

Electronically Filed in TPUC Docket Room on May 20, 2026 at 1:46 p.m.

**Before the
Tennessee Public Utility Commission**

Docket No. 26-00042

2026 Annual ARM Filing

**Direct Testimony
of
Eric Bouselli**

**On Behalf Of
Spire Tennessee Inc.**



May 20, 2026

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

2 A. My name is Eric Bouselli. My business address is 700 Market Street, St.
3 Louis, Missouri.

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

5 A. I am the Manager, Regulatory Strategy & Forecasting for Spire
6 Missouri Inc. (“Spire Missouri”) and filing direct testimony on behalf
7 of Spire Tennessee Inc. (“Spire Tennessee” or the “Company”). In this
8 capacity, I am responsible for a variety of regulatory matters including,
9 but not limited to, the development and execution of rate requests, report
10 filings, and other matters supporting regulated utilities owned by Spire
11 Inc. (“Spire”).

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

13 A. I graduated from the University of Missouri Trulaske College of
14 Business in 2007 with a master's degree in accounting. I also am a
15 licensed certified public accountant in the state of Missouri. Prior to
16 being employed by Spire Missouri, I was employed by RubinBrown
17 LLP as an Analyst. I performed detailed analyses pertaining to business
18 valuation, litigation support, and other miscellaneous financial projects.
19 I joined Spire Missouri in 2013 as a financial analyst. Since that time, I
20 have worked in various positions within the Finance organization, along
21 with working on teams that implemented several information
22 technology software solutions and identified process improvements. I
23 have been in my present position since January 2022. In this role, I am

1 responsible for the advancement of regulatory programs and constructs
2 and related forecasting and modeling.

3 **Q. Have you previously testified before the Tennessee Public Utility**
4 **Commission (“TPUC” or “Commission”) or any other regulatory**
5 **authority?**

6 A. I have not presented testimony before the Commission. However, I
7 have provided written testimony before the Missouri Public Service
8 Commission on multiple occasions.

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

10 A. No, I do not have exhibits to my testimony.

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

12 A. In Docket No. 21-00135, Piedmont Natural Gas Company, Inc.
13 (“Piedmont”) sought and received Commission approval pursuant to
14 Tennessee Code Annotated (“Tenn. Code Ann.”) § 65-5-103(d)(6) to
15 operate under new Service Schedule No. 318 – Annual Review
16 Mechanism (“Piedmont ARM Tariff”), effective January 1, 2022. The
17 purpose of the Piedmont ARM Tariff is expressly stated on page 1:
18 “Pursuant to this ARM [Tariff] and the annual filings described herein,
19 the Company’s rates shall be adjusted to provide that the Company earns
20 its Authorized Return on Equity on prudently incurred costs as defined
21 by the [Commission].” (brackets and information added).

22 On March 16, 2026, the Commission approved the transfer of
23 Piedmont’s authority to provide utility services pursuant to Tenn. Code

1 Ann. § 65-4-113 and related authorizations in its Tennessee jurisdiction
2 to Spire Tennessee in Docket No. 25-00074 (“Transfer Approval”). As
3 part of that approval, the Commission found that the transfer of a limited
4 version of Piedmont’s Annual Review Mechanism (“ARM”) helps
5 promote efficiencies and lessens rate shock for customers. The
6 Commission authorized Spire Tennessee to file an ARM on a temporary
7 basis, subject to certain conditions designed to further balance the
8 interests of customers during the transition period from Piedmont
9 operations to Spire operations.

10 The present proceeding represents Spire Tennessee’s first
11 Annual ARM Filing (“2026 Annual ARM Filing”) before the TPUC
12 subsequent to the closing of the transaction approved in Docket No. 25-
13 00074. Because the transaction was not projected to close until after
14 Commission approval in Docket No. 25-00074, this filing utilizes
15 calendar year 2025 as the Historic Base Period (“HBP”) and is entirely
16 based on costs incurred and capital deployed under Piedmont’s
17 ownership during calendar year 2025, as inherited by Spire Tennessee
18 at the March 31, 2026 closing of the acquisition transaction.

