

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

In the Matter of Spire Missouri Inc. d/b/a Spire's	)	
Verified Application to Renew its Financing	)	File No. GF-2018-0249
Authority	)	

**RESPONSE TO STAFF RECOMMENDATION**

COMES NOW Spire Missouri Inc. ("Spire Missouri" or "Company") and for its response to Staff's recommendation in the above-captioned case states as follows:

1. On August 8, 2018, the Staff of the Missouri Public Service Commission filed its recommendation in the above-captioned matter in which it recommended approval of the Company's application for financing authority in the amount of \$500 million through September 30, 2021, subject to certain terms and conditions.

2. Pursuant to the Procedural Schedule approved by the Commission for responding to Staff's recommendation, Spire Missouri states that it generally agrees with Staff's recommendation and appreciates the timeliness with which it was prepared and filed. The Company also agrees with nearly all of the conditions proposed by Staff in connection with granting such authorization, but does have concerns regarding two new conditions that have been suggested by the Staff.

3. The first new condition is set forth as part of condition 1 and would require that if the Company plans to issue anything other than senior secured debt (registered or privately-placed), it "shall file notification with the Commission ninety (90) days in advance of doing so." The Company is aware that there are favorable opportunities available in the market from lenders who wish to provide loans without undertaking the paper and time-intensive process of having the debt secured.

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\_\_\_\_\_\*\*. The Company's primary concern is that the obligation to file a notice of the Company's intention to enter into such a transaction three months in advance of closing on the transaction could significantly limit the Company's ability to respond on a timely basis to changes in the financial markets. Given how quickly and precipitously such changes can occur, an inability to respond on a timely basis could result in a substantially higher cost of debt. In addition, the delay in closing on such transactions could eliminate such favorable opportunities in their entirety with these kinds of lenders since they are already attempting to avoid the time and expense of the securitization process. The Company would also note that the purpose of the financing authority is to establish reasonable terms and conditions in advance so that financings are done in an appropriate and market competitive way, but can be completed without further requirement or delay. Such an approach has worked successfully many times and over many years. Given these considerations, and the fact that such unsecured debt would be subject to all of the other conditions that are designed to ensure that debt is procured on a price competitive basis, the Company respectfully suggests that this new notice condition should be eliminated.

4. The Company also has concerns regarding Staff's proposal to add new language to condition 7 which would require the Company at the time it issues any financing to also "provide the analysis, to include but not be limited to indicative pricing information developed, performed to determine that the terms for the securities issued were consistent with market requirements at the time." The Company recognizes that under Staff's proposed condition 5, it already has an obligation to ensure that what it pays

for debt is no greater than the market price for similar debt issuances with similar terms. Proving that up each time an issuance occurs (as opposed to when such costs are considered in a rate case), however, is neither necessary nor appropriate. Consistent with other terms of the proposed financing, the Commission will not be making any determinations regarding the prudence or value of such issuances at the time they occur, or apparently taking any other regulatory action for that matter. Accordingly, this condition appears to impose an extra filing requirement that has no apparent purpose – a reason why such a requirement has never been deemed necessary or appropriate for the Company in the past. Given the concerns expressed by Staff regarding the issuance of unsecured debt, however, the Company would have no objection to providing this kind of information \*\*\_\_\_\_\_.\*\* The Company also agrees to provide such relevant and appropriate information for other financings after they are completed, if requested by Staff.

5. The Company has no objection to the one suggested revision proposed by the Office of Public Counsel (“OPC”) in its Response to Staff’s Recommendation filed on August 17, 2018.

6. Finally, the Company does not believe that an evidentiary hearing is necessary to resolve these relatively modest differences and would urge the Commission to address them based on the pleadings and recommendations submitted and grant the Company’s financing authority by the requested effective date of October 1, 2018.

**WHEREFORE**, for the foregoing reasons, Spire Missouri respectfully requests that the Commission issue its Order approving its requested financing effective October

1, 2018, with the conditions proposed by Staff as modified consistent with the recommendations set forth herein and the one revision proposed by OPC.

Respectfully submitted,

**/s/ Michael C. Pendergast**

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### **Certificate of Service**

The undersigned certifies that a true and correct copy of the foregoing pleading was served on Staff and the Office of the Public Counsel on this 28<sup>th</sup> day of August, 2018 by hand-delivery, e-mail, fax, or by placing a copy of such document, postage prepaid, in the United States mail.

**/s/ Rick Zucker**