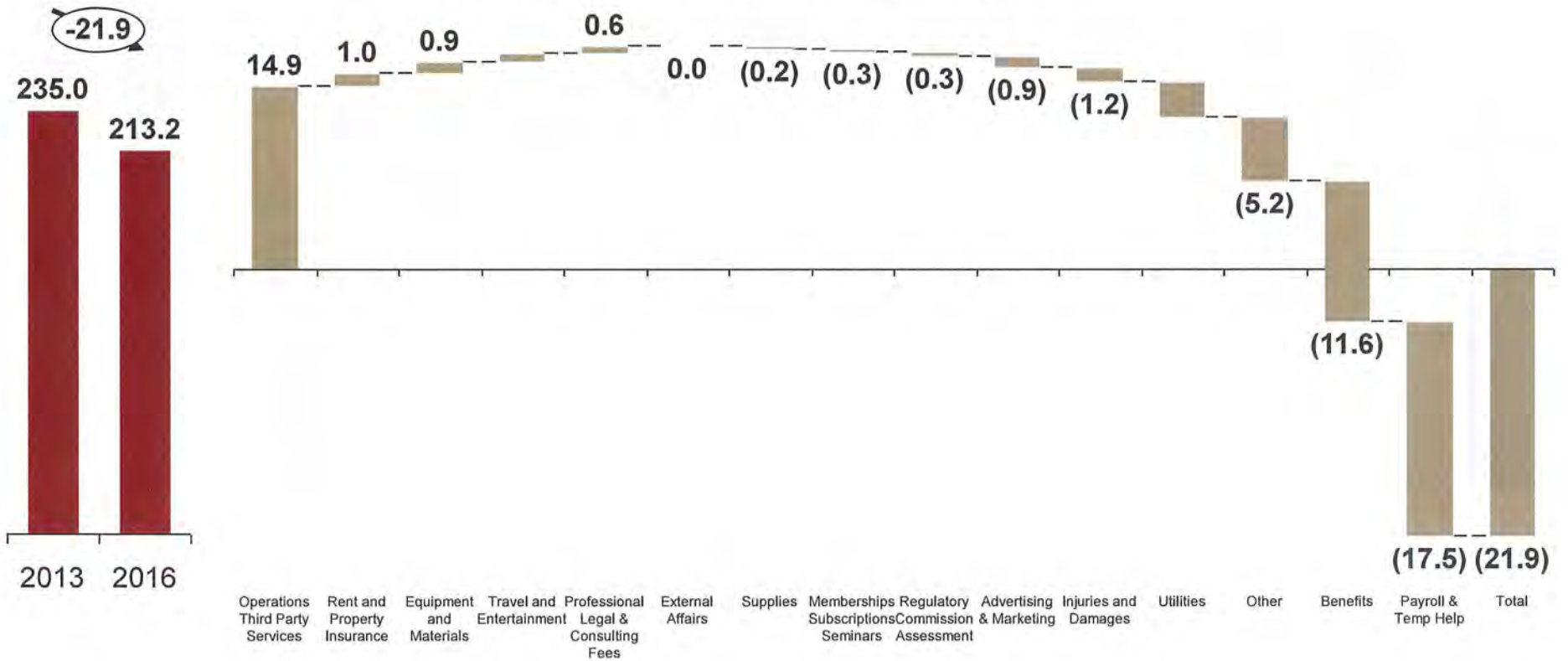


# Laclede 2013-2016 Real\$ Change in O&M Billings to Affiliates by Cost Element – All Functions

2013-2016 Change in O&M Billings to Affiliates Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%

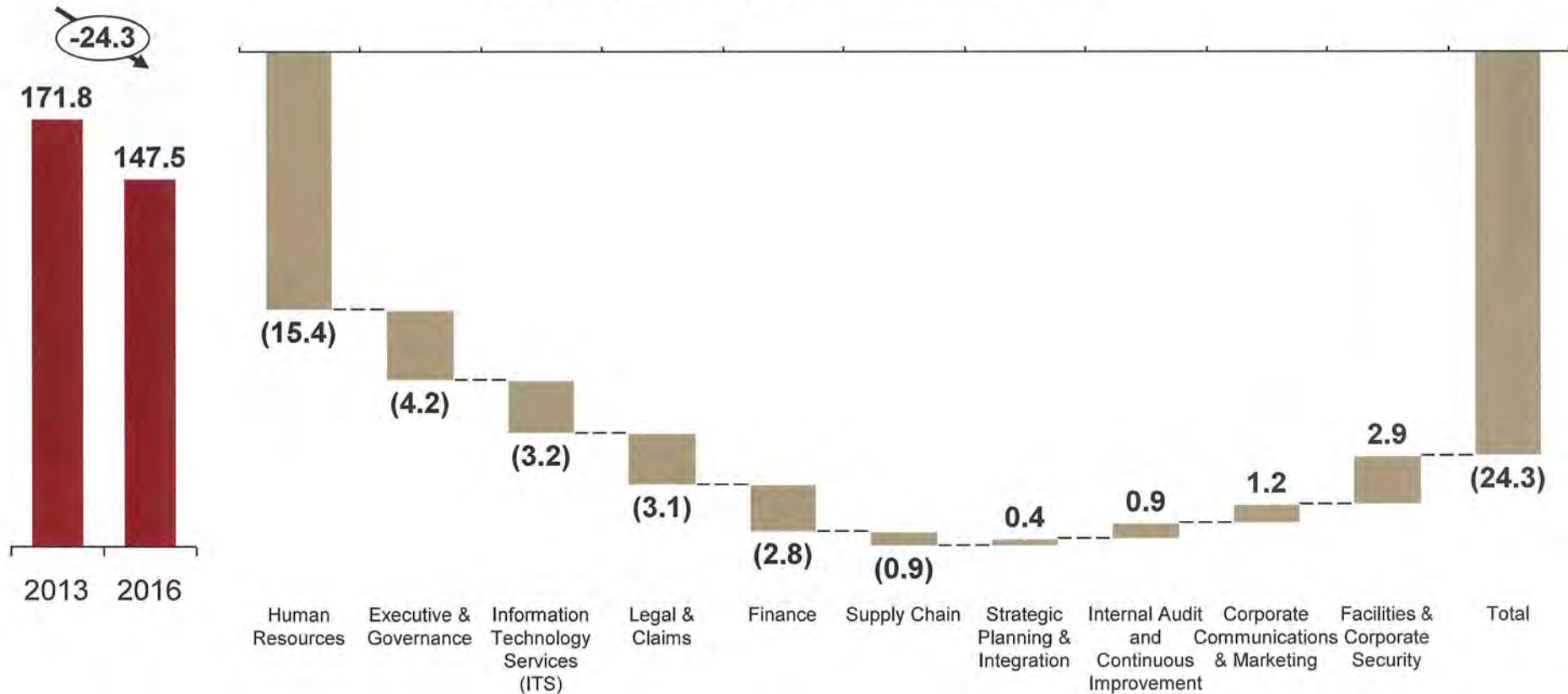


Source: Spire Data, Strategy& Analysis

# Laclede 2013-2016 Real \$ Change in Corporate Shared Service Function Billings to Affiliates by Function

## 2013-2016 Change in O&M Billings to Affiliates by Function

Real \$M; Weighted Average Annual Escalation Rate: 1.91%

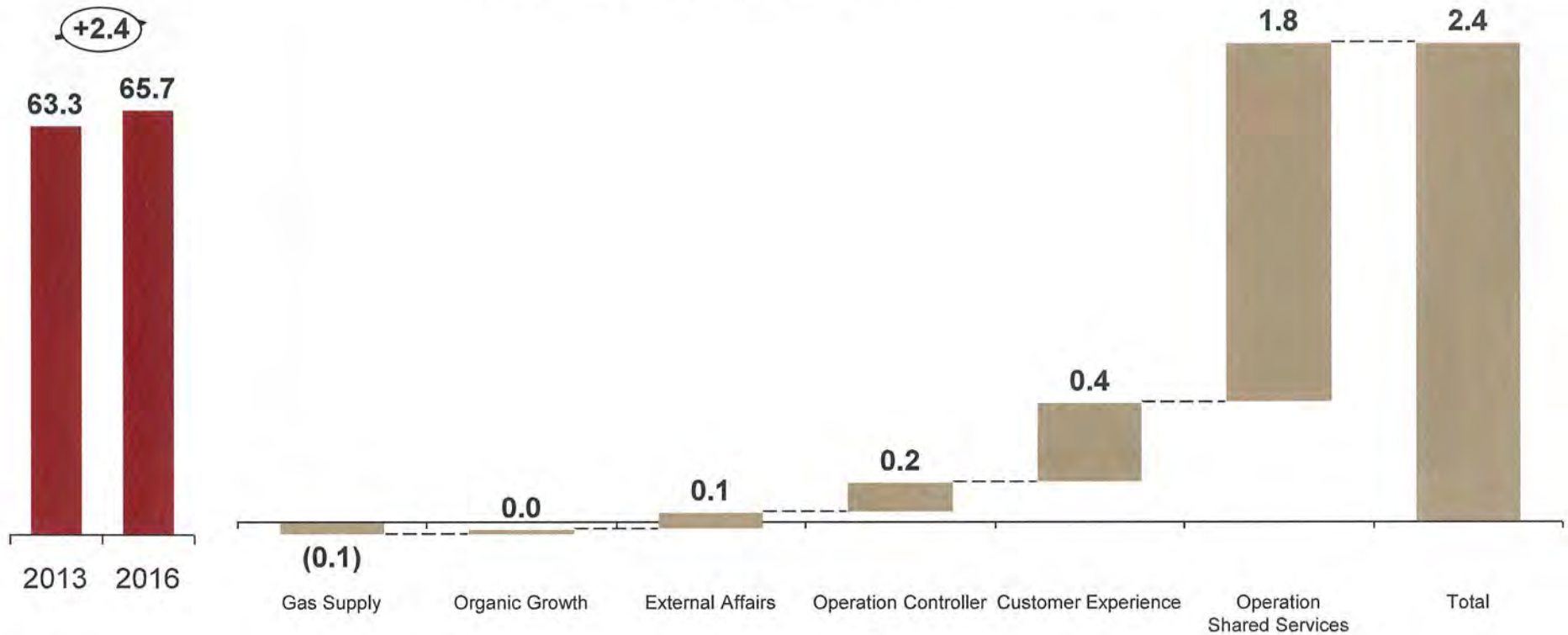


Source: Spire Data, Strategy & Analysis

Note: Spire did not have Shared Services in 2013.

# Laclede 2013-2016 Real \$ Change in Gas Co Shared Service Function Billings to Affiliates by Function

2013-2016 Change in O&M Billings to Affiliates by Function  
 Real \$M; Weighted Average Annual Escalation Rate: 1.91%

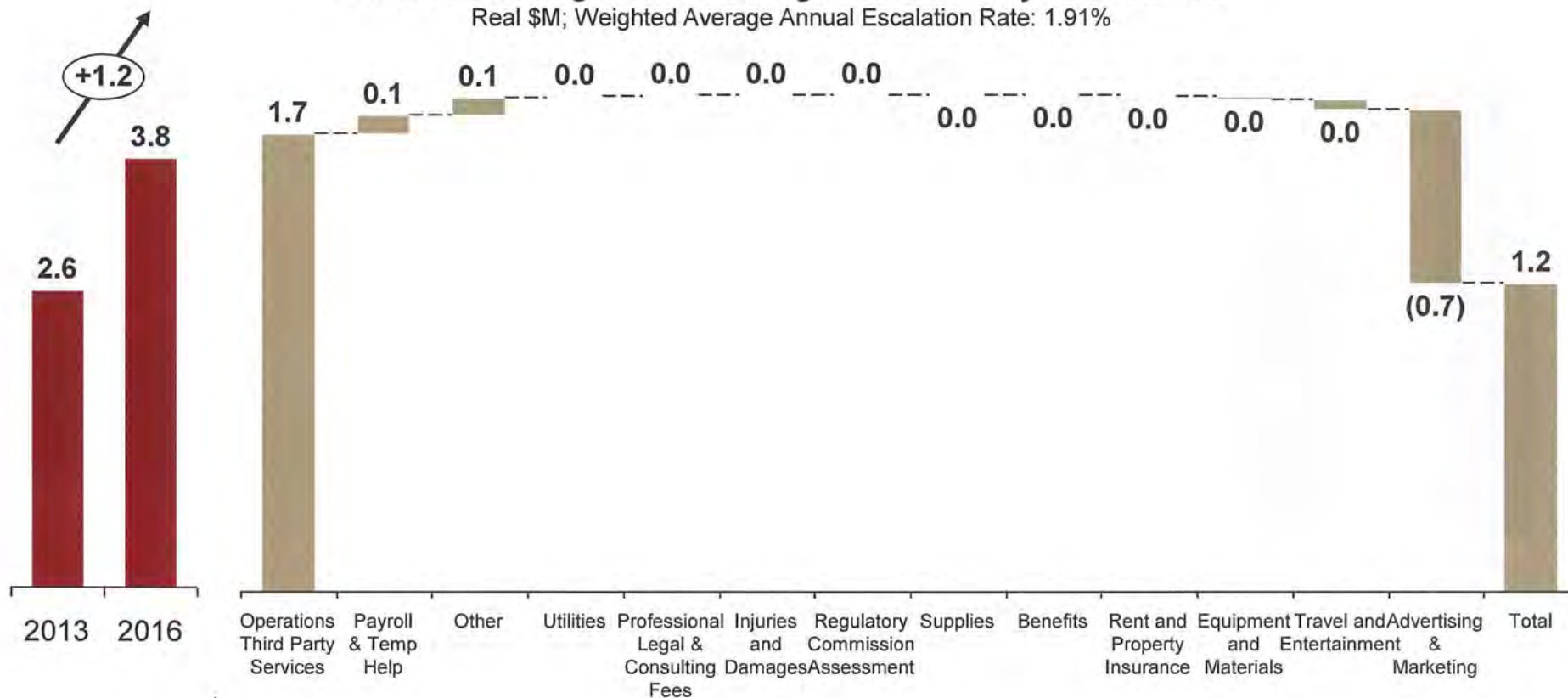


Source: Spire Data, Strategy& Analysis

Note: Spire did not have Shared Services in 2013. Only 13M of Holding Costs which have all assumed to be Corporate.

