| | |
|---|---|
| **Exhibit No.:** | |
| **Issue(s):** | Overview of Filing; Revenue Stability; Transactions |
| **Witness:** | David A. Yonce |
| **Type of Exhibit:** | Direct Testimony |
| **Sponsoring Party:** | Spire Missouri Inc. |
| **Case No.:** | GR-2027-0075 |
| **Date Prepared:** | November 2, 2026 |

**SPIRE MISSOURI INC.**

**GR-2027-0075**

# DIRECT TESTIMONY

**OF**

**DAVID A. YONCE**

**TABLE OF CONTENTS**

**I. INTRODUCTION** ..... 1
**II. FILING OVERVIEW** ..... 3
**III. IMPORTANCE OF REVENUE STABILITY AND PREDICTABILITY** ..... 5
**IV. RETURN ON EQUITY RECOMMENDATION** ..... 10
**V. BACKGROUND REGARDING SPIRE'S RECENT ACQUISITIONS AND DIVESTITURES** ..... 11
**VI. CONCLUSION** ..... 13

## I. INTRODUCTION

**Q. Would you please state your name and business address for the benefit of the Missouri Public Service Commission ("Commission")?**

A. My name is David A. Yonce, and my business address is 700 Market Street, St. Louis, MO 63101.

**Q. By whom are you employed and in what capacity?**

A. I am the Vice President, Regulatory for Spire Missouri Inc. ("Spire Missouri" or the "Company").

**Q. How long have you held that position and what are your responsibilities?**

A. I have held this role since March 2026. I am responsible for rates and tariffs, regulatory filings, and managing cases before state utility commissions for all of Spire Inc.'s utility business units, with operations in Alabama, Mississippi, Missouri, and Tennessee.

**Q. What roles have you held prior to your current role?**

A. I joined Spire Inc. in 2013 as a Senior Analyst in Strategy and Corporate Development, and became Director, Strategy and Corporate Development in 2016. Over the next seven years, I progressed through the Company in roles of increasing responsibility, including Director, Gas Operations and Control in 2019, and Managing Director, Gas Supply in 2022. In January 2023, I became Managing Director, Regulatory Affairs for Spire Missouri, where I was directly responsible for Spire Missouri's rates and tariffs, including overseeing the Company's regulatory filings and managing cases before the Commission, and overseeing Spire Missouri's energy efficiency programs. In March 2026, I transitioned to my current role, as described previously.

**Q. What is your educational background?**

A. I graduated from Truman State University in 2008 with a Bachelor of Science in Business Administration. I later obtained my Master of Business Administration in 2014 from Washington University in St. Louis.

**Q. Have you previously testified before the Commission?**

A. Yes. I submitted testimony in GR-2021-0127, GR-2022-0136, GC-2024-0172, GR-2025-0107, and GU-2026-0225.

**Q. What is the purpose of your testimony?**

A. The purpose of my testimony is to provide an overview of Spire Missouri's filing in this rate case, introduce the Company's request, explain the importance of revenue stability in supporting Spire Missouri's ability to provide safe, reliable, and affordable natural gas service to its customers, present the Company's return on equity recommendation, and provide background regarding Spire Inc.'s recent acquisitions and divestitures as context for the Company's utility-focused strategy.

**Q. Who will testify on behalf of the Company and what subjects will they address?**

A. In addition to my Direct Testimony, the following witnesses provide testimony in support of the Company's filing:

| Witness | Title / Affiliation | Testimony Topics |
|---|---|---|
| **Stephen Mills** | President, Spire Missouri Inc. | Operations and community engagement |
| **Eric Bouselli** | Manager, Regulatory Strategy and Forecasting | Revenue requirement, rate base, cost of service |
| **Julie Johnson** | Manager, Tariffs and Rates | Minimum filing requirements, customer affordability, and tariff changes |
| **Samantha Johnson** | Managing Consultant, Atrium Economics LLC | Class cost of service, revenue apportionment, rate design, and lead-lag |
| **Sarah Akers** | Principal & Co-Founder, AK Capital Consulting LLC | Cost of capital and capital structure |

| | | |
|---|---|---|
| **John Taylor** | CEO, Atrium Economics LLC | Normal weather, billing determinants, Usage Stabilization Mechanism |

**Q. How does your testimony fit with the testimony of other Company witnesses?**

A. My testimony provides a high-level overview of the filing and the regulatory framework supporting the Company's request. Other Company witnesses address specific components of the cost of service, including rate base, operating expenses, rate design, and policy mechanisms that support revenue stability.

