Exhibit No:	
Issue:	CCN and RNG Program Request
Witness:	Eric A. Bouselli
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Spire Missouri Inc.
Case Nos.:	GA-2026-0121 & GO-2026-0122
Date Testimony Prepared:	September 18, 2026

SPIRE MISSOURI INC.

CASE NOS.

GA-2026-0121 & GO-2026-0122

SURREBUTTAL TESTIMONY

OF

ERIC A. BOUSELLI

September 18, 2026

****<u>Denotes Confidential Information</u>****

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SURREBUTTAL TESTIMONY OF ERIC BOUSELLI

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Eric A. Bouselli, and my business address is 700 Market Street, St. Louis, Missouri 63101.

Q. ARE YOU THE SAME ERIC BOUSELLI WHO HAS FILED DIRECT TESTIMONY IN THESE CASES?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my testimony is to respond to the rebuttal testimony of Missouri Public Service Commission Staff ("Staff") witnesses Keith Majors, Jadon Stafford and David M. Sommerer, as well as Office of the Public Counsel ("OPC") witnesses Angela Schaben and Jill Wade in support of the Company's Application (Case No. GA-2026-0121) for a Certificate of Convenience and Necessity ("CCN") for a renewable natural gas ("RNG") generation facility at the City of Kansas City ("City") Blue River Waste Water Treatment Plant ("Blue River WWTP"), interconnection, and pipeline to Spire Missouri's existing distribution infrastructure ("CCN Application"), as well as the Application for its renewable natural gas program ("RNG Program Application"), which includes the same infrastructure that is the subject of the CCN Application

III. THE PROJECT AND UPDATES

Q. DO YOU HAVE ANY PROJECT UPDATES TO PROVIDE?

A. Yes. As noted in my direct testimony, equipment ordering started in November 2024 to accommodate long-lead items and Inflation Reduction Act ("IRA") tax incentive qualification, and as of the filing of this testimony, all equipment has been ordered. Construction started in March 2026. Through the early part of September, total spend to date has been approximately **$[redacted]**, representing over 75% of the anticipated Project capital expenditures. The estimated capital expenditures are still anticipated to remain close to **[redacted]** before consideration of capitalized interest and investment tax credits.

Q. ARE THERE ANY UPDATES ON CROSSING PERMITS AND EASEMENTS?

A. Yes. A railroad crossing permit has completed review and has been submitted to Canadian Pacific Kansas City for issuance. Additionally, Spire Missouri is currently in the process of finalizing easement negotiations with Evergy, Inc.

Q. WHEN IS GAS EXPECTED TO BE AVAILABLE FOR CUSTOMER USE?

A. The Project is expected to be operational and ready to flow gas to customers in early calendar year 2027.

IV. STAFF AND OPC RECOMMENDATIONS

Q. WHAT WERE THE RECOMMENDATIONS OF STAFF AND OPC REGARDING THE CCN AND RNG PROGRAM APPLICATIONS?

A. Both parties recommended that the Missouri Public Services Commission ("Commission") deny the CCN and the related RNG Program Applications.

Q. WHAT WERE THE REASONS GIVEN TO SUPPORT THEIR RECOMMENDATIONS?

A. There were multiple reasons, including lack of need and the noted higher cost of the RNG than traditionally sourced gas, cited for their conclusion that the Project is not in the public interest.

Q. DO YOU AGREE WITH THEIR RECOMMENDATION?

A. No, and my testimony and that of Company witness Scott Weitzel will respond to the Staff and OPC arguments.

V. NEED FOR THE PROJECT

Q. MR. MAJORS STATES THAT THE PROJECT ORIGINATED FROM KC WATER'S NEED TO DISPOSE OF THE BIOGAS RATHER THAN FROM A UTILITY NEED FOR SUPPLY. IS THIS TRUE?

