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SPIRE MISSOURI INC.

GR-2027-0075

DIRECT TESTIMONY

OF

SARAH E. AKERS

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I. INTRODUCTION

Q. Would you please state your name and business address for the benefit of the Missouri Public Service Commission ("Commission")?

A. My name is Sarah E. Akers, and my business address is 10120 Elise Drive, St. Louis, Missouri 63123.

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

A. I serve as a Principal and Co-Founder of AK Capital Consulting, LLC, an independent consulting firm that provides financial and regulatory consulting services to utility companies and other clients.

Q. How long have you held that position and what are your responsibilities?

A. I co-founded AK Capital Consulting in January 2026 and have served as a principal since that time. In this role, I provide financial and regulatory consulting services focused on the utility sector. My work encompasses analysis, perspective, and advice related to financial strategy, capital markets, investor communications, and regulatory proceedings, with a particular emphasis on cost of capital matters, as well as broader perspectives on the utility industry.

Q. What roles have you held prior to your current role?

A. Prior to co-founding AK Capital Consulting, I spent approximately 19 years in equity research at Wells Fargo Securities, where I most recently served as a director in the Equity Research Department covering the natural gas and electric utility sector. As a senior analyst responsible for coverage of approximately 20 publicly traded utility companies, I developed detailed financial models and forecasts, analyzed utility financial performance, evaluated financing activities and capital market conditions, and formulated and

communicated investment recommendations and industry analysis to institutional investors.

My work required ongoing analysis of topics directly relevant to utility cost of capital, including capital structure, financing strategies, credit quality, earnings profiles, business risk, and regulatory developments.

I maintained regular dialogue with institutional investors regarding their assessment of utility companies, including how regulatory frameworks, regulatory decisions, financial performance, and business risks influenced investment decisions. I also engaged with utility management teams to better understand company strategy, financial plans, capital allocation decisions, and regulatory developments.

Q. What is your educational background?

A. I received a Bachelor of Business Administration degree from Saint Louis University in 2006 with emphases in Finance and Marketing.

I have been a Chartered Financial Analyst ("CFA") charterholder since 2010. During my career at Wells Fargo Securities, I also held the FINRA Series 7, 66, 86, and 87 licenses.

Q. Have you previously testified before the Commission?

A. This is my first appearance before the Missouri Public Service Commission as a witness.

II. PURPOSE OF TESTIMONY AND SUMMARY OF RECOMMENDATIONS

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to offer evidence and perspective on a reasonably competitive cost of capital that meets the legal standards and supports continued investment in Spire Missouri Inc.'s ("Spire Missouri" or the "Company") gas

infrastructure. To this end, I make a recommendation on the authorized return on equity ("ROE"), authorized capital structure, and cost of debt.

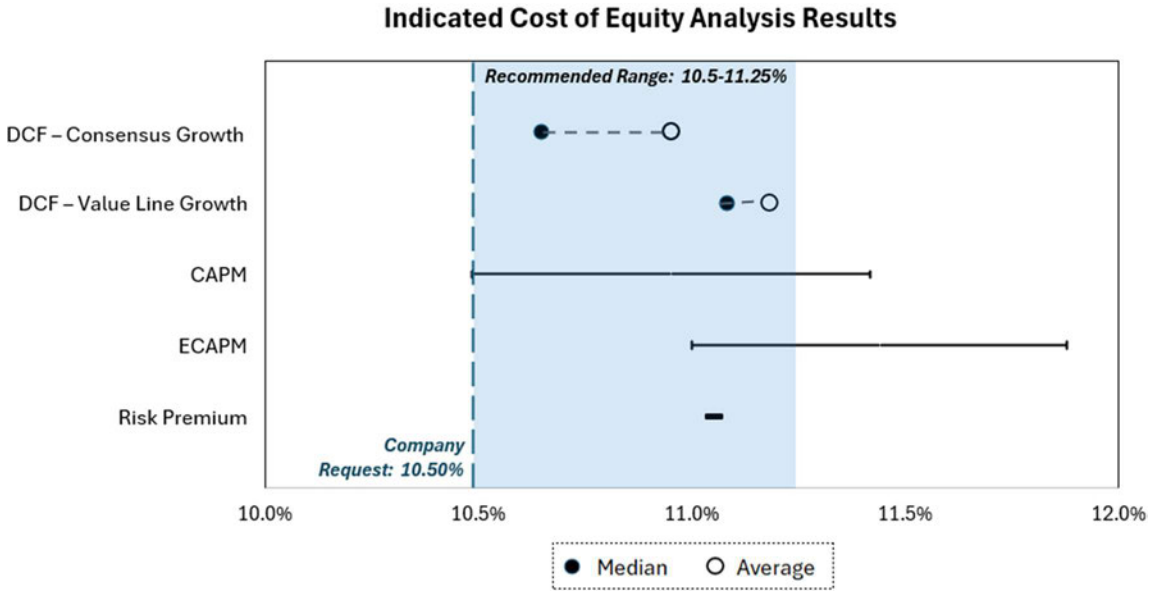
Q. What is your recommended return on equity for Spire Missouri?

A. Based on my analysis, I conclude that a reasonable ROE for Spire Missouri falls within a range of 10.50% to 11.25%. The Company's requested ROE of 10.50%, which assumes the adoption of a future test year in this case and a meaningful reduction in Spire Missouri's prospective volumetric exposure, is at the lower end of that range and represents a reasonable, and arguably conservative, position based on market evidence. Absent meaningful reform to Spire Missouri's current billing determinants and weather normalization mechanism, including through the Usage Stabilization Mechanism ("USM") that Spire Missouri is proposing in this proceeding, the Company would request an ROE toward the upper end of my recommended 10.50-11.25% range as Spire Missouri's risk profile would be elevated relative to the proxy group as discussed in my Relative Risk Assessment.

My recommended range reflects several complementary cost of equity methodologies aimed toward arriving at a forward-looking, competitive, risk-adjusted required return on equity that, in tandem with the recommended capital structure, maintains Spire Missouri's financial integrity and allows the Company to attract capital to fund infrastructure investment.

In developing my recommended ROE range, I apply informed judgment to the results of multiple methodologies rather than relying mechanically on any single result or a simple average of the results. I consider both the range and distribution of the analytical results, as well as differences in the underlying assumptions and inputs used in the analyses. I

further consider economic and capital market conditions in evaluating the analytical results. Taken together, these considerations support a reasonable ROE range of 10.50% to 11.25%, as summarized below and found in Schedule SEA-1.



Q. What is your recommended authorized capital structure, cost of long-term debt, and overall cost of capital?

A. My recommended capital structure includes a 55% equity layer. As discussed later in my testimony, this is based on a future test year and Spire Missouri's expectation that its actual equity layer will strengthen over time.

My recommended cost of long-term debt is 4.465%, which is consistent with the Company's annualized embedded cost of long-term debt as of September 30, 2026, updated for known and measurable changes for the fiscal 2028 test year.

My overall recommendation for a fair cost of capital is 7.784% as summarized in Schedule SEA-2 below.

Funding Source	Ratio	Cost	Weighted Cost
Common Equity	55.0%	10.50%	5.775%
Long-Term Debt	45.0%	4.465%	2.009%
Weighted Average Cost of Capital			**7.784%**

Q. How is the remainder of your testimony organized?

A. Following this summary of my recommendations, I first discuss the background and guiding principles underlying the determination of a utility's cost of capital, including the standards established by the U.S. Supreme Court and the importance of capital attraction and financial integrity. I then establish the proxy group used in my Discounted Cash Flow ("DCF") model and Capital Asset Pricing Model ("CAPM")-based analyses.

Next, I will estimate Spire Missouri's cost of equity using three market-based approaches: the DCF model, the CAPM, including the Empirical CAPM ("ECAPM"), and the Risk Premium Model ("RPM"). I then consider current economic and capital market conditions that provide context for evaluating the results of those analyses, followed by a more detailed assessment of Spire Missouri's risk relative to the proxy group across several business, financial, and regulatory characteristics.

Finally, I will evaluate Spire Missouri's proposed capital structure and cost of long-term debt which, together with the cost of equity, determine the Company's overall weighted average cost of capital.

Q. Are you sponsoring any schedules or exhibits?

A. Yes. I am sponsoring Schedules SEA-1 through SEA-26, which support the analysis and conclusions presented in my testimony.

III. BACKGROUND AND GUIDING PRINCIPLES

Q. What is the economic framework underlying the determination of a regulated utility's required return?

A. In competitive markets, the prices of goods and services are generally determined through the interaction of supply and demand. Unlike most businesses, however, regulated utilities operate as monopolies within defined service territories. Because it would be inefficient and uneconomic to duplicate the infrastructure required to provide natural gas service, competition is limited and regulation serves as a substitute for traditional market forces. As a result, regulatory commissions are charged with establishing rates that balance the interests of customers and investors while providing the utility a reasonable opportunity to recover prudently incurred costs including a fair return on invested capital.

Although rates are established through the regulatory process, utilities continue to compete for capital in financial markets. Investors allocate capital among competing investment opportunities based on their assessment of risk and expected return. Thus, the determination of a fair return must recognize the returns available to investors on alternative investments and the utility's ability to attract the capital necessary to provide service under a range of economic and capital market conditions.

Q. What standards have been established by the United States Supreme Court regarding a fair return for regulated utilities?

A. The foundational standards most frequently cited in determining a fair return for regulated utilities originate from the United States Supreme Court's decisions in *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679

(1923) ("Bluefield") and *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) ("Hope").

In *Bluefield*, the Court stated:

> The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties.[1]

The Court expanded upon these principles in *Hope*:

> [T]he return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.[2]

The Court further explained that, under the statutory standard of "just and reasonable," it is the final result produced by a rate decision that is central to the assessment rather than the particular methodology used to arrive at that result.[3]

Collectively, these decisions establish three enduring principles that guide the determination of a fair return:

> (1) the return should enable the utility to attract capital on reasonable terms;
> (2) it should support the financial integrity and creditworthiness of the utility; and
> (3) it should be commensurate with returns available from investments of comparable risk.

Importantly, these standards must be evaluated on a forward-looking basis. Utilities operate in an environment characterized by changing economic, financial, regulatory, and operating conditions. Accordingly, a fair return should be sufficient not only to satisfy these

[1] *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 693 (1923).
[2] *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).
[3] *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 602 (1944).

standards under current circumstances, but also to support the utility's financial integrity and ability to attract capital through varying market conditions and periods of uncertainty while continuing to provide safe and reliable service and fund necessary infrastructure investments.

Q. How do the capital attraction and competitive return standards play out in practice?

A. The need to offer competitive returns and to retain and attract capital is particularly important because capital is mobile. Investors continuously evaluate risk-adjusted returns across a broad range of investment opportunities and allocate capital accordingly. As such, Spire Missouri competes for capital not only with other regulated utilities, but also other sectors (i.e. pipelines, telecom, consumer staples, etc.) and other asset classes (i.e. fixed income, private equity, etc.). If the expected return from a utility investment is not fully reflective of its risks, investors will direct capital elsewhere, increasing the utility's financing costs and making it more difficult or costly to fund necessary infrastructure investments.

Q. How do investors evaluate regulated utilities when making capital allocation decisions?

A. Equity investors generally evaluate utilities based on a range of factors including earnings stability and business risk, long-term investment opportunities, historical performance and future ability to meet return and growth expectations, and overall financial strength. Debt investors similarly assess a utility's financial profile, with particular emphasis on cash flow stability, leverage, and credit quality. Both debt and equity investors ultimately seek confidence that the utility can consistently generate returns commensurate with the risks assumed.