# Laclede 2013-2016 Real \$ Change in Corporate Communications & Marketing by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element  
 Real \$M; Weighted Average Annual Escalation Rate: 1.91%



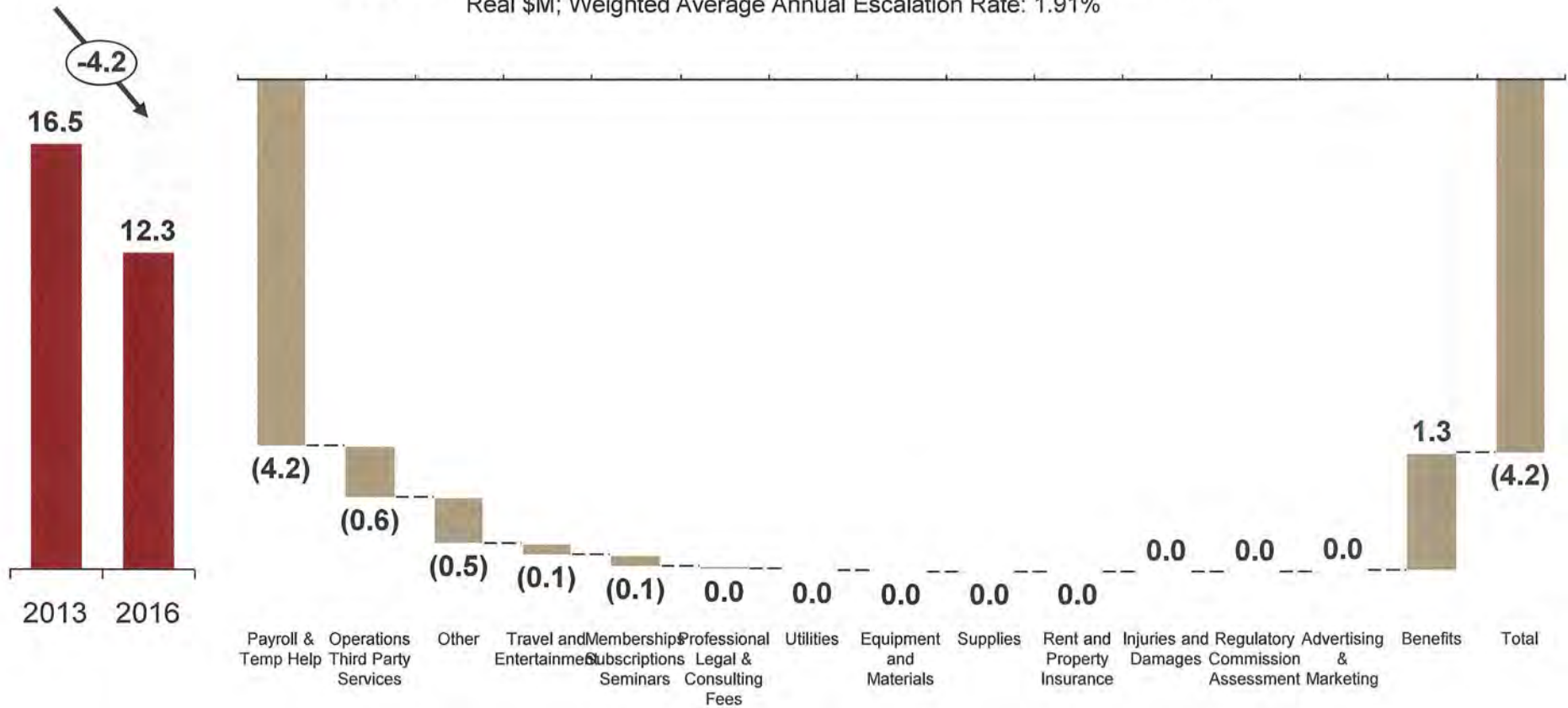
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Executive & Governance by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%

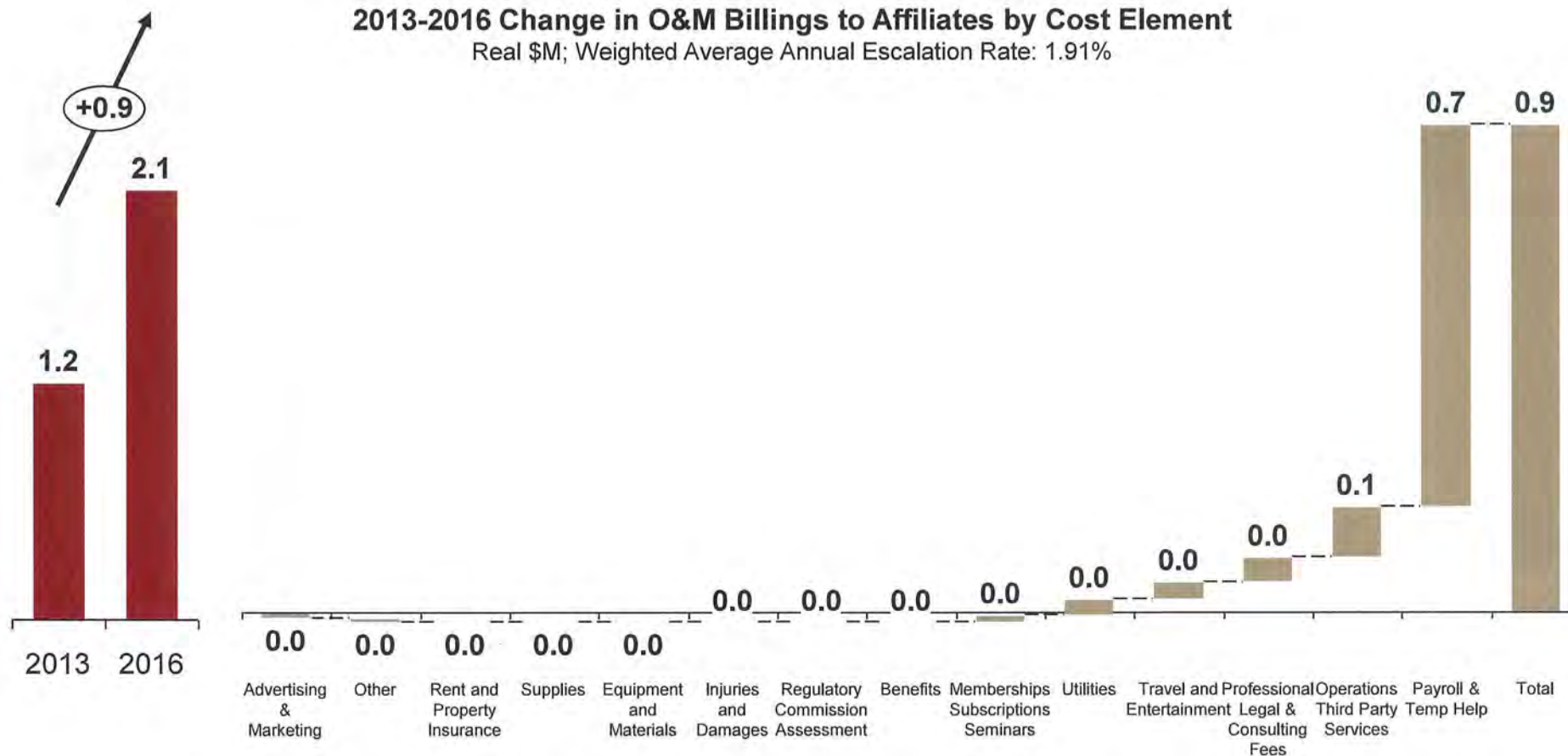


Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Internal Audit and Continuous Improvement by Cost element

**2013-2016 Change in O&M Billings to Affiliates by Cost Element**  
 Real \$M; Weighted Average Annual Escalation Rate: 1.91%

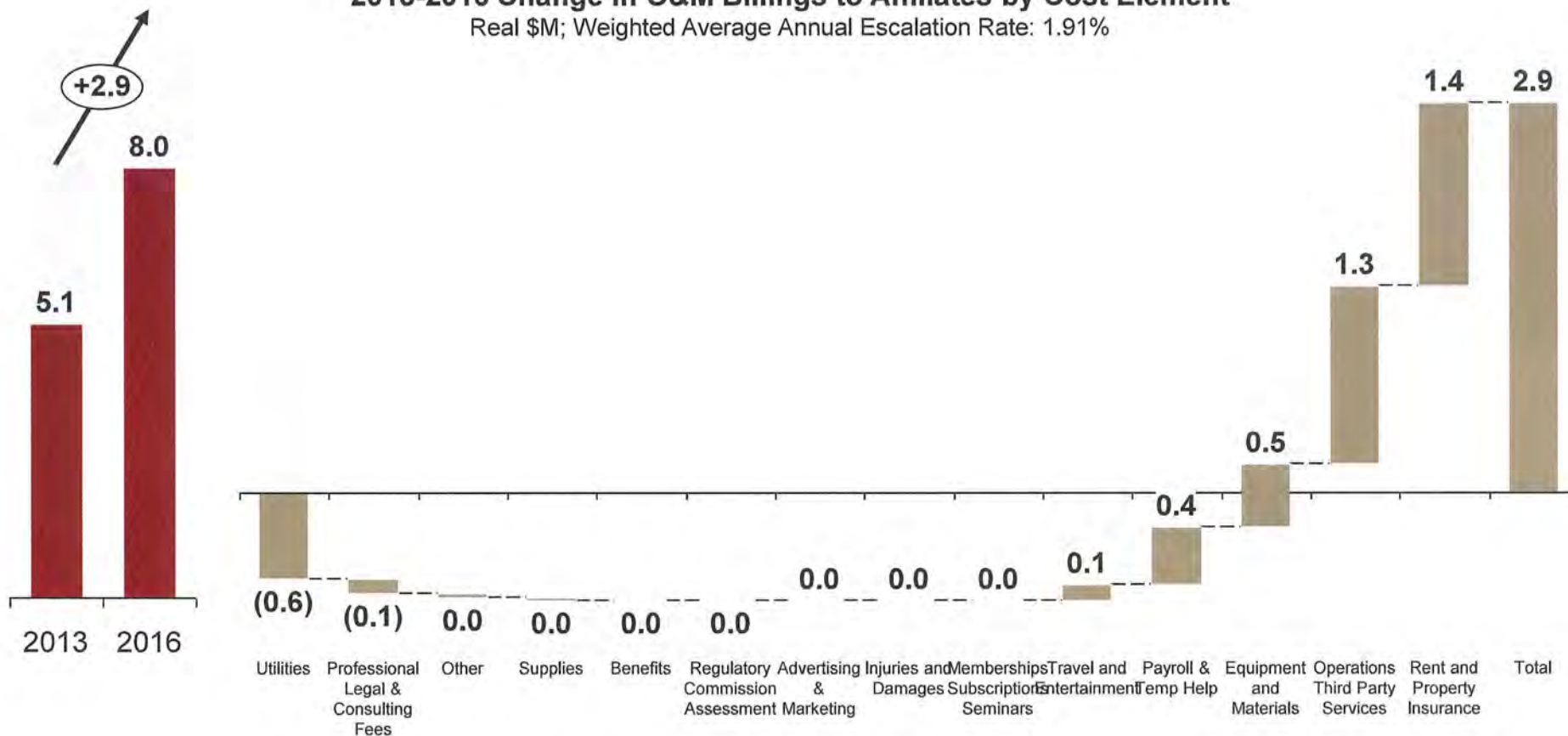


Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Facilities & Corporate Securities by Cost element