## II. FILING OVERVIEW

**Q. Please provide an overview of Spire Missouri's filing in this case.**

A. Spire Missouri has filed this general rate case to update its rates to reflect the current cost of providing natural gas service. The filing reflects continued capital investment in system safety, reliability, and modernization, as well as updated operating costs and financial parameters necessary to maintain service quality and financial integrity. Consistent with prior rate case principles, the Company's request is designed to align rates with the cost of service so that Spire Missouri has a reasonable opportunity to recover its prudently incurred investments and expenses.

**Q. When were Spire Missouri's current rates approved?**

A. The Commission approved Spire Missouri's current base rates by its Order Approving Stipulation and Agreement issued September 3, 2025, in Case No. GR-2025-0107. The rates were subsequently implemented by the Commission's Order Approving Tariffs, issued October 14, 2025, which was effective October 24, 2025. Those rates were based on costs in the historic test year ending September 30, 2024, with certain updates through May 31, 2025.

**Q. What is Spire Missouri's request in this case?**

A. This is Spire Missouri's first rate case using a future test year, with a proposed test year covering the twelve months ending September 30, 2028. As explained in the Company's *Motion to Establish Test Year*, this approach is intended to better align rates with the costs of providing service during the first year those rates are in effect and match the timing of utility investments and expenses to their recovery. Spire Missouri's proposed revenue requirement is approximately $1,164.8 million, which is a $228.2 million increase over the $936.6 million revenue requirement authorized by the Commission in Case No. GR-2025-0107. Factoring in Commission-authorized and planned Infrastructure System Replacement Surcharge ("ISRS") revenues of approximately $57.4 million, the Company is seeking net new revenues of approximately $170.7 million at the time rates are anticipated to take effect. This request is based on a proposed rate of return of 7.78%, with a capital structure that includes an equity component of 55% and a return on equity of 10.50%. The proposed increase will provide the Company with the opportunity to recover its reasonable cost of service and earn a reasonable return on the capital invested in its systems.

| | | | East | West | Spire MO |
|---|---|---|---|---|---|
| Total Base Rate Revenue Requirement | | | $629,453,686 | $535,296,607 | $1,164,750,293 |
| Total PGA Revenues* | | | $347,033,761 | $276,594,884 | $623,628,645 |
| **Total Revenues** | | | **$976,487,447** | **$811,891,491** | **$1,788,378,938** |
| | | | | | |
| **Case Number** | **Case Type** | **Status** | **East** | **West** | **Spire MO** |
| GR-2025-0107 | Rate Case | In Rates | $506,850,453 | $429,733,782 | $936,584,235 |
| GR-2026-0133 | ISRS | In Rates | $8,678,419 | $7,807,856 | $16,486,275 |
| GR-2026-0316 | ISRS | In Rates | $10,804,368 | $11,357,295 | $22,161,663 |
| GR-2027-XXXX | ISRS | Planned | $8,096,526 | $10,679,315 | $18,775,842 |
| **Total Authorized & Planned Base Revenues** | | | **$534,429,766** | **$459,578,248** | **$994,008,015** |
| **Total PGA Revenues*** | | | **$347,033,761** | **$276,594,884** | **$623,628,645** |
| **Total Authorized & Planned Base & PGA Revenues*** | | | **$881,463,527** | **$736,173,132** | **$1,617,636,660** |
| | | | | | |
| **$ Change Over Authorized & Planned** | | | **$95,023,920** | **$75,718,358** | **$170,742,278** |

** PGA revenues based on FY 2026 actuals*

**Q. Why is Spire Missouri seeking to increase rates at this time?**

A. Spire Missouri's customers rely on the Company to provide safe, reliable, and affordable natural gas service. Meeting that obligation requires the Company to incur substantial operating and maintenance expenses and to make ongoing, significant capital investments in its distribution system. At the same time, the Company is experiencing changes in customer usage that are largely outside of Spire Missouri's control and affect its ability to recover the revenues authorized by the Commission. This filing is primarily driven by the need to reflect the current cost of providing service, including the Company's continued investments in system safety, reliability, compliance, and modernization, and to establish rates that provide a reasonable opportunity to recover those costs.

