Exhibit No.:	_______________
Issue(s):	Rate of Return/Cost of Capital
Witness/Type of Exhibit:	Murray/Rebuttal
Sponsoring Party:	Public Counsel
Case No.:	GU-2026-0225

REBUTTAL TESTIMONY

OF

DAVID MURRAY

Submitted on Behalf of the Office of the Public Counsel

SPIRE MISSOURI, INC.

FILE NO. GU-2026-0225

July 22, 2026

REBUTTAL TESTIMONY

OF

DAVID MURRAY

SPIRE MISSOURI

FILE NO. GU-2026-0225

Q. Please state your name and business address.

A. My name is David Murray, and my business address is P.O. Box 2230, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Office of the Public Counsel ("OPC") as a Utility Regulatory Manager.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the OPC.

Q. What are you addressing in your rebuttal testimony?

A. I am responding to the portion of Spire Missouri's witness David A. Yonce's direct testimony which briefly discusses his view about the potential cost of capital impact related to Spire Missouri's earnings shortfall during the 2025/2026 heating season.

Q. What are Mr. Yonce's concerns related to Spire Missouri's under earnings during the 2025/2026 heating season?

A. Mr. Yonce testifies as follows:

> Failure to address this issue [margin loss] threatens the Company's credit quality, potentially increasing borrowing costs that are ultimately borne by customers.[1]

[1] Direct Testimony of David A. Yonce, p. 12, ll. 4-5.

Q. How does Mr. Yonce propose to address this issue?

A. Because his direct testimony is in support of Spire Missouri's application for an accounting authority order ("AAO"), presumably he believes the AAO will alleviate potential concerns from rating agencies and the financial community in general.

Q. Do you agree that rating agencies and/or debt investors would be highly concerned about a financial event that has already occurred?

A. No. Rating agencies and/or debt investors are more focused on projected cash flows than historical cash flows. This is especially the case if the rating agencies and/or debt investors view the event as non-recurring. However, if rating agencies/investors do not believe Spire Missouri has addressed the underlying problem to mitigate the risk of such event recurring, then this could cause them to require a higher return to invest in Spire Inc. and/or Spire Missouri.

Q. Mr. Yonce claims that not granting the AAO may increase Spire Missouri's borrowing costs that are ultimately borne by customers. Do you agree that not granting the AAO would cause Spire Missouri to incur higher borrowing costs?

A. No. Again, investors are more concerned with whether Spire Missouri's weather normalization adjustment rider ("WNAR") will guard against potential earnings volatility in subsequent heating seasons. Because Spire Missouri should only have one more heating season (2026/2027) before the effective date of its next anticipated rate case application, investors will not expect the issue to recur at least by the 2027/2028 heating season.

Q. How did Spire Missouri's bond investors react to Spire Missouri's earnings shortfall revealed on May 6, 2026, during Spire Inc.'s quarterly earnings conference call for the quarter ended March 31, 2026?

A. Subsequent to Spire Inc.'s May 6, 2026, quarterly earnings conference call, Spire Missouri's most liquid bond traded at prices fairly consistent with the prices the bonds traded on May 5, 2026. Therefore, the evidence does not support Mr. Yonce's testimony that this earnings event caused or may cause Spire Missouri to incur a higher cost of debt.

Q. Have rating agencies "looked through" past significant events due to their nonrecurring nature?

A. Yes. A perfect example is the impact of winter storm Uri ("Storm Uri") in 2021 on both Spire Missouri's and Evergy Missouri West's ("EMW") credit metrics, such as Moody's estimate of cash flow from operations, net of working capital, as compared to outstanding debt ("CFO Pre-WC to debt" ratio). Both companies' CFO Pre-WC to debt ratios were severely strained as a consequence of higher costs of natural gas and purchased power and the increase in short-term debt to fund these higher costs. However, because Moody's recognized that this was a nonrecurring event, it did not downgrade either company's credit rating because Moody's recognized that the credit metrics should recover to their normal levels in future periods.

Q. Is Spire Missouri's current situation even less of a credit event than the nonrecurring situation caused by Storm Uri?

A. Yes. In Storm Uri, Spire Missouri and EMW incurred higher costs and had to issue short-term debt to fund these higher costs. Spire Missouri's current situation is simply a matter of lost margin, which is not equivalent to incurring higher operating costs nor the issuance of debt to fund the costs.

Q. Although you did not discover evidence that Spire Missouri's cost of debt increased due to Spire Missouri's lower than guided earnings, considering Spire Inc.'s concern that this event could cause an increase to Spire Missouri's cost of debt, are there other events within Spire Inc.'s control which exposes Spire Missouri's customers to higher debt costs?