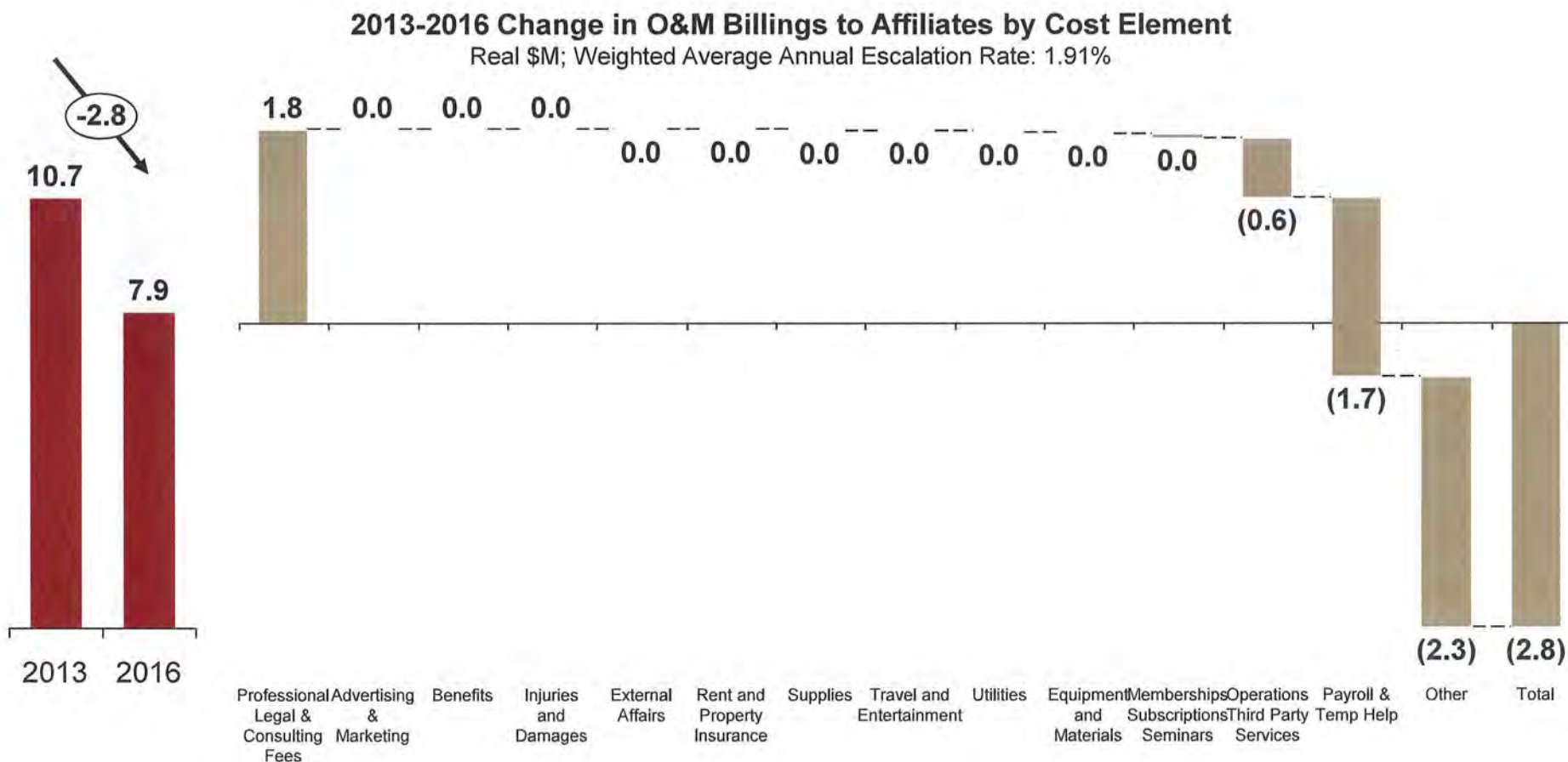
**2013-2016 Change in O&M Billings to Affiliates by Cost Element**  
 Real \$M; Weighted Average Annual Escalation Rate: 1.91%



Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Finance by Cost element



Source: Spire Data, Strategy & Analysis

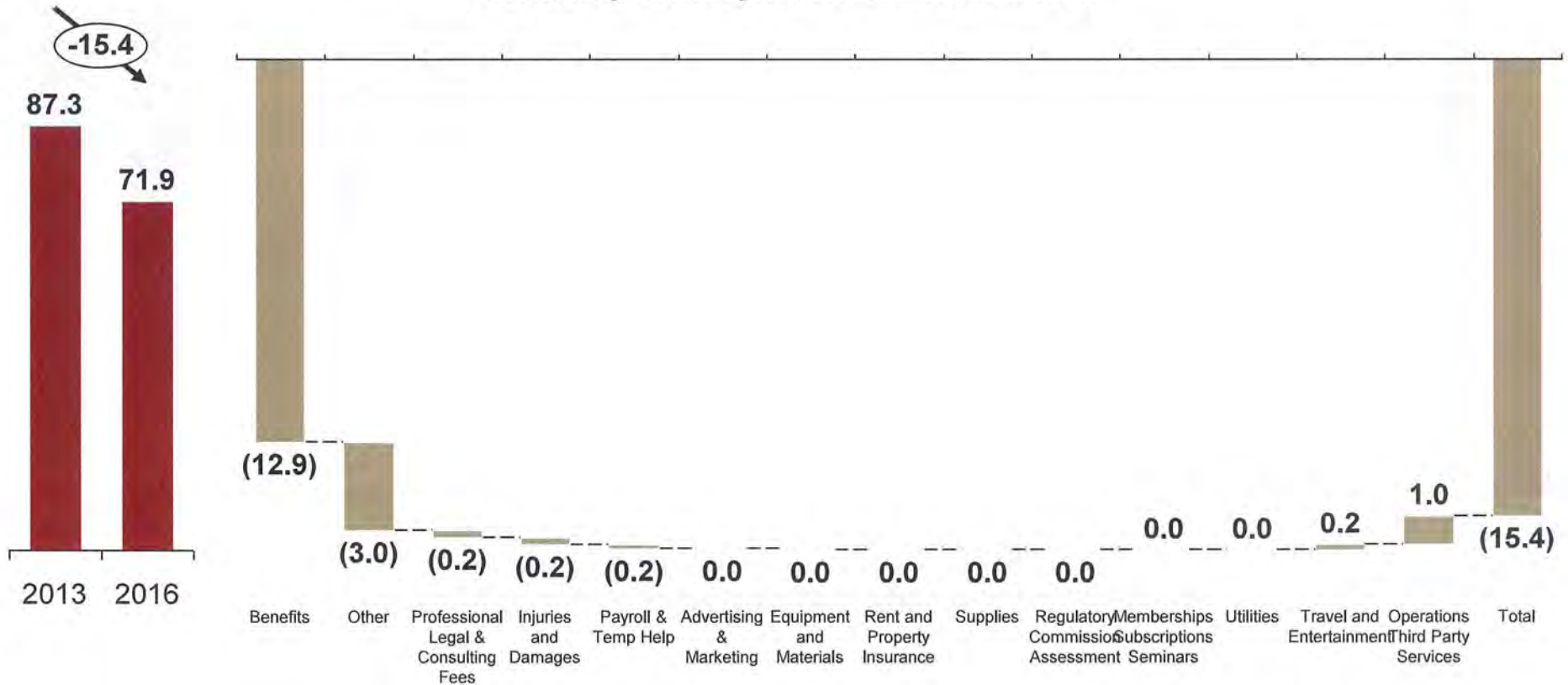
Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups



# Laclede 2013-2016 Real \$ Change in Human Resources by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



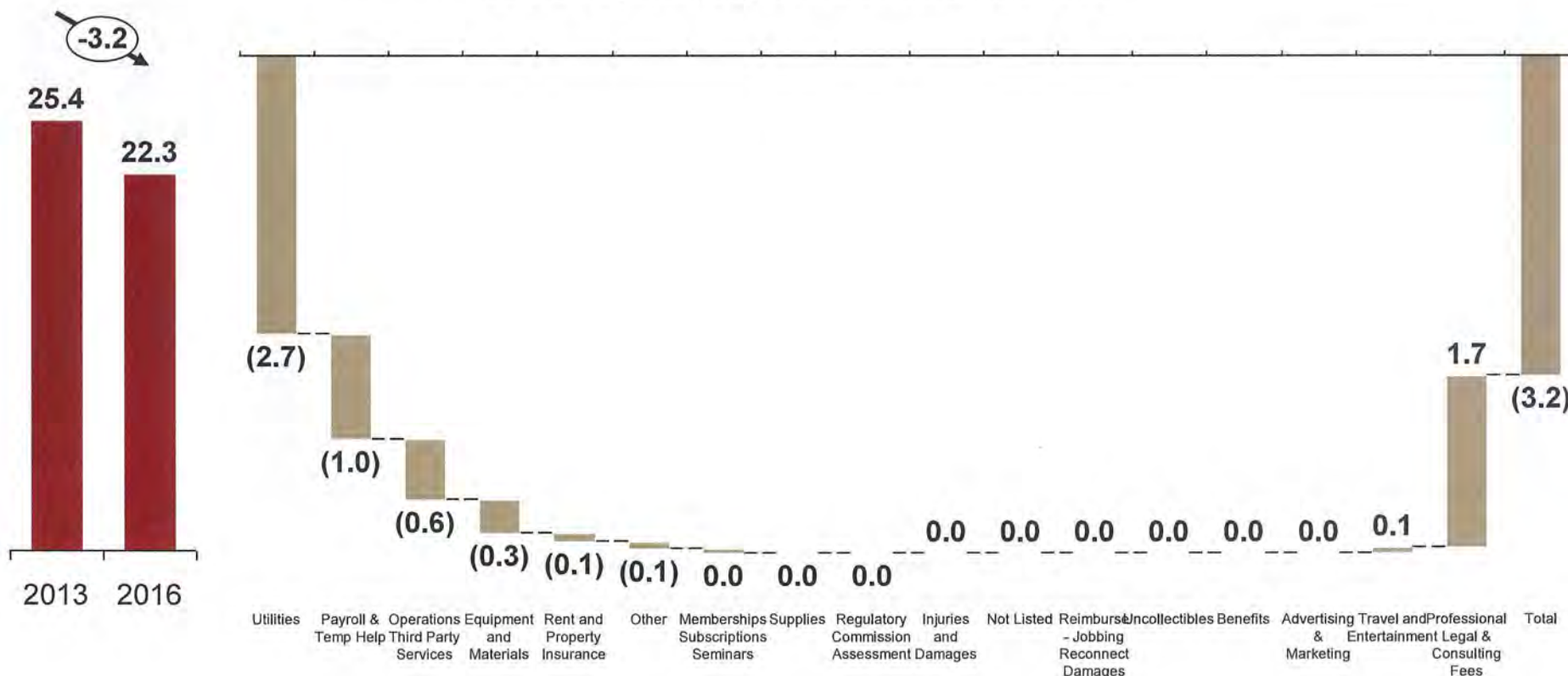
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in IT by Cost element