## III. IMPORTANCE OF REVENUE STABILITY AND PREDICTABILITY

**Q. Please explain what you mean by "revenue stability and predictability."**

A. Revenue stability and predictability mean that rates are established using billing determinants that reasonably reflect expected customer usage and that a targeted mechanism addresses defined differences between the usage reflected in rates and actual usage between rate cases. In this case, Company witness John Taylor proposes both an

improved methodology for establishing normal billing determinants and a Usage Stabilization Mechanism ("USM") to address eligible use per bill variance after rates take effect.

**Q. Why is revenue stability important for Spire Missouri?**

A. Revenue stability is important because a large portion of Spire Missouri's distribution costs do not vary with short-term changes in customer usage; however, a significant portion of those costs are recovered through volumetric rates. If the billing determinants used to set those rates overstate expected usage, or if actual use per bill later falls below the normal level reflected in rates, the Company may not have a reasonable opportunity to recover the revenue requirement authorized by the Commission. A more accurate starting point and a limited, symmetrical adjustment mechanism support timely recovery, financial stability, continued infrastructure investment, and access to capital at reasonable cost.

**Q. How does revenue volatility impact the Company and its customers?**

A. Revenue volatility can create a mismatch between the largely fixed costs of providing safe and reliable service and the revenues collected through volumetric rates. That mismatch may arise from weather variation or persistent changes in use per bill that are not fully reflected in the billing determinants. The result can be under- or over-recovery, increased regulatory lag, pressure on financial metrics, and potentially larger rate adjustments in a future case, all of which impact the Company and its customers.

**Q. How do the Company's billing determinant and USM proposals by Mr. Taylor address these concerns?**

A. The two proposals address two different, but related, points in the ratemaking process. First, Mr. Taylor's billing determinant methodology is intended to establish a more

accurate baseline when rates are set. The methodology combines forecasted customer counts with normal use per bill, using separate regression analyses for each rate class for Spire Missouri East and Spire Missouri West. It also recognizes current weather and usage trends so that the normal volumes used in rates better reflect expected conditions during the fully projected future test year. Second, the USM would address eligible differences for the residential and small general service classes that arise after rates take effect by comparing the approved normal use per bill with actual use per bill. Better billing determinants set the appropriate starting point; the USM addresses qualifying variances that remain between rate cases.

**Q. Why is improving the billing determinants not sufficient by itself?**

A. Billing determinants necessarily estimate expected usage when rates are established. Even a well-supported model cannot eliminate future differences caused by actual weather or persistent changes in use per bill. The proposed methodology materially improves the baseline, but it cannot predict every post-rate-case outcome. The USM is designed to work with the approved billing determinants by addressing measurable use per bill variance after rates take effect.

**Q. How would the proposed USM operate?**

A. The USM would replace the existing Weather Normalization Adjustment Rider ("WNAR") for the residential and small general service rate schedules in Spire Missouri East and Spire Missouri West. It would be calculated monthly, by rate class and service area, by comparing the approved normal use per bill with actual use per bill. Mr. Taylor's testimony describes the mechanism in greater detail.

**Q. Is the proposed USM a revenue guarantee or a full decoupling mechanism?**

A. No. The USM would not compare total authorized revenues with total actual revenues and would not guarantee recovery of the Company's overall revenue requirement or an authorized return. It is a targeted mechanism that evaluates usage on a per-bill basis. Customer charge revenue, customer growth, and customer attrition would remain outside the mechanism.

**Q. How do these proposals relate to the Company's recent Accounting Authority Order ("AAO") proceeding?**

A. The AAO proceeding, Case No. GU-2026-0225, demonstrated the practical consequences of a material decline in customer usage shortly after new rates were placed into effect, particularly where those rates were set using overstated billing determinants. It also highlighted that the existing WNAR mechanism could be improved. The Commission-approved resolution of that proceeding included workshops focused on weather normalization, billing determinants, and potential tariff mechanisms.