Regulatory treatment impacts each of these factors as regulatory decisions determine the authorized ROE, authorized capital structure, the rate base on which the utility can earn the authorized return, and the revenue requirement and recovery mechanisms that influence the utility's ability to earn the authorized return. Accordingly, together with regulatory consistency and predictability, regulatory decisions and state ratemaking principles are among the most important factors influencing investor perceptions of utility investments and the terms under which a utility accesses capital.

Q. Why is financial integrity important for regulated utilities?

A. Unlike most businesses, regulated utilities are highly capital intensive and require continual investment to maintain, improve, and expand the infrastructure necessary to provide safe and reliable service. Because these investments are substantial and generally require funding well before they are fully recovered through customer rates, regulated utilities typically operate with negative free cash flow and, therefore, rely on continuous access to external capital. As a result, maintaining financial integrity is fundamental to a utility's ability to fulfill its public service obligations by preserving investor confidence and continued access to debt and equity capital.

Financial integrity reflects a utility's ability to maintain that access to capital across a broad range of business, economic, and financial conditions—not merely during periods of favorable market conditions. This includes periods of changing interest rates, inflationary pressures, commodity price volatility, adverse weather events, elevated capital investment, evolving regulatory and energy policy landscapes, and other sources of uncertainty. A utility with sufficient financial integrity is better positioned to absorb unexpected challenges and continue investing in its system and provide safe and reliable service despite

changing economic and operating conditions. Ultimately, preserving financial integrity benefits customers by supporting continued investment while helping ensure access to capital at a reasonable cost.

Q. How do the guiding principles inform your estimation of Spire Missouri's return on equity?

A. The cost of equity is not directly observable and must be estimated using financial models and informed judgment. No single model can perfectly capture investor expectations. Investors rely on a variety of information sources, analytical frameworks, and investment objectives when making capital allocation decisions. Accordingly, I rely on multiple complementary methodologies, including the Discounted Cash Flow model, Capital Asset Pricing Model based approaches, and the Risk Premium Model. Each methodology provides a different perspective on the return required by investors and collectively helps establish a reasonable range of expected returns.

Consistent with the principles established in *Hope* and *Bluefield*, my objective is not to identify a single mathematically precise answer, but rather to estimate a return on equity that is forward-looking, risk-adjusted, and sufficient to maintain Spire Missouri's financial integrity while allowing the Company to attract capital on reasonable terms.

IV. PROXY GROUP

Q. Why do you employ a proxy group in your ROE analysis?

A. I use a proxy group because the CAPM, ECAPM, and DCF models rely on market-based information for publicly traded companies. Because individual operating utilities are generally not publicly traded, publicly traded companies with reasonably comparable risks

and business profiles, including utility holding companies, are used as proxies in applying these market-based methodologies.

The use of a group of companies, rather than a single proxy company, reduces the potential influence of transitory or anomalous, company-specific events and circumstances and, therefore, improves the reliability of the results.

Finally, the use of a proxy group comprised of companies with reasonably comparable risks is consistent with the standards established in *Hope* and *Bluefield* that a fair return should reflect the returns available on investments of similar risk.[4]

Q. How did you approach the selection of proxy companies?

A. The pool of publicly traded U.S. gas distribution companies is relatively small. I included all companies whose core business consists of rate-regulated natural gas distribution operations, subject to the screening criteria discussed below, with the exception of Spire Inc., the holding company that owns Spire Missouri, which was excluded to avoid circularity concerns.

The specific criteria used in creating my Gas Utility Proxy Group are as follows: (1) inclusion in Value Line Investment Survey's ("Value Line") Natural Gas Utility industry; (2) a Value Line Safety Rank of "1" or "2"; (3) consistent dividend payments over the past five years; (4) a positive long-term EPS growth forecast from both Capital IQ and Value Line; and (5) no major merger and acquisition ("M&A") activity at the time testimony was prepared. The results are detailed in Schedule SEA-3 and summarized below.

[4] *Hope*, 320 U.S. at 603; *Bluefield*, 262 U.S. at 692–93.

Company	Ticker Symbol
Atmos Energy Corp.	ATO
Chesapeake Utilities Corp.	CPK
New Jersey Resources Corp.	NJR
NiSource Inc.	NI
Northwest Natural Holding Co.	NWN
ONE Gas, Inc.	OGS

As a group, I believe the proxy companies have risk profiles sufficiently comparable to Spire Missouri to provide a reasonable basis for estimating its cost of equity.

Q. Are there any considerations in using publicly traded companies in the proxy group?

A. Yes. The use of publicly traded companies in the proxy group—while necessary for the application of the CAPM, ECAPM, and DCF methodologies—also requires consideration of certain differences between publicly traded parent companies and the operating utility whose cost of equity is being estimated.

While I conclude that the proxy companies provide a reasonable approximation of Spire Missouri's overall risk profile, certain differences between publicly traded holding companies and Spire Missouri as an individual operating utility warrant consideration when evaluating the Company's relative risk.

Where practicable, I use operating utility data to supplement the market-based analyses. For example, my capital structure analysis considers authorized capital structures for the regulated gas operating utilities, and my Risk Premium Model is based on authorized ROEs for regulated gas operating utilities rather than returns of publicly traded parent companies. Later in my testimony, in the Relative Risk Assessment section, I compare Spire Missouri with the proxy group across several business, financial, and regulatory characteristics to provide additional context regarding Spire Missouri's relative risk.

V. COST OF EQUITY ANALYSES

Q. How did you estimate Spire Missouri's cost of equity?

A. As discussed previously, I use multiple complementary methodologies to estimate Spire Missouri's cost of equity. Specifically, I perform DCF, CAPM, ECAPM, and Risk Premium analyses. The DCF, CAPM, and ECAPM analyses rely on market data for the proxy group discussed above, while the Risk Premium analysis evaluates the relationship between authorized gas utility ROEs and interest rates. I discuss each of these analyses below.

I also consider current capital market and economic conditions and Spire Missouri's risk relative to the proxy group in evaluating the collective results of these analyses. These considerations provide additional context to the analytical framework and are discussed later in my testimony.

A. DISCOUNTED CASH FLOW MODEL

Q. What is the theory behind the DCF model?

A. The fundamental theory underlying the DCF model is that the value of a security is equal to the present value of its future cash flows. Because a dollar received in the future is worth less than a dollar received today, those future cash flows must be discounted to the present using an appropriate discount rate. The DCF methodology as a cost of capital estimation tool solves for the discount rate that equates the present value of expected future cash flows with the current market price of the stock. That discount rate represents the return required by investors.

Q. How do you apply the DCF model?

A. I apply the DCF model through the widely used Gordon Growth Model, which assumes dividends will grow at a constant rate over time. Under the Gordon Growth Model, an investor's expected return is comprised of two components: cash income and capital appreciation as outlined below.

Investor Return = Cash Income + Capital Appreciation

The cash income is the expected cash return received through dividends and is expressed as expected dividend yield. The capital appreciation component is represented by the expected long-term growth rate as outlined below. Under the constant growth assumptions of the model, earnings and dividends must grow at the same long-term rate and the price-to-earnings ("P/E") ratio remains constant.

Investor Return = Expected Dividend Yield + Long-Term Growth in Earnings/Dividends

The expected dividend yield is calculated based on the expected dividends over the next year as a percentage of the current stock price.

$$\text{Expected Dividend Yield} = \frac{D_1}{P_0}$$

Where:

D_1 = Expected annual dividend per share over the next year
P_0 = Current stock price

The investor's required return, or cost of equity, can then be expressed as:

$$k = \frac{D_1}{P_0} + g$$

Where:

k = Required return on equity
D_1 = Expected annual dividend per share over the next year
P_0 = Current stock price
g = Expected long-term growth rate in earnings and dividends

Q. How do you estimate the expected dividend over the next year for purposes of the DCF analysis?

A. The DCF model requires an estimate of the dividends expected to be received by investors over the next twelve months, referred to as D_1. For the six companies in my proxy group, I review each company's recent dividend increase pattern to identify when its annual dividend increase typically occurs and apply the long-term growth rates used in my DCF analysis to estimate the amount of the next expected increase. I then summate the four expected quarterly dividend payments to calculate D_1.

I believe this company-specific approach provides a more precise estimate of the prospective dividends investors expect to receive than applying a uniform timing assumption across the proxy group. Because my proxy group consists of six companies, each company's historical dividend pattern can be readily observed and the methodology can be practically and consistently applied.

An alternative commonly used approach is the "half-year convention." Because companies increase their dividends at different points throughout the year, the half-year convention assumes, on average, one-half year of growth in estimating prospective dividends.[5] The convention can be expressed as follows:

$$D_1 = D_0 (1 + 0.5g)$$

Where:

D_1 = Expected annual dividend per share over the next year
D_0 = Current annualized dividend per share
g = Expected long-term growth rate in earnings and dividends

[5] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), pp. 349–350.

While I use the company-specific approach described above for my proxy group, I use the half-year convention when applying the DCF model to broader groups of companies, including the Value Line universe and the S&P 500 Index, which I use later in my CAPM analysis to estimate the expected return on the broader equity market. For those much larger groups, individually evaluating the dividend-increase cycle of each company is less practical, and the half-year convention provides a reasonable estimate of prospective dividends.

Q. How do you determine the stock price used in the DCF analysis?

A. I use the average stock price over a recent 10-trading-day period to calculate the expected dividend yield. I do not rely on longer historical average stock prices because current stock prices reflect the market's most recent assessment of all publicly available information, including earnings releases, regulatory developments, changes in capital market conditions, and other company- and industry-specific developments. Older stock prices may not accurately reflect investors' current expectations regarding future cash flows and growth. My use of recent market data is also consistent with the Efficient Market Hypothesis, under which security prices reflect all available information.[6]

At the same time, because my proxy group includes primarily small- and mid-cap companies whose shares can be subject to short-term trading volatility, I use a 10-day average stock price rather than a single-day closing price. The 10-day average period helps mitigate the influence of temporary market noise, unusual trading activity, liquidity constraints, or other short-term factors that may affect a company's stock price on any

[6] Eugene F. Fama, "Efficient Capital Markets: A Review of Theory and Empirical Work," *The Journal of Finance*, Vol. 25, No. 2 (May 1970), p. 383.

given day without altering investors' underlying assessment of the company's long-term value. In my view, the 10-day average strikes a reasonable balance between incorporating the most current information and avoiding undue reliance on potentially anomalous daily price movements.

Q. How do you calculate the dividend yield component of the DCF model?

A. For each proxy company, I divide the expected dividend over the next year (D_1) by the 10-day average stock price (P_0) to calculate the expected dividend yield.

Q. How do you estimate the long-term growth rate used in the DCF model?

A. I use earnings per share growth estimates forecasted by analysts as a proxy for long-term dividend growth. As explained by Dr. Roger A. Morin in *New Regulatory Finance*, "In most cases, it is necessary to use earnings forecasts rather than dividend forecasts due to the extreme scarcity of dividend forecasts compared to the widespread availability of earnings forecasts."[7] Importantly, this approach also aligns with a core assumption of the DCF model that earnings and dividends grow at the same long-term rate. Further, I find earnings to be a key driver of utility valuations, which lends internal consistency to the use of recent stock prices and forward-looking earnings growth rates in the DCF model. Investors and analysts commonly use forward-looking consensus earnings estimates to assess utility valuations, most notably through the price-to-earnings ("P/E") ratio. Finally, there is an intrinsic relationship between earnings and dividends, as sustainable dividend growth is ultimately supported by a company's ability to generate earnings over time.

[7] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 298.

I source the growth rates for the proxy companies from a combination of S&P Capital IQ, which represents an aggregation of published analyst estimates, and Value Line, which reflects a single Value Line analyst's independent forecast. I consider consensus estimates particularly relevant because they reflect the collective expectations of analysts following each company and are widely available to investors. That said, I also perform a separate DCF analysis using Value Line growth estimates, which provide an independent forecast developed outside of the consensus aggregation process.

