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**Before the
Tennessee Public Utility Commission**

Docket No. 26-00042

2026 Annual ARM Filing

**Direct Testimony
of
David Yonce**

**On Behalf Of
Spire Tennessee Inc.**



May 20, 2026

1 **Q. Please state your name and business address.**

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

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

5 A. I am Vice President, Regulatory for Spire Missouri Inc. (“Spire
6 Missouri”), filing direct testimony on behalf of Spire Tennessee Inc.
7 (“Spire Tennessee” or the “Company”).

8 **Q. Please describe your educational and professional background.**

9 A. I received my Bachelor of Business Administration in Finance from
10 Truman State University, and my Master of Business Administration
11 from the Washington University in St. Louis – Olin Business School. I
12 joined Spire Inc. (NYSE: SR) (“Spire”) in 2013 as a Senior Analyst,
13 Strategy and Corporate Development, and became Director, Strategy
14 and Corporate Development in 2016. Over the next seven years, I
15 progressed through the Company in roles of increasing responsibility,
16 including Director, Gas Operations and Control in 2019, Director of
17 Workload Planning in 2020, and Managing Director, Gas Supply in
18 2022. In January 2023, I became Managing Director, Regulatory Affairs
19 for Spire Missouri, where I had direct responsibility for Spire Missouri’s
20 rates and tariffs, including overseeing the Company’s regulatory filings
21 and managing cases before the Missouri Public Service Commission
22 (“MoPSC”), and overseeing Spire Missouri’s energy efficiency
23 programs. In March 2026, I transitioned to my current role as Vice

1 President, Regulatory where I have responsibility for rates and tariffs,
2 regulatory filings, and managing cases before state utility Commissions
3 for all of Spire's utility business units, with operations in Alabama,
4 Mississippi, Missouri, and Tennessee.

5 **Q. Have you previously testified before the Tennessee Public Utility**
6 **Commission ("TPUC" or the "Commission") or any other**
7 **regulatory authority?**

8 A. Yes. I filed direct and rebuttal testimony in TPUC Docket No. 25-
9 00074, the docket where the Commission approved the sale and transfer
10 of Piedmont Natural Gas Company, Inc.'s ("Piedmont") authority to
11 provide utility services pursuant to Tennessee Code Annotated § 65-4-
12 113, and related authorizations, along with the transfer of the certificate
13 of public convenience and necessity related to the service territory, to
14 Spire Tennessee ("Transfer Approval"). I have also testified in
15 numerous cases before the MoPSC.

16 **Q. Please provide context for this proceeding.**

17 A. This filing is made pursuant to the Transfer Approval, which authorized
18 Spire Tennessee to file an Annual Review Mechanism ("ARM") on a
19 limited and temporary basis. This filing utilizes calendar year 2025 as the
20 Historic Base Period ("HBP") and is entirely based on costs incurred and
21 capital deployed under Piedmont's ownership during calendar year 2025.

22 **Q. What is the purpose of your testimony in this proceeding?**

23 A. The purpose of my testimony is to support Spire Tennessee's first ARM

1 filing following the Commission's Transfer Approval. In this testimony,
2 I provide:

- 3 1. An overview of Spire and its commitment to Tennessee
4 customers, building upon the record established in the prior
5 transfer of control proceeding;
- 6 2. An overview of Spire Tennessee's request in this filing;
- 7 3. An update on the status of the transition and integration of
8 Piedmont's Tennessee operations into Spire Tennessee;
- 9 4. A discussion of a major liquefied natural gas ("LNG")
10 infrastructure project that was underway prior to closing and the
11 implications of its revised in-service timing for future ARM
12 filings; and
- 13 5. Clarification regarding the recovery of ongoing operating costs
14 during the transition period, including costs associated with the
15 Transition Services Agreement ("TSA").

16 **Q. Do you have any exhibits to your testimony?**

17 A. No.

18 **I. Overview of Spire and Commitment to Tennessee**

19 **Q. Please briefly describe Spire and its experience as a natural gas
20 utility operator.**

21 A. As previously described in my direct testimony filed in Docket No. 25-
22 00074, Spire is a publicly traded natural gas holding company that owns
23 and operates regulated natural gas utilities serving more than 1.9 million

1 customers across Alabama, Mississippi, Missouri, and Tennessee. Spire
2 has a long and successful history of safely, reliably, and affordably
3 operating natural gas distribution systems.

