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CREDIT OPINION
26 April 2022

Update

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RATINGS

Spire Inc.

Domicile	St. Louis, Missouri, United States
Long Term Rating	Baa2
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Spire Inc.

Update to credit analysis

Summary

Spire Inc.'s credit profile reflects the low risk business profile of its portfolio of natural gas local distribution companies (LDCs), the generally supportive regulatory environments in which they operate that typically include several timely cost recovery mechanisms, and stable cash flow generation. Spire has experienced some regulatory inconsistency at its largest subsidiary, Spire Missouri Inc. (A1 senior secured, negative) over the last year which, if it persists, will add pressure to Spire's credit quality, exacerbating an already weak financial profile.

For the 12-months ended 31 December 2021, Spire's ratio of cash flow from operations pre-working capital (CFO pre-W/C) to debt of 10.2% was weaker than its 13% average over the last two years, which was already low for its rating. The lower LTM financial performance was mainly attributed to short-term debt borrowings undertaken to fund higher natural gas costs stemming from winter storm Uri last February, as well as increased volatility in the market. The higher debt balance, coupled with delayed recovery of storm costs and higher gas prices from customers over a three-year period, particularly at Spire Missouri, has pressured current credit metrics.

Pro forma for the impact of these higher natural gas prices, which will ultimately be collected from customers, and non-recurring cost of removal expenses incurred, we estimate Spire's ratio of CFO pre-W/C to debt would have been approximately 12-13%, more in line with historical levels but still weak for its current Baa2 rating. We expect the company's financial metrics to improve over the next two years assuming a credit supportive outcome on Spire Missouri's pending rate case proceeding this year, such that Spire's ratio of cash flow from operations pre-working capital (CFO pre-W/C) to debt will be in the 13-14% range.

Spire's credit quality is constrained by the approximately $1.1 billion of parent level debt and preferred stock (50% equity treatment), which represents roughly 27% of consolidated debt, and results in a higher degree of structural subordination between Spire's debt and the debt residing at its operating companies. The credit is also constrained by elevated levels of capital investments at its utilities that, although lower than recent years, will require additional debt financing. The company is also modestly growing its unregulated businesses, including natural gas marketing and storage services, that add to its business risk profile.

Recent developments

On 24 November 2021, we changed Spire Missouri's outlook to negative following the Missouri Public Service Commission's (MPSC) 12 November rate order on the company's rate case which includes provisions that are inconsistent with past rate orders, less transparent on cost recovery timing, and not supportive of the company's credit quality.

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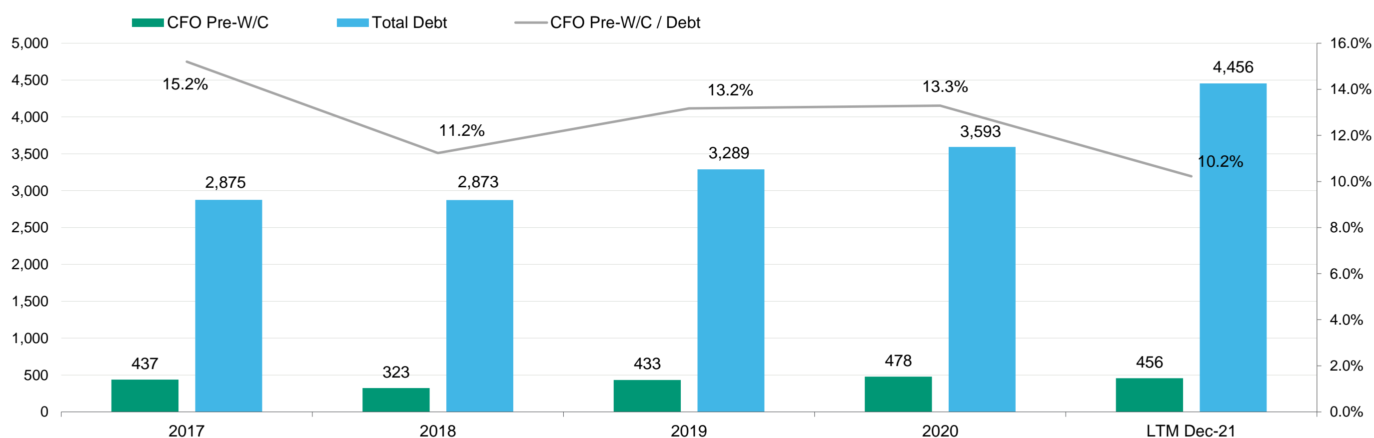
On 3 December 2021, the Federal Energy Regulatory Commission (FERC) issued a temporary certificate to allow Spire's STL pipeline to continue to operate while FERC considers approval of a new permanent certificate. This was after a U.S. Court of Appeals for the District of Columbia Circuit, in June, issued an order vacating the certificate of public convenience and necessity and remanded the matter back to FERC for further action. This followed a January 2020 petition by two intervening parties that requested a review of FERC's pipeline construction authorization in 2018 and authorization to be placed into service in 2019.