Q. Why are earnings growth forecasts superior to historical measures in the application of the DCF model?

A. Because the DCF model estimates the return required by investors based on current market prices, the growth rate used in the model should reflect investors' expectations regarding future growth. Analyst earnings growth forecasts provide a reasonable proxy for those forward-looking expectations.

Using historical growth measures instead of forward-looking growth forecasts can create a mismatch between the stock price and the growth rate used in the DCF calculation. For example, if investors are valuing a stock based on an expectation of seven percent future growth, but a historical growth rate of five percent is used in the DCF model, the resulting cost of equity estimate will be distorted. The stock price already reflects the higher growth expectation and that higher stock price, all else equal, implies a lower dividend yield component of the DCF model. Pairing that lower dividend yield with a lower historical growth rate would understate the return required by investors. Thus, the use of forward-looking growth expectations maintains consistency between the market price and growth components of the DCF model.

Analyst forecasts also incorporate both historical performance and current information regarding future earnings growth prospects. In developing their estimates, analysts consider a company's historical growth trends as well as known changes in circumstances that may affect future growth. As a result, consensus forecasts are informed by past experience.

Lastly, historical growth rates can be influenced by unusual events and short-term volatility that may not be representative of a company's long-term growth prospects. Factors such as abnormal weather conditions, acquisition and divestiture activity, regulatory timing differences, storm-related costs, and other non-recurring events can create noise in historical growth measures that have little bearing on the growth expectations currently reflected in stock prices.

Q. Why do you consider current 3–5-year earnings growth forecasts to be a reasonable proxy for long-term growth expectations?

A. While I acknowledge the challenges inherent in forecasting growth over the very long term, I believe current 3–5-year earnings growth forecasts represent the best available estimate of investors' long-term growth expectations. Analysts generally do not publish growth forecasts extending materially beyond a five-year period, making longer-term estimates extremely limited. Moreover, estimates become increasingly uncertain as the forecast horizon extends, given the inherent difficulty of predicting macroeconomic, industry, company-specific, and regulatory developments far into the future.

The known trends and characteristics of the gas distribution industry provide additional support for the use of current growth expectations as a proxy for longer-term growth. Natural gas utilities continue to face substantial capital investment requirements associated

with distribution pipe replacement programs, system expansion and modernization, and other reliability- and safety-driven projects. Many of these investments are underpinned by long-term operational and regulatory requirements and extend well beyond the explicit 5-year analyst forecast period.

For example, Spire Inc.'s latest 10-year capital expenditure forecast demonstrates a significant infrastructure investment program extending beyond the typical 5-year analyst forecast horizon.

Spire Inc. 10-Year Capital Forecast ($ millions)[8]

	FY26E	FY27E	FY28E	FY29E	FY30E	5-year FY26 - FY30E	10-year FY26 - FY35E
Missouri	$535	$555	$595	$630	$675	$2,990	$7,075
Alabama, Gulf and MS[1]	170	175	180	185	190	900	1,950
Tennessee[2]	90	175	185	200	215	865	2,175
Pipeline	2	1	1	1	1	6	11
Total	**$797**	**$906**	**$961**	**$1,016**	**$1,081**	**$4,761**	**$11,211**

Similarly, utilities in the proxy group continue to identify multi-decade replacement and modernization programs. One Gas, Inc. ("OGS"), for example, notes a "20+ year vintage pipeline replacement program" in its investor materials.[9] Separately, NiSource identifies several long-term capital investment opportunities beyond its current base plan, including:

- "Gas system modernization risk-based programs replacing legacy plastic mains and services installed prior to early 1980s
- Gas transmission inspection retrofits and reconfirmations to comply with PHMSA regulations
- New programs to accelerate deployment of advanced metering infrastructure (AMI) for gas systems"[10]

[8] Spire Inc., Third Quarter Fiscal 2026 Update, August 5, 2026, p. 26.
[9] ONE Gas, Inc., Investor Update, September 11, 2026, p. 33.
[10] NiSource Inc., Supplemental Slides – 2Q 2026 Results, August 5, 2026, p. 13.

These examples demonstrate that many of the fundamental drivers supporting utility investment—including infrastructure replacement, system modernization, safety, and regulatory compliance—are expected to persist well beyond the explicit analyst forecast period. While this does not guarantee that the precise growth rates forecast over the next 3–5 years will continue indefinitely, it provides support for the reasonableness of using current growth expectations as the best available proxy for investors' longer-term growth expectations.

Q. Why do you use a constant-growth DCF model rather than a multi-stage DCF model?

A. While multi-stage DCF models may be appropriate in certain circumstances, regulated gas distribution utilities are generally mature businesses with relatively stable growth characteristics. A multi-stage DCF model would require additional assumptions regarding the timing and magnitude of future changes in growth, including the selection of a terminal growth rate and the period over which growth transitions to that rate. In my view, those assumptions introduce additional complexity and subjectivity without necessarily improving the reliability of the resulting cost of equity estimate. I am not aware of compelling evidence that would support a specific future transition from current growth expectations to a materially different long-term growth trajectory for regulated gas utilities. Absent such evidence, a multi-stage model would substitute additional assumptions for the observable market-based growth expectations used in my analysis. Accordingly, I believe the constant growth DCF provides the most reasonable framework for estimating the cost of equity.

Q. What are the results of your DCF analysis?

A. The results of my DCF analysis are detailed in Schedule SEA-4 and summarized below. Using S&P Capital IQ consensus EPS growth forecasts, the DCF analysis indicates a cost of equity of 11.0% based on the proxy group average and 10.6% based on the median. Using Value Line EPS growth forecasts, the DCF analysis indicates a cost of equity of 11.2% based on the proxy group average and 11.1% based on the median.

DCF Analysis Results – Indicated Cost of Equity

	Average	Median
Consensus Growth	**11.0%**	**10.6%**
Value Line Growth	**11.2%**	**11.1%**

Q. Is it appropriate to consider flotation costs in your DCF analysis?

A. Yes. The DCF model utilizes the market price of the stock in calculating the dividend yield component of the Gordon Growth Model, which then establishes a cost of equity that investors should earn on invested capital. If actual invested capital is lower than the capital supplied by investors due to flotation costs, an upward adjustment to the return should be considered to provide a full return on investor-supplied capital.

Q. Why would the utility receive less than the market price when raising equity from investors?

A. There are several reasons that net proceeds are lower than gross proceeds in equity offerings. These include underwriting discounts, commissions, legal fees, accounting fees, and registration and filing expenses. In addition to these direct issuance costs, which can be measured as the difference between net and gross proceeds, some analysts recognize indirect flotation costs associated with the potential downward pressure on a company's

stock price resulting from the issuance of additional shares and the increased supply of stock available to investors.

Q. Are flotation adjustments routinely made to the cost of debt?

A. Yes. Flotation costs are readily observable on debt issuances, and it is common for the cost of debt to include such costs. Unlike equity, debt issuances have a finite life. As such, the direct costs are typically amortized over the life of the bonds and included in the revenue requirement. Equity capital does not have a finite life; rather, it remains a permanent portion of the funding mix that supports the rate base and future investments. As a result, equity flotation costs are typically considered to be a permanent adder to the cost of equity when determined by a DCF model.

Q. How do you calculate the appropriate flotation cost adjustment for equity?

A. In determining cost of equity for Spire Missouri, I attempt to estimate that cost as if the Company were a stand-alone entity. As such, it is reasonable to assume that Spire Missouri would incur flotation costs. One approach in assessing flotation costs is to look to Spire Inc., which does float equity to the market and invests a portion of that capital into Spire Missouri. As a percentage of gross proceeds, this approach indicates a flotation cost of approximately 3.3%, which translates to a 12 basis point adjustment based on my DCF-based cost of equity analysis as outlined in Schedule SEA-5.

To improve the statistical reliability of the company-specific flotation cost analysis, I look to broader studies. In *Modern Regulatory Finance*, Dr. Morin summarizes various empirical studies finding direct flotation costs approximating 4-5.5% of gross proceeds for

utility companies.[11] Accordingly, my estimate appears conservative relative to empirical findings.

Q. Do you adjust your DCF results for the estimated flotation costs?

A. No, not explicitly. Instead, I offer the analysis as another consideration in support of my recommended return on equity.

B. CAPITAL ASSET PRICING MODEL

Q. What is the theory behind the capital asset pricing model?

A. The Capital Asset Pricing Model ("CAPM") is one of the most widely recognized and commonly applied methods for estimating the cost of equity. The model asserts that investors should earn a return equal to the risk-free rate plus a premium for bearing market risk. Under the traditional CAPM, investors are assumed to hold diversified portfolios such that company-specific risk can be diversified away. Consequently, the model recognizes only systematic, or market, risk as relevant in determining investors' required return.

For an individual security, systematic risk is measured by its beta coefficient. Beta measures the sensitivity of a security's returns to movements in the overall market. A security with a beta of 1.0 is expected to move, on average, in-line with the market, while a security with a beta less than 1.0, such as most regulated utilities, generally exhibits less volatility than the market. For example, a security with a beta of 0.8 would be expected, on average, to increase or decrease by approximately 8 percent when the overall market increases or decreases by 10 percent. Beta is calculated as follows:

$$\beta = \frac{\mathrm{Cov}(\mathrm{R_i}, \mathrm{R_m})}{\mathrm{Var}(\mathrm{R_m})}$$

[11] Roger A. Morin, *Modern Regulatory Finance* (PUR Books LLC, 2021), pp. 331–332.

Where:

β = Beta coefficient
R_i = Return on subject company's equity/security
R_m = Return on the overall market
$\text{Cov}(R_i, R_m)$ = Covariance of the returns of the subject company and the market
$\text{Var}(R_m)$ = Variance of returns on the overall market

Under the traditional CAPM, the required return on equity is calculated as follows:

$$K_e = R_f + \beta(R_m - R_f)$$

Where:

K_e = Required return on equity
R_f = Risk-free rate
β = Beta coefficient
R_m = Expected return on the overall market
$R_m - R_f$ = Market risk premium

Q. Can you discuss the strengths and limitations of the traditional CAPM?

A. Yes. Like all financial models, the CAPM has both strengths and limitations. It is grounded in sound financial theory, is relatively straightforward to implement, and provides a transparent framework for relating risk and expected return.

At the same time, the CAPM relies on simplifying assumptions. Most notably, it assumes investors hold fully diversified portfolios such that company-specific risk can be eliminated through diversification. Under this framework, only systematic market risk, as measured by beta, influences investors' required returns.

