Exhibit No.:	
Issue(s):	*Gas Costs and the PGA*
Witness:	*David M. Sommerer*
Sponsoring Party:	*MoPSC Staff*
Type of Exhibit:	*Rebuttal Testimony*
Case No.:	*GA-2026-0121 and GO-2026-0122*
Date Testimony Prepared:	*July 31, 2026*

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

PROCUREMENT ANALYSIS DEPARTMENT

REBUTTAL TESTIMONY

OF

DAVID M. SOMMERER

SPIRE MISSOURI, INC.

CASE NO. GA-2026-0121
AND
CASE NO. GO-2026-0122

Jefferson City, Missouri
August 2026

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SPIRE MISSOURI, INC.

CASE NO. GA-2026-0121

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CASE NO. GO-2026-0122

Q. Please state your name and business address.

A. My name is David M. Sommerer. My business address is the Missouri Public Service Commission, 200 Madison Street, PO Box 360, Jefferson City, Missouri 65102.

Q. Are you the same David M. Sommerer who contributed to the Staff's March 23, 2026, Staff Recommendation, specifically on pages 10 through 13?

A. Yes.

Q. Can you summarize that part of the Staff recommendation?

A. I addressed the Purchased Gas Adjustment (PGA), Actual Cost Adjustment (ACA) and natural gas procurement aspects of the Company's Renewable Natural Gas (RNG) program. My position with regard to my comments in the May 23, 2026, Staff Recommendation has not changed.

Q. Please describe your educational background, work experience, and cases where you have filed testimony.

A. Please see Schedule DS-d1.

Q. What is the purpose of your rebuttal testimony?

A. To respond to Spire Missouri Inc. ("Spire" or the "Company") witness Eric A. Bouselli's Direct Testimony with regard to the PGA, ACA, and gas procurement aspects of his testimony.

EXECUTIVE SUMMARY

Q. Please provide an executive summary of your rebuttal testimony.

A. Staff's concern with regard to gas cost accounting is the proper PGA/ACA treatment of the renewable natural gas ("RNG") produced by the project. Spire expects to recover the cost of service associated with its RNG investment, including the costs of cleaning and processing the biogas into RNG, through a general rate case or other authorized recovery mechanism. If Spire also records a gas cost for that RNG through the PGA/ACA, there is a risk of double recovery.

For PGA/ACA purposes, Staff advocates recording the RNG entering Spire's distribution system at zero gas cost so that no actual cost associated with producing the RNG is also charged as a gas cost through the PGA/ACA.

At the same time, all PGA revenues actually billed to customers should remain credited to the ACA account. Those revenues should not be adjusted out merely because a portion of the gas supplied to customers came from the RNG project.

Q. What is the most critical aspect of your rebuttal testimony with regard to the PGA/ACA accounting impacts?

A. The PGA billed revenues associated with the expected RNG volumes should **not** be "adjusted out of the PGA/ACA reconciliation."[1] The PGA revenues as billed by the Company for all gas to its customers should be credited to the ACA account.

PGA AND ACA IMPACTS

Q. Where in Mr. Bouselli's Direct Testimony, does he discuss the Company's PGA approach and what is your response?

A. Mr. Bouselli's Schedule EAB-D-3 contains the Company's Response to the Staff Recommendation. The Company addresses Staff's PGA concerns on page 9, in the paragraph that states:

> 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.

Q. What is your response to this discussion?

A. It does not address Staff's concern with regard to PGA impacts. As this case has moved forward, the Company's proposed approach with regard to the PGA still requires clarification and further explanation.

Simply put, there is a risk of double-recovery in some scenarios. When viewed from the normal PGA review process, the Company would be injecting its processed

[1] Bouselli Direct Testimony, Schedule EAB-D-3, page 3.

biogas as pipeline quality renewable natural gas into its Kansas City distribution system. The molecules would then be mixed with traditional gas supply already flowing in the system. This mixture of traditional and renewable natural gas would be consumed by customers as part of their monthly gas usage. Though somewhat simplifying the process, the ACA account is a comparison between the revenues billed to sales customers and the actual gas costs incurred over a 12-month time period. By default, the renewable natural gas molecules would be part of the total billed revenues credited to the ACA account. That is the credit side of the ACA calculation. The actual cost side of the ACA account records natural gas invoices incurred to serve the customer for the same 12-month period. This is where the RNG aspect becomes less clear.