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

20 A. My testimony supports Spire Tennessee’s 2026 Annual ARM Filing
21 seeking the adjustment of rates in this docket, effective October 1, 2026,
22 pursuant to the operation of the ARM Tariff. In this testimony, I will
23 provide a brief description of Spire Tennessee, Piedmont, and

1 Piedmont's business during the HBP. I will also summarize Piedmont's
2 earned return on equity ("ROE") for the HBP and resulting revenue
3 deficiencies computed in Spire Tennessee's 2026 Annual ARM Filing.
4 I will then explain the calculation of the revenue requirement
5 adjustments pursuant to Spire Tennessee's Annual Review Mechanism
6 Tariff Filing ("2026 Annual ARM Filing") as shown on ARM Schedule
7 No. 1 and present the overall revenue percentage increase associated
8 with the computed revenue deficiencies and proposed adjustment to
9 rates effective October 1, 2026, in this proceeding. Finally, I confirm
10 that the proposed base rate increase complies with the four percent (4%)
11 limit imposed by the Transfer Approval.

12 **Q. How does the change in ownership from Piedmont to Spire**
13 **Tennessee affect this filing?**

14 A. Although Spire Tennessee is the requesting entity in this proceeding and
15 will be the utility of record going forward, it is important to note that
16 the HBP data presented in this filing – including all costs, revenues, rate
17 base, and capital deployed – reflects operations conducted entirely
18 under Piedmont's ownership during calendar year 2025. Spire
19 Tennessee inherited these costs and assets at the closing of the
20 acquisition transaction on March 31, 2026.

21 Additionally, Spire entered into a Transition Services
22 Agreement with Piedmont that includes support services for this filing.
23 Key personnel responsible for regulatory and operational functions

1 under Piedmont have also transferred to Spire Tennessee. This
2 continuity and transition support provide the Company with confidence
3 in the accuracy and integrity of the HBP data underlying this filing.

4 **Q. Please summarize what Spire seeks from the Commission in this**
5 **proceeding.**

6 A. Spire Tennessee's 2026 Annual ARM Filing adheres to Piedmont's
7 Commission-approved ARM Tariff by reconciling, in a two-step
8 process, Piedmont's actual 2025 performance with its authorized ROE
9 from its last general rate case proceeding. Piedmont's earned ROE for
10 2025 was approximately equal to its authorized ROE from its last
11 general rate case proceeding.

12 Through this proceeding, Spire Tennessee requests the
13 Commission's approval with respect to the following:

- 14 1. With respect to the computed HBP Revenue Requirement
15 Deficiency, Spire Tennessee presents the HBP Reconciliation
16 for transparency but, consistent with the conditions imposed in
17 the Transfer Approval, Spire is foregoing recovery of the HBP
18 Revenue Requirement Deficiency and is not seeking to defer or
19 recover such deficiency in future proceedings.
- 20 2. Implement new Base Margin Rates (which were previously set
21 in Docket No. 25-00036 addressing Piedmont's 2025 Annual
22 ARM Filing) for the \$13,966,022 Annual Base Rate Reset
23 Revenue Requirement Deficiency allowed under conditions

1 imposed in the Transfer Approval.¹ The pre-filed direct
2 testimony of Spire Tennessee witness Jay Neal and my
3 testimony below walk through the specific cost of service
4 component adjustments, revenue requirement deficiency
5 computations, and proposed rate changes that adhere to the
6 Company's ARM Tariff and the Transfer Approval.

7 3. Implement updated Weather Normalization Adjustment Factors
8 (as discussed in witness Neal's direct testimony) effective
9 October 1, 2026, concurrent with the implementation of the
10 updated Base Margin Rates in this proceeding.

