

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held by telephone
and internet audio conference
on the 29th day of July, 2020.

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

ORDER APPROVING FINANCE AUTHORITY

Issue Date: July 29, 2020

Effective Date: August 8, 2020

On April 21, 2020, Spire Missouri, Inc. d/b/a Spire ("Spire" or the "Company") submitted an application requesting financing authorization in the amount of \$750 million through

September 30, 2023.¹ Spire states the securities will be used for the following purposes:

1) to discharge or redeem previously issued bonds; 2) to finance the purchase, acquisition and construction of additional properties and facilities, as well as improvements to the Company's existing plant; 3) to improve or maintain service; 4) to discharge or lawfully refund all or a portion of the Company's outstanding short-term debt; 5) to reimburse moneys actually expended from income; and/or 6) to provide the financial resources required to meet the Company's other public utility obligations. Spire additionally requested waiver of the sixty-day case filing notice requirement.

¹ Spire's application was filed pursuant to Sections 393.180, 393.190, and 393.200, RSMo 2016, and Commission Rules 20 CSR 4240-2.060, 20 CSR 4240-10.125, and 20 CSR 4240-4.017(1)(D). Unless otherwise stated, all statutory citations are to the Revised Statutes of Missouri, as codified in the year 2016.

On July 9, 2020, the Staff of the Missouri Public Service Commission (“Staff”) filed its recommendation, with certain conditions, that the Commission approve Spire’s financing authority request for the amount of \$660 million.² Spire filed no objections to Staff’s recommendation for Commission approval of \$660 million.

On July 17, 2020, the Office of the Public Counsel (“Public Counsel”) filed language that it requested be added to Staff’s conditions. The language suggested to be added to the end of Staff’s recommended condition G is as follows:

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.

OPC suggested an additional condition as follows:

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.

On July 21, 2020, Spire responded that it did not object to Staff’s proposed conditions or Public Counsel’s additional language. Staff also responded on July 21, 2020, indicating that it does not object to the additional language proposed by Public Counsel.

Section 393.190, RSMo, and Commission Rule 20 CSR 4240-10.125 require Spire to obtain the Commission’s authority to issue debt securities. *In Re Laclede Gas Co. v. Public Serv. Comm’n.*³ states that Sections 393.180 and

² Staff’s rationale for decreasing the amount is confidential, and will not be stated in this Order.

³ 526 S.W.3d 245 (Mo. App. W.D. 2017).

393.200, RSMo, authorize public utilities to issue long-term financing when necessary for the purposes enumerated in the statute.⁴ If Spire's request falls within the enumerated purposes and is necessary or reasonably required, the Commission may grant the request.⁵

After review of Spire's application and of Staff's recommendations, the Commission concludes that granting Spire's request accords with Spire's stated purposes, that the requested financing authorization proposed in the application is or will be reasonably required for those stated purposes, and that such purposes are not in whole, or in part reasonably chargeable to operating expenses or to income. The Commission, accordingly, finds that the request satisfies Section 393.200, RSMo. Spire's request for financing authorization will be granted for the amount of \$660 million, subject to Staff's recommendations, as modified by the additional language of Public Counsel.

Finally, the Commission will grant Spire's request for waiver of the 60-day notice requirement under 20 CSR 4240-4.017. The Commission finds good cause exists for waiver, based on Spire's verified declaration that it had no communication with the Commission regarding substantive issues likely to arise in this file within 150 days before filing its application.

In its recommendation, Staff advised the Commission to place an order granting financing authority to Spire on its agenda as soon as possible. So that Spire will be able

⁴ "The power of gas corporations, electrical corporations, water corporation, or sewer corporations to issue stocks, bond, notes and other evidences of indebtedness and to create liens upon their property situated in this state is a special privilege, the right of supervision, regulation, restriction and control of which is and shall continue to be vested in the state, and such power shall be exercised as provided by law and under such rules and regulations as the commission may prescribe." Section 393.180, RSMo.

⁵ *In re: Laclede Gas Co.v. Mo. Pub. Serv. Com'n.* 526 S.W.3d 245 (Mo. App. 2017).

to promptly use the financing authority granted in this order, the Commission will exercise its discretion to make this order effective in less than thirty days.

THE COMMISSION ORDERS THAT:

1. The sixty-day notice of case filing requirement of Commission Rule 20 CSR 4240-4.017(1) is waived.

2. Spire's request for financing authorization, is granted for the amount of \$660 million subject to Staff's recommended conditions, as modified by the additional language offered by Public Counsel, set out as follows:

A. Spire is authorized to issue conventional term loans (first mortgage bonds, unsecured debt and preferred stock), and issue common stock in an aggregate amount not to exceed \$660 million at any time, or from time to time, through September 30, 2023, provided that Spire shall not be authorized to use any portion of the \$660 million for any purpose other than for the exclusive benefit of Spire Missouri's regulated operations, as such purposes are specified in Section 393.200. However, if Spire plans to issue anything other than senior secured debt (registered or privately-placed), it shall file notification with the Commission thirty (30) days in advance of doing so.

B. Spire Missouri is authorized to accommodate any change in the amount of capital leases it carries resulting from the accounting standards update adopted by FASB on February 16, 2016. Any such

amount shall not count against the \$660 million of the financing authority granted herein by the Commission.

- C. The total amount of the long-term debt, capital leases, and preferred stock issued and outstanding under such authorization shall not, at any time during the period covered by this authorization, exceed the lesser of the value of Spire Missouri's rate base or 65 percent of its total capitalization, as such conditions are defined in Case Nos. GM-2001-342 and GF-2007-0220.
- D. The current Commission granted authority under File No. GF-2018-0249 shall expire and shall be superseded by the authority granted in File No. GF-2020-0334.
- E. The interest rate for any debt issuance covered by the application shall not be greater than a rate that is consistent with similar securities of comparable credit quality and maturities issued by other issuers.
- F. If and when individual debt securities are issued under this application, Spire shall submit a verified report to the Commission's Budget & Fiscal Services Department documenting such issuance, the use of any associated proceeds and the applicability and measure of fees under Section 386.300.2, RSMo.
- G. Spire shall file with the Commission within ten (10) days of the issuance of any financing authorized pursuant to a Commission order in this proceeding a report including the amount issued, date

of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and loan or indenture agreement concerning each issuance. In addition, Spire shall also provide the analysis, to include but not be limited to indicative pricing information developed or performed to determine that the terms for the securities issued were consistent with market requirements at the time. Spire 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.

- H. Spire shall submit to Staff and the Office of the Public Counsel any information concerning communications with credit rating agencies concerning individual debt securities issued under this application.
- I. Spire shall file with the Commission any credit rating agency reports issued on Spire, Spire's debt issuances, or on Spire Inc.
- J. Nothing in the Commission's order shall be considered a finding by the Commission of the value of these transactions for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their results in cost of capital, in any later proceeding.

K. In seeking a renewal of the authority granted in this case, Spire Missouri and Staff shall operate under the general time frames set forth for financing cases in the 2004 case management roundtable project.

L. Spire shall provide Staff and Public Counsel 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.

3. Spire is authorized to execute all documents and take all actions necessary for the above-described transactions.

4. This order shall become effective on August 8, 2020.

5. This file may be closed on August 9, 2020.



BY THE COMMISSION

A handwritten signature in dark ink, reading "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and
Holsman CC., concur.

Hatcher, Regulatory Law Judge