A. Partially, yes. While it is correct that the Kansas City Water Department ("KC Water") initiated the request for proposal ("RFP") related to this project, that fact does not diminish the utility benefits associated with the Project. KC Water identified a beneficial use for biogas that would otherwise be flared and selected Spire Missouri as its partner through a competitive process. The resulting project simultaneously satisfies KC Water's objectives and provides approximately 175,000 MMBtu per year of pipeline-quality gas that can be directly injected into Spire Missouri's western distribution system.

Q. IS THIS THE ONLY RNG PROJECT SPIRE MISSOURI HAS EVALUATED SINCE THE RNG LEGISLATION (SECTION 386.895, RSMO) BECAME EFFECTIVE?

A. No. Since the passage of the RNG legislation, Spire Missouri has evaluated a number of RNG projects with an eye toward bringing beneficial biogas onto its system.

Q. WHY IS THIS PROJECT IMPORTANT FOR SPIRE MISSOURI CUSTOMERS?

A. This facility represents a local, in-state source of gas supply located behind the city-gate. While Staff and OPC trivialize this benefit, the Project diversifies supply sources, enhances resiliency, and provides a stable year-round source of gas generated within the Company's western service territory.

Q. OPC WITNESS WADE QUESTIONS WHETHER THE COMPANY'S DISTRIBUTION SYSTEM WILL BENEFIT FROM THE PROJECT. WHAT WILL BE THE BENEFIT?

A. There is expected to be 175,000 MMBtu per year of pipeline-quality gas generated from the Project. While not "significant" as framed by Ms. Wade, this gas still is going to come onto the Company's system, be able to support the usage of approximately 2,500 residential customers and be available year-round, supplementing the gas supply from interstate pipelines and storage.

Q. OPC WITNESS WADE CASTS DOUBT ON WHETHER THE PROJECT WILL BE ABLE TO PRODUCE RNG RELIABLY DURING THE WINTER. HOW DO YOU RESPOND?

A. It is true that temperature can impact digester operations and certain types of RNG generation can be diminished during colder months. However, Ms. Wade cited an article that is not applicable to wastewater plant RNG generation and the Project in particular. Additionally, the article she cites also mentions that steps can be taken to mitigate drops in production. The Project is based at KC Water's Blue River WWTP. Based on discussions with Burns and McDonnell, the engineering, procurement, construction contractor for the Project, municipal wastewater digesters are normally operated as controlled, heated reactors rather than ambient-temperature digesters, which allows for consistent production during periods of cold weather.[1]

Q. STAFF WITNESS STAFFORD CHALLENGED SPIRE MISSOURI'S CALCULATION OF EMISSIONS SAVINGS. HOW DO YOU RESPOND?

A. I have stated that there would be an avoidance of 20,000 tons of CO_2e in my direct testimony and prior filings. This information was established by KC Water in its RFP, as well as other communications throughout the process. The Company has provided the information supporting KC Water's calculation in response to discovery requests.

Q. OPC WITNESS WADE DOWNPLAYS THE ENVIRONMENTAL BENEFITS OF THE PROJECT AND STATES THAT THERE ARE NO FEDERAL, STATE, OR LOCAL MANDATES FOR EMISSIONS REDUCTIONS TIED TO THE PROJECT. HOW DO YOU RESPOND?

A. I don't disagree, but there will still be real emissions reductions associated with the Project. In Schedule EAB-D-4, the Letter of Support from the City, KC Water noted that the Project will improve air quality by reducing the amount of sulfur dioxide, on-site greenhouse gases and other hazardous air pollutants being released into the atmosphere.

Q. OPC WITNESS WADE STATES THAT THE PROJECT WILL NOT AID THE BLUE RIVER WWTP IN MAINTAINING OR COMING INTO COMPLIANCE WITH ITS VARIOUS AIR QUALITY, EMISSIONS, AND DISCHARGE PERMITS. DO YOU AGREE?

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[1] See Zickefoose, C., and Hayes, R. B. J. (1976). Anaerobic Sludge Digestion: Operations Manual. U.S. Environmental Protection Agency, Office of Water Program Operations, EPA 430/9-76-001, Washington, D.C. Page 2-22.

