

Spire Missouri
GR-2022-0179

Response to Data Request 0212.1

Question:

Description: Please indicate True/False for responding to following statements: (1) Since 2018, Spire Missouri has owed long-term debts to Spire Inc. or its subsidiaries. (2) Since 2018, Spire Missouri has owed short-term debts to Spire Inc. or its subsidiaries. (3) Since 2018, Spire Missouri received or provided short-term advances from or to Spire Inc. through its money pool. (4) Since 2018, Spire Missouri's debt has been rated by credit rating agencies based on the stand-alone credit quality of Spire Missouri. (5) Since 2018, Spire Inc. or its subsidiaries' assets have not secured any of Spire Missouri's debt. (6) Since 2018, Spire Missouri's assets have not secured Spire Inc. or its subsidiaries' debts nor do they secure each other's debts. (7) The management of Spire Inc. is part of the ultimate financial decision makers for Spire Missouri. (8) Spire Inc.'s non-utility asset is less than 5 percent of Spire's total assets. Please provide evidence in support of the responses to (1) through (8). Requested by: Seoung Joun Won

(seoungjoun.won@psc.mo.gov)

Due Date: 7/25/2022

Response:

1. False, all of Spire Missouri's long-term debt is placed with third party investors.

Evidence: page 30 of 2021 10-K ("The Utilities directly access the long-term bond market").

2. False, Spire Missouri has not taken short-term loans ("debts") from Spire Inc. or its other subsidiaries other than advances mentioned in question #3 through its money pool.

Evidence: There is no evidence that this occurred.

3. True, Spire Missouri has received short-term advances from Spire Inc. through its money pool arrangement.

Evidence: page 30 of 2021 10-K ("The Utilities access the commercial paper market through a program administered by the holding company, which then loans borrowed funds to the Utilities").

4. True, Spire Missouri's debt has been rated by Moody's and Standard & Poor's based upon its stand-alone credit quality.

Evidence: See latest reports from Moody's and Standard & Poor's.

5. True, except for Spire Missouri's assets which can also be deemed as the assets of Spire Inc. neither the other assets of Spire Inc. or its subsidiaries secured any of Spire Missouri's debt.

Evidence: Spire Missouri's debt is secured solely by a first mortgage on substantially all of its assets. Page 88 of 2021 10-K ("Substantially all of Spire Missouri's plant is subject to the liens of its first mortgage bonds").

6. True, Spire Missouri's assets do not secure the debt of Spire Inc. or its subsidiaries (except for Spire Missouri).

Evidence: Spire Missouri's assets are securing its long-term debt so they cannot be used to secure the debt of Spire Inc. or its subsidiaries. See page 88 of 2021 10-K as referenced in response to question #5.

7. True, some members of management of Spire Inc. are board members of Spire Missouri and other members of Spire Inc. management serve in direct management roles at Spire Missouri so it would be accurate to say certain individuals in management at Spire Inc. are involved in the financial decisions at Spire Missouri. It would be unusual for the owner of a wholly-owned subsidiary not to be involved in the financial decisions of the subsidiary.

Evidence: An example of this is Adam Woodard who serves in the role of Treasurer of Spire Inc. and Chief Financial Officer of Spire Missouri.

8. False, but it really depends on what is being referenced. We rarely see percentage of non-regulated operations measured by assets. This is usually discussed as a percentage of revenue, earnings, and/or cash flow. Spire Inc.'s non-regulated contribution to earnings is approximately 5%. This was recognized by Moody's in its latest report as it notes that Spire's unregulated operations contribute "around 5% of consolidated earnings". See page 4 of the attached Moody's Spire Inc. Credit Opinion dated April 26, 2022.

Evidence: Several different measures of non-regulated operations are provided, including one based on total assets as requested. Spire Inc. and third-party analysis refers to cash flow or earnings measures.

Signed by: Adam Woodard