A. Yes. Spire Inc. closed on its acquisition of Piedmont Natural Gas Company Inc.'s ("Piedmont") Tennessee gas distribution system on March 31, 2026, for $2.48 billion. Spire Inc. did not issue additional common equity to fund its purchase of Piedmont's system but rather funded the acquisition through the issuance of $900 million of junior subordinate notes at the holding company (Spire Inc.), $825 million of notes at the newly created Spire Tennessee subsidiary, and through the sale of Spire Inc.'s marketing and storage operations. The issuance of $900 million of junior subordinated notes has increased the amount of leverage in Spire Inc.'s consolidated capital structure. As detailed in Moody's recent report on Spire Missouri, Spire Inc.'s more leveraged capital structure constrains Spire Missouri's credit profile. Moody's specifically stated the following:

> The credit profile is constrained by the substantial leverage at its parent company, Spire Inc. (Spire, Baa2 stable), at over 30% of consolidated debt. The parent's debt service obligations are supported by Spire Missouri, including upstream dividend distributions from time to time…
>
> … **Credit constrained by parent leverage and minimal ring-fence type provisions**
>
> Spire's growth by acquisition strategy several years ago has resulted in a substantial amount of holding company debt, which is serviced by upstream distributions from its operating companies. The annual parent level interest expense is essentially a fixed obligation that will now almost exclusively rely on residual cash flows from the regulated utilities, since Spire's recent announcement of the sale of most of its unregulated businesses – Storage and Marketing – as well as Spire Mississippi.
>
> We also consider the corporate dividend to be akin to a fixed obligation, since utility management teams are unlikely to reduce this cash distribution unless under significant financial duress. Through the LTM [last twelve months] 31 March 2026, Spire's dividend was about $188 million. We expect that the majority of parent level cash requirements are likely to come from Spire Missouri, the largest utility in the Spire corporate family.
>
> At about 40% consolidated debt as of 31 March 2026, Spire's holding company leverage has increased in comparison to prior years due to the funding of Spire Tennessee acquisition. We expect the parent level leverage to decrease once proceeds of the sale of unregulated business are received, but will remain substantial in the future at above 30% of total consolidated debt. The elevated holding company debt increases the financial risk of the entire corporate family, as such, it constrains the credit profiles of all subsidiaries including Spire Missouri, Spire Tennessee and Spire Alabama.
>
> Other than dividend restrictions at Spire Missouri, there are no significant legal or 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 Missouri and Spire Alabama do not have their own revolving credit facilities as their respective short-term borrowing availability comes from the parent's credit facility. However, both Spire Missouri and Spire Alabama are required to get preapproval from their respective regulators before they issue debt.[2]

[2] Chingunee Chimebat, et. al., "Spire Missouri Inc. – Update to Credit Analysis," Moody's Ratings, June 5, 2026.

Q. What does Moody's mean by "growth by acquisition strategy several years ago"?

A. Moody's is referring to Spire Inc.'s acquisition in 2013 of the system now referred to as Spire Missouri West, the 2014 acquisition of the system now referred to as Spire Alabama, and the acquisition of the systems referred to as Spire Mississippi and Spire Gulf in 2016. Spire Inc. issued holding company debt for these acquisitions, with most of the holding company debt funding the acquisition of the system now owned by Spire Alabama. After these acquisitions, rating agencies had consistently stated that Spire Inc.'s management was focused on reducing the holding company debt levels, which caused the rating agencies to provide Spire Inc. more leeway when assigning credit ratings to Spire Inc. and its subsidiaries.

Q. Why should the Commission be aware of Spire Inc.'s past financing activities?

A. Because of the contradiction related to the Company's expressed concern about regulators charging customers higher rates to support Spire Missouri's credit quality when Spire Inc. does not do the same when determining the mix of financing used to invest in its subsidiaries.

Q. Finally, do you believe any of Mr. Yonce's testimony should be clarified when he discusses S&P Global's comments about Spire Inc.'s May 6, 2026, earnings call?

A. Yes. Mr. Yonce's testimony identifies S&P Global as the publisher of the April 1, 2026, ratings report and the May 6, 2026, "report" on Spire Inc.'s earnings call. S&P Global is a large company, which offers several different financial and capital market information services. The first S&P Global "report" Mr. Yonce offers as his Schedule DAY-D-2 is a description of S&P Global Ratings, RatingsDirect, view of Spire Missouri's credit quality, which is a service most relevant to creditors/debt investors. The second S&P Global "report" is a press release from S&P Global Capital IQ Pro, which is a financial and capital market information service, which is not a ratings service, but rather a service relevant to all investors, with this article specifically relevant to equity investors.

Q. Why is it important to clarify the different companies within S&P Global which are the sources Mr. Yonce relied upon for his position?

A. Because Mr. Yonce's testimony focuses on his concern about Spire Missouri's credit quality causing it to incur a higher cost of debt, it is important to recognize that S&P Global Ratings, RatingsDirect, is the nationally recognized statistical rating agency which provides official credit rating opinions. S&P Global CIQ Pro is simply publishing articles about companies' earnings results and outlooks, which is not a formal opinion about a company's credit quality.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Spire Missouri Inc. d/b/a Spire's Application for an Accounting Authority Order	))	<u>Case No. GU-2026-0225</u>

<u>AFFIDAVIT OF DAVID MURRAY</u>

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

David Murray, of lawful age and being first duly sworn, deposes and states:

1. My name is David Murray. I am a Utility Regulatory Manager for the Office of the Public Counsel.

2. Attached hereto and made a part hereof for all purposes is my rebuttal testimony.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

David Murray
Utility Regulatory Manager

Subscribed and sworn to me this 20th day of July 2026.

TIFFANY HILDEBRAND
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES AUGUST 8, 2027
COLE COUNTY
COMMISSION #15637121

My Commission expires August 8, 2027.

Tiffany Hildebrand
Notary Public