While these assumptions provide a useful theoretical foundation, they may not always reflect real-world investor behavior. Market frictions, behavioral biases, portfolio concentration, and institutional constraints may prevent investors from achieving full diversification. Dr. Morin summarizes one limitation of the traditional CAPM as follows:

> Contrary to the core assumption of the CAPM, investors may choose not to diversify, and bear company-specific risk if abnormal returns are expected. A

> substantial percentage of individual investors are indeed inadequately diversified.[12]

Although the existence of undiversified investors does not invalidate the CAPM, it does challenge the assumption that systematic risk is the only risk priced by financial markets. Numerous alternative asset pricing models—including the Arbitrage Pricing Theory ("APT"), the Fama-French multifactor models, and the empirical CAPM ("ECAPM")—have been developed, in part, to address the notion that expected returns may be influenced by factors beyond the traditional market beta. Depending on the model, these additional factors may include company size, relative valuation characteristics, macroeconomic influences, liquidity considerations, or other return drivers.[13]

Q. Why are these limitations particularly relevant when estimating the cost of equity for regulated utilities?

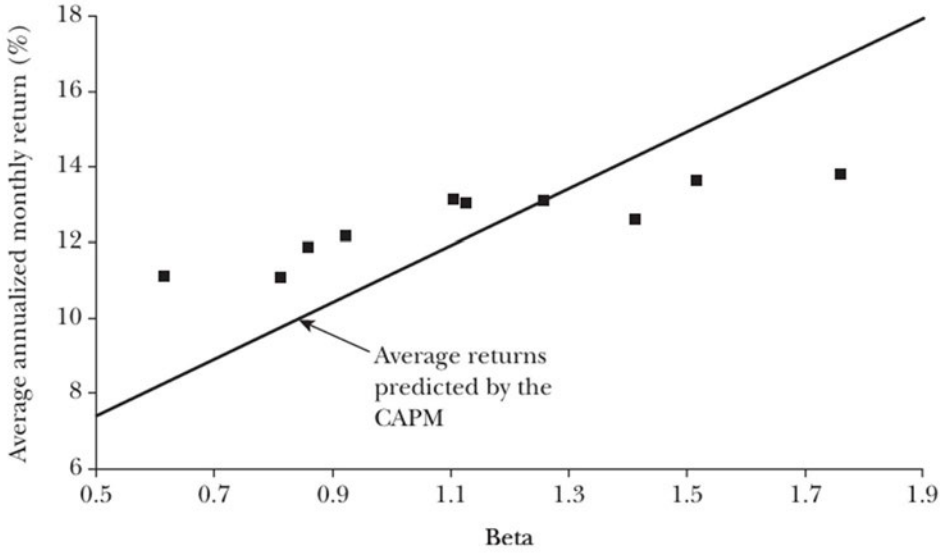
A. The limitations of the traditional CAPM are particularly relevant for regulated utilities for three reasons.

First, empirical finance literature has consistently found that the relationship between beta and realized returns is flatter than predicted by the traditional CAPM. As a result, the traditional CAPM tends to understate expected returns for securities with betas below 1.0, including regulated utilities.[14]

[12] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 175.
[13] See Stephen A. Ross, "The Arbitrage Theory of Capital Asset Pricing," *Journal of Economic Theory* (1976); Eugene F. Fama & Kenneth R. French, "Common Risk Factors in the Returns on Stocks and Bonds," *Journal of Financial Economics* (1993); Eugene F. Fama & Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives* (2004), p. 25; Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), pp. 175–177.
[14] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), pp. 175-176.

The figure below, [15] from Fama and French (2004), illustrates this relationship. The points represent realized returns for portfolios grouped by beta, while the line represents the return predicted by the traditional CAPM. As shown, realized returns for lower-beta portfolios are noticeably higher than those predicted by the traditional CAPM, while realized returns for the highest-beta portfolios are lower than predicted.

Average Annualized Monthly Return versus Beta for Value Weight Portfolios Formed on Prior Beta, 1928–2003



This empirical evidence[16] establishes the principal motivation for the development of the empirical CAPM, which I discuss later in my testimony.

Second, beta may not fully capture certain systematic risks faced by regulated utilities. In *New Regulatory Finance*, Dr. Morin explains, "...securities with low systematic risk with respect to the market (beta), such as public utilities, may very well possess high systematic risk with respect to inflation, given their capital-intensive nature." Dr. Morin further notes

[15] Eugene F. Fama & Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives*, Vol. 18, No. 3 (2004), p. 33, Figure 2.
[16] *Id.*

that "...even if a security has a beta of 1.00, it may not track overall stock market returns when inflationary expectations intensify."[17]

During periods of rising inflation or interest rates, regulated utilities frequently experience increasing financing costs, upward pressure on operating expenses, and regulatory lag. These risks may not be fully reflected in traditional market beta calculations.

Third, as discussed later in my testimony in the Relative Risk Assessment, the beta used in the CAPM must be estimated from publicly traded parent companies rather than regulated operating utilities. Because these parent companies are generally larger and more diversified than the subject operating company, their observed betas may understate the systematic risk faced by the individual regulated utility.

Q. How do you account for the limitations of the traditional CAPM in your cost of equity analysis?

A. While I recognize the limitations of the traditional CAPM, I continue to use it because it remains one of the most widely recognized and commonly applied methods for estimating the cost of equity in regulatory proceedings. However, I do not rely on the traditional CAPM in isolation. I also estimate the cost of equity using the ECAPM, which was developed to address one of the principal empirical limitations of the traditional CAPM—the tendency to understate expected returns for relatively low-beta securities, such as regulated utilities.[18] Unlike more complex multifactor asset pricing models, the ECAPM retains the familiar CAPM framework while incorporating empirical observations regarding realized investor returns.

[17] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 193.
[18] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), pp. 189-191.

Q. How does the ECAPM differ from the traditional CAPM?

A. The ECAPM modifies the traditional CAPM by separating the Market Risk Premium ("MRP") into two components: a beta-adjusted component weighted at 75 percent and a non-beta-adjusted component weighted at 25 percent. By reducing the weight applied to beta from 100 percent to 75 percent, the ECAPM produces higher expected returns for securities with betas below 1.0 and lower expected returns for securities with betas above 1.0. This modification reflects empirical evidence that the relationship between beta and realized investor returns is flatter than predicted by the traditional CAPM.

The cost of equity under the ECAPM is calculated as follows[19]:

$$K_e = R_f + 0.25(R_m - R_f) + 0.75\beta(R_m - R_f)$$

Where:

K_e = Required return on equity
R_f = Risk-free rate
R_m = Expected return on the overall market
$R_m - R_f$ = Market risk premium
β = Beta coefficient

Q. What are the results of your CAPM and ECAPM analyses?

A. The CAPM produces average required return indications ranging from 10.5% to 11.4% with an average indication of 10.9%, while the ECAPM produces average required return indications ranging from 11.0% to 11.9% with an average indication of 11.4%. These results are detailed in Schedules SEA-6 and SEA-7 and summarized below.

[19] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), pp. 190.

CAPM Analysis Results – Indicated Cost of Equity

Beta / MRP Inputs	CAPM	ECAPM
Value Line Beta / Value Line DCF MRP	10.9%	11.3%
Value Line Beta / S&P 500 DCF MRP	11.4%	11.9%
Value Line Beta / Historical MRP	11.0%	11.5%
10-Year Beta / Value Line DCF MRP	10.5%	11.0%
10-Year Beta / S&P 500 DCF MRP	11.0%	11.6%
10-Year Beta / Historical MRP	10.6%	11.1%
Indicated Cost of Equity Range	**10.5% - 11.4%**	**11.0% - 11.9%**
Indicated Cost of Equity Average	**10.9%**	**11.4%**

The range of results reflects the use of alternative estimates for certain model inputs, which I discuss in greater detail below.

Q. What are the key inputs used in your CAPM and ECAPM analyses?

A. Both the CAPM and ECAPM require three principal inputs: (1) the risk-free rate, (2) beta, and (3) the expected Market Risk Premium.

Because both models estimate investors' required return on equity on a forward-looking basis, each input should embed investors' current expectations regarding future conditions. Historical data can provide useful context, but only to the extent they inform investors' current expectations regarding future returns.

Q. How do you arrive at the beta inputs used in your analyses?

A. I estimate beta using two independent approaches. First, I rely on the adjusted betas reported by Value Line, which are based on five years of weekly returns relative to the New York Stock Exchange ("NYSE") Composite Index. The average adjusted beta for the proxy group under this approach is 0.76.

I also independently calculate betas using ten years of weekly returns relative to the S&P 500 Index based on return data obtained from Capital IQ. I then convert the raw betas to adjusted betas by applying a 67 percent weight to the calculated beta and a 33 percent weight to the market beta of 1.0. The average adjusted beta under this approach is 0.70. Both sets of beta estimates are detailed in Schedules SEA-6 and SEA-7.

Q. Why is a five- to ten-year beta appropriate?

A. A five- to ten-year estimation period represents an appropriate balance between statistical reliability and economic relevance. A longer period of 20+ years may produce more statistically stable results, but those results may be less economically relevant to the forward-looking period. A shorter estimation period (e.g., one to two years) may better reflect recent business conditions but is also more susceptible to event-driven movements and other temporary sources of volatility that are not indicative of normal long-term performance.

Q. Why do you use adjusted beta instead of raw beta?

A. Considering the CAPM and ECAPM estimate investors' required future returns, I believe adjusted beta provides a more appropriate estimate of future systematic risk than historical raw beta. Adjusted beta recognizes the tendency for beta to regress toward one over time. Blume (1975) demonstrated this tendency and concluded that adjusted beta provides a superior forward-looking estimate of systematic risk. He explains:

> If an investor were to use estimated betas to group securities into portfolios spanning a wide range of risk, he would more than likely find that the betas

> estimated for the very same portfolios in a subsequent period would be less extreme or closer to the market beta of one than his prior estimates.[20]

Q. Does the combined use of adjusted beta and the ECAPM risk overstating the required return?

A. No. Adjusted beta and the ECAPM serve different purposes and, therefore, are complementary rather than duplicative. As previously discussed, adjusted beta provides a more forward-looking estimate of future systematic risk, whereas the ECAPM addresses the empirical tendency of the traditional CAPM to understate required returns for low-beta securities. Dr. Morin describes adjusted beta and the ECAPM as "two separate features of asset pricing" and explains:

> The ECAPM is a formal recognition that the observed risk-return tradeoff is flatter than produced by the CAPM based on myriad of empirical evidence. The ECAPM and the use of adjusted betas comprised two separate features of asset pricing. Even if a company's beta is estimated accurately, the CAPM still understates the return for low-beta stocks. Even if the ECAPM is used, the return for low-beta securities is understated if the betas are understated.[21]

Moreover, both the CAPM and ECAPM remain beta-based models and rely exclusively on beta as the measure of systematic risk. As discussed previously, beta may not fully capture certain systematic risks relevant to regulated utilities.

Q. Do you have any additional concerns that the proxy company betas may understate the systematic risk of Spire Missouri?

A. Yes. Because beta is estimated using publicly traded securities, it must be derived from the publicly traded parent companies that comprise the proxy group, rather than single-state

[20] Marshall E. Blume, "Betas and Their Regression Tendencies," *Journal of Finance*, Vol. 30, No. 3 (1975), pp. 785–795.

[21] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 191.

operating utilities that are more similar to Spire Missouri in terms of size and diversity. The proxy companies are, therefore, generally larger and more diversified than Spire Missouri with respect to geography, operations, and regulatory jurisdictions. Greater scale may reduce a company's overall systematic risk relative to a smaller operating utility. Consequently, I believe the proxy group betas may modestly understate the systematic risk of Spire Missouri.

Q. Is the size concern recognized in the finance literature?

A. Yes, several of the variations to the traditional CAPM capture size as an exogenous risk factor. For example, Fama and French identify company size as a separate risk factor that is not fully captured by the traditional CAPM.[22] Dr. Morin also comments on the size effect, noting that beta is inversely related to company size. He postures that smaller companies are less equipped to handle major events and challenges than their larger peers. He concludes:

> Given the evidence of a small firm premium, that is, small market-cap stocks experience higher returns than large market-cap stocks with equivalent betas, the CAPM understates the risk of smaller utilities, and a cost of equity based purely on a CAPM beta will therefore produce too low an estimate for these small companies.[23]

Q. Do you make a specific adjustment to account for the relatively small size of Spire Missouri?

A. No. I do not apply a separate size adjustment to my CAPM or ECAPM analyses. Instead, I recognize this as one factor that may not be fully captured in the CAPM-based analyses.

[22] Eugene F. Fama & Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," 18 *Journal of Economic Perspectives* 25 (2004).
[23] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 187.