4 **Q. How does Spire view its entry into the State of Tennessee?**

5 A. Spire is extremely excited to have the opportunity to serve customers in
6 Tennessee. We are grateful to the Commission for its thoughtful review
7 and approval of the transaction and for the confidence it has placed in
8 Spire Tennessee to assume responsibility for these operations. As the
9 Commission noted in its Transfer Approval, Spire has demonstrated the
10 managerial, technical, and financial capability necessary to operate the
11 Tennessee system and to do so in a manner that furthers the public
12 interest.

13 We take that responsibility seriously. Our objective is
14 straightforward: to build upon the strong foundation established by
15 Piedmont and to continue delivering safe, reliable, and high-quality
16 service to Tennessee customers while making prudent investments in
17 infrastructure needed to support growth and system reliability.

18 **II. Overview of Request**

19 **Q. Please provide an overview of Spire Tennessee's request in this**
20 **filing.**

21 A. Spire Tennessee requests the Commission's approval through this
22 proceeding of the following:

23 1. With respect to the computed HBP Revenue Requirement

1 Deficiency, Spire Tennessee presents the HBP Reconciliation
2 for transparency but, consistent with the conditions imposed in
3 the Transfer Approval, Spire is foregoing recovery of the HBP
4 Revenue Requirement Deficiency and is not seeking to defer or
5 recover such deficiency in future proceedings.

6 2. Implement new Base Margin Rates (which were previously set
7 in Docket No. 25-00036 addressing Piedmont's 2025 Annual
8 ARM Filing) for the \$13,966,022 Annual Base Rate Reset
9 Revenue Requirement Deficiency allowed under conditions
10 imposed in the Transfer Approval. The pre-filed direct
11 testimonies of Spire Tennessee witnesses Jay Neal and Eric
12 Bouselli walk through the specific cost of service component
13 adjustments, revenue requirement deficiency computations, and
14 proposed rate changes that adhere to the Company's ARM Tariff
15 and the Transfer Approval.

16 3. Implement updated Weather Normalization Adjustment Factors
17 as discussed in Spire Tennessee witness Jay Neal's pre-filed
18 direct testimony effective October 1, 2026, concurrent with the
19 implementation of the updated Base Margin Rates in this
20 proceeding.

21 4. Amortize and recover through updated Base Margin Rates in
22 this proceeding certain deferred environmental expenses that

1 have been incurred and deferred during the HBP as discussed in
2 Spire Tennessee witness Neal's testimony.

3 **III. Transition and Integration Update**

4 **Q. Please provide an update on the status of the transition and**
5 **integration of Spire Tennessee.**

6 A. The transition and integration of Piedmont's Tennessee operations into
7 Spire Tennessee are fully underway and progressing very well. We are
8 executing our integration plan consistent with the commitments made
9 to the Commission, and to date, the transition has been seamless from a
10 customer perspective. Additionally, as required in the Transfer
11 Approval, Spire Tennessee will be filing quarterly integration status
12 reports.

13 **Q. Have there been any operational or customer service concerns since**
14 **Spire Tennessee assumed operations in the state?**

15 A. No. To my knowledge, we have not received any negative feedback
16 from customers related to the transition. Customers continue to receive
17 safe, reliable natural gas service, and we remain encouraged by the
18 smooth continuity of operations since closing. This outcome reflects the
19 dedication of the Tennessee workforce and the careful planning
20 undertaken by both Piedmont and Spire prior to the transaction.

21 **Q. Is Spire committed to continuing this approach?**

22 A. Absolutely. Spire remains fully committed to maintaining a strong local
23 presence in Tennessee through Spire Tennessee, retaining experienced

1 employees, and ensuring continuity in day-to-day operations. We view
2 integration not as a one-time event, but as an ongoing process focused
3 on stability, reliability, and continuous improvement.

4 **IV. LNG Project Status and ARM Implications**

5 **Q. Please describe the large LNG project underway in Tennessee.**

6 A. Prior to initiating the sale of its Tennessee local distribution company
7 assets, Piedmont began construction of a significant LNG infrastructure
8 project intended to enhance system reliability and meet growing
9 demand. The project has been under development since June 2021, and
10 addresses a critical need on the system, which I will discuss further
11 below.