## 2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



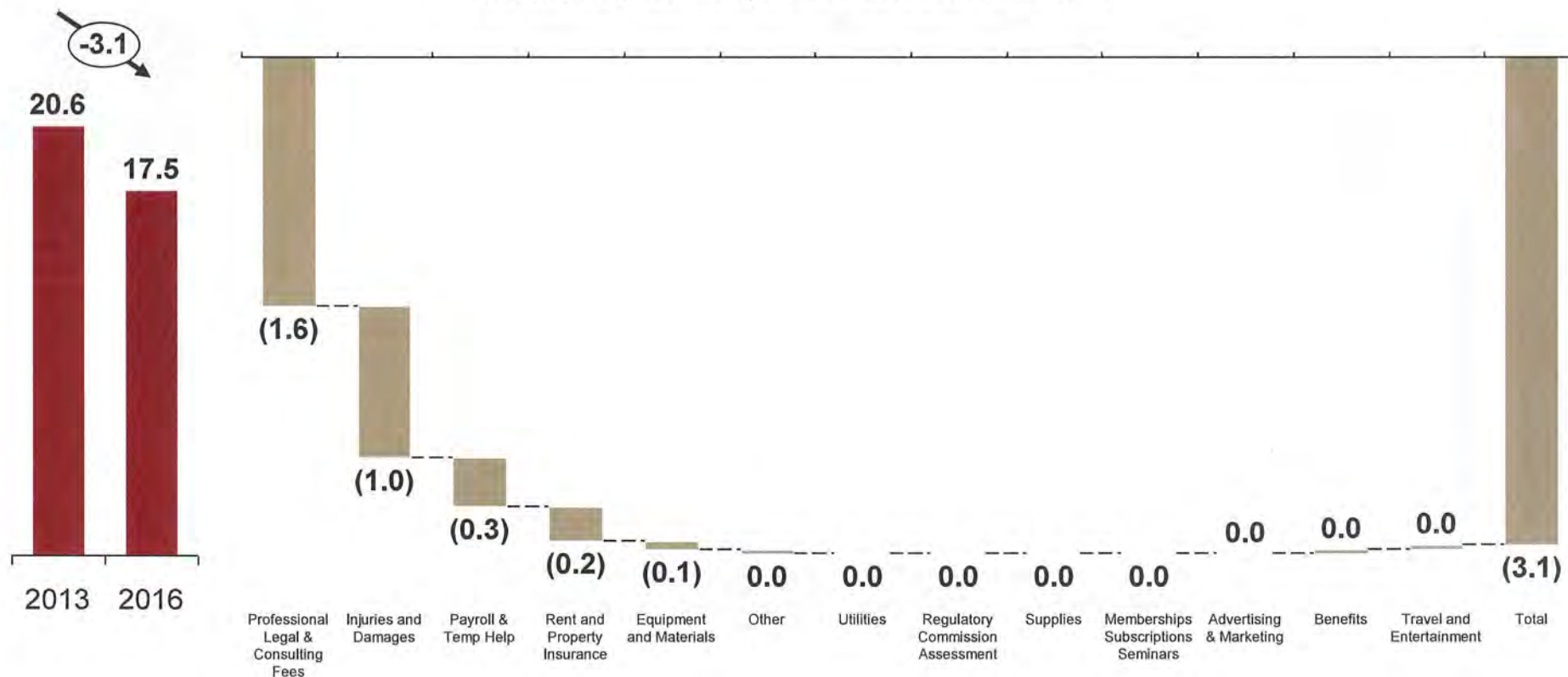
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Legal & Claims by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



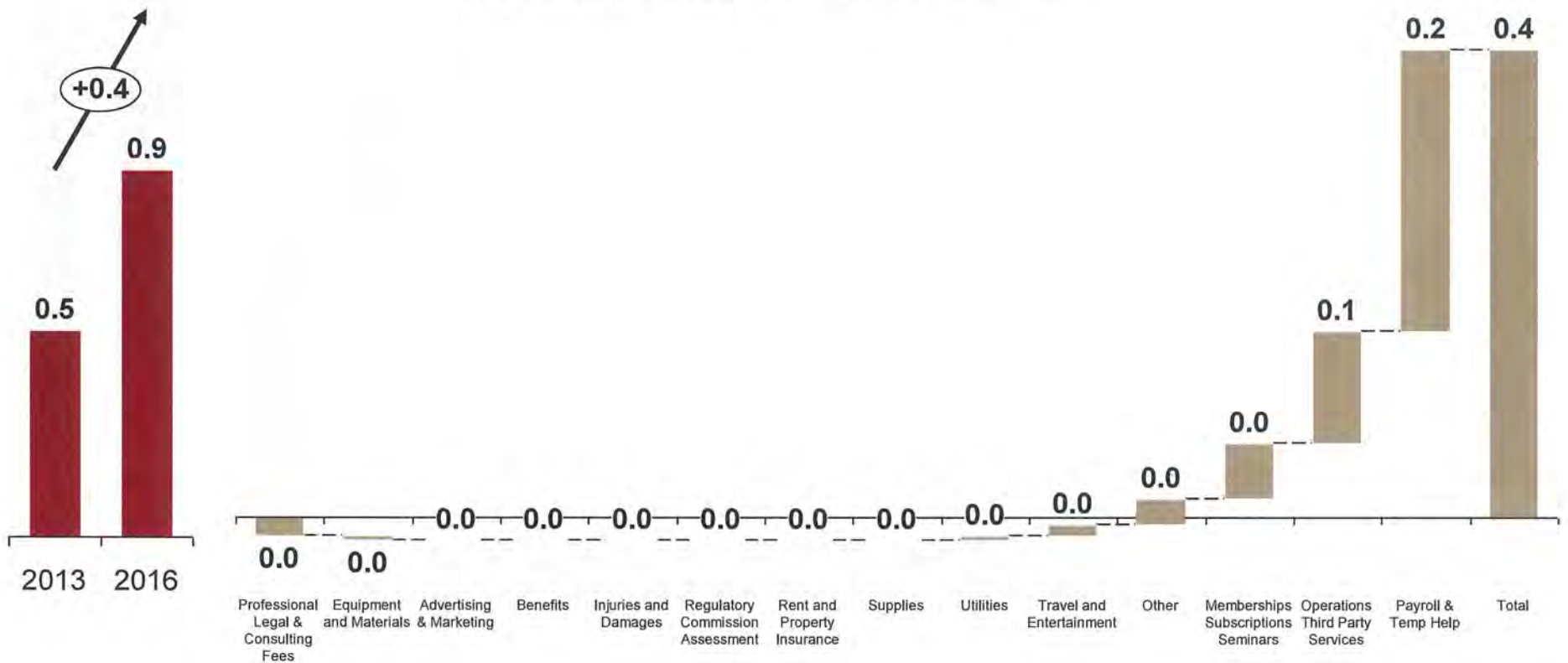
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Strategic Planning & Integration by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



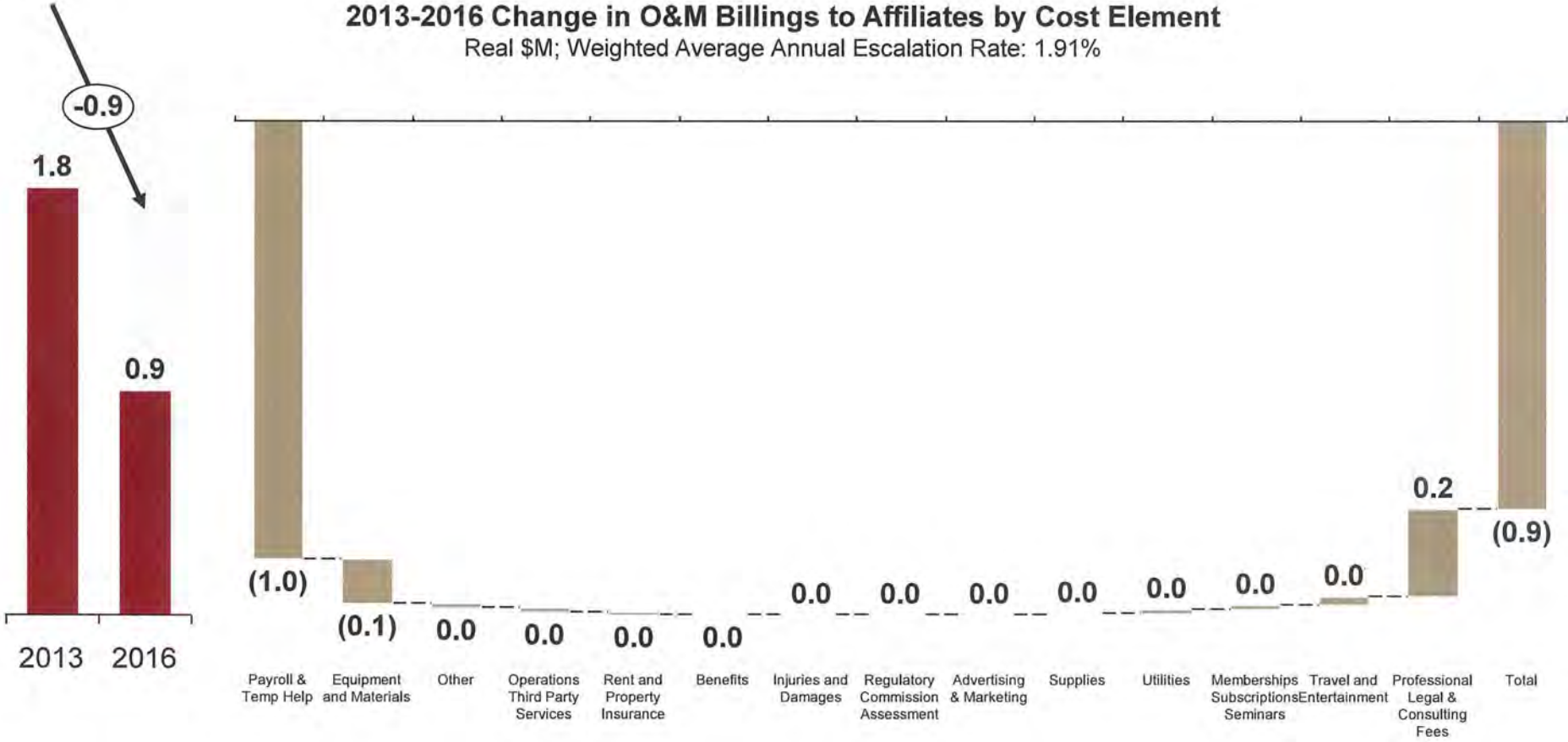
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Supply Chain by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%

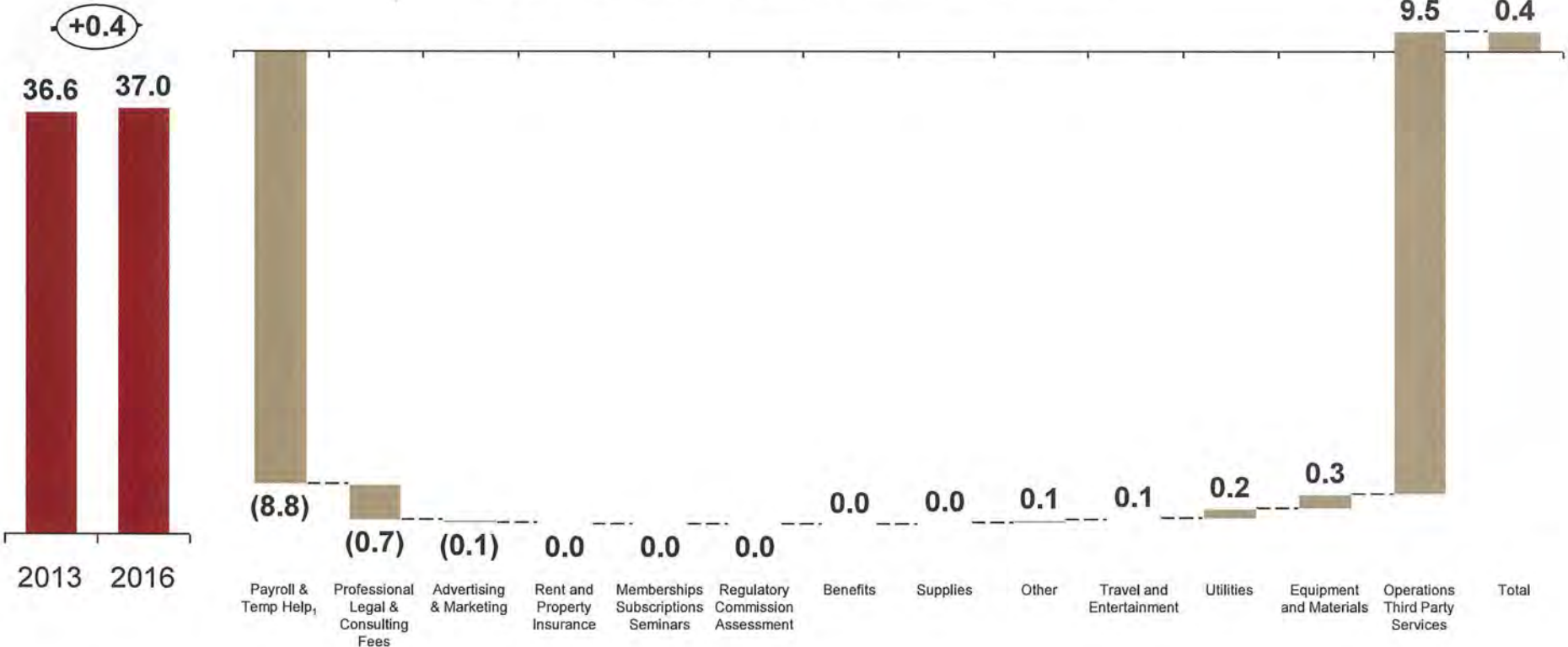


Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Customer Experience by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element  
 Real \$M; Weighted Average Annual Escalation Rate: 1.91%