Accordingly, the potential effect of Spire Missouri's relatively smaller size provides additional support for considering the ECAPM alongside the traditional CAPM. It also reinforces my view that the combined use of adjusted betas and the ECAPM does not overstate investors' required return.

Q. How do you arrive at the risk-free rate inputs in your calculations?

A. I use the yield on the 30-year U.S. Treasury bond as the risk-free rate input in my CAPM analyses. The CAPM is intended to be forward-looking and should reflect investors' expectations regarding future economic and capital market conditions. Current long-term Treasury yields are readily observable, market-determined prices that incorporate investors' collective expectations regarding future interest rates, inflation, and broader economic conditions over the life of the security. In addition, the 30-year U.S. Treasury bond is actively traded in the highly liquid U.S. Treasury market.[24]

My approach is also consistent with the random walk hypothesis, which recognizes the inherent difficulty of consistently predicting future movements in interest rates and security prices. As Dr. Morin explains, the literature indicates that it is difficult to consistently forecast interest rates with greater accuracy than a no-change model, under which current interest rates serve as the estimate of future interest rates.[25] Accordingly, absent extraordinary market or monetary policy conditions, I believe current market yields provide a reasonable and objective basis for estimating the prospective risk-free rate.

[24] Michelle Neal, "Central Clearing in the U.S. Treasury Market: The Why and the How," Federal Reserve Bank of New York (October 15, 2024).
[25] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 172.

Q. Why do you use a 30-year term on the Treasury bond?

A. I use the 30-year U.S. Treasury bond because it is a highly liquid long-term risk-free security whose maturity reasonably aligns with the long-lived nature of utility plant and infrastructure investments.

Q. How do you arrive at the Market Risk Premium inputs in your calculations?

A. In calculating a forward-looking MRP, I estimate the expected return on the broader equity market relative to the risk-free rate. To estimate the market's expected return, I apply a Constant Growth DCF model to (1) a broad universe of dividend-paying stocks covered by Value Line Pro and (2) the dividend-paying constituent companies of the S&P 500 Index. I then subtract the current yield on the 30-year Treasury from the expected total return of the market to arrive at an MRP.

While I think the Constant Growth DCF approach best aligns with the forward-looking nature of the CAPM and ECAPM, I also calculated an MRP based on historical market performance as an additional reference point.

I apply each of the forward-looking and historical MRP estimates summarized below in my CAPM and ECAPM analyses.

Market Risk Premium Inputs Used in CAPM and ECAPM Analyses

Methodology	MRP
DCF – Value Line Universe	6.9%
DCF - S&P 500	7.6%
Historical	7.1%

Q. How do you apply the constant growth DCF to the Value Line universe and S&P 500 Index?

A. For both the Value Line Pro universe and the S&P 500 Index, I include only companies that (1) pay a common dividend and (2) have projected long-term earnings growth rates greater than zero but no greater than 20 percent. These screening criteria reflect the assumptions underlying the Constant Growth DCF model. Specifically, the model is intended for companies that pay a dividend and are expected to grow at a sustainable rate that does not exceed the required return on equity.

Under the Constant Growth DCF, the required return equals the sum of the expected dividend yield and the expected long-term growth rate. Applying this methodology produces forward-looking DCF-based MRPs of approximately 6.9% and 7.6%, as summarized below and detailed in Schedules SEA-8 and SEA-9.

DCF-Based Market Risk Premium Analysis

DCF - Value Line Pro	
Dividend Yield	1.85%
Projected Growth Rate (%)	10.6
Forward Yield	1.95%
Total Expected Return	12.6%
Risk-Free Rate (30-Yr Yield)	5.64%
Market Risk Premium	**6.91%**

DCF - S&P 500 Index	
Dividend Yield	1.56%
Projected Growth Rate (%)	11.6
Forward Yield	1.65%
Total Expected Return	13.3%
Risk-Free Rate (30-Yr Yield)	5.64%
Market Risk Premium	**7.62%**

For the Value Line universe DCF, I use market capitalization, dividend yield, and projected earnings growth estimates reported by Value Line. For the S&P 500 Index DCF, I use Capital IQ for market capitalization and dividend yield, while projected growth rates are based on the average of Capital IQ consensus estimates and Value Line projections. As noted in my DCF model discussion, I apply the "half-year convention" to the broader market for purposes of estimating the expected annual dividend per share.

Q. How did you calculate the historical Market Risk Premium?

A. I estimate the historical MRP by calculating the difference between the annual realized total return on the S&P 500 Index and the yield on the 10-year U.S. Treasury bond at the beginning of the year. I then calculate the arithmetic average of these annual MRPs over the period 1928 through 2025.

I use the beginning-of-year Treasury yield because it represents the return available on a risk-free investment when investors were making their capital allocation decisions. As such, it reflects the opportunity cost against which investors evaluated expected equity returns at the beginning of each year. I use the 10-year term on the U.S. Treasury bond because it provides a long, uninterrupted historical series, allowing for a consistent calculation over the full study period.

I use an arithmetic average of annual MRPs because the objective is to estimate the MRP investors currently require rather than to measure the compound rate of return earned over the historical period. Arithmetic averages are appropriate for estimating expected returns, whereas geometric averages are more appropriate for measuring realized historical investment performance.[26]

Applying this methodology produces a historical MRP of approximately 7.1%, as detailed in Schedule SEA-10. For reference, the average annual total return on the S&P 500 over the study period was 11.85%, while the average beginning-of-year yield on the 10-year U.S. Treasury bond was 4.76%.

[26] Richard A. Brealey, Stewart C. Myers, Franklin Allen, and Alex Edmans, *Principles of Corporate Finance*, 2025 Release (McGraw Hill, 2025), p. 7-4.; Hal B. Heaton, "On the Use of Size Premiums, Arithmetic or Geometric Average Returns, and Liquidity Premiums in Determining Discount Rates," Journal of Property Tax Assessment & Administration, Vol. 4, No. 4 (2007), pp. 7–9.

Q. Should flotation costs be considered when evaluating the results of your CAPM-based analyses?

A. Yes. My CAPM and ECAPM analyses produce an indicated return on equity required by investors ranging from 10.5% to 11.9%. As previously discussed, flotation costs reduce the net proceeds available for investment relative to the amount of equity capital contributed by investors thereby reducing the achieved return. While I do not make an explicit adjustment to my DCF or CAPM-based results, I believe flotation costs (as estimated in Schedule SEA-5 at 3.3% or a 12 basis point indicated ROE adjustment) should be appropriately considered in the determination of a fair return.

C. RISK PREMIUM MODEL

Q. What is the theory behind the Risk Premium Model?

A. The Risk Premium Model ("RPM") is based on the fundamental principle that investors require higher expected returns to assume greater risk. The model begins with the yield on a lower-risk benchmark security and adds a risk premium to compensate investors for assuming the additional risks associated with an equity investment. As applied to regulated utilities, the model measures the historical risk premium as the difference between authorized ROEs and a benchmark yield, such as the risk-free rate or utility bond yields. The historical relationship between authorized ROEs and bond yields can then be used to estimate the risk premium appropriate at current interest rate levels.

The CAPM reflects the same fundamental principle that investors require additional return for assuming risk above the risk-free rate but estimates that premium differently. Under the CAPM, the Market Risk Premium represents the additional return required for investing in the broader equity market relative to the risk-free security, and beta adjusts that MRP to

reflect the systematic risk of the subject company. The Risk Premium Model used here instead relies on the historical relationship between authorized utility ROEs and bond yields to estimate the return required for regulated utility equity.

Q. Are there criticisms of the Risk Premium Model?

A. Yes. The use of historical risk premiums assumes that the relationship between authorized returns and interest rates observed over time remains relevant in the current environment and does not directly account for potential changes in the risks faced by investors. In addition, some argue that the RPM can be circular to the extent that historical authorized ROEs were themselves influenced by prior authorized returns. This concern is mitigated, however, to the extent that past regulatory decisions reflect consideration of market-based cost of equity methodologies and other evidence.

Q. Do you think the model is relevant in determining an appropriate cost of capital?

A. Yes. While there is no perfect methodology for estimating forward-looking required returns, I believe the Risk Premium Model provides a useful perspective as one of several approaches. Historical authorized ROEs were established within regulatory frameworks intended to maintain financial integrity, support capital attraction, and provide returns commensurate with those available from investments of comparable risk. Examining how those authorized returns have varied with interest rates over time provides an empirical benchmark for evaluating the reasonableness of current return requirements across different interest rate environments.

The model also provides perspective on the stability and predictability of regulatory outcomes, which are important considerations for investors. A material departure from the

historical relationship between authorized returns and prevailing interest rates may affect investor perceptions of regulatory risk.

Finally, the RPM is relatively straightforward and responsive to changes in interest rates, making it a useful complement to other cost of equity methodologies.

Q. How do you apply the Risk Premium Model?

A. As detailed in Schedule SEA-11, I examine the historical relationship between authorized ROEs for gas distribution utilities and 30-year U.S. Treasury yields on a quarterly basis going back to 1980. For the authorized ROE, I calculate the quarterly average of approved ROEs for gas distribution utilities, as reported by Regulatory Research Associates ("RRA"), excluding limited-issue rider cases and extensions or updates of annual rate plans, but including formal California cost of capital proceedings. There are only four quarters over this period for which there are no ROE observations; those quarters are excluded from the analysis. For the bond yield, I use the average 30-year U.S. Treasury yield as the benchmark over which investors require a risk premium to allocate capital to utility equity investments.

I then estimate the historical relationship between risk premiums and Treasury yields using an Ordinary Least Squares ("OLS") regression. The risk premium, calculated as the average authorized ROE less the 30-year Treasury yield, is the dependent variable, and the 30-year Treasury yield is the independent variable. The regression is estimated using the following equation:

$$\text{Risk Premium} = a + bX$$

Where:

a = Intercept

b = Slope

X = 30-year Treasury yield (independent variable)

Q. What are the results of your risk premium analysis?

A. Applying the regression to the historical data produces the following relationship:

Risk Premium = 7.7971% - (0.4222* *30-Year Treasury Yield)*

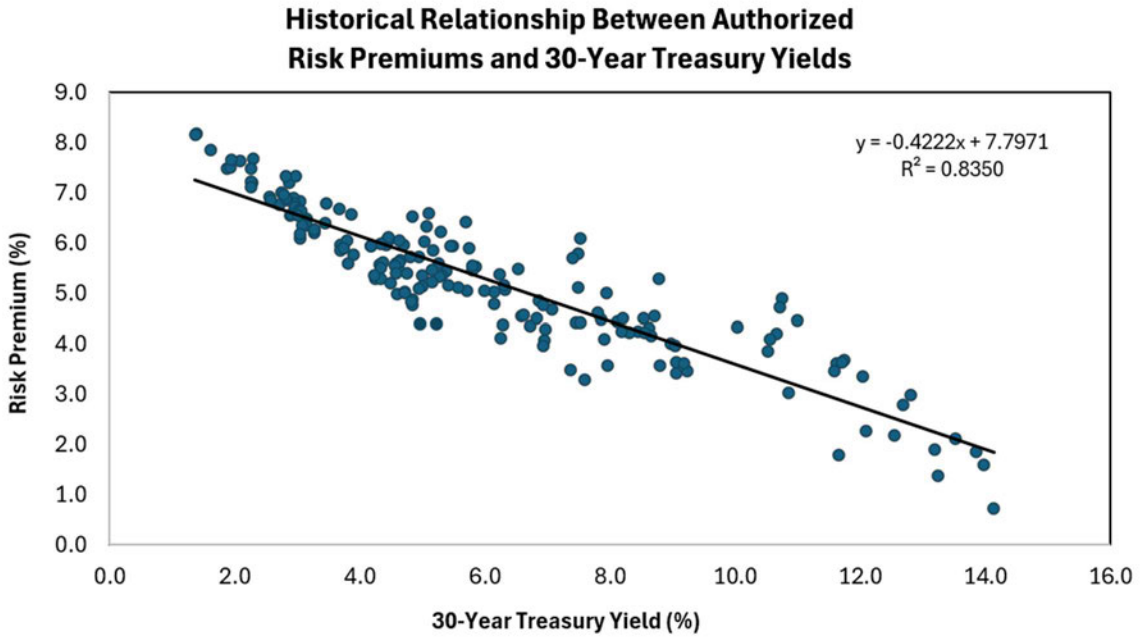
Applying the September 30, 2026 30-year Treasury yield of 5.64% to the regression produces an indicated risk premium of approximately 5.42%:

Risk Premium = 7.7971% - (0.4222*5.64%) = 5.42%

Adding the indicated risk premium to the Treasury yield produces an indicated ROE of 11.06%:

ROE = 5.64% + 5.42% = 11.06%

The inverse relationship between Treasury yields and authorized risk premiums can also be observed graphically in Schedule SEA-12, reproduced below. As Treasury yields increase, the risk premium tends to decline, and as Treasury yields decrease, the risk premium tends to increase. The fitted regression line below corresponds to the following equation: Risk Premium = 7.7971% − (0.4222 × 30-Year Treasury Yield)



Q. Can you expand on the inverse relationship between the risk premium and the 30-year yield?

A. The inverse relationship between risk premiums and Treasury yields is not unique to ROE decisions. Financial markets have historically exhibited a similar tendency for required returns on risky assets to increase by less than the change in risk-free rates, resulting in varying risk premiums across interest rate environments.