Q. Please explain.

A. Unlike all other traditional gas supply that arrives at the Company's city-gate (interconnections with FERC-regulated interstate pipelines), the Company is basically "producing" natural gas from raw biogas feedstock near a sewer plant. In theory, the gas would be "purchased" at the point of injection into the distribution system. The RNG rule contemplates rate base recovery of the cost of service related to cleaning and processing the biogas into RNG. The recording of rate base would be in the context of a general rate case. If the Company files a Renewable Natural Gas Rate Adjustment Mechanism (RNGRAM), there would be revenues associated with that rate, but they would not be credited to the PGA/ACA process.

The Company would have the opportunity to earn a rate-of-return on this plant and recover its cost of service associated with the investment. To the extent the Company sold the RNG to itself and recorded any gas costs as part of its PGA/ACA process, there would be a risk of double recovery.

Staff recognized that the Company's proposal clearly intends to include the RNG supply as part of its gas portfolio. This is evidenced by the entire discussion that the Company views the supply as adding to the gas reliability of the portfolio, as well as the diversity.[2] The Company reinforces this intended approach by indicating that even though this supply will likely be the highest cost of gas in the portfolio, RNG's special characteristics should be acknowledged, and therefore allowed as part of its overall portfolio.[3]

Q. Based on your experience in reviewing natural gas costs, how would RNG be viewed in the context of the PGA/ACA process?

A. In my view, there is an analogy that could be made to a situation where the Company might choose to acquire certified natural gas (or "responsibly sourced gas") that has been documented as having low methane emissions. In that situation, the Company might argue that the gas supply purchased from a supplier is prudent, even though there might be a premium paid, over and above the cost for more traditional gas supply. That transaction would be reviewed for prudence in the context of the traditional PGA/ACA review process.

Q. Is Staff still advocating a "zero-cost" invoice for the acquisition of RNG?

[2] Eric Bouselli's June 26, 2026, Direct Testimony page 13, lines 15-20.
[3] Eric Bouselli's June 26, 2026, Direct Testimony page 17, lines 5-8 and page 17, lines 10-15.

A. Yes. The Company would be requesting cost-recovery of its RNG in a general rate case. The PGA revenues the Company bills related to its RNG would have the effect of offsetting the costs that are set in the general rate case. At current Company PGA and RNG estimates, the overall traditional PGA estimate would not cover the cost of production of the RNG; however, leaving PGA revenues in the ACA account would at least get the mathematical calculation correct by recognizing PGA revenues billed and not allow any actual gas cost related to the production of the RNG to be charged as a "gas cost" through the PGA/ACA process.

Q. Is having a zero-cost invoice the most important aspect of your concern?

A. No. After closely reading the Company's characterization of Staff's PGA position on page 3 of Mr. Bouselli's Schedule EAB-D-3 (Company's Response to Staff Recommendation) it appears that the Company has misunderstood Staff's PGA position.

The Company's quote from page 3 of Schedule EAB-D-3 is "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."

The PGA revenues associated with the expected RNG volumes should **not** be "adjusted out of the PGA/ACA reconciliation."[4] The PGA revenues as billed by the Company for all gas to its customers should be credited to the ACA account.

The concept of leaving billed PGA revenues in the ACA balance is more of a basic math argument. To illustrate, assume that the PGA/ACA rate in the tariff is $7.00 per Mcf.

[4] Bouselli Direct Testimony, Schedule EAB-D-3, page 3.