A. No. During the RFP process, in public presentations to the City Counsel,[2] and in the aforementioned Letter of Support, KC Water has established that the Project will aid in "ensuring overall compliance with National Pollutant Discharge Elimination System (NPDES) discharge and air emissions permits."

Q. OPC WITNESS WADE REFERENCED PAGE 15, LINES 1-4, OF YOUR DIRECT TESTIMONY REGARDING YOUR CHARACTERIZATION THAT THE COMPANY'S PROPOSED RNG PROGRAM WILL BE THE FIRST FILED IN THE STATE AND WHAT THAT MEANS. HOW DO YOU RESPOND?

A. Ms. Wade's testimony missed the point of that Q&A in my direct testimony. Spire Missouri is aware that there are other RNG producers operating successfully in Missouri. However, Section 386.895, RSMo allows regulated utilities to invest in and operate RNG infrastructure, and this is the first RNG plant brought before the Commission by a regulated utility in Missouri. The Project will facilitate the collection of information sought by the legislature in Section 386.895.7, RSMo,[3] in which it asked questions about the number of projects submitted for RNG program approval; number of operational projects, costs, key metrics; volume of RNG produced through projects approved for RNG programs; environmental benefits of projects approved for RNG programs; and economic benefits and costs associated with the related projects. Company witness Weitzel will address the RNG legislation further in his surrebuttal testimony.

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[2] Slide 6 of KC Water's presentation at the October 25, 2023, Transportation, Infrastructure & Operations Committee Meeting,https://kansascity.legistar.com/View.ashx?M=F&ID=12393035&GUID=457F58D2-ACA2-485D-B29D-3A877B522CA8.

[3] Report on Renewable Natural Gas Programs Pursuant to Section 386.895.7, RSMo. https://efis.psc.mo.gov/Document/Display/12143 .

Q. MR. STAFFORD ALSO INCLUDES TESTIMONY ABOUT THE COMPANY'S CARBON OFFSET INITIATIVE PROGRAM. DO YOU BELIEVE THAT IS RELEVANT TO THESE APPLICATIONS?

A. No. The Carbon Offset Initiative Program is not relevant in this docket.

Q. WHAT IS THE CARBON OFFSET INITIATIVE PROGRAM?

A. It is a voluntary customer program designed for customers who desire to offset the emissions of their natural gas usage through the purchase of environmental attributes. This program has been approved by the Commission and is not part of Spire Missouri's request in this application.

Q. OPC WITNESS WADE SUGGESTS THERE ARE ALTERATIVE WAYS THAT BIOGAS GENERATED FROM WASTEWATER TREATMENT PLANTS CAN BE BENEFICIALLY USED. DOES THAT NEGATE THE NEED FOR THIS PROJECT?

A. No. Just because there are other options that KC Water could have pursued does not negate the need or benefits of the Project to Spire Missouri customers. The Company decided to pursue the Project because it represents a local, in-state source of gas supply located behind the city-gate. The General Assembly has also encouraged utilities to pursue investment in RNG generating infrastructure, recognizing its benefit to the state.

VI. ECONOMIC FEASIBILITY

Q. DO STAFF AND OPC BELIEVE THAT THE PROJECT IS ECONOMICALLY FEASIBLE?

A. No. Both parties are evaluating the economic feasibility of the Project as if the gas is coming from a traditional procurement source, only looking at the cost of gas per MMBtu and minimizing any of the benefits of the project.

Q. DO YOU AGREE WITH THIS APPROACH TO FEASIBILITY?

A. No. The Project does not represent a traditional procurement source, and the recovery of the Company's costs will not flow through the Purchased Gas Adjustment. The CCN requested by the Company is for a capital investment, which will generate behind-the-city-gate gas for customers, enhance system resiliency,[4] provide numerous benefits to Kansas City residents and the public, and eventually be recovered through the Company's base rates.