Financial literature has offered several explanations for this relationship. For example, Dr. Morin notes that periods of rising interest rates are often associated with accelerating inflation. In such environments, the interest rate and inflation risks borne by bondholders may increase more than the earnings risk borne by common stock investors, whose returns may be partially insulated from inflation through growth in earnings, dividends, and asset

values.[27] As a result, the relative risk differential between bonds and equities may narrow when rates rise, contributing to a compression in the equity risk premium.

Q. Is the relationship between risk premiums and treasury yields statistically significant?

A. Yes. The regression demonstrates a strong and highly statistically significant relationship between the risk premiums and 30-year Treasury yields. The regression produced an R-squared of approximately 0.83, indicating that changes in Treasury yields explain approximately 83% of the variation in risk premiums over the sample period. The regression results also confirm that the inverse relationship between Treasury yields and authorized risk premiums is highly statistically significant. The complete regression results, including the F-statistic, coefficient estimates, t-statistics, and p-values, are provided in Schedule SEA-12.

Q. Why do you use such a long time period in your risk premium analysis?

A. I use an extended time horizon beginning in 1980, which reflects the earliest period for which I have reliable and sufficiently complete authorized ROE data from RRA. The purpose of the model is to estimate the relationship between authorized ROEs and interest rates across a variety of market conditions. A longer historical period captures both high and low interest rate environments, as well as periods of relatively higher and lower perceived investment risk, providing a larger and more diverse set of observations from which to estimate the relationship between authorized risk premiums and Treasury yields. While the risks facing utility investors may evolve over time, current risks and market

[27] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), pp. 128–129.

conditions can be considered separately in evaluating the overall reasonableness of an ROE recommendation.

Q. Does the Risk Premium Model need to be adjusted for flotation costs?

A. No. The risk premiums used in the model are derived from authorized ROEs established in regulatory proceedings. To the extent flotation costs were considered in establishing those returns, that consideration is already embedded in the historical observations. Accordingly, I do not consider flotation costs in the evaluation of the results of the Risk Premium Model.

Q. Do you have any concluding thoughts on the Risk Premium Model?

A. Yes. I view the RPM as a useful complement to the DCF and CAPM-based methodologies because it incorporates decades of regulatory experience regarding authorized returns under the *Hope* and *Bluefield* standards. As such, it provides an empirical indication of the return levels that have historically supported utilities' financial integrity and ability to attract capital.

Further, while the relationship is derived from historical data, the model applies that relationship to current market interest rates via the regression analysis. In doing so, the RPM provides additional perspective on the reasonableness of the estimated cost of equity under current capital market conditions.

VI. ECONOMIC AND CAPITAL MARKET CONDITIONS

Q. Why are economic and capital market conditions relevant to your cost of capital analysis?

A. The cost of equity methodologies discussed above incorporate economic and capital market conditions through a variety of inputs and market-based observations. Most directly, the 30-year U.S. Treasury yield, which I use as the risk-free rate, is an input to both the CAPM

and ECAPM and is also used in my Risk Premium Model. Interest rates also affect the relative attractiveness of utility stocks to investors. All else equal, higher interest rates increase the yields available on fixed-income investments, which can place downward pressure on utility stock valuations and increase dividend yields. Because dividend yield is a component of the DCF model, these market effects are reflected in the DCF analysis as well.

Beyond the model inputs, the broader economic and capital market environment provides useful context for evaluating the collective results of those models and comparing my current recommendation with ROE recommendations made in prior cases. Investors' required returns are influenced by prevailing interest rates, expectations for economic growth, market volatility, and other factors affecting the relative attractiveness and perceived risk of different investments. As prevailing interest rates increase, the return available on lower-risk investments also increases, which generally increases the return investors require to commit equity capital, all else equal.

Q. How has the economic and capital market environment evolved in recent years?

A. The economic and capital market environment has changed considerably from the pre-COVID-19 pandemic period. In the years immediately preceding the pandemic, inflation was relatively modest and long-term interest rates were generally low. Following the pandemic, however, inflation steadily climbed, with the 12-month change in the Personal Consumption Expenditures ("PCE") Price Index reaching a high of 7.2% in June 2022 before gradually moderating.[28] In response to elevated inflation, the Federal Reserve

[28] U.S. Bureau of Economic Analysis, *Personal Consumption Expenditures: Chain-type Price Index* [PCEPI], Percent Change from Year Ago, retrieved from FRED, Federal Reserve Bank of St. Louis, September 30, 2026.

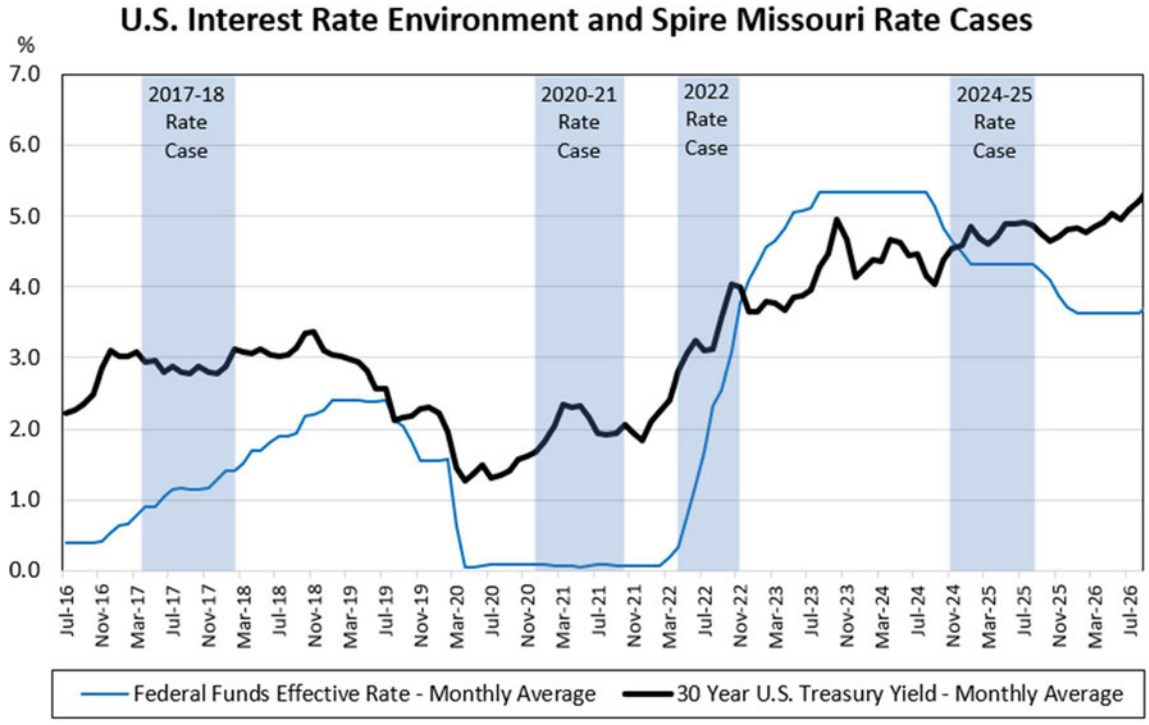
tightened monetary policy significantly, increasing the target range for the federal funds rate by a cumulative 525 basis points between March 2022 and July 2023.[29]

Long-term interest rates also increased materially during this period and have remained elevated. Although the Federal Reserve began reducing its policy rate in September 2024,[30] long-term Treasury yields have not declined correspondingly. The monthly average yield on the 30-year U.S. Treasury reached approximately 5.0% in May 2026 and has remained near or above that level in recent months.[31] Further, for the first time since July 2023, the Fed increased the policy rate by 25 basis points in September 2026 to 3.75-4.00%. In doing so, the committee noted that inflation remains elevated while citing solid economic activity and domestic spending despite ongoing uncertainty including geopolitical events.[32] At its October 2026 meeting, the Fed maintained the target range at 3.75-4.00%. The committee continued to characterize inflation as elevated while upgrading its assessment of economic activity from a solid to a strong pace. Notably, two of the committee's 12 voting members dissented, preferring an additional 25 basis point increase.[33] These developments suggest that further monetary policy tightening remains a possibility.

Q. How does the current interest rate environment compare with the environment during Spire Missouri's prior rate cases?

[29] Board of Governors of the Federal Reserve System, *Monetary Policy Report*, July 2024, Part 2, Monetary Policy.
[30] Board of Governors of the Federal Reserve System, Federal Open Market Committee, "Federal Reserve Issues FOMC Statement," September 18, 2024.
[31] Board of Governors of the Federal Reserve System (US), *Market Yield on U.S. Treasury Securities at 30-Year Constant Maturity, Quoted on an Investment Basis*, monthly [GS30] and daily [DGS30], retrieved from FRED, Federal Reserve Bank of St. Louis.
[32] Board of Governors of the Federal Reserve System, Federal Open Market Committee, "Federal Reserve Issues FOMC Statement," September 16, 2026.
[33] Board of Governors of the Federal Reserve System, Federal Open Market Committee, "Federal Reserve Issues FOMC Statement," October 28, 2026.

A. Interest rates are materially higher today than during much of the period in which Spire Missouri's prior rate cases were litigated and its prior ROE recommendations were developed. Schedule SEA-13, reproduced below, illustrates the federal funds effective rate and the average monthly 30-year U.S. Treasury yield over the period encompassing Spire Missouri's four most recent rate cases.[34]



As shown, Spire Missouri's 2017–2018 and 2020–2021 rate cases occurred during periods when long-term Treasury yields were substantially below current levels. Interest rates increased significantly beginning in 2022, and the Company's 2024–2025 rate case occurred in a considerably higher interest rate environment. Although the Federal Reserve has since reduced the federal funds rate from its peak, long-term interest rates have not

[34] Federal Reserve Board of Governors via FRED; RRA rate case details. Note: Shaded periods represent the filing-to-decision period for Spire Missouri general rate cases.

declined correspondingly. In fact, the 30-year U.S. Treasury yield is currently above the levels that prevailed during much of Spire Missouri's 2024–2025 rate case.