12 **Q. Has the timing of that project changed?**

13 A. Yes. The project was originally expected to be placed in service in
14 calendar year 2025. However, due to construction challenges, the in-
15 service date has shifted, and the project is now expected to be placed in
16 service in mid-2026.

17 **Q. Why is this timing important for ARM purposes?**

18 A. The revised in-service date has important implications for future ARM
19 filings. Under the limited and temporary ARM approved by the
20 Commission, annual base rate increases are subject to a 4% cap. Due to
21 this cap, however, this LNG project will place additional pressure on the
22 ARM filing for calendar year 2027, which will be based on 2026 data.

1 While this project is both necessary and prudent, its scale,
2 combined with the Commission-approved limitations of the temporary
3 ARM, makes recovery under that framework impossible. I raise this
4 issue to provide transparency and context, consistent with the
5 Commission's expectations, rather than to prejudge any future filing.

6 For perspective, on a standalone basis, the LNG plant
7 investment placed in service will be approximately \$90 million, which
8 is estimated to account for the majority of the 4% cap in the 2027 ARM
9 filing alone before considering any other capital investment or
10 operational expense increases. This will place significant pressure on
11 Spire Tennessee's ability to make ongoing and necessary investments
12 in its broader system and to recover the capital from the LNG plant,
13 which was the result of decisions made under Piedmont's ownership.

14 **Q. Was the LNG project needed?**

15 A. Yes. The original LNG plant was built in 1973 and serves a critical role
16 in ensuring system reliability and resiliency. It serves as a peak shaving
17 facility by liquifying natural gas during the summer months, storing the
18 LNG until needed, and then re-vaporizing the LNG into pipeline-ready
19 gas when customers need it most. The LNG tank stores approximately
20 1 billion cubic feet of natural gas to ensure we are able to reliably supply
21 our customers' demand during the coldest part of the year. There are a
22 few drivers of the need for the LNG upgrade: system reliability, safety,
23 and changes in gas composition. The existing equipment is over 50

1 years old and past its expected operational life. The replacement reduces
2 the possibility of extended downtime and increases the ability to
3 replenish inventory each year. The plant update is built to current safety
4 codes, which are more stringent than those from 50 years ago. Finally,
5 the gas supply has changed, and the older equipment is unable to
6 manage the high ethane content of the natural gas currently supplied by
7 the interstate transmission pipelines serving the Nashville area. As a
8 result, from an operational perspective it is necessary to upgrade the
9 plant to ensure it can liquify and store gas of a composition our
10 customers can use.

11 **Q. What impact will the inclusion of LNG costs into the 2027 ARM**
12 **have on Spire?**

13 A. The LNG plant investment is estimated to consume the majority of the
14 4% ARM increase allowance in 2027, which effectively means that
15 Spire will incur significant regulatory lag for investments made on
16 ongoing capital required to provide safe and reliable services to
17 customers. This lag will begin that year and continue forward until Spire
18 files its next rate case. The lag is likely to have a material impact on
19 Spire's return recovery in 2027 forward, but the exact impact won't be
20 known until at least next year.

1 **V. Transition Services Agreement (“TSA”) and Cost Recovery**

2 **Q. Please reconfirm Spire Tennessee’s position regarding TSA related**
3 **costs.**

4 A. As outlined in the Transfer Approval proceeding, Spire Tennessee does
5 not seek recovery of incremental or transaction-related costs associated
6 with the acquisition itself. That commitment remains unchanged. The
7 intent of this commitment is to ensure that Tennessee customers are not
8 paying for services twice (through base rates established under
9 Piedmont ownership and through the TSA).

10 **Q. Were there any TSA costs incurred during the HBP or that impact**
11 **this ARM filing?**

12 A. No.

13 **Q. Does this conclude your pre-filed direct testimony?**

14 A. Yes. Spire Tennessee appreciates the opportunity to make its first ARM
15 filing following the Commission’s Transfer Approval. We are proud of
16 the progress achieved to date, remain committed to Tennessee
17 customers, and look forward to continuing our constructive relationship
18 with the Commission as we navigate both the opportunities and
19 challenges associated with this transition.