Q. DO YOU AGREE WITH THE COMPARISON OF PROJECT COSTS PRESENTED BY STAFF WITNESS MAJORS ON PAGE 11 OF HIS TESTIMONY?

A. No. I believe Mr. Majors is presenting an "apples and oranges" comparison. First, the **[redacted]** presented represents the estimated capital investment of the project prior to any consideration of rate base offsets for investment tax credits. The $19.9 million figure initially modeled by the City was the net of the estimated capital investment of $25.0 million offset by the estimated IRA income tax credits ("ITCs") of approximately $5.1 million, when the project costs were developed in early 2023. Project construction costs have increased due to factors outside of the Company's control from the initial estimate, but the increase is not as large as the one portrayed by Mr. Majors.

[4] As mentioned in the Response, the Commission has directed gas utilities to diversify their portfolios to mitigate natural gas prices and secure adequate supplies for their customers. 20 CSR 4240-40.018.

Q. WHAT COSTS HAVE INCREASED?

A. In addition to increased construction costs, most notably, CNG dispenser fees have significantly increased from **[redacted]**. If that fee estimate had not increased, the current average project life gas cost per MMBtu would lower from **[redacted]** to **[redacted]** with all other things being equal.

Q. WHAT ARE CNG DISPENSER FEES?

A. CNG dispenser fees are not a single, static, fixed charge, but a market-driven cost component tied to the value of D3 RINS, physical RNG supply, and dispensing capacity constraints. The fee is commanded by those that bring the physical RNG to the CNG market through fueling stations.

Q. IS IT POSSIBLE FOR CNG DISPENSER FEES TO REDUCE IN THE FUTURE?

A. Yes. The fees could lower if market conditions, such as dispensing capacity constraints, change.

Q. WHAT DID THE COMPANY'S FINANCIAL MODEL UTILIZE AS A BASELINE GAS COST ASSUMPTION?

A. The Company estimated a 10-year forward average price of commodity gas costs of $3.318 per MMBtu. This value was used to compare the cost on a molecule only basis, and the Company has not changed this estimate.

Q. ARE THERE OTHER COSTS TO DELIVERING GAS WHICH ARE WORTH CONSIDERING?

A. Yes. There are also transportation and capacity reservation considerations. The customer purchased gas adjustment ("PGA") rate reflects all three of these components. It would also be appropriate to consider the PGA rate when evaluating the cost of gas of the Project.

It allows you to compare the "all in" cost of the resource from generation from the operations of the Project to the "all in" cost of purchasing gas from interstate pipelines. Company witness Weitzel will discuss why the PGA is an appropriate comparison and factors to consider how the PGA may change from the current rate near $7.00 per MMBtu over the 20-year life of the Project.

Q. HAVE YOU IDENTIFIED ANY CHANGES TO YOUR MODEL THAT SHOULD BE MADE?

A. Yes. I believe it is still appropriate to give the customers the rate base offset benefit of the ITC amortizing balance. After further review of Staff's model and testimony, it makes sense to separate out the proposed ITC rate base offset amortization to a separate line in the model from depreciation, which results in slightly higher property taxes. This adds approximately **[redacted]** to those costs previously identified by the Company.

Q. ARE THERE ANY UPDATES ON THE ITC VALUES ASSUMED IN THE COMPANY'S MODEL?

A. I noted in my direct testimony that the Company has engaged KPMG to review the costs to ensure compliance with qualifications for the base credits and possible bonus credits, and there is a reasonable likelihood the Project may qualify for an additional 10% credit tied to domestic content minimums. Final values will be subject to evaluation at project completion, but should Spire Missouri qualify for this additional ITC bonus, this could lower the projected average gas cost by approximately **[redacted]** per MMBtu.