Assume that the Company produces and injects 175,000 Mcf into the distribution system. The billed revenues would be $7.00 per Mcf times the billed volumes during the time period. This essentially acts as an offset to the RNG cost of service that is developed in the context of a general rate case. “Adjusting out” the PGA revenues related to RNG would have the effect of eliminating those avoided gas costs that the RNG is designed to replace.

Q. Does this conclude your rebuttal testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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

AFFIDAVIT OF DAVID M. SOMMERER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW DAVID M. SOMMERER and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of David M. Sommerer*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

David M Sommerer

DAVID M. SOMMERER

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 28th day of July 2026.

Dianna L. Vaught

Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377

David M. Sommerer

Educational Background and Work Experience

In May 1983, I received a Bachelor of Science degree in Business and Administration with a major in Accounting from Southern Illinois University at Carbondale, Illinois. In May 1984, I received a Master of Accountancy degree from the same university. Also, in May 1984, I sat for and passed the Uniform Certified Public Accountants examination. I am currently a licensed CPA in Missouri. Upon graduation, I accepted employment with the Commission.

From 1984 to 1990 I assisted with audits and examinations of the books and records of public utilities operating within the state of Missouri. In 1988, the responsibility for conducting the Actual Cost Adjustment (ACA) audits of natural gas utilities was given to the Accounting Department. I assumed responsibility for planning and implementing these audits and trained available Staff on the requirements and conduct of the audits. I participated in most of the ACA audits from early 1988 to early 1990. On November 1, 1990, I transferred to the Commission's Energy Department. Until November of 1993, my duties consisted of reviews of various tariff proposals by electric and gas utilities, Purchased Gas Adjustment (PGA) reviews, and tariff reviews as part of a rate case. In November of 1993, I assumed my present duties of managing a newly created department called the Procurement Analysis Department. This Department was created to more fully address the emerging changes in the gas industry especially as they impacted the utilities' recovery of gas costs. My duties have included managing the Procurement Analysis staff, reviewing ACA audits and recommendations, participating in the gas integrated resource planning project, serving on the gas project team, serving on the natural gas commodity price task force, and participating in matters relating to natural gas service in the state of Missouri. In July of 2006, the Federal Issues/Policy Analysis Section was transferred to the Procurement Analysis Department. That group analyzes filings made before the Federal Energy Regulatory Commission (FERC). During the reorganization in August 2011, the Federal Issues/Policy Analysis Section was transferred to the Secretary/ General Counsel Division. In 2015, I assumed the responsibility for the rate design aspects of the Gas Infrastructure System Replacement Surcharge (ISRS) process. The Gas ISRS allows for a more expedited process of including eligible pipeline replacements in rates prior to general rate cases. In April of 2021, I participated in the development of Staff's Report in the Cold Weather Event Investigation Case No. AO-2021-0264.

CASES WHERE TESTIMONY

WAS FILED

DAVID M. SOMMERER

COMPANY	CASE NO.	ISSUES
Evergy Missouri	EA-2025-0075	Natural Gas Procurement
Spire Inc.	GC-2024-0172	Customer Complaint
Spire West	GR-2022-0136	Off-system Sales
Summit Natural Gas of Missouri	GR-2022-0122	PGA/ACA Carrying Costs
Summit Natural Gas of Missouri	GC-2022-0158	Ozark Healthcare Complaint
Spire East/West	GR-2021-0108	PGA/ACA Consolidation, Seasonal PGA
Spire East	GO-2019-0356	ISRS rates
Spire West	GO-2019-0357	ISRS rates
Spire East	GO-2019-0115	ISRS rates
Spire West	GO-2019-0116	ISRS rates
Spire East	GO-2018-0309	ISRS rates
Spire West	GO-2018-0310	ISRS rates
Missouri Gas Energy	GO-2017-0201	ISRS rates
Laclede Gas Company	GO-2017-0202	ISRS rates
Missouri Gas Energy	GR-2017-0216	Gas Inventory Carrying Cost and Service Agreements
Laclede Gas Company	GR-2017-0215	Gas Inventory Carrying Cost and Service Agreements
Laclede Gas Company	GO-2016-0333	ISRS rates