Exhibit 1

Historical CFO Pre-W/C, Total Debt, and ratio of CFO Pre-W/C to Debt ($MM)



Source: Moody's Financial Metrics

Credit strengths

» Low-risk business profile as a holding company of predominantly regulated natural gas local distribution companies

» Historically credit supportive regulatory environments in Missouri and Alabama

» Steady cash flow generation supported by several timely cost recovery mechanisms

» Financial metrics expected to improve

» Parent debt levels should continue to gradually decline

Credit challenges

» Adverse rate order at largest utility subsidiary

» Limited financial flexibility as metrics are currently weak for credit quality

» Utility capital investment programs remain elevated and will require additional debt financing

» Substantial parent debt levels, albeit lower than prior years

» Potential for STL pipeline to cease operations if permanent certificate of necessity is not granted by FERC

» Growth, albeit modest, in higher-risk gas marketing and storage businesses increases overall business risk profile

» Longer-term, potential methane and carbon emission reduction policies could challenge gas delivery business growth or operations

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Rating outlook

Spire's stable outlook reflects our assumption that there will be credit supportive outcomes on Spire Missouri's pending rate case and Spire Alabama's pending rate design extension proceedings. The stable outlook incorporates existing regulatory provisions in Missouri and Alabama including the use of timely cost and investment recovery mechanisms for its LDC subsidiaries. The stable outlook considers the continued gradual reduction in holding company debt as well as an expected improvement in the consolidated financial profile such that Spire's ratio of CFO pre-W/C to debt will increase to the 13-14% range over the next two years. The stable outlook also incorporates our expectation that management will not raise the financial or business risk of the company through higher holding company debt or a significant increase in its unregulated business activities.

Factors that could lead to an upgrade

Spire could be upgraded if holding company debt is reduced to less than 25% of consolidated debt; its financial performance improves such that its ratio of CFO pre-W/C to debt increases to 17% on a sustained basis; the regulatory environments in which its subsidiaries operate stay credit supportive; and Spire's unregulated businesses remain modest.

Factors that could lead to a downgrade

Spire could be downgraded if the degree of regulatory support were to decline materially, particularly in Missouri which is where its largest subsidiary operates or if the company's financial profile were to remain weak including a ratio of CFO pre-W/C to debt remaining below 13% for an extended period. Spire could also be downgraded if the company raises its business risk profile through aggressive growth of its unregulated businesses or increases parent level debt through M&A or other shareholder friendly activities. Spire could be downgraded if Spire Missouri was downgraded.

Key indicators

Exhibit 2

Spire Inc. [1]

	Sep-17	Sep-18	Sep-19	Sep-20	LTM Dec-21
CFO Pre-W/C + Interest / Interest	5.7x	4.0x	4.5x	4.7x	4.7x
CFO Pre-W/C / Debt	15.2%	11.2%	13.2%	13.3%	10.2%
CFO Pre-W/C – Dividends / Debt	11.9%	7.4%	9.5%	9.5%	7.0%
Debt / Capitalization	51.7%	51.7%	53.5%	55.4%	58.4%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics

Profile

Spire Inc. is a utility holding company based in St. Louis, Missouri. Spire's principal operating subsidiary is Spire Missouri Inc., (A1 senior secured, negative) a regulated natural gas local distribution company serving almost 1.7 million customers, primarily residential, in the eastern and western part of Missouri, including the cities of St. Louis and Kansas City. Spire Missouri represents over 75% of Spire’s consolidated rate base. Spire Missouri operates through two divisions, Spire Missouri East (fka Laclede Gas Company) and Spire Missouri West (fka Missouri Gas Energy), which are regulated by the Missouri Public Service Commission (MPSC).