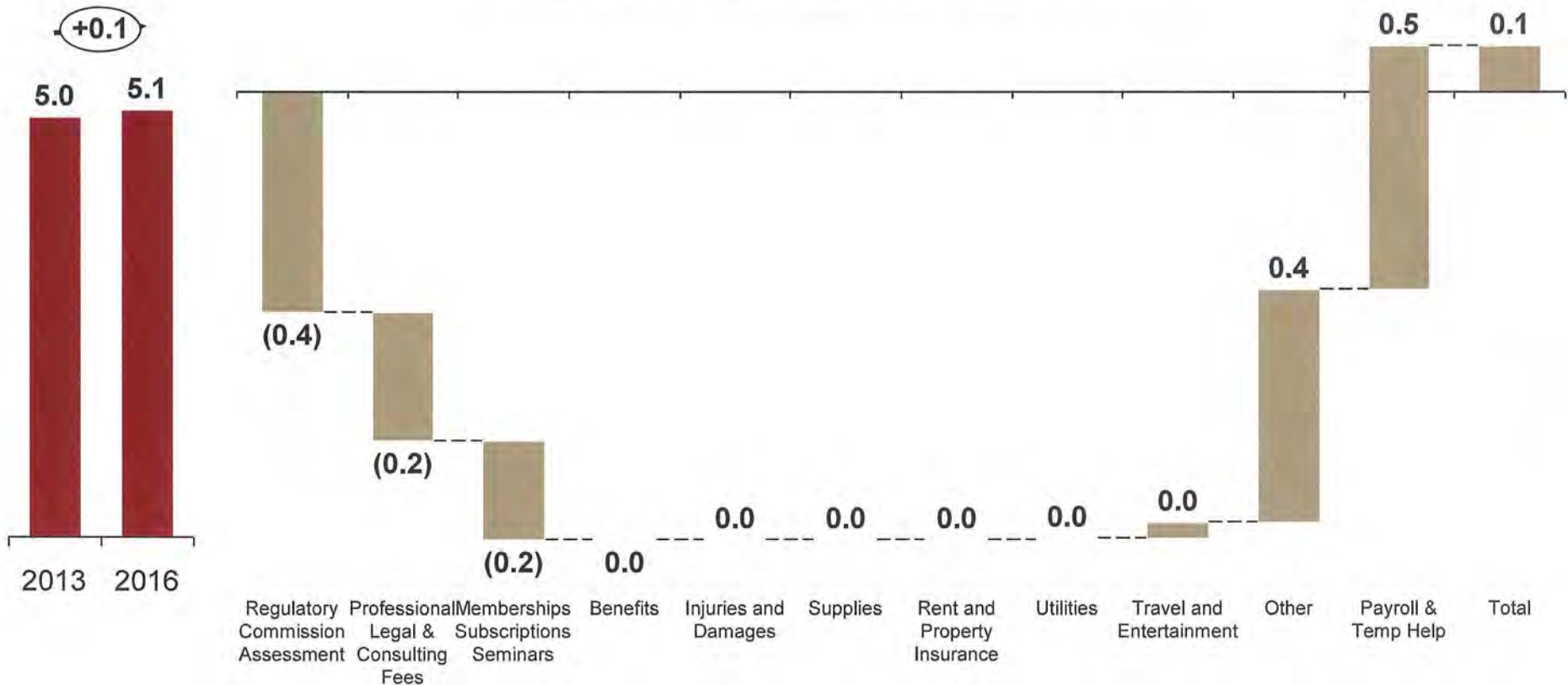


Source: Spire Data, Strategy & Analysis  
 Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in External Affairs by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



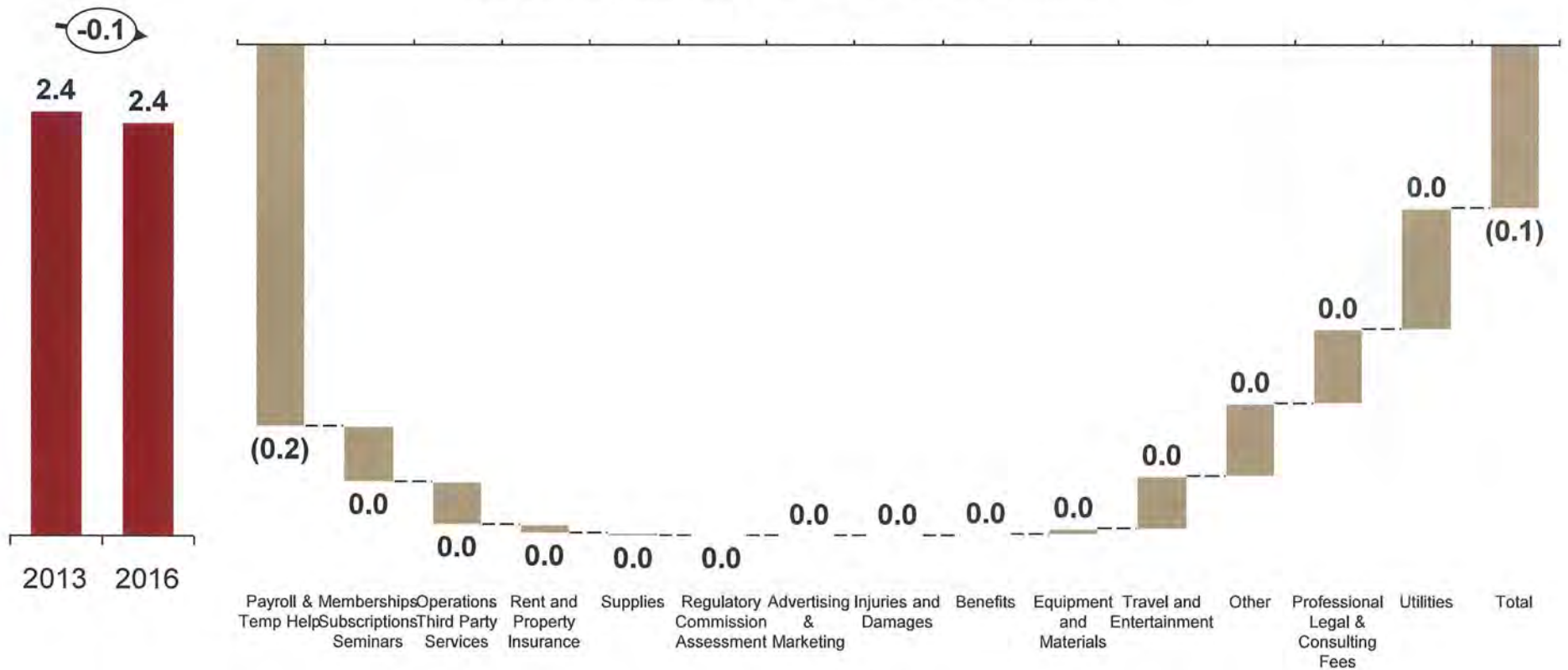
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Gas Supply by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



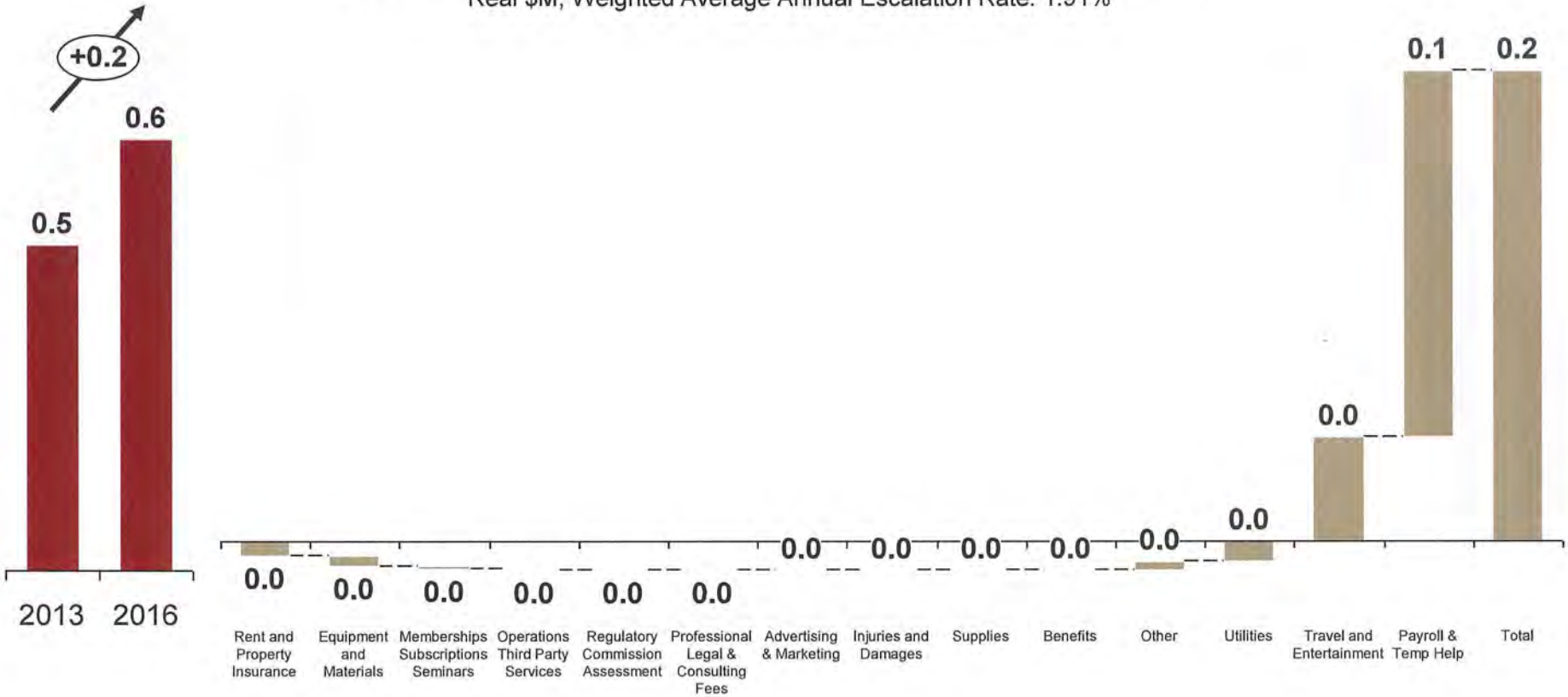
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups



# Laclede 2013-2016 Real \$ Change in Operations Controller by Cost element

**2013-2016 Change in O&M Billings to Affiliates by Cost Element**  
 Real \$M; Weighted Average Annual Escalation Rate: 1.91%

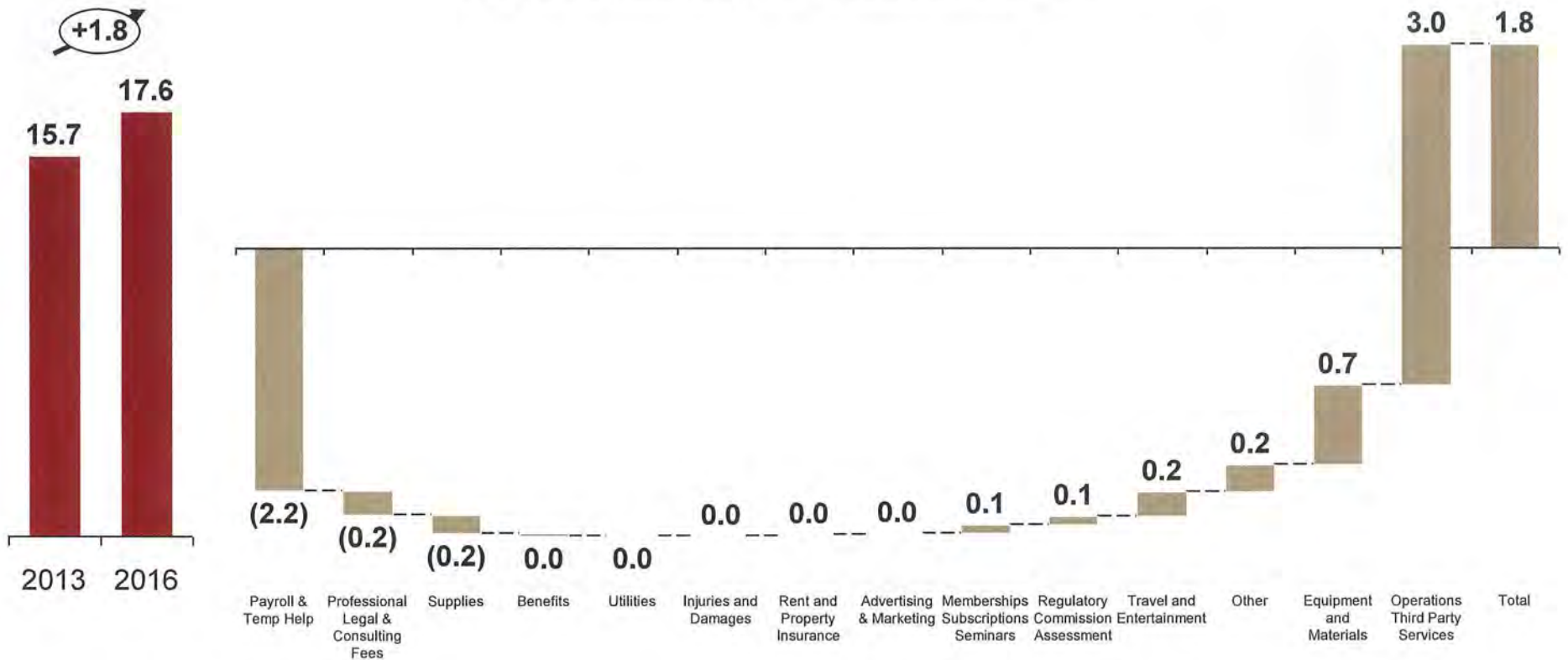


Source: Spire Data, Strategy & Analysis  
 Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Operations Shared Services by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