Q. DO YOU HAVE ANY CRITIQUES OF STAFF'S MODEL SUPPORTING THEIR DIFFERENT COST PER MMBTU?

A. Yes. First, given that this is not a rate proceeding and that construction is well underway for the Project, I do not think it is necessary for the 3% adder the estimated construction cost proposed by Staff to be factored into its number; the actual costs will be known and measurable prior to the conclusion of Spire Missouri's next general rate case. Second, I do not believe the full value of the ITC credits, currently estimated at approximately **[redacted]** and could be eligible for an additional 10% bonus for domestic content minimums, is reflected in Staff's model. Staff does not treat the ITC as a rate base offset, which would benefit customers through the offset itself and through amortization of the balance as a direct reduction of post-tax expenses as the ITCs serve as a dollar-for-dollar reduction in tax liability. Finally, as discussed further by Company witness Weitzel, Staff's avoided costs should also be updated to reflect the Spire West projected PGA rate over the life of the project.

Q. DO YOU HAVE AN UPDATED APPENDIX 5 TO THE ORIGINAL APPLICATION PREPARED THAT INCLUDES AND QUANTIFIES THE AFOREMENTIONED IMPACTS TO THE PROJECTED PROJECT COST PER MMBTU?

A. Yes. Provided with my surrebuttal testimony is a revised Appendix 5 that reflects updates discussed above in my surrebuttal testimony as well as in Company witness Weitzel's. Appendix 5 was Spire Missouri's model, and now is updated to reflect the change in property taxes, the inclusion of the estimate for the additional 10% bonus for domestic content minimums for the ITCs, and a revised avoided cost estimate to align with the projected PGA costs which is more representative of what customers will pay for gas costs during the 20-year duration of the Project. The table below summarizes the impacts of these changes:

	Revised Project Summary	Updates: Property Taxes[1]	Updates: 10% ITC Domestic Content[2]	Updates: Avg Projected PGA[3]	Original Project Summary
Annual Data					
Avg Annual Net MMBTU to Spire	175,000	-	-	-	175,000
Avg Project Life Gas Cost Per MMBTU, Net	$ 10.79	$ 0.24	$ (0.97)	$ -	$ 11.52
Avg Project Life Avoided Gas Cost Per MMBTU	$ (11.31)	$ -	$ -	$ (7.99)	$ (3.32)
Net Avg Project Life Total Gast Cost Per MMBTU	$ (0.52)	$ 0.24	$ (0.97)	$ (7.99)	$ 8.20

Notes:
1) See Bouselli Surrebuttal for more information - Removed ITC rate base offset from property tax base.
2) See Bouselli Surrebuttal for more information - Estimated impacts of additional 10% domestic content bonus for IRA ITC.
3) See Weitzel Surrebuttal for discussion about why the projected average PGA is a better measure for avoided costs.

Q. GIVEN THE ABOVE CONSIDERATIONS, DO YOU BELIEVE THE PROJECT IS ECONOMICALLY FEASIBLE?

A. Yes. The Project will deliver a real benefit in the form of 175,000 MMBtu of natural gas to the system with a behind the city gate resource that can perform year-round. The current estimate is being made at a point in time for a project that will be in operation for 20 years. Mr. Weitzel has explained why a comparison to the longer-term projection of the PGA rate is valid and shows that the estimated project costs align closely with the projected PGA value. Additionally, the construction costs and ITC values will be known in early 2027, when the Project becomes operational, prior to the conclusion of the Company's next general rate case, which it intends to file in the Fall of 2026. Final costs are not expected to materially change the cost per MMBtu estimated by the Company given that approximately 75% of the capital costs have already been outlaid. Staff has also overlooked the assignment of the full benefits of the ITCs to customers, which unnecessarily increases the MMBtu cost in their calculations.

VII. THE PUBLIC INTEREST

Q. WHAT IS CONSIDERED IN A CCN REQUEST WHEN EVALUATING WHETHER A PROJECT IS IN THE PUBLIC INTEREST?

A. Under the *Tartan* criteria, CCN projects are evaluated based on the 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. If a project meets these first four factors, it is determined to also be in the public interest.[5]

Q. DO YOU BELIEVE THAT THE PROJECT IS IN THE PUBLIC INTEREST?

A. Yes. Spire Missouri has the ability to finance the Project and is qualified to construct the Project. There is also a demonstrated need for the Project, as discussed above and in the Letter of Support from the City. The Project is also economically feasible; it is a capital investment, and, when factored into the Company's rate base, will have a minimal bill impact to customers, approximately **[redacted]** per month prior to any avoided PGA savings. Additionally, the levelized cost of gas is competitive with the cost of other types of energy resources, many of which are used within the state today, and the average projected PGA rate. For these reasons, the Project meets the first four *Tartan* factors and can be determined to be in the public interest.