Spire’s second largest operating subsidiary is Spire Alabama Inc. (A2 stable, fka Alabama Gas Corporation), the largest regulated natural gas local distribution company in Alabama serving over 428,400 customers. Spire also owns Spire Gulf (unrated, fka Mobile Gas Service Corp.) and Spire Mississippi (unrated, fka Willmut Gas & Oil Co.), which are small LDCs in Alabama and Mississippi, respectively. The Alabama utilities are regulated by the Alabama Public Service Commission (APSC) and Spire Mississippi is under the purview of the Mississippi Public Service Commission.

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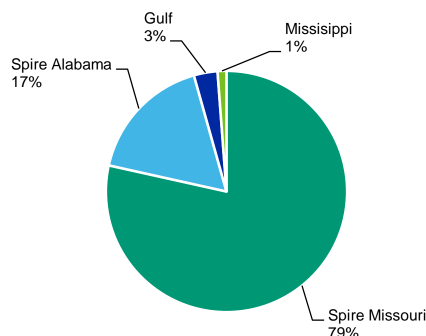
Exhibit 3

Spire's rate base is concentrated in its largest subsidiary, Spire Missouri
As of 31 December 2021



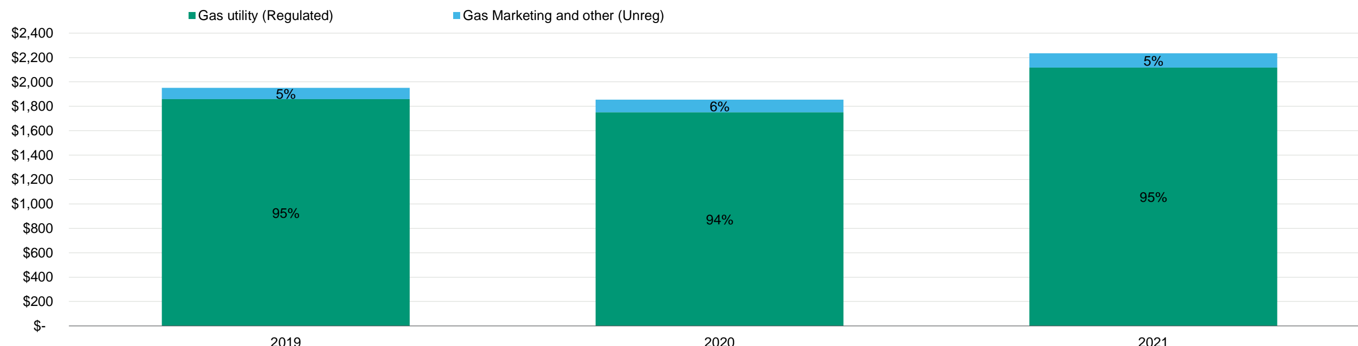
Source: Company presentation

In November 2019, Spire placed STL Pipeline into service, a 65-mile natural gas pipeline which delivers natural gas into eastern Missouri. STL primarily serves affiliate Spire Missouri East, and is regulated by the Federal Energy Regulatory Commission (FERC).

Spire's unregulated businesses account for the remainder of Spire's operations, which contribute around 5% of consolidated earnings. The largest unregulated business is a gas marketing segment, Spire Marketing (unrated, fka Laclede Energy Resources), but other smaller businesses include a propane pipeline and natural gas compression.

Exhibit 4

Spire's regulated utilities account for approximately 95% of consolidated operating revenues ($MM)



Source: Company's SEC filings

Detailed credit considerations

Low business risk profile with LDCs in historically supportive regulatory environments

As a holding company of regulated LDCs that contribute about 95% of consolidated cash flow, we view Spire as having a lower business risk profile than many peer regulated utility holding companies. LDCs typically have limited risk exposure to volume and/or price volatility of natural gas distributed to customers and LDCs generally have a more stable residential customer base and lower operating complexities when compared to vertically integrated electric utilities. The latter may have more exposure to price sensitive industrial customers and operate various types and vintages of power generation assets. In addition, LDC's do not encounter the operating risks related to power generation and the higher capital expenditures, particularly strict environmental mandates, that such generation usually entails.

With that said, natural gas is increasingly being called into question over environmental and greenhouse gas (GHG) emissions. Long-term challenges to natural gas infrastructure are increasing and, as carbon transition efforts gain ground, natural gas consumption may see a measured reduction in order to meet longer term GHG emission goals. It is clear that some state carbon and methane emission

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restrictions are already starting to limit demand for natural gas. We currently view natural gas challenges as a long-term risk with varied state and regional implications (see Shifting environmental agendas raise long-term credit risk for natural gas investments).