11 4. Amortize and recover through updated Base Margin Rates in
12 this proceeding certain deferred environmental expenses that
13 have been incurred and deferred during the HBP (as discussed
14 in witness Neal's testimony).

15 **Q. What is the basis for the revenue requirement adjustments in the**
16 **2026 Annual ARM Filing?**

17 A. As discussed above, the 2026 Annual ARM Filing utilizes calendar year
18 2025 as the HBP for the two revenue requirement adjustments and
19 associated tariff rate changes. These two revenue requirement
20 adjustments are defined in Section I of the ARM Tariff as:

¹ The \$13,966,022 represents the maximum allowed increase in revenue due to the 4% limitation. The Annual Base Rate Reset revenue deficiency as shown in 2026 Annual ARM Filing Schedule 1 presents the calculation without adjustment for transparency but, consistent with the conditions imposed in the Transfer Approval, Spire is limited to a 4% increase and is not seeking to defer or recover such excess amounts in future proceedings.

- 1 • the HBP Revenue Requirement Deficiency (Sufficiency);
2 and
3 • the Annual Base Rate Reset Revenue Requirement
4 Deficiency (Sufficiency).

5 Section II of the ARM Tariff delineates the method for
6 calculating the HBP Revenue Requirement Deficiency (Sufficiency)
7 associated with the HBP Reconciliation and the resultant change to
8 Spire Tennessee's ARM Rider Rates. Section III of the ARM Tariff
9 delineates the method for computing the Annual Base Rate Reset
10 Revenue Requirement Deficiency (Sufficiency) and the resultant
11 change to Spire Tennessee's Base Margin Rates (which were reset in
12 Piedmont's 2025 Annual ARM proceeding). My direct testimony, in
13 conjunction with the pre-filed direct testimony of witness Neal, explains
14 how the Company adhered to the requirements of the ARM Tariff in
15 computing these two revenue requirement adjustments and proposed
16 rates for the 2026 Annual ARM Filing.

17 **Q. How does the Transfer Approval affect the treatment of these two**
18 **revenue requirement adjustments?**

19 A. As noted earlier, the Transfer Approval imposed certain conditions on
20 Spire Tennessee's use of the limited ARM. With respect to the HBP
21 Reconciliation, the Transfer Approval provides that to the extent the
22 HBP Reconciliation calculates a Revenue Requirement Deficiency,
23 Spire Tennessee shall forgo recovery of those costs and shall not defer

1 or seek recovery of such deficiency in future proceedings. To the extent
2 the HBP Reconciliation calculates a Revenue Requirement Sufficiency,
3 Spire Tennessee shall refund it to customers. Given that Spire
4 Tennessee did not operate the assets during calendar year 2025, any
5 result of the HBP Reconciliation should only apply if it benefits
6 customers.

7 **Q. Please summarize the results of the HBP Reconciliation for the 2026**
8 **Annual ARM Filing.**

9 A. Line 8 of Column [A] in ARM Schedule No. 1 shows the HBP
10 Reconciliation and its resultant \$36,209 HBP Revenue Requirement
11 Deficiency. Piedmont experienced a 6.97% Earned Rate of Return for
12 its Tennessee jurisdictional operations during the HBP, given its Rate
13 Base of \$1,427,306,934, which is the average rate base over the 13
14 months ending December 31, 2025, and its Net Operating Income for
15 Return during the HBP of \$99,550,810. The computed Fair Rate of
16 Return pursuant to the ARM Tariff for the HBP Reconciliation is
17 6.98%, which incorporates the 9.80% Return on Equity (“ROE”)
18 authorized by the Commission in Piedmont’s last general rate case
19 proceeding in 2020 in Docket No. 20-00086, along with the 13-month
20 average capital structure and component debt cost rates during the HBP.
21 The difference between the 6.97% Earned Rate of Return and the 6.98%
22 Fair Rate of Return for the HBP Reconciliation is one basis point, which
23 equates to a \$26,771 Net Operating Income Deficiency (Sufficiency).