VIII. PGA/ACA IMPACTS

Q. DOES SPIRE INTEND TO RECOVER THE RNG PROGRAM COSTS THROUGH THE PGA/ACA PROCESS?

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[5] *In Re Tartan Energy*, GA-94-127, 3 Mo.P.S.C.3d 173 (1994).

A. No. Spire Missouri's intention regarding recovery of costs associated with its RNG Program is to seek recovery of those costs through a general rate proceeding or a RNGRAM as provided for in Commission Rule 20 CSR 4240-40.100(4).

Q. IS YOUR GOAL OF NOT DOUBLE RECOVERING COSTS THROUGH THE PGA/ACA AND ALSO A RATE PROCEEDING THE SAME AS STAFF?

A. Yes.

Q. DOES THE COMPANY SUPPORT THE POSITION PRESENTED BY STAFF WITNESS SOMMERER THAT RNG VOLUMES ENTERING THE DISTRIBUTION SYSTEM SHOULD BE AT ZERO COST SO THAT NO ACTUAL COSTS ASSOCIATED WITH PRODUCING THE RNG IS CHARGED AS A GAS COST THROUGH THE PGA/ACA?

A. Yes. However, Staff proposed that a monthly invoice be prepared to record these zero basis costs. The Company does not believe that the creation of an invoice is necessary because the volumes coming on the distribution system will be metered and assumed to be at a zero cost. The Company is open to work with Staff to properly account and document this situation.

Q. DOES THE COMPANY AGREE WITH THE METHOD LAID OUT BY STAFF WITNESS SOMMERER ON PAGES 6 AND 7 OF HIS REBUTTAL TESTIMONY REGARDING HOW THE PGA/ACA PROCESS SHOULD WORK TO AVOID DOUBLE CHARGING CUSTOMERS WHILE MAINTAINING THE INTEGRITY OF THE PGA/ACA PROCESS?

A. Yes.

IX. CONCLUSION

Q. PLEASE EXPLAIN THE COMPANY'S REQUEST IN THESE APPLICATIONS.

A. The Company is requesting the Commission approve its CCN for the Project and its RNG Program incorporating the Project. At this time, the Company is not seeking, and the Commission is not approving, any recovery of the capital investment. For the reasons set forth above, in its initial filings, and in its Response, it is in the public interest and consistent with the RNG legislation for the Commission to approve the Project. The Company respectfully requests that the Commission approve the CCN and RNG Program applications.

Q. DOES THIS CONCLUDE YOUR SURREBUTTAL 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	)))))	Case No. GA-2026-0121
In the Matter of the Application of Spire Missouri Inc. for Approval of a Renewable Natural Gas Program	)))	Case No. GO-2026-0122

AFFIDAVIT

STATE OF MISSOURI)
) SS.
COUNTY OF ST. CHARLES)

Eric A. Bouselli, of lawful age, being first duly sworn, deposes and states:

1. My name is Eric A. Bouselli. I am Manager, Regulatory Strategy and Forecasting for Spire Missouri Inc. My business address is 700 Market St., St. Louis, Missouri 63101.

2. This affidavit is attached to my surrebuttal testimony, which is filed on behalf of Spire Missouri Inc.

3. I hereby swear and affirm that my answers to the questions contained in my testimony are true and correct to the best of my knowledge, information, and belief.

Eric A. Bouselli

Subscribed and sworn to before me this 18 day of September 2026.

Paige Allyzai Rios
Notary Public

PAIGE ALLYZAI RIOS
Notary Public, Notary Seal
State of Missouri
Lincoln County
Commission # 26478395
My Commission Expires 05-14-2030