Historically, we viewed the Missouri and Alabama regulatory environments to be supportive of Spire's LDCs credit quality mainly through regulatory frameworks that include several timely cost and investment recovery mechanisms allowed by the MPSC and APSC. This has been evidenced by higher than average fixed cost recovery and timely incorporation of infrastructure capital investments into rates in Missouri, while Alabama offers a Rate Stabilization and Equalization (RSE) framework that provide formulaic rate recovery. These mechanisms typically result in a high degree of predictability and stability in Spire's consolidated cash flow generation, which also helps to mitigate any earnings and cash flow volatility from Spire's modest unregulated activities. In the exhibit below, we highlight several of the key cost recovery mechanisms including a brief description of the credit support.

Exhibit 5

Several utility cost recovery mechanisms help maintain the stability of Spire's cash flow generation

	Spire Missouri	Spire Alabama	Spire Gulf	Spire Mississippi	Comments
Weather Mitigation Rate Design	X				Recover fixed costs more evenly throughout the year
Temperature Adjustment Rider (TAR)		X	X		Moderates impact of deviations from normal weather patterns
Purchased Gas Adjustment (PGA)	X		X	X	Recovery of changes in natural gas commodity costs, carrying costs, hedging gains/losses
Gas Supply Adjustment (GSA)		X			Recovery of changes in cost of gas supply
Competitive Fuel Clause (CFC)		X			Prevents earnings loss by adjusting prices to compete with alternate fuel/gas supply source
Infrastructure System Replacement Surcharge (ISRS)	X				Mitigates impact of capital investment between rate cases
Rate Stabilization and Equalization (RSE)		X	X		Quicker cost recovery of capital investment between rate cases

Source: Company, Missouri Public Service Commission, Alabama Public Service Commission

We continue to view the Alabama regulatory environment as one of the most supportive regulatory jurisdictions in the US. However, the adverse November 2021 rate case outcome for Spire Missouri signals a less consistent and transparent regulatory environment in that state, the primary driver of Spire Missouri's current negative outlook.

On 12 November 2021, the MPSC approved an amended rate order on Spire Missouri’s most recent rate case which included a base rate revenue increase of about $72 million, including $47 million already being collected from customers through the ISRS mechanism. The authorized revenue increase was lower than the company’s request for base rate revenue increase of $112 million filed in December 2020. The revenue increase is premised on an allowed return on equity (ROE) of 9.37%, down from 9.8% authorized previously in Spire Missouri’s 2018 rate order, and well below the average 9.62% ROE authorized in rate cases for natural gas distribution utilities conducted in the first half of 2021 as cited in the MPSC rate order.

Contrary to prior rate orders, the most recent order includes Spire Missouri’s short term debt as part of the company’s regulated capital structure, which effectively reduces Spire Missouri’s authorized equity ratio to about 50%, down materially from 54.2% previously and the company’s request of 54.28%, another credit negative.

Furthermore, the order precludes Spire Missouri from capitalizing non-operational overhead costs into rate base and earning a return on those costs. At the same time, the order does not allow those costs to be expensed as incurred and thereby recovered through customer collections as part of the company’s revenue requirement. Instead, the rate order states that non-operational overhead costs should be deferred on the balance sheet as a regulatory asset with the potential for recovery in a future rate case. The accounting treatment of these costs is not clear; the decision increases regulatory lag or the time between cost incurrence and recovery from customers; and also adds to the risk that they will not be recovered, either partially or in full, all credit negatives.

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In March 2022, Spire Missouri filed another rate case application in an effort to, among other things, revisit the composition of the company's authorized regulated capital structure, including the MPSC's decision to include short term debt. The company is also attempting to reduce regulatory lag in the recovery of prudently incurred overhead costs. While the November 2021 rate order will negatively impact the company's near term cash flow coverage metrics, the longer term impact will depend on the new rate case proceeding with the outcome not expected until the end of the calendar year. The filing of rate case proceedings in close proximity could lead to a more contentious relationship between the company, the MPSC, the Office of Public Counsel (OPC) and other key intervening parties. Another unsupportive rate case outcome could weaken Spire Missouri's financial profile, and ultimately that of its parent.