1 When grossed-up for taxes and the other components of the gross
2 revenue conversion factor (each of which are delineated on ARM
3 Schedule No. 11), this \$26,771 Net Operating Income Deficiency
4 comports with an HBP Revenue Requirement Deficiency of \$36,209.

5 **Q. Given the conditions in the Transfer Approval, how is the Company**
6 **addressing the HBP Revenue Requirement Deficiency in the ARM**
7 **Rider Rates?**

8 A. As required by the Transfer Approval, the Company is forgoing
9 recovery of the \$36,209.

10 **Q. Did the Transfer Approval impose any conditions applicable to the**
11 **Annual Base Rate Reset?**

12 A. Yes. The Transfer Approval provides that the ARM average annual base
13 rate increase shall not exceed 4%. If an individual ARM filing
14 calculates a percentage increase greater than 4%, the increase shall not
15 be allowed beyond that threshold. Additionally, the Company cannot
16 defer any amount in excess of the 4% cap for recovery in future
17 proceedings.

18 **Q. Please summarize the results of the Annual Base Rate Reset for this**
19 **2026 Annual ARM Filing.**

20 A. Column [B] in ARM Schedule No. 1 shows the Annual Base Rate Reset
21 calculation and its resultant \$18,233,708 Revenue Requirement
22 Deficiency. The Rate Base utilized for the Annual Base Rate Reset
23 calculation is \$1,514,485,998. The Net Operating Income for Return

1 for the Annual Base Rate Reset is \$91,598,530. The quotient of these
2 yields a 6.05% Earned Rate of Return, whereas the computed Fair Rate
3 of Return is 6.94%, which incorporates the 9.80% ROE authorized by
4 the Commission in Piedmont's last general rate case² along with the
5 capital structure and component debt cost rates at the end of the HBP
6 (i.e., at December 31, 2025). The difference between the 6.05% Earned
7 Rate of Return and the 6.94% Fair Rate of Return for the Annual Base
8 Rate Reset is 89 basis points, otherwise expressed as a \$13,481,006 Net
9 Operating Income Deficiency. When grossed-up for taxes and the other
10 components of the gross revenue conversion factor (each of which are
11 delineated on ARM Schedule No. 11), this \$13,481,006 Net Operating
12 Income Deficiency results in a calculated Annual Base Rate Reset
13 Revenue Requirement Deficiency of \$18,233,708.

14 **Q. What ROE did Piedmont earn in 2025?**

15 A. For the HBP Reconciliation, Piedmont earned a 9.80% ROE, which is
16 equal to the allowed 9.80% ROE. As discussed above, consistent with
17 the Transfer Approval, Spire Tennessee is forgoing recovery of any
18 HBP Revenue Requirement Deficiency. For the Annual Base Rate
19 Reset, Piedmont earned an 8.00% ROE, which is below the allowed
20 9.80% ROE. The calculated Annual Base Rate Reset Revenue
21 Requirement Deficiency is \$18,233,708, however, consistent with the

² By contrast, note that the ROE for the Annual Base Rate Reset is 8.00%, as shown on ARM Schedule No. 10B.

1 conditions imposed in the Transfer Approval, the proposed revenue
2 increase is limited to \$13,966,022 due to the 4% revenue increase limit
3 in the Transfer Approval.

4 **Q. Please quantify the percentage revenue increase that Spire**
5 **Tennessee requests in this proceeding.**

6 A. As illustrated in Table 1 below and as supported by Spire Tennessee’s
7 direct testimony and data included in its 2026 Annual ARM filing, the
8 Company requests the maximum 4% revenue increase in this
9 proceeding.

