2-935E-A778-7014->

similar vein, the Commission has previously recognized the public policy of the state of Missouri to diversify energy supply to support renewable generation.<sup>7</sup> The Project will meet these economic, resiliency, and environmental objectives. As noted above, the Project will generate an estimated 175,000 of MMBtu of pipeline quality gas behind the city gate, providing an additional source of gas sourced in our own backyard. This would be the only native load produced in Missouri from Spire's gas supply stack that can deliver reliably nearly every day over the course of a given year.<sup>8</sup> Spire currently relies on producers and marketers to source the gas sometimes hundreds of miles away from the state of Missouri, and then transports it over interstate pipelines through multiple states to finally reach Spire's distribution system in Missouri.

There are then the environmental benefits associated with the Project, with KC Water estimating that 20,000 tons of CO<sub>2</sub>e will be avoided by beneficially utilizing the gas for downstream use versus flaring the gas. KC Water stated that one of the objectives of the project is to achieve Kansas City's environmental goals.<sup>9</sup> The Commission has previously recognized that renewable generation provides other benefits to the public such as promoting the public's interest in improving the environment and reducing the amount of carbon dioxide released into the atmosphere.<sup>10</sup>

Spire understands that these ancillary benefits may not individually outweigh the cost differential on a pure purchased gas cost basis. However, Spire believes that the totality of the facts, including the public policy support, enhanced system reliability and resiliency, environmental benefits, and limited scale of the cost differential when compared to the Company's total western distribution system cost, support the Project being in the public interest.

## **V. CONDITIONS FOR THE COMMISSION TO CONSIDER IF APPROVED**

Staff also recommends four conditions that the Commission should consider if approving the Company's requests. Spire will respond to each condition.

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<sup>7</sup> File No. EA-2022-0328, *Report and Order*, 33.

<sup>8</sup> The Project is anticipated to have \*\*■■■■\*\*up-time annually.

<sup>9</sup> Biogas Use Application Project Agreement, December 22, 2023. Recitals section D found on Pg. 1.

<sup>10</sup> File No. EA-2022-0328, *Report and Order*, 33.

Staff's first condition about locating, contacting and coordinating with the owners of each facility which may be the source of or suffer from the effects of stray currents to determine what mitigation measures are needed is reasonable and part of Spire's standard operating procedures for pipeline projects as noted in an earlier section above. As mentioned earlier, only the KCWW RNG Pipeline is part of the CCN Application. However, Spire's typical workflows to ensure proper infrastructure protection from stray currents will be followed for the Spire Planned Pipeline.

Staff's second condition about seeking a waiver from each requirement of 20 CSR 4240-10.030 that Spire does not intend to follow is also reasonable. Certain elements are typically not found in some RNG feedstocks and other constituents are not continuously monitored once earlier sampling demonstrates compliance. With that said, Spire recognizes the importance of ensuring distribution system safety and integrity will file a request for a variance from 20 CSR 4240-10.030 as necessary.

Staff's third condition to develop a monthly invoice to show the monthly volumes of RNG produced and delivered to the distribution system at a zero cost of gas is unnecessary. The gas flowing from the Project to Spire's western distribution system will already be metered and monitored, with measurement information being used for environmental attribute generation and system operations. Spire will be tracking the monthly volumes generated and brought into the distribution system and ensure that there are no PGA/ACA impacts, so the creation of a fictitious invoice of zero cost gas from the Company to the Company is unnecessary.

Staff's fourth condition that nothing in the Commission's order shall be considered a finding by the Commission of the value of this Project for rate making purposes, and that the Commission reserve the right to consider the rate making treatment to be afforded and its impact on cost of capital in any later rate proceeding, including a determination of inclusion in rate base, is reasonable.

## **VI. CONCLUSION**

For the reasons set forth above and in its initial filings, Spire believes that the Project satisfies the Tartan Factors and is therefore in the public interest. The Company respectfully requests that the Commission approve the CCN and RNG Program applications.