Financial profile currently weak for credit rating but expected to improve

For the 12-months ended 31 December 2021, Spire's ratio of cash flow from operations pre-working capital (CFO pre-W/C) to debt of 10.2% was weaker than its average over the last two years of just over 13%, which was already weak for its Baa2 credit rating. The lower LTM financial performance was mainly attributed to short-term debt borrowings to fund higher natural gas costs stemming from winter storm Uri last February as well as increased volatility in the market. The higher debt balance, coupled with delayed recovery of storm costs and higher gas prices from customers over a three-year period, particularly at Spire Missouri, has pressured current credit metrics. Pro forma for the impact of higher natural gas prices which will ultimately be collected from customers and non-recurring cost of removal expenses incurred, we estimate Spire's ratio of CFO pre-W/C to debt would have been approximately 12-13%, which is more in line with historical levels but still weak. We expect financial metrics to improve over the next two years assuming a credit supportive outcome on Spire Missouri's pending rate case proceeding this year and a continued credit supportive rate construct in Alabama, such that Spire's ratio of cash flow from operations pre-working capital (CFO pre-W/C) to debt will be in the 13-14% range.

Parent level debt, although gradually declining, constrains credit quality across entire corporate family

As of 31 December 2021, Spire had parent company debt of $1.1 billion including $121 million of preferred debt (50% equity allocation) and $174 million of commercial paper borrowings (net of about $422 million used to support lending to the utilities), which accounts for approximately 27% of the $4.2 billion of consolidated debt. Parent debt includes $175 million of Remarketable Senior Notes due March 2026 which are linked to equity units that will be issued in March 2024 with proceeds that may be used to pay down debt. Parent level debt is down from about 37% of consolidated debt in 2018.

Exhibit 6

Spire's parent debt, albeit gradually declining, remains substantial and constrains credit quality

Spire Debt Profile	As of 31 December 2021
Senior Notes	$830
Preferred Stock*	$121
Total Parent long-term debt	**$951**
Consolidated LTD (Gross)	$3,359
Parent LTD as % of Consolidated	**28%**
Parent Commercial Paper Outstanding	$596
Less: Borrowings Attributed to Utilities	$422
Parent STD	**$174**
Consolidated STD	$877
Parent LTD + STD	**$1,125**
Total Parent debt as % of Consolidated debt	**27%**

*Hybrid Basket C debt treatment - 50% equity allocation

Source: Company SEC filings, Moody's Investors Service

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At roughly 27% of consolidated long-term debt as of December 2021, Spire's holding company leverage, although lower than in prior years, remains substantial and increases the financial risk of the entire corporate family. As such, the holding company debt constrains the credit profiles of both Spire Missouri and Spire Alabama. Spire's parent debt is mainly used to finance the company's non-utility businesses, which provide cash flows, that can be volatile from year to year, to help service the debt.

Besides dividend restrictions at Spire Missouri, there are no significant legal ring-fencing provisions (e.g. independent directors, minimum equity requirements) that provide additional utility credit protection in the unlikely scenario of a Spire bankruptcy. Moreover, Spire Alabama and Spire Missouri do not have their own revolving credit facilities as their respective short-term borrowing availability is part of the parent's credit facility. However, both Spire Missouri and Spire Alabama are required to get pre-approval from their respective regulators before they issue debt. We expect that the company will continue to focus on reducing debt at the parent over time, consistent with management's public comments that it intends to do so.

STL Pipeline may be required to cease operations if permanent FERC authorization is not granted

On 3 December 2021, FERC issued a temporary certificate to allow Spire's STL Pipeline to continue to operate while FERC considers approval of a new permanent certificate. This was after a U.S. Court of Appeals for the District of Columbia Circuit, issued an order in June vacating the certificate of public convenience and necessity and remanded the matter back to FERC for further action. This followed a January 2020 petition by two intervening parties that requested a review of FERC's pipeline construction authorization in 2018 and authorization to be placed into service in 2019. Since the STL pipeline has been in service for over 2.5 years and its operations was particularly useful during gas supply constraints exhibited in the Midwest during winter storm Uri there appears to be high likelihood that FERC will ultimately render a permanent certificate for it to operate again.

The pipeline, placed into service in November 2019, is a 65-mile natural gas pipeline that delivers up to 400,000 decatherms per day (Dth/d) of natural gas between Rockies Express Pipeline LLC (Ba2 stable) and the St. Louis metropolitan area. We typically view FERC regulated pipelines as generally low-risk due to the formulaic nature of its rate structure and contracted revenue stream from a creditworthy counterparty. While the pipeline's capacity is not fully subscribed; the anchor shipper, affiliate Spire Missouri East, has a 20 year contract for 350,000 Dth/d (87.5%) of capacity in order to serve its own end-use residential customers.