Q. How does the current interest rate environment provide context for your ROE recommendation?

A. The current interest rate environment provides useful context when comparing my recommendation with ROE recommendations made in Spire Missouri's prior rate cases. As discussed previously, interest rates affect investors' required returns and directly impact several inputs to the cost of equity methodologies. While there is not a one-for-one relationship between interest rates and the cost of equity, it is not surprising that cost of equity analyses performed in today's higher interest rate environment would support a higher required return than analyses performed when long-term interest rates were materially lower.

This is generally consistent with the progression of Spire Missouri's requested ROEs across recent rate cases. The Company's requested ROE was 9.95% in its 2020–2021 rate case, during a period of relatively low long-term interest rates. As interest rates began to increase, the Company's requested ROE increased to 10.50% in its 2022 rate case and remained at 10.50% in its 2024–2025 rate case. Long-term interest rates have increased further since those proceedings, and my recommended range of 10.50-11.25% represents a relatively modest increase from the indicated range of 10-11% in the prior case.[35] Notably, the Company is requesting a 10.50% ROE in this proceeding, consistent with the

[35] Direct Testimony of Adam W. Woodard, Spire Missouri Inc., Case No. GR-2025-0107, November 25, 2024, pp. 40–41.

requested equity return in the prior case despite the increase in interest rates, which is arguably a conservative position.

I am not suggesting that changes in interest rates should translate mechanically into corresponding changes in ROEs from case to case. Each cost of equity analysis reflects an array of market data, assumptions, risk assessments, methodologies, and informed judgment applicable at the time it is performed. My 10.50-11.25% recommendation is based on the analyses presented in this testimony; the historical comparison is simply additional context for evaluating its reasonableness and the reasonableness of the Company's 10.50% requested ROE.

Q. Why have long-term interest rates remained elevated despite reductions in the federal funds rate?

A. The federal funds rate is an overnight interest rate heavily influenced by Federal Reserve monetary policy, while long-term Treasury yields reflect investor expectations regarding inflation, economic growth, and other market conditions over a much longer time horizon. All else equal, higher expected inflation tends to increase the yield investors require on long-term fixed-income investments to compensate for the expected loss of purchasing power. Expectations for stronger economic growth can also place upward pressure on long-term yields as investors have more attractive opportunities to deploy capital elsewhere. In addition, increased Treasury borrowing can increase the supply of government securities that must be absorbed by investors, potentially placing upward pressure on yields, all else equal.

Several of these considerations are relevant to the current environment. Federal borrowing remains substantial, against a backdrop in which the U.S. national debt exceeded $40

trillion in August 2026.[36] Turning to inflation, as shown in Schedule SEA-14, reproduced below, inflation has moderated substantially from its post-pandemic peak but remains above the Federal Reserve's 2.0% longer-run inflation objective.

U.S. PCE Inflation, 2015-2026[37]



Q. Is inflation expected to moderate, and if so, what are the implications for long-term interest rates?

A. Yes. Current forecasts generally anticipate that inflation will moderate over time. For example, the Federal Reserve's Summary of Economic Projections anticipates declining inflation, as measured by the PCE Price Index, toward the Federal Reserve's 2.0% longer-run objective by 2029.[38] To the extent inflation moderates, that could place downward

[36] U.S. Department of the Treasury, Bureau of the Fiscal Service, *Debt to the Penny*, Total Public Debt Outstanding, August 2026.
[37] U.S. Bureau of Economic Analysis, *Personal Consumption Expenditures: Chain-type Price Index* [PCEPI], Percent Change from Year Ago, retrieved from FRED, Federal Reserve Bank of St. Louis, September 30, 2026.
[38] Board of Governors of the Federal Reserve System, *Summary of Economic Projections*, September 16, 2026.

pressure on long-term interest rates. However, inflation forecasts are inherently uncertain, and the expected path can change as economic conditions evolve.

Recent experience illustrates that uncertainty. In September 2024, the median Federal Reserve projection anticipated PCE inflation of 2.0% in 2026. By September 2025, the median projection for 2026 increased to 2.6%, and by September 2026 it had increased further to 3.6%.[39]

The University of Michigan Surveys of Consumers provides another measure of inflation expectations. The October 2026 survey reported long-run inflation expectations of 3.5%, up from 3.4% in September after sitting at 3.3% for the prior three months; and year-ahead inflation expectations rose to 4.7%.[40]

Accordingly, while expectations for moderating inflation are a relevant consideration in evaluating the potential direction of long-term interest rates, the actual path of inflation remains uncertain and can differ materially from prior expectations. In addition, as discussed above, inflation is only one factor affecting long-term Treasury yields. Uncertainty surrounding trade and tariff policy, geopolitical conflicts, economic growth, and federal borrowing requirements also can influence the future path of long-term interest rates.

Q. Are interest rates the only capital market consideration relevant to Spire Missouri's ability to attract capital?

A. No. While interest rates are an important consideration affecting the cost of capital, they are not the only relevant factor. Spire Missouri must attract capital in a competitive market

[39] Board of Governors of the Federal Reserve System, *Summary of Economic Projections*, September 18, 2024; September 17, 2025; and September 16, 2026.
[40] University of Michigan, Surveys of Consumers, *Final Results for October 2026*, October 23, 2026.

in which investors have numerous alternatives for deploying their funds. Investors allocate capital across asset classes, sectors, subsectors, and individual companies based on the returns available relative to the risks involved. Accordingly, the broader demand for capital and the investment opportunities available to investors are also relevant considerations.

Q. How would you characterize the current competitive environment for capital?

A. Capital requirements are significant and growing across many sectors of the economy. Infrastructure investment is one important example, particularly as investment associated with artificial intelligence ("AI"), data centers, electrification, and other emerging needs layer on top of traditional infrastructure requirements. PwC estimates that approximately $32.7 trillion of infrastructure investment will be required in the United States between 2025 and 2050 under its baseline forecast, with a "desired" investment level of approximately $42 trillion. The baseline forecast represents infrastructure investment equivalent to approximately 4.3% of estimated U.S. GDP by 2050, compared with 3.3% in 2024.[41]

Utilities are both participants in this investment cycle and competitors for the capital needed to fund infrastructure investment more broadly. Aging infrastructure, resiliency needs, and demand growth, including power demand associated with data centers, are contributing to increased utility investment requirements. Earlier this year, Visible Alpha noted, "US electric and gas utilities are preparing for a sharp acceleration in capital spending in 2026, as surging electricity demand, led by data centers and steady growth

[41] PricewaterhouseCoopers (PwC), *US Infrastructure Outlook: Investment Priorities and Capital Delivery for the Future*, May 5, 2026.

across residential, commercial and industrial users, forces a rethink of grid capacity and resilience."[42]

These significant investment requirements spanning infrastructure, technology, energy, and other sectors are creating substantial financing needs across the economy. While elevated infrastructure investment and financing needs do not determine a particular cost of equity for Spire Missouri, they are relevant to the environment in which the Company must compete for and attract capital.

Q. What conclusions do you draw from current economic and capital market conditions?

A. Spire Missouri is seeking capital today in a meaningfully different environment than existed during much of its recent rate case history. Long-term interest rates remain elevated with the 30-year U.S. Treasury yield currently above the levels that prevailed during most of the last decade. At the same time, the future path of inflation and interest rates remains uncertain amid evolving economic, geopolitical, and trade conditions. Further, significant and growing investment requirements across the economy, particularly for infrastructure, are creating substantial financing needs and competing demands for capital.

These conditions provide important context for evaluating my cost of capital recommendation and the Company's requested ROE. My recommended ROE range of 10.50-11.25% and equity ratio of 55% are intended to support Spire Missouri's financial integrity and ability to attract the capital necessary to fund its operations and investment requirements across a range of economic and market conditions.

[42] Sakshi Matta and Karan Sadh, Visible Alpha, S&P Global Market Intelligence, "US Electric Utilities Step Up Spending to Power Energy Boom," April 29, 2026.

VII. RELATIVE RISK ASSESSMENT AND OTHER CONSIDERATIONS

Q. Why is it important to assess Spire Missouri's risk relative to the proxy group?

A. The proxy group serves as a surrogate for Spire Missouri in estimating its cost of equity and, therefore, should have risks that are reasonably comparable. If there are material differences in risk between the subject company and the proxy group, those differences may warrant upward or downward adjustments to the results of the market-based estimation methodologies.

To assess relative risk, I compare Spire Missouri with the proxy group across several business, financial, and regulatory characteristics. Taken as a whole, I do not believe the differences in risk warrant an explicit adjustment to the results of my DCF or CAPM-based analyses. Nevertheless, the individual differences provide important context when evaluating those results, particularly Spire Missouri's relatively small size and lack of diversification compared with the proxy group along with current differences in exposure to volumetric risk.

Q. Why is the appropriate comparison with the proxy group Spire Missouri rather than Spire Inc.?

A. The appropriate comparison with the proxy group is Spire Missouri because that is the regulated utility for which the Commission is determining the return on equity. Although Spire Missouri is a subsidiary of Spire Inc., ratemaking is performed on a stand-alone basis. The authorized return should reflect the business and financial risks of Spire Missouri rather than the broader risk profile of Spire Inc. or its other subsidiaries. This approach ensures that Spire Missouri customers neither subsidize nor benefit from the risk profiles of businesses that are unrelated to the regulated utility providing service.

This concept is known as the stand-alone principle, under which the ownership structure above the regulated utility does not determine the return required on the operating company's invested capital. As Dr. Morin explains:

> The stand-alone principle asserts that the cost of capital is equivalent to that which would be faced by the utility company raising capital in the capital markets based on its own business and financial profile. Application of this principle suggests that each unbundled segment of a consolidated corporate entity should be treated as if each was operating independently. The stand-alone principle of economics is essential if efficient allocation of capital resources is to be promoted and cross-subsidies avoided.[43]

This approach is also consistent with the principles articulated in *Bluefield*. As the Supreme Court explained, "A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public…"[44]

Accordingly, throughout this testimony I compare the operating characteristics and risk profile of Spire Missouri—not the consolidated characteristics of Spire Inc.—to those of the proxy group.

Q. What points of comparison are most relevant between Spire Missouri and the proxy group?

A. The relevant factors that warrant further examination when evaluating Spire Missouri's relative risk include scale and diversification, capital investment requirements and credit quality, and regulatory environment.

[43] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 215.
[44] *Bluefield Water Works & Improvement Co. v. Public Service Commission*, 262 U.S. 679, 692 (1923).

A. SCALE AND DIVERSIFICATION

Q. Why are scale and diversification relevant when comparing Spire Missouri to the proxy group?

A. Financial theory and empirical evidence generally recognize that, all else equal, smaller and less diversified companies exhibit greater risk than larger, more diversified companies. Smaller companies are generally less able to absorb adverse operational or economic events because they typically have fewer financial and operational resources, less flexibility, and fewer opportunities to mitigate the effects of unexpected events. Dr. Morin explains:

> In addition to earning the highest average rates of return, small stocks also have the highest volatility, as measured by the standard deviation of returns. … Smaller companies are less able to deal with significant events that affect revenues and cash flows than large companies. … In short, size is a significant factor that increases both business risk and financial risk and, therefore, cost of capital.[45]

Beyond scale, diversification can also improve a company's overall risk profile by reducing its dependence on any single operating company, regulatory jurisdiction, geographic region, customer base, or economic environment. Adverse events affecting one portion of a diversified enterprise may have a less significant impact on the company as a whole than they would on a more concentrated utility.