Missouri Gas Energy	GO-2016-0332	ISRS rates
Laclede Gas Company (MGE)	GO-2016-0197	ISRS rates

COMPANY	**CASE NO.**	**ISSUES**
Laclede Gas Company	GO-2016-0196	ISRS rates
Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities	GR-2014-0152	Special Contact Customers Gas Contract
Missouri Gas Energy	GR-2014-0007	Gas Supply Incentive Plan Property Tax PGA Recovery
Laclede Gas Company	GR-2010-0171	Bad Debt in PGA, CAM
Atmos Energy Corporation	GR-2009-0417	Affiliated Transactions
Atmos Energy Corporation	GR-2008-0364	Affiliated Transactions
Missouri Gas Energy	GR-2009-0355	PGA tariff
Laclede Gas Company	GT-2009-0026	Tariff Proposal, ACA Process
Missouri Gas Utility	GR-2008-0060	Carrying Costs
Laclede Gas Company	GR-2007-0208	Gas Supply Incentive Plan, Off-system Sales, Capacity Release
Laclede Gas Company	GR-2005-0284	Off-System Sales/GSIP
Laclede Gas Company	GR-2004-0273	Demand Charges
AmerenUE	EO-2004-0108	Transfer of Gas Services
Aquila, Inc.	EF-2003-0465	PGA Process, Deferred Gas Cost
Missouri Gas Energy	GM-2003-0238	Pipeline Discounts, Gas Supply
Laclede Gas Company	GT-2003-0117	Low-Income Program

Laclede Gas Company	GR-2002-356	Inventory, Off-System Sales
Laclede Gas Company	GR-2001-629	Inventory, Off-System Sales
Laclede Gas Company	GR-2001-387	ACA Price Stabilization
Missouri Gas Energy	GR-2001-382	ACA Hedging/Capacity Release

COMPANY	**CASE NO.**	**ISSUES**
Laclede Gas Company	GT-2001-329	Incentive Plan
Laclede Gas Company	GO-2000-394	Price Stabilization
Laclede Gas Company	GT-99-303	Incentive Plan
Laclede Gas Company	GC-99-121	Complaint PGA
Laclede Gas Company	GR-98-297	ACA Gas Cost
Laclede Gas Company	GO-98-484	Price Stabilization
Laclede Gas Company	GR-98-374	PGA Clause
Missouri Gas Energy	GC-98-335	Complaint Gas Costs
United Cities Gas Company	GO-97-410	PGA Clause
Missouri Gas Energy	GO-97-409	PGA Clause
Missouri Gas Energy	GR-96-450	ACA Gas Costs
Missouri Public Service	GA-95-216	Cost of Gas
Missouri Gas Energy	GO-94-318	Incentive Plan
Western Resources Inc.	GR-93-240	PGA tariff, Billing Adjustments
Union Electric Company	GR-93-106	ACA Gas Costs
United Cities Gas Company	GR-93-47	PGA tariff, Billing Adjustments
Laclede Gas Company	GR-92-165	PGA tariff
United Cities Gas Company	GR-91-249	PGA tariff
United Cities Gas Company	GR-90-233	PGA tariff

Associated Natural Gas Company	GR-90-152	Payroll
KPL Gas Service Company	GR-90-50	Service Line Replacement
KPL Gas Service Company	GR-90-16	ACA Gas Costs
KPL Gas Service Company	GR-89-48	ACA Gas Costs

COMPANY	CASE NO.	ISSUES
Great River Gas Company	GM-87-65	Lease Application
Grand River Mutual Tel. Company	TR-87-25	Plant, Revenues
Empire District Electric Company	WR-86-151	Revenues
Associated Natural Gas Company	GR-86-86	Revenues, Gas Cost
Grand River Mutual Telephone	TR-85-242	Cash Working Capital
Great River Gas Company	GR-85-136	Payroll, Working Capital
Missouri-American Water Company	WR-85-16	Payroll