Non-utility businesses, although modest, add risk to the overall business profile

Spire's non-utility businesses account for about 5% of consolidated earnings. Based on management's growth strategy, these business activities could grow to about 10% of consolidated results, which will add risk to the company's core portfolio of low-risk regulated LDC utilities. Although earnings and cash flow for Spire's non-regulated businesses can be more volatile, the assets are unlevered and typically generate some cash flow that can help service holding company debt.

Spire Marketing is expected to be the fastest growing business of Spire's non-utility activities through its involvement in the marketing of natural gas and gas services to more than 250 retail customers and 120 wholesale customers in the eastern US. We view these operations as having much higher business risk due to the commodity price exposure and potential liquidity requirements.

To date, Spire Marketing has required a minimal amount of capital; however, Spire typically guarantees performance on a portion of Spire Marketing's gas supply contracts. Although the company's stated focus is on the physical delivery of gas which mitigates some risk, gas marketing margins have decreased over the last few years, prior to winter storm Uri, primarily due to the growing supply of shale gas in the US that is eroding regional price differentials, a key component of earnings for Spire Marketing. However, in FY2021 Spire Marketing experienced a substantial increase in earnings as it benefitted from volatile gas prices from the effects of winter storm Uri. For the 12-months ended 31 December 2021, Spire Marketing's net economic earnings were approximately $42 million, up from about $7 million for the prior 12-month period. In addition, Spire Marketing was subject to various commercial disputes and related notices of force majeure as well as a regulatory dispute regarding tariff obligations as a shipper on an interstate pipeline. As of 31 December 2021, Spire Marketing has recorded an estimate of potential liabilities for damages which may increase depending on final settlement amounts. However, we do not expect the amounts to be overly material to Spire's overall financial performance.

Spire Storage is small and engaged in the storage of natural gas in the western region of the United States. The facility consists of two storage fields with around 39 billion cubic feet of natural gas storage capacity in Wyoming operating under a FERC market-based rate tariff. On 1 July 2020, Spire revised its development plan for Spire Storage and took a pretax asset impairment charge of $140.8 million in Q3 of FY2020. The revision to the development plan for Spire Storage was driven by the realization that a longer time horizon will

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be required for optimization and positioning of the storage facility to serve energy markets in the western US. Spire is expected to invest approximately $15 million in capital investments over the next year or so to enhance the capabilities of the facility.

ESG considerations

Spire's ESG Credit Impact Score is CIS-3 (Moderately Negative)

Exhibit 7
ESG Credit Impact Score

CIS-3
Moderately Negative

For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.

Source: Moody's Investors Service

Spire's ESG Credit Impact Score is moderately negative (**CIS-3**), indicating that its ESG attributes have an overall limited impact on the current rating, with potential for future negative impact over time. The scores reflect a combination of moderately negative exposure to environmental and social risks, and neutral to low exposure to governance risks.

Exhibit 8
ESG Issuer Profile Scores

ENVIRONMENTAL
E-3
Moderately Negative

SOCIAL
S-3
Moderately Negative

GOVERNANCE
G-2
Neutral-to-Low

Source: Moody's Investors Service

Environmental

Spire's environmental risks are moderately negative (**E-3** issuer profile score) reflecting its moderate carbon transition risk, including potential for methane leakage, and moderately negative exposure to physical climate risks from the increasing occurrences of extreme weather events due to climate change. Our score also considers neutral to low exposure to water management, waste and pollution and natural capital risks.

Social

Exposure to social risks is moderately negative (**S-3** issuer profile score), reflecting the fundamental risk for regulated utilities that demographic and societal trends could include social pressures or public concern around affordability, reputation or environmental concerns. In turn, these pressures could result in adverse political intervention into utility operations or regulatory changes. Gas distribution utilities also face moderately negative responsible production risks due to the inherent risk for potential explosions common to all gas networks. These risks are balanced by neutral to low risks to health and safety, human capital, and customer relationships.

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Governance

Spire's governance risk is broadly in line with other utilities and does not pose a particular risk (**G-2** issuer profile). This is supported by neutral to low scores on exposures to financial strategy and risk management, management credibility and track record, organizational structure, compliance and reporting and board structure policies and procedures.

ESG Issuer Profile Scores and Credit Impact Scores for Spire are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for Spire on MDC and view the ESG Scores section.

Additional ESG considerations

Environmental considerations included in our credit assessment of Spire are primarily related to its exposure to carbon regulations. Spire is strongly positioned for carbon transition within the regulated utility sector because it is a holding company of predominantly local gas distribution operations and natural gas commodity purchase costs are fully passed through to customers with an effective cost recovery mechanism. However, its operations, which include natural gas transportation, distribution and storage activities, inherently involve a variety of hazards and operations risks, such as leaks.

