

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

In the Matter of Spire Missouri Inc. d/b/a)	
Spire's Verified Application for Approval of)	File No: GF-2020-0334
Financing Authority)	

Public Counsel's Response to Staff Recommendation

The Office of the Public Counsel (OPC) responds to the Staff of the Public Service Commission's (Staff) Recommendation as follows:

1. On April 21, 2020, Spire Missouri Inc. (Spire Missouri or Company) applied to the Public Service Commission for \$750 million in financing authorization through September 30, 2023.

2. Staff filed its Recommendation on July 9, 2020, advising the Commission to approve Spire Missouri's application, but only up to a limited amount of Spire Missouri's request.

3. The OPC has since discussed Spire Missouri's Application and Staff's Recommendation with both parties. The OPC agrees with Staff's recommendation to grant Spire Missouri a 3-year Financing Authority not to exceed ** _____ **

4. However, the OPC also recommends the Commission qualify any order authorizing this financing with additional conditions to Spire Missouri's financing authority. The OPC has discussed its intended recommendations with the Company and Staff. While the OPC does not believe Staff or the Company are opposed to the intent of the proposed conditions, neither the Staff nor the Company have reviewed the specific language of OPC's proposed conditions before OPC filed this response.

5. The OPC believes Spire Missouri should be required to provide specific documentation supporting its rationale for the type of debt it issues as well as the specific terms related to each debt instrument (e.g. maturity, secured or unsecured, bonds vs. loans, etc.), because

Spire Missouri has requested such broad financing authority to issue various types of debt over a three-year period. To accomplish such, OPC recommends the following language be added to the end of Staff's Condition 7 which requires the Company to file a report within ten days of each issuance:

The Company shall provide the analysis it performed to determine the following: (1) the appropriate type of debt security to issue (term loan, private bonds, or registered bonds), (2) whether the debt is secured or unsecured debt, (3) the term to maturity of the debt, and (4) whether to issued fixed or floating rate debt.

This information will assist with understanding Spire Missouri's motivation and strategy for the type of debt capital included in its capital structure.

6. The OPC also requests that the Commission order Spire Missouri to supply final calculations proving the success of its proposed tender offers identified in Paragraph 9 of its Application to evaluate Spire Missouri's actions after the financing occurs. The success can be measured both in terms of a positive net present value and a reduced embedded cost of debt. In order to verify such, the OPC recommends the Commission add the following condition:

The Company shall provide Staff and the OPC with the following information within ten days of the issuance of the new long-term debt replacing the tendered debt: 1) the final net present value calculations comparing interest payment savings to upfront transactional costs incurred to complete the tender offers; and 2) a quantification of the reduction to Spire Missouri's embedded cost of long-term debt attributable to the completion of the tender offers.

Wherefore, the OPC responds to Staff's Recommendation advising the Commission approve Spire Missouri's financing request as modified.

Respectfully,

OFFICE OF THE PUBLIC COUNSEL

/s/ Caleb Hall

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this 17th Day of July, 2020, with notice of the same being sent to all counsel of record.

/s/ Caleb Hall