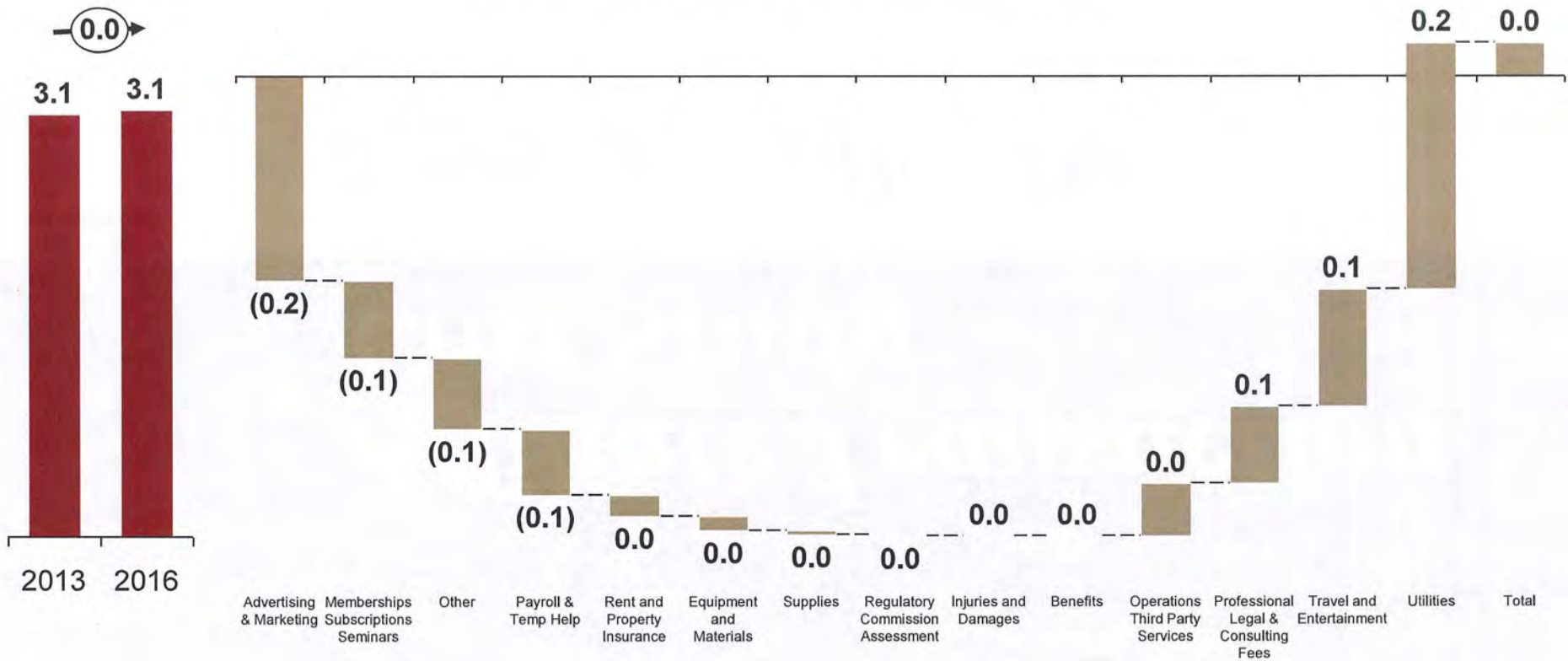
Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# Laclede 2013-2016 Real \$ Change in Organic Growth by Cost element

2013-2016 Change in O&M Billings to Affiliates by Cost Element

Real \$M; Weighted Average Annual Escalation Rate: 1.91%



Source: Spire Data, Strategy & Analysis

Note: Payroll benefits are rolled up into HR and are not reflected in functional roll-ups

# *Affiliate Transaction Cost Study*

**&**

*Schedule - TJF – D6*



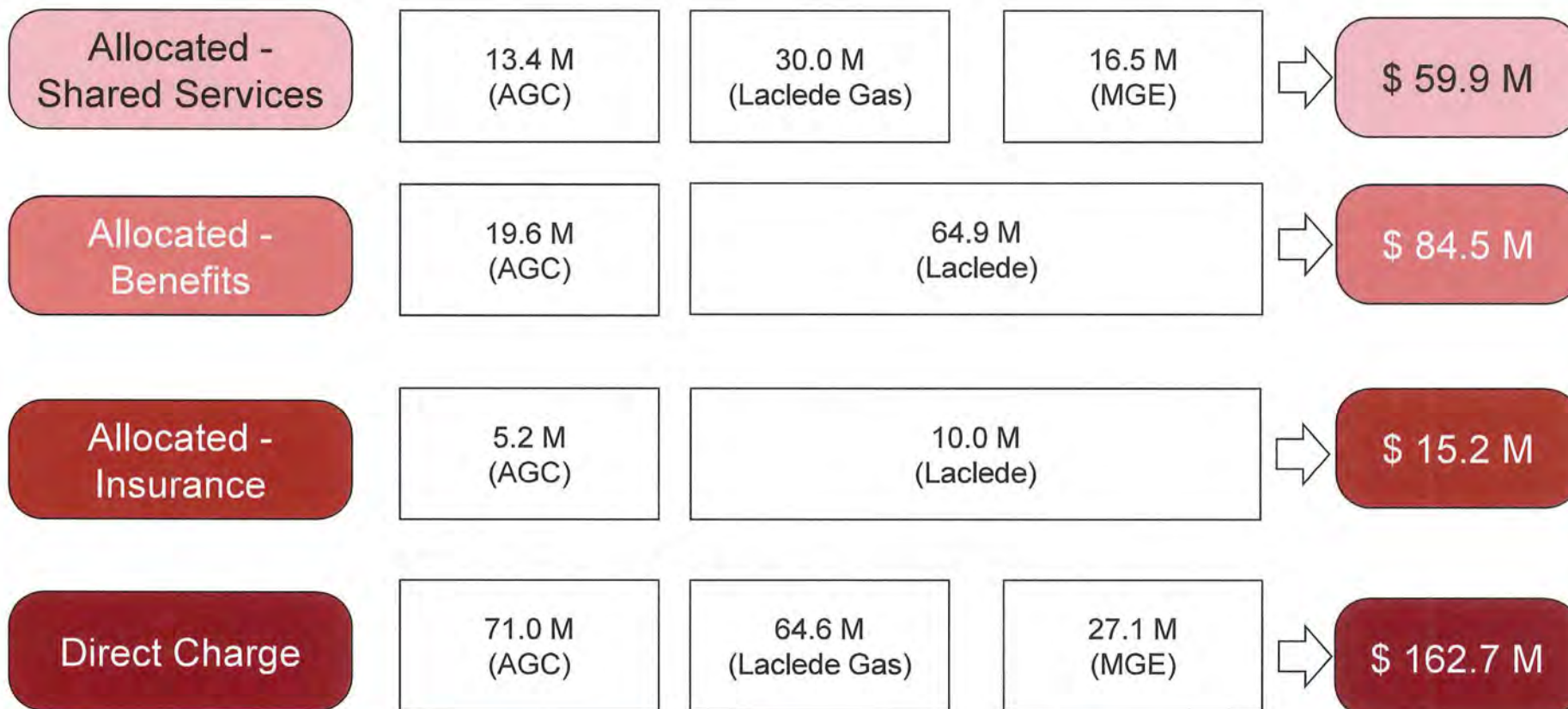
PRIVILEGED & CONFIDENTIAL  
PREPARED AT REQUEST OF COUNSEL  
IN ANTICIPATION OF LITIGATION



## ***Schedule 6 – Allocation Factors Analysis***

## 2016 Spire O&M cost allocation overview

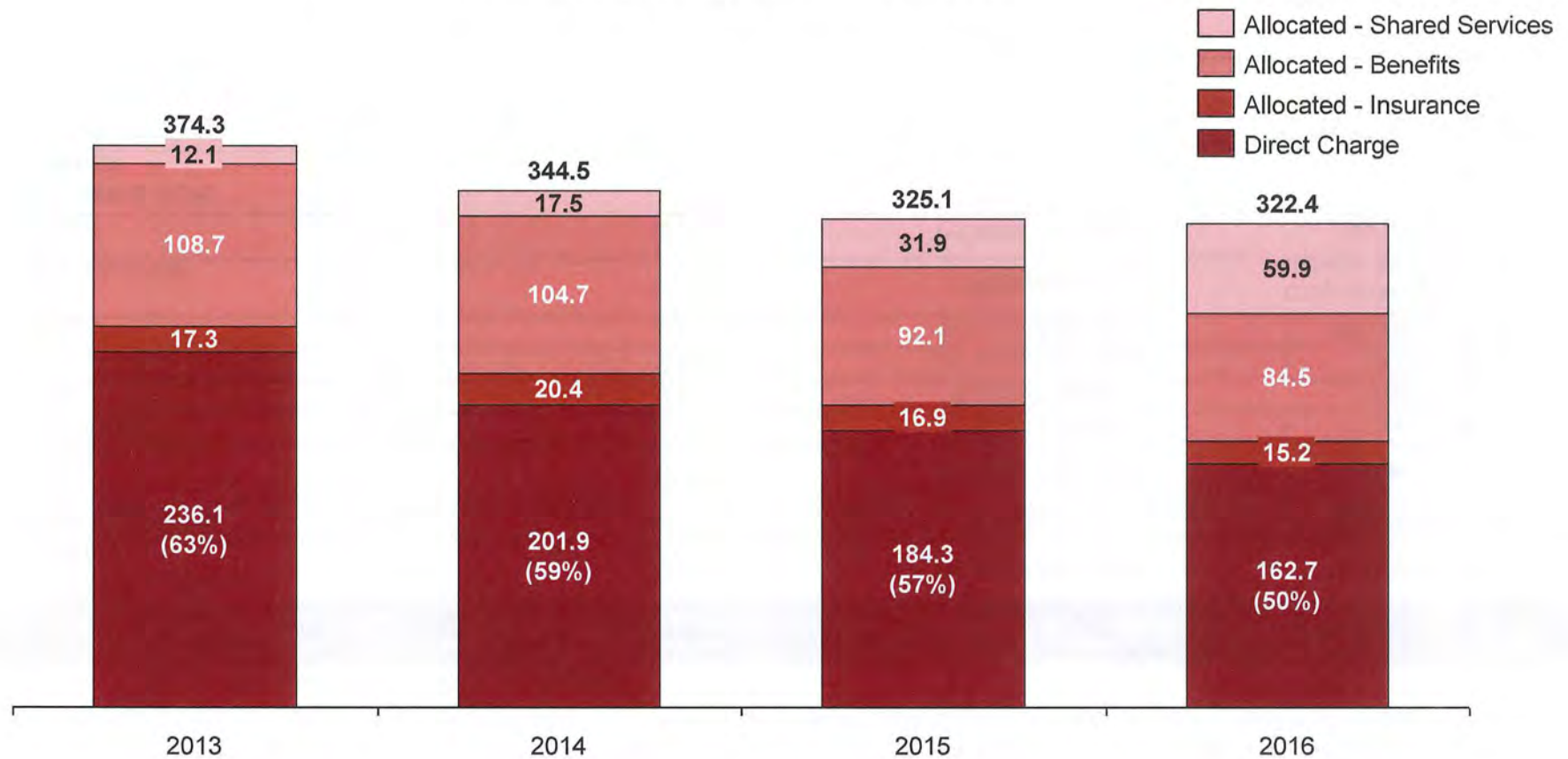
\$ 322.4 M



Source: Spire Allocation Document. Laclede refers to the Operating Company comprising of both Laclede Gas and Missouri Gas Energy Business Units.