Spire's LDC's primary function is to deliver a fossil fuel for end-use combustion and, accordingly, has methane and ultimately carbon emissions associated with the product. As such, Spire's business are exposed to longer-term carbon transition risks, especially if state and federal efforts seek to expedite the elimination of greenhouse gas emissions. Spire is actively addressing its company wide greenhouse gas emissions, with the goal of being carbon neutral by 2050, while also reducing methane emissions by 53% by 2025 which includes reducing the emission profile of all of its gas subsidiaries.

Longer term, Spire's utilities could possibly be more exposed to a potential decline in demand for fossil fuels as consumer preferences may change or other initiatives take hold to reduce the use of fossil fuels. Spire's other gas services are also relatively low-risk, but contain more direct commercial relationships with exploration and production companies, which are generally considered to have higher carbon transition risk. Should these customers encounter credit deterioration or rising business and financial risk due to carbon emission concerns, Spire's marketing business, in particular, could be negatively impacted.

Social risks are primarily related to health and safety, demographic and societal trends and regulatory relations. Spire's LDCs continue to work towards providing reliable and affordable service to customers and safe working conditions to employees by improving its infrastructure through pipeline replacement investments. Social risks could increase from a rare operating event such as a pipeline explosion which can result in casualties and property damage. Moody's discusses these risks in LDC Utilities Exposed to Operational Hazards, But Sector Still Viewed as Low Risk (12 November 2018).

Regarding affordability, we see the potential for rising social risks associated with an inflationary environment with increasing energy bills stemming from higher natural gas prices and the potential effect of rising interest rates longer term. A higher inflationary environment could make customers less able to absorb rate increases. Should this influence state regulator decisions on rate increases or cost recovery, the company's financial profile and cash flow ratios could weaken.

From a governance perspective, financial and risk management policies including a strong financial profile are important characteristics for managing environmental and social risks. We view the management and governance of Spire as strong.

Liquidity analysis

Spire has an adequate liquidity profile reflecting upstreamed dividends from its regulated subsidiaries and adequate access to external liquidity resources. As of 31 December 2021, Spire had a cash balance of $8 million.

Spire's capex levels will remain elevated over the next few years, although lower than recent years, and we continue to expect that Spire's internally generated cash flow will be less than planned capital expenditures and shareholder dividend distributions. As such, we anticipate that Spire will use a balanced mix of debt and equity to supplement its cash flow generation to meet its capital investment requirements. We expect Spire will do so in a manner that maintains the regulated capital structures of its utilities and also improve its consolidated financial profile.

Despite its negative free cash flow, Spire's liquidity is supported by a commercial paper program, backstopped by a $975 million senior unsecured revolving credit facility with 11 banks expiring 31 October 2023, and manageable long-term debt maturities over the next

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12 months. Spire's nearest long-term debt maturities are $25 million of parent debt due in December 2022 and $250 million of first mortgage bonds at Spire Missouri due in August 2023.

The revolving credit facility includes sublimits for Spire of $300 million, Spire Missouri of $475 million and Spire Alabama of $200 million. At 31 December 2021, on a consolidated basis, Spire had approximately $846 million of commercial paper borrowings outstanding. The higher than normal borrowings are largely attributed to Spire's utilities funding of higher natural gas prices ahead of the winter season. The facility has same-day borrowing ability and no material adverse change representation for ongoing borrowings. It also has one financial maintenance covenant which limits consolidated debt to capitalization to 70%. As of 31 December 2021, Spire reported that all of the borrowing entities were in compliance with this covenant as total debt was less than 60% of total capitalization for each borrower.

In response to the higher gas prices from market volatility driven by winter storm Uri last February, Spire Missouri bolstered its liquidity by entering into a term loan with its bank group in order to maintain its financial flexibility.

Structural considerations

Spire's Baa2 senior unsecured rating is four notches lower than Spire Missouri's A1 first mortgage bond rating and three notches lower than Spire Alabama's A2 senior unsecured rating, due to the structural subordination of the parent obligations compared to the debt at its principal operating subsidiaries. Going forward, we expect a gradual reduction of parent level debt in accordance with management's stated goals.

We expect that Spire's holding company interest expense and corporate dividend will continue to be supported by its utility upstreamed dividends. Additional structural considerations could result if Spire required a material amount of dividend support from its higher-risk and more volatile unregulated businesses; if utility payout ratios increased to levels that caused regulatory concern or a deterioration to utility retained cash flow ratios; or if parent interest expense and corporate dividends were consistently funded with external debt.