**Q. Did Spire Missouri and the other parties to the AAO proceeding conduct the workshops ordered by the Commission, and do you believe they were effective?**

A. Yes. Spire Missouri, Commission Staff, and the Office of the Public Counsel ("OPC") held two workshops in August and September 2026. The Company's rate case consultant also participated so those discussions would align with this case. In the first workshop, the Company walked the parties through its proposed approach for setting the billing determinants in this case. In the second workshop, the Company presented the USM as a replacement for the WNAR, and the parties discussed potential safeguards for the mechanism. After the second workshop, the parties also held a third technical discussion to go into more detail on the Company's approach to determining normal billing

determinants. I believe the workshops were effective. They were productive and helped narrow the issues the Commission will need to consider in this case. The parties have not reached agreement on changes to the WNAR or a new mechanism, but progress was made toward reaching a resolution. The Company intends to keep working with Staff and OPC on its proposal, the supporting workpapers, and possible modifications, consistent with the Stipulation's commitment to address weather and conservation under Section 386.266(3), RSMo, in this rate case. The proposals described by Mr. Taylor are informed by the workshops and the parties' feedback, and they are the Company's prospective response to those issues in this general rate case, which is the appropriate forum to establish the normal usage baseline and determine the design of an ongoing mechanism.

**Q. How do the billing determinant and USM proposals described by Mr. Taylor benefit customers?**

A. Customers benefit when rates begin with a reasonable estimate of expected usage and when later variances are addressed through a transparent, symmetrical process. More accurate determinants reduce the risk that rates are designed around overstated or understated volumes. The USM further reduces the potential for accumulated under- or over-recovery and more abrupt future rate adjustments. Its symmetrical design, exclusion of customer charge revenue, preservation of customer-count risk, and annual review process provide customer protections while supporting the Company's continued ability to safely and reliably serve its customers.

**Q. What is Spire Missouri asking the Commission to do in this case with respect to these issues?**

A. Spire Missouri is asking the Commission to approve Mr. Taylor's proposed normal billing determinants and the USM as complementary components of a balanced framework. The billing determinants are intended to place rates on a more accurate footing at the outset, while the USM is intended to address the eligible use per bill variance that develops after rates take effect. Approving both proposals would better align the usage reflected in rates with actual operating conditions without shifting all volumetric or business risk to customers or eliminating Commission oversight.

## IV. RETURN ON EQUITY RECOMMENDATION

**Q. What return on equity ("ROE") is the Company recommending in this case?**

A. The Company is recommending an authorized ROE of 10.50%. As explained in the direct testimony of Company witness Sarah E. Akers, her cost-of-equity analysis supports a reasonable ROE range of 10.50% to 11.25%. The Company's recommendation is therefore at the bottom end of Ms. Akers' range.

**Q. Why is the Company recommending an ROE at the bottom end of that range?**

A. The 10.50% recommendation reflects the Company's assumption that the volumetric recovery issue described earlier in my testimony will be meaningfully addressed in this case. Specifically, the Company is proposing to improve the accuracy of the billing determinants used to establish rates and to implement the new USM described by Company witness John Taylor. Together, those proposals are intended to better align the usage reflected in rates with actual customer usage. On the assumption that these proposals are approved and operate as intended, the Company believes an ROE at the bottom of Ms. Akers' recommended range is reasonable. If the volumetric recovery issue is not

meaningfully addressed, however, Spire Missouri's risk profile would remain elevated and the basis for selecting the bottom end of that range would no longer apply.

## V. BACKGROUND REGARDING SPIRE INC.'S RECENT ACQUISITIONS AND DIVESTITURES

**Q. Please provide background regarding Spire Inc.'s recent acquisitions and divestitures since Spire Missouri's last general rate case.**

A. Since Spire Missouri's last general rate case, Spire Inc. has continued to evaluate and execute strategic transactions designed to strengthen its overall business profile, simplify its portfolio, and focus more directly on regulated natural gas utility operations. These transactions are relevant background for this case because they provide broader context for Spire Inc.'s current utility-focused strategy, financial profile, and long-term commitment to providing safe, reliable, and affordable natural gas service.