# Spire O&M Billings by Allocation Category

## Shared Services O&M Billings to Affiliates Current \$MM Split by Allocated vs Direct



Note: In 2013-2014, shared costs were being allocated to the Holding Company. In 2015, the Shared Service function was set up to handle such costs

## Shared Service Functional Area Allocation Factors

The purpose of this exhibit is to present the manner in which Spire Shared Service costs, not otherwise directly assigned, are allocated to affiliates. This exhibit identifies the primary allocation factor for each Shared Service function. Note that while total Laclede billings are included below for each area, only a portion of those billings are actually allocated while the balance is directly assigned. Refer to the report for overall conclusions.

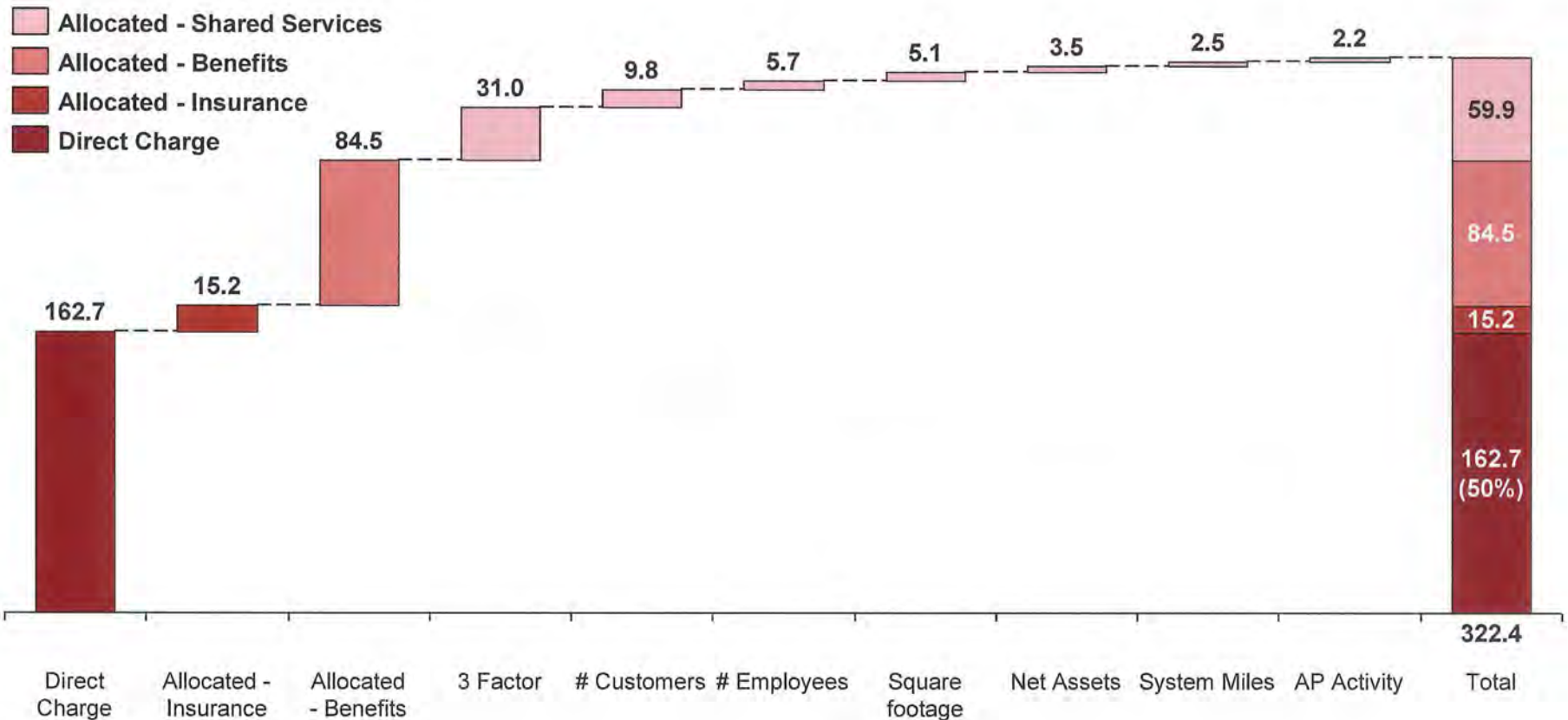
Function	2016 Total Billings (\$M)	2016 Billings to Laclede (\$M)	Primary Allocation Method	Primary Allocation category
Corp. Communications & Marketing	7.6	3.8	3-Factor Allocation	Corp-wide
Customer Experience	46.3	37.0	# Customers	Gas utilities only
Executive & Governance	17.1	12.3	3-Factor Allocation	Corp-wide
External Affairs	6.9	5.1	3-Factor Allocation	Corp-wide
Facilities	15.0	8.0	Square Footage	Corp-wide
Finance	14.9	7.9	3-Factor Allocation	Corp-wide
Gas Supply	5.6	2.4	3-Factor Allocation	MO Gas utilities
Human Resources	100.2	71.9	# Employees	Corp-wide, MO-only, MO utilities, MO Gas utilities, Gas utilities only
IT Services	35.8	22.2	3-Factor Allocation	Gas utilities only
Internal Audit & Cont. Improvement	3.4	2.1	3-Factor Allocation	Corp-wide
Legal & Claims	25.0	17.5	Net Assets	MO-only, Corp-wide
Operation Controller	0.9	0.6	# Customers	MO Gas utilities, Gas utilities only
Operation Services	28.1	17.6	System Miles	MO Gas utilities
Organic Growth	11.1	3.1	3-Factor Allocation	Corp-wide
Strategic Planning	1.2	0.9	3-Factor Allocation	Corp-wide
Supply Chain	3.2	0.9	AP Activity	Corp-wide
<b>Total</b>	<b>322.4</b>	<b>213.2</b>		

Source: Spire Allocation Document, Numbers may not sum due to rounding



# Spire 2016 O&M Billings by Allocation Factor

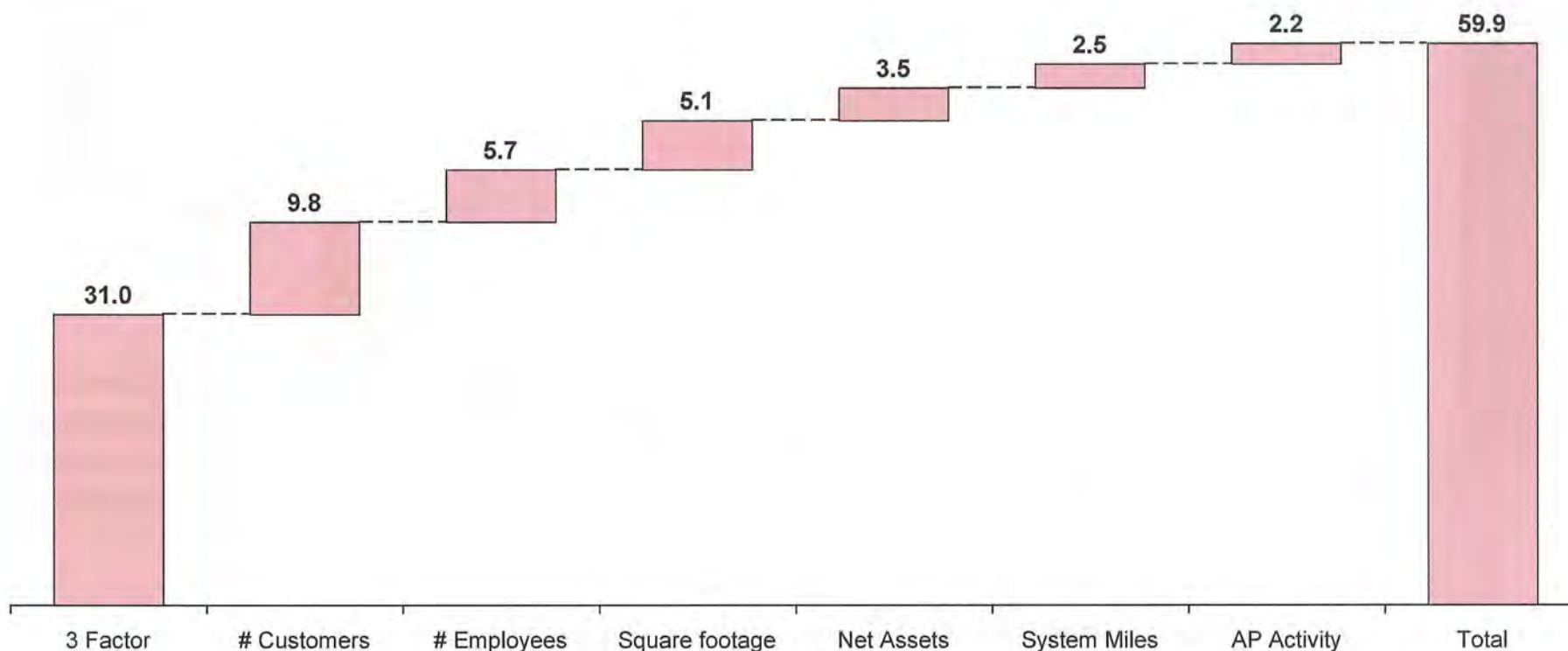
Shared Services 2016 Total O&M Billings by Allocation Factor  
Current \$MM



Source: Spire Allocation Document, Numbers may not sum due to rounding, Figures are approximate due to accounting for multiple allocation factors used within the same function

# Spire 2016 O&M Billings by Allocation Factor (Excluding Direct Charge, Allocated - Benefits, Allocated - Insurance)

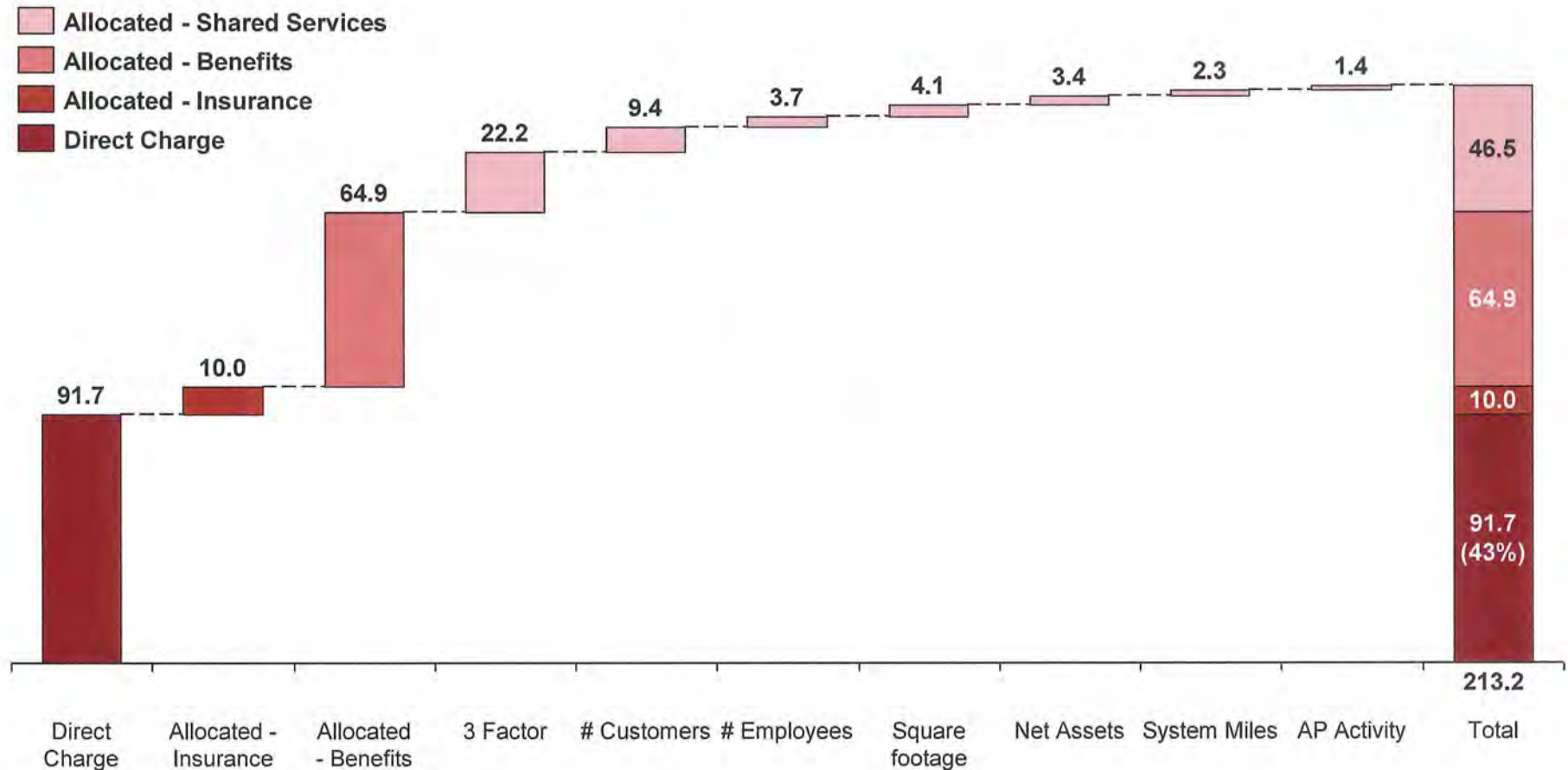
Shared Services 2016 Total O&M Billings by Allocation Factor  
Current \$MM