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Rating methodology and scorecard factors

Exhibit 9

Methodology Scorecard Factors

Spire Inc.

Regulated Electric and Gas Utilities Industry Scorecard [1][2]	Current LTM 12/31/2021		Moody's 12-18 Month Forward View As of Date Published [3]	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory	A	A	A	A
b) Consistency and Predictability of Regulation	A	A	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	A	A	A	A
Factor 3 : Diversification (10%)				
a) Market Position	A	A	A	A
b) Generation and Fuel Diversity	N/A	N/A	N/A	N/A
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	4.6x	A	4.6x - 5x	A
b) CFO pre-WC / Debt (3 Year Avg)	11.6%	Baa	11% - 14%	Baa
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	8.1%	Baa	7% - 11%	Baa
d) Debt / Capitalization (3 Year Avg)	56.2%	Baa	54% - 58%	Baa
Rating:				
Scorecard-Indicated Outcome Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching		-2		-2
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned		Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 12/31/2021(L)
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics

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Appendix

Exhibit 10

Cash Flow and Credit Metrics [1]

CF Metrics	Sep-17	Sep-18	Sep-19	Sep-20	LTM Dec-21
As Adjusted					
FFO	404	405	394	444	534
+/- Other	33	-83	40	33	-79
CFO Pre-WC	437	323	433	478	456
+/- ΔWC	-121	180	26	6	-414
CFO	316	503	459	484	41
- Div	96	109	120	135	143
FCF	-225	-113	-486	-290	-713
(CFO Pre-W/C) / Debt	15.2%	11.2%	13.2%	13.3%	10.2%
(CFO Pre-W/C - Dividends) / Debt	11.9%	7.4%	9.5%	9.5%	7.0%
FFO / Debt	14.1%	14.1%	12.0%	12.4%	12.0%
RCF / Debt	10.7%	10.3%	8.3%	8.6%	8.8%
Revenue	1,741	1,965	1,952	1,855	2,278
Interest Expense	93	109	122	129	125
Net Income	173	245	204	233	258
Total Assets	6,615	6,905	7,670	8,235	9,651
Total Liabilities	4,641	4,666	5,265	5,852	7,092
Total Equity	1,974	2,239	2,405	2,384	2,559

[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. Periods are Financial Year-End unless indicated. LTM = Last Twelve Months
Source: Moody's Financial Metrics

Exhibit 11

Peer Comparison Table [1]

	Spire Inc. Baa2 (Stable)			Eversource Energy Baa1 (Negative)			Southern Company Gas Baa1 (Stable)			NiSource Inc. Baa2 (Stable)		
(In US millions)	FYE Sep-19	FYE Sep-20	LTM Dec-21	FYE Dec-19	FYE Dec-20	LTM Sept-21	FYE Dec-19	FYE Dec-20	LTM Sept-21	FYE Dec-19	FYE Dec-20	FYE Dec-21
Revenue	1,952	1,855	2,278	8,526	8,904	9,615	3,792	3,434	4,066	5,209	4,682	4,900
CFO Pre-W/C	433	478	456	2,389	2,533	2,660	1,278	1,172	1,491	1,525	1,318	1,411
Total Debt	3,289	3,593	4,456	17,112	19,800	21,259	6,194	7,098	7,623	10,276	10,258	10,639
CFO Pre-W/C / Debt	13.2%	13.3%	10.2%	14.0%	12.8%	12.5%	20.6%	16.5%	19.6%	14.8%	12.8%	13.3%
CFO Pre-W/C – Dividends / Debt	9.5%	9.5%	7.0%	10.1%	9.0%	8.8%	13.0%	9.0%	12.6%	11.7%	9.4%	9.8%
Debt / Capitalization	53.5%	55.4%	58.4%	51.0%	52.1%	53.0%	34.0%	37.4%	38.3%	59.6%	59.9%	56.6%

[1] All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade
Source: Moody's Financial Metrics

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Ratings

Exhibit 12

Category	Moody's Rating
SPIRE INC.	
Outlook	Stable
Senior Unsecured	Baa2
Pref. Stock	Ba1
Commercial Paper	P-2
SPIRE MISSOURI INC.	
Outlook	Negative
First Mortgage Bonds	A1
Senior Secured Shelf	(P)A1
SPIRE ALABAMA INC.	
Outlook	Stable
Senior Unsecured	A2

Source: Moody's Investors Service

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