**Q. What acquisitions has Spire Inc. pursued during that period?**

A. The most significant acquisition pursued by Spire Inc. during this period was the acquisition of the Tennessee natural gas distribution business previously owned by Piedmont Natural Gas Company, Inc. In July 2025, Spire Inc. announced an agreement to acquire Piedmont's Tennessee natural gas local distribution company business for approximately $2.48 billion. The transaction was reviewed by the Tennessee Public Utility Commission in Docket No. 25-00074 and closed in March 2026. Following closing, the acquired business was renamed Spire Tennessee Inc. The transaction expanded Spire Inc.'s regulated gas utility footprint into Tennessee, added more than 200,000 customers, and increased Spire Inc.'s jurisdictional diversity while remaining consistent with Spire Inc.'s focus on regulated natural gas utility operations.

**Q. What divestitures has Spire Inc. pursued during that period?**

A. Spire Inc. has also pursued divestitures intended to simplify its business profile and further concentrate the company on regulated natural gas utility operations. In 2026, Spire Inc. completed the sale of Spire Marketing Inc. and its storage entities, which were non-utility businesses. Spire Inc. is also in the process of obtaining the regulatory approvals needed to complete the sale of Spire Mississippi Inc. Unlike the marketing and storage businesses, Spire Mississippi Inc. is a regulated natural gas utility, and Spire Inc. is selling it to another utility operator in the state that can serve those customers with greater scale. The sale of the marketing and storage businesses reduces Spire Inc.'s exposure to non-utility business risk, while the sale of Spire Mississippi Inc. places that utility with an operator better positioned to serve it at scale.

**Q. How do these transactions relate to Spire Missouri and this rate case?**

A. These transactions do not change Spire Missouri's obligation to provide safe and reliable service to its Missouri customers. Rather, they provide background regarding the strategic direction of Spire Inc. as the parent company. The acquisition of the Tennessee utility business, the sale of the non-utility marketing and storage businesses, and the sale of Spire Mississippi Inc. reflect a deliberate effort to simplify Spire Inc.'s overall business mix.

From a Spire Missouri perspective, that strategic direction is consistent with the Company's request in this case. Spire Missouri continues to make substantial investments in its distribution system to support safety, reliability, compliance, modernization, and customer growth. A more utility-focused enterprise supports that investment strategy by aligning management attention, capital allocation, and long-term planning around regulated utility operations.

**Q. Why is this background important for the Commission?**

A. This background is important because it demonstrates that Spire Inc.'s recent strategic transactions are consistent with the same core objectives underlying this rate case: maintaining financial strength, supporting continued infrastructure investment, reducing unnecessary volatility, and focusing on the regulated utility business. Spire Inc.'s acquisition and divestiture activities have been directed toward simplifying the Company, reinforcing its long-term commitment to regulated natural gas service, and serving its customers. Those objectives are aligned with Spire Missouri's request in this case for rates and regulatory mechanisms that provide a reasonable opportunity to recover prudently incurred costs while continuing to protect customers through Commission oversight and review.

## VI. CONCLUSION

**Q. Please summarize your testimony.**

A. My testimony provides an overview of Spire Missouri's rate case filing, explains why revenue stability and predictability are central issues in this proceeding, presents the Company's recommended 10.50% ROE, and provides background regarding Spire Inc.'s recent acquisitions and divestitures. The Company's ROE recommendation is at the bottom end of the 10.50% to 11.25% range supported by Company witness Sarah E. Akers and assumes that the Company's volumetric recovery issue is meaningfully addressed through more accurate billing determinants and the proposed USM described by Company witness John D. Taylor.

**Q. Does this conclude your direct testimony?**

A. Yes, it does.

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

| | | |
|---|---|---|
| In the Matter of the Spire Missouri Inc. d/b/a Spire's Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas | ) ) ) ) ) | File No. GR-2027-0075 |

**AFFIDAVIT**

STATE OF MISSOURI )
)
CITY OF ST. LOUIS )

I, David A. Yonce, of lawful age, being first duly sworn, deposes and states:

I. My name is David A. Yonce. I am the Vice President, Regulatory for Spire Missouri Inc. My business address is 700 Market St., St. Louis, Missouri 63101.

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

III. 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.

David A. Yonce

Subscribed and sworn to before me this 29th day of October, 2026.

TAMMY L. KIRKSEY
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES NOVEMBER 20, 2028
ST. LOUIS CITY
COMMISSION #24459582

Notary Public