Source: Spire Allocation Document, Numbers may not sum due to rounding, Figures are approximate due to accounting for multiple allocation factors used within the same function

# 2016 O&M Billings to Laclede by Allocation Factor

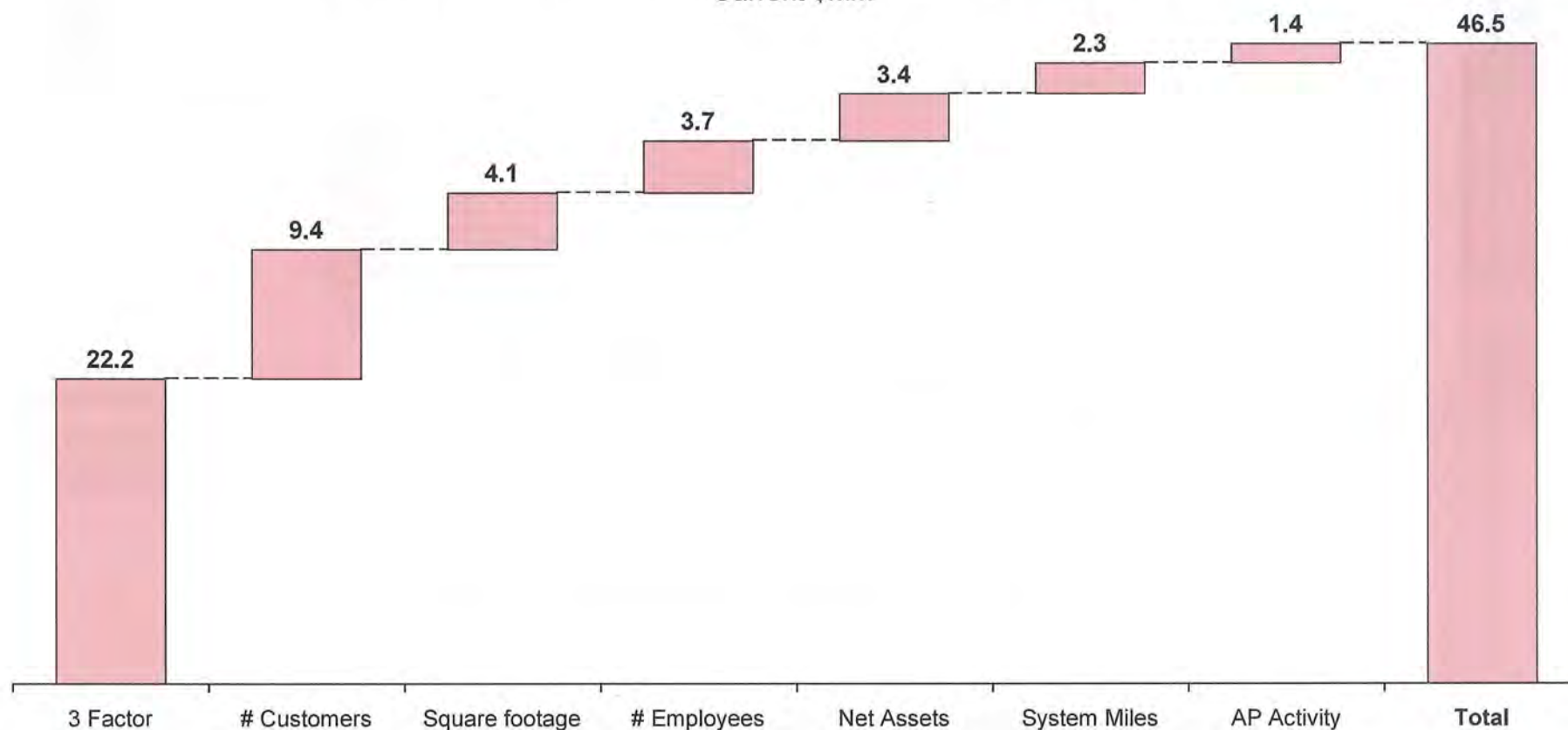
Laclede 2016 Total Allocated O&M Billings by Allocation Factor  
Current \$MM



Source: Spire Allocation Document, Numbers may not sum due to rounding, Figures are approximate due to accounting for multiple allocation factors used within the same function

## 2016 O&M Billings to Laclede by Allocation Factor (Excluding Direct Charge, Allocated - Benefits, Allocated - Insurance)

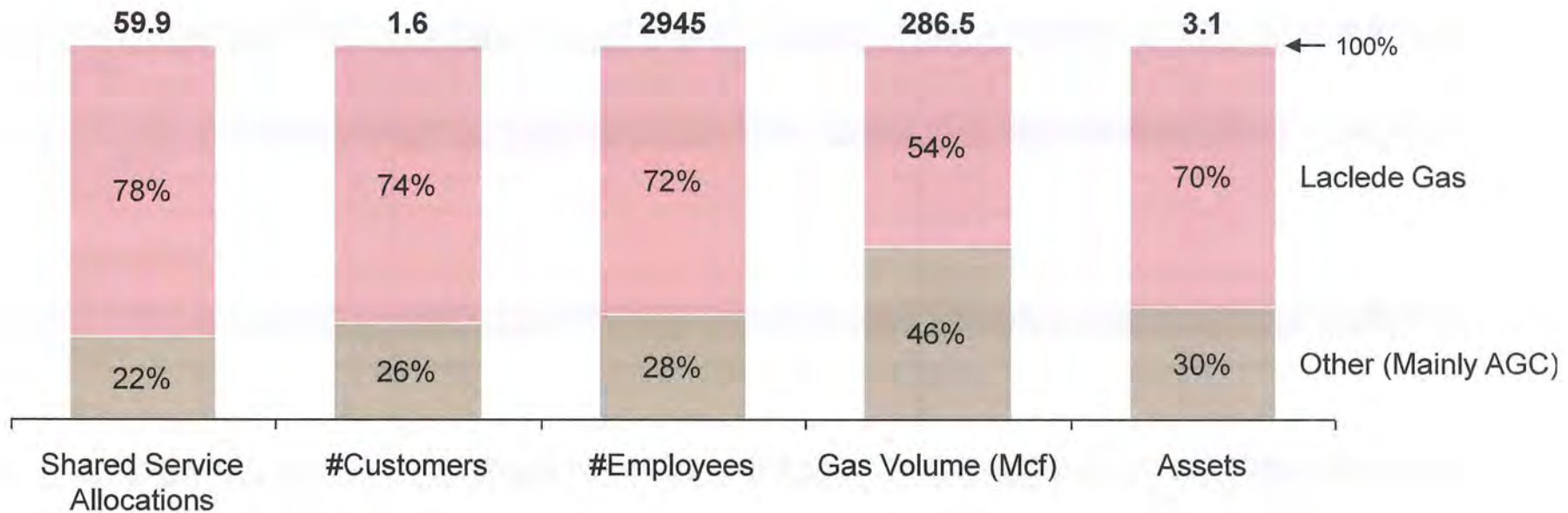
Laclede 2016 Total Allocated O&M Billings by Allocation Factor  
Current \$MM



Source: Spire Allocation Document, Numbers may not sum due to rounding, Figures are approximate due to accounting for multiple allocation factors used within the same function

# Laclede Allocations from Spire Shared Services Compared to Other Organizational Metrics

2016 Laclede Allocations from Spire Shared Services Compared to Share of Other Organizational Metrics  
\$Millions (except Employees)



**Laclede**

46.5

1.2

2118

154

2.1

**Total**

**59.9**

**1.6**

**2945**

**286.5**

**3.1**

Note: All costs, #customers, and #employees are as of CY 2016. Laclede refers to the Operating Company comprising of both Laclede Gas and Missouri Gas Energy Business Units

Source: SNL Data, Spire's 10-K

## Figure IX-1 Allocation Factors of Service Companies for Spire Peers

Primary Factors	Black Hills	Dominion	NiSource	SCANA	TECO	WEC	SPIRE
<b>General</b>							
Direct	✓	✓	✓	✓	✓	✓	✓
<b>Revenue – Related Ratios</b>							
Revenues		✓		✓			
Sales – Units Sold / Transported	✓	✓			✓	✓	
Number of Customers	✓	✓	✓	✓	✓	✓	✓
<b>Expenditure-Related Ratios</b>							
Total Expenditures			✓	✓		✓	
Operations and Maintenance Expenditures		✓	✓		✓	✓	
Capital Expenditures					✓		
Service Company Billings	✓	✓	✓	✓	✓	✓	
<b>Labor / Payroll-Related Ratios</b>							
Labor / Payroll				✓	✓		
Number of Employees	✓	✓	✓	✓	✓	✓	✓
<b>Unit-Related Ratios</b>							
Usage	✓	✓	✓		✓	✓	✓
Capacity	✓	✓			✓	✓	
Other Units Related	✓	✓	✓		✓	✓	✓
<b>Asset-Related Ratios</b>							
Total Assets	✓	✓	✓		✓	✓	
Current Assets							
Gross Plant	✓	✓				✓	
<b>Composite Ratios</b>							
Other Composite Ratios	✓	✓	✓	✓	✓	✓	✓

Source: 2015 FERC Form 60's

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

In the Matter of Laclede Gas Company's )  
Request to Increase its Revenues for Gas ) File No. GR-2017-0215  
Service )

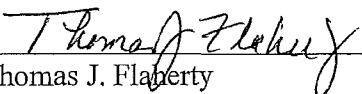
In the Matter of Laclede Gas Company )  
d/b/a Missouri Gas Energy's Request to ) File No. GR-2017-0216  
Increase its Revenues for Gas Service )

AFFIDAVIT

STATE OF MISSOURI )  
 ) SS.  
CITY OF ST. LOUIS )

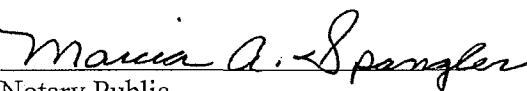
Thomas J. Flaherty, of lawful age, being first duly sworn, deposes and states:

1. My name is Thomas J. Flaherty. My business address is 2001 Ross Avenue, Suite 1800, Dallas, Texas 75201 and I am a Senior Vice President in the Power and Utilities Practice of Strategy&.
2. Attached hereto and made a part hereof for all purposes is my direct testimony on behalf of Laclede Gas Company and MGE.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Thomas J. Flaherty

Subscribed and sworn to before me this 29th day of March, 2017.



  
\_\_\_\_\_  
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's )  
Request to Increase its Revenues for Gas ) File No. GR-2017-0215  
Service )

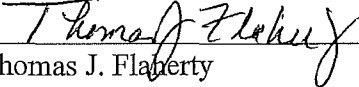
In the Matter of Laclede Gas Company )  
d/b/a Missouri Gas Energy's Request to ) File No. GR-2017-0216  
Increase its Revenues for Gas Service )

AFFIDAVIT

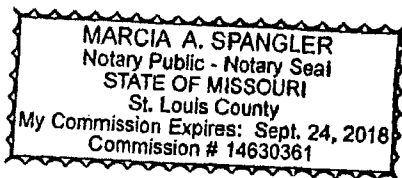
STATE OF MISSOURI )  
) SS.  
CITY OF ST. LOUIS )

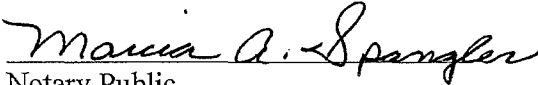
Thomas J. Flaherty, of lawful age, being first duly sworn, deposes and states:

1. My name is Thomas J. Flaherty. My business address is 2001 Ross Avenue, Suite 1800, Dallas, Texas 75201 and I am a Senior Vice President in the Power and Utilities Practice of Strategy&.
2. Attached hereto and made a part hereof for all purposes is my direct testimony on behalf of Laclede Gas Company and MGE.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

  
Thomas J. Flaherty

Subscribed and sworn to before me this 29th day of March, 2017.



  
Notary Public