Table 1

Line No.		Reference	Total Revenues Methodology
1	Total Operating Revenue	ARM Revenue Schedule 6A, Line 12	\$ 349,150,549
2	ABRR Increase in Revenue	ARM Summary Schedule Line 9	\$ 13,966,022
3	Increase in HBP Revenue (incl. carrying costs)	ARM Schedule No. 12, Line 6	\$ 0
4	Total Operating Revenue	Line 1 + Line 2 + Line 3	\$ 363,116,571
5	Revenue Increase (Line 2 + Line 3)	Line 2 + Line 3	\$ 13,966,022
6	Total Operating Revenue	Line 1	\$ 349,150,549
7	Percentage Change (Line 5 / Line 6)	Line 5 / Line 6	4.00%

1 **Q. Are any updates required for the ARM Rider Rates?**

2 A. No. Per the conditions imposed in the Transfer Approval, the ARM
3 Rider Rate was terminated at closing of the acquisition transaction,
4 along with an accompanying write-off of the associated regulatory asset.

5 **Q. What rate design is Spire Tennessee proposing for the Annual Base
6 Rate Reset?**

7 A. Spire Tennessee is proposing the same overall rate design, which
8 includes fixed monthly charges, demand charges, and volumetric rates,
9 for each rate schedule, including step rates for Large General Service,
10 which underlies its existing rates. This is the same rate design
11 methodology that the TPUC approved in Piedmont's last general rate
12 case proceeding and Piedmont's previous Annual ARM proceedings.

13 **Q. What rates have been adjusted for the Annual Base Rate Reset?**

14 A. In order to effectuate the proposed increase of \$13,966,022 for the
15 Annual Base Rate Reset Revenue Requirement Deficiency, Spire
16 Tennessee proposes to change the base margin volumetric billing rates
17 (the rates per therm) for each Applicable Rate Schedule, with the
18 exception of Rate Schedule 310 – Resale Service (due to the absence of
19 active customers on this Rate Schedule since February 2023).

20 **Q. How did Spire Tennessee determine its approach to the rate design
21 for the Annual Base Rate Reset?**

22 A. In allocating the proposed rate increase, however, Spire Tennessee also
23 strives to avoid disproportionately or unfairly burdening one class of

1 customers versus another, i.e., cross-subsidization. Generally, the
2 Company seeks to mitigate cross subsidization by gradually and
3 simultaneously moving each customer class toward parity with the
4 overall jurisdictional rate of return to avoid customer bill volatility.

5 **Q. Did the Company perform an Allocated Cost of Service Study for**
6 **its 2026 Annual ARM Filing?**

7 A. Yes, Spire Tennessee worked with Atrium Economics to perform an
8 allocated Cost of Service Study (“COSS”) as discussed in the Direct
9 Testimony of Company witness John Taylor.

10 **Q. Based on the results of the COSS, how does the Company propose**
11 **to allocate the \$13,966,022 for the Annual Base Rate Reset Revenue**
12 **Requirement Deficiency?**

13 A. As shown in ARM Schedule No. 26, and except for Rate Schedule 310,
14 Spire Tennessee proposes to allocate the margin revenue increase of
15 \$13,966,022 evenly across all applicable Rate Schedules such that the
16 margin revenue percentage increase is the same for all the customer
17 classes. This approach aligns with Spire Tennessee’s rate design
18 objectives.

19 **Q. Is the rate design proposed by Spire Tennessee in its 2026 Annual**
20 **ARM Filing just and reasonable?**

21 A. Yes. The proposed rate design is incorporated into the Ninety-Second
22 Revised Sheet No. 1, which is included as part of Attachment No. 5 to
23 Spire Tennessee’s 2026 Annual ARM Filing. This proposed rate design

1 meets Spire Tennessee's rate design objectives and will gradually lead
2 to more equalized rates of return across the customer classes. The rate
3 design also complies with Spire Tennessee's ARM Tariff and is
4 consistent with previous rate designs approved in prior proceedings
5 before this Commission.

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

7 A. Yes.