Q. How does Spire Missouri compare to the proxy group with respect to scale and diversification?

A. Most of the publicly traded parent companies included in the proxy group are larger and more diverse than Spire Missouri because they own multiple regulated utilities and/or other

[45] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), pp. 185-187.

businesses. Using fiscal 2025, I compared Spire Missouri to the proxy companies based on total assets, total revenue, and total property, plant and equipment ("PP&E"). As detailed in Schedule SEA-15 and summarized below, Spire Missouri is approximately 40-50% the size of the average company in the proxy group and 70-80% the size of the median company in the proxy group.[46] In either case, I conclude that Spire Missouri is at a meaningful size disadvantage.

	Total Assets FY2025	Total Revenue FY2025	Total Net PP&E FY2025
Spire Missouri vs. Proxy Group Average	**0.4X**	**0.5X**	**0.4X**
Spire Missouri vs. Proxy Group Median	**0.8X**	**0.7X**	**0.7X**

Beyond operating scale, Spire Missouri is a single-state utility, which limits its geographic and regulatory diversity. By contrast, all but one of the proxy companies conduct regulated utility operations across multiple states and regulatory jurisdictions. More specifically, the proxy group companies, on average, provide utility service in four states, and the median number of states served is three as outlined in Schedule SEA-16, reproduced below.[47]

[46] S&P Capital IQ Pro Screener, accessed June 28, 2026.
[47] Company filings; NWN excludes smaller water jurisdictions.

Company Name	Ticker	States Served (Regulated Utility Ops.)
Atmos Energy Corp.	ATO	8
Chesapeake Utilities Corp.	CPK	3
New Jersey Resources Corp.	NJR	1
NiSource Inc.	NI	6
Northwest Natural Holding Co.	NWN	3
ONE Gas, Inc.	OGS	3
Avg. Number of States		**4**
Median Number of States		**3**
Spire Missouri Inc.		**1**

Collectively, these comparisons indicate that Spire Missouri operates at a smaller scale and with less geographic and regulatory diversification than most of the proxy companies.

B. CAPITAL INVESTMENT REQUIREMENTS AND CREDIT QUALITY

Q. Why are capital investment requirements relevant when comparing Spire Missouri to the proxy group?

A. Capital investment requirements are relevant because utilities must finance significant investments in long-lived infrastructure, often well in advance of recovery through customer rates. The magnitude of these requirements relative to internally generated cash flow can affect a utility's reliance on external financing. Dr. Morin describes this concept as construction risk and explains:

> A regulated utility is even more susceptible to construction risk than an unregulated company. This is because an unregulated company has more discretion and latitude in scheduling and deferring capital projects. A utility, because of its mandated obligation to serve, does not possess the same flexibility.[48]

[48] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 48.

Accordingly, I consider capital investment requirements as one factor in assessing Spire Missouri's risk relative to the proxy group, particularly in conjunction with credit quality and the utility's ability to finance those investment requirements.

Q. How do Spire Missouri's capital investment requirements compare to the proxy group?

A. To assess the relative magnitude of Spire Missouri's capital investment program, I compared each company's projected five-year capital expenditure plan (2026-2030) to its year-end 2025 net PP&E. This measure normalizes capital expenditures for differences in company size.

As detailed in Schedule SEA-17, Spire Missouri's projected capital expenditures are approximately 0.6X year-end 2025 PP&E compared to approximately 0.8X for the average (and median) proxy company. Based on this measure, Spire Missouri's planned capital investment program appears somewhat less intensive than that of the proxy group.

Capital investment requirements are best considered in conjunction with a utility's overall financial position and ability to finance its investment needs. Accordingly, I next consider Spire Missouri's credit quality relative to the proxy group.

Q. Why is credit quality relevant when comparing Spire Missouri to the proxy group?

A. Credit quality provides an additional perspective on a utility's financial risk, financial flexibility, and ability to access capital under various operating and economic conditions.

Q. What do credit ratings measure and how are they relevant to investors?

A. Credit ratings provide an independent assessment of a utility's creditworthiness and its ability to meet its financial obligations across a range of expected conditions. Although credit ratings have the most direct implications for debt financing, many of the underlying

factors that influence credit quality—including cash flow, leverage, regulatory environment, and financial flexibility—are also relevant to equity investors.

Credit rating agencies consider both qualitative and quantitative factors. S&P Global, for example, identifies regulatory advantage; scale, scope, and diversity; operating efficiency; and profitability as key factors impacting a regulated utility's business risk profile.[49] Moody's similarly considers regulatory framework, the utility's ability to recover costs and earn returns, diversification, and financial strength.[50]

On the quantitative side, the agencies focus heavily on cash flow generation relative to financial obligations and the amount of debt a utility must support. S&P Global identifies funds from operations ("FFO") to debt and debt-to-EBITDA among its core credit ratios,[51] while Moody's evaluates comparable measures, including cash flow from operations before changes in working capital ("CFO pre-WC") to debt.[52]

Q. How does Spire Missouri's credit rating compare with the proxy group?

A. As shown in Schedule SEA-17, Spire Missouri currently has an S&P Global issuer credit rating of BBB+ with a Stable outlook. Of the four proxy companies with S&P credit ratings, three are rated A- and one is rated BBB+, with each maintaining a Stable outlook. Thus, Spire Missouri's BBB+ rating is at the lower end of the ratings represented among the S&P Global-rated proxy companies but remains within the range.

[49] S&P Global Ratings, *Sector-Specific Corporate Methodology*, July 7, 2025, pp. 162–168.
[50] Moody's Ratings, *Rating Methodology: Regulated Electric and Gas Utilities*, August 6, 2024, p. 3.
[51] S&P Global Ratings, *Corporate Methodology: Ratios and Adjustments*, April 1, 2019.
[52] Moody's Ratings, *Rating Methodology: Regulated Electric and Gas Utilities*, August 6, 2024, p. 3 and pp. 14-15.

Considered together, Spire Missouri's somewhat lower capital investment requirements and its BBB+ credit rating do not, in my view, warrant an adjustment to the results of my cost of equity analyses.

C. REGULATORY ENVIRONMENT

Q. Why is the regulatory environment an important consideration when comparing Spire Missouri to the proxy group?

A. The regulatory environment is one of the most significant factors affecting a utility's risk profile because it directly influences the utility's opportunity to recover costs and earn a reasonable return on equity ("ROE"). The Supreme Court recognized the importance of the ratemaking regime under which a utility operates in *Duquesne Light Co. v. Barasch*. The Court explained that "the risks a utility faces are in large part defined by the rate methodology."[53] The Court further observed that regulatory modifications that increase utility investment risk would presumably be reflected in the risk premium component of the authorized return on equity.[54] Accordingly, differences in regulatory frameworks are an important consideration when comparing the relative risk of regulated utilities and evaluating the appropriate return on equity.

Q. How do investors evaluate the regulatory environment when assessing the relative risk of a regulated utility?

A. Investors evaluate a variety of qualitative and quantitative factors when comparing regulatory environments. Key quantitative factors include the authorized ROE, authorized equity ratio, and the actual change in revenue authorized in general rate cases relative to

[53] *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 314-15 (1989).
[54] *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 310-12 n.7 (1989).

the company's request. These are relatively easy to compare across companies and jurisdictions and are often cited in the evaluation of a specific ratemaking decision.

Equally important, however, are qualitative considerations including the consistency of regulatory decisions, the timeliness of cost recovery, and the utility's practical opportunity to earn its authorized return. This assessment can include an evaluation of the historical spread between a utility's earned and authorized ROE, often referred to as "regulatory lag" by investors, along with specific conventions around the test year employed in rate cases, annual update and cost recovery mechanisms, and the degree of volumetric exposure.

More broadly, investors value consistency and predictability in the application of ratemaking principles. Unexpected shifts in regulatory policy can increase uncertainty that drives up the returns investors require to deploy capital in a given jurisdiction; conversely, consistent and transparent regulatory policy can increase investor confidence in the durability of the regulatory framework.

Q. How are affordability concerns affecting investors' perceptions of regulatory risk?

A. The regulatory environment for U.S. utilities is evolving, and affordability pressures are one factor that investors are closely watching. Broader pressures on household budgets can heighten concerns regarding utility affordability and influence the regulatory and political environment in which utilities seek recovery of their costs and investments. In this environment, investors generally perceive greater risk of regulatory or political resistance to requested rate increases.

RRA discusses these dynamics in a July 2026 update, noting that capital expenditures remain the primary driver of utility rate case filings, while inflation, higher interest rates, and other macroeconomic conditions are also contributing to increased costs and rate case

activity. RRA emphasizes the importance of state regulatory support to ongoing capital attraction in this environment, noting that "rising energy prices place additional pressure on customer bills and could challenge rate case outcomes in the near term, especially as regulators face heightened political pressures and election-related scrutiny focused on rate affordability."[55]

In an environment characterized by significant utility investment requirements and heightened affordability pressures, the consistency and predictability of regulatory outcomes are particularly important considerations for investors. In this context, investors favor regulatory jurisdictions that evaluate affordability over the life of the investments, not solely through the impact of regulatory decisions on near-term rates. Decisions that erode investor confidence in the regulatory environment, weaken financial integrity, or result in returns that are not competitive in the name of near-term affordability can increase the cost at which investors are willing to provide capital in the future and discourage investments that offer long-term benefits to customers.

Q. How do you evaluate Spire Missouri's regulatory treatment?

A. I take multiple approaches to evaluating Spire Missouri's relative regulatory treatment. I utilize two external assessments, I examine the regulatory lag experienced by the company in recent years, and I perform a comparative analysis of certain ratemaking principles.

Q. What external assessments do you consider in evaluating Missouri's regulatory environment relative to the proxy group?

[55] Regulatory Research Associates, "Major energy utility cases in progress in the US: Quarterly update on pending rate cases," July 23, 2026.

A. In comparing Missouri's regulatory environment to the jurisdictions represented in the proxy group, I consider assessments published by two organizations: Regulatory Research Associates, a division of S&P Global Market Intelligence, and S&P Global Ratings.

RRA evaluates utility regulatory environments from an investor perspective. It classifies each jurisdiction as Above Average, Average, or Below Average, and further differentiates jurisdictions within each category using a numerical designation from 1 through 3, with lower numbers representing more constructive regulatory environments within each category.

S&P Global Ratings evaluates regulatory jurisdictions from a credit perspective, recognizing the influence of regulation on utility business risk and credit quality. S&P classifies jurisdictions into five categories ranging from Credit Supportive to Most Credit Supportive.

Because my analysis focuses on the return required by common equity investors, I consider RRA's investor-oriented assessment to be particularly relevant. Nevertheless, I also considered S&P Global Ratings' credit-oriented assessment as an additional independent perspective.

Q. What does the RRA analysis show regarding the regulatory environments represented in the proxy group?

A. Schedule SEA-18 details the RRA rankings for the jurisdictions in which the proxy group companies operate. To facilitate comparison across jurisdictions, I assigned numerical values to each RRA ranking solely for purposes of calculating summary statistics, ranging from 1 for Below Average-3 to 9 for Above Average-1.

The comparison demonstrates that the proxy group companies operate across jurisdictions spanning nearly the full range of RRA's regulatory rankings, from Below Average-3 to Above Average-2. Missouri receives an RRA ranking of Average-2 (numerical value of 5.0). That rating is generally consistent with both the equal-weighted jurisdictional average (5.1) and the equal-weighted company average (4.8). In addition, the median jurisdictional value is 5.5, while the median of the proxy companies' jurisdictional averages is 4.7. Accordingly, the RRA assessment indicates that Missouri's regulatory environment is generally representative of the regulatory environments in which the proxy group companies operate and does not appear to be materially more or less constructive than the proxy group overall.

Q. What does the S&P Global analysis show regarding the regulatory environments represented in the proxy group?

A. Schedule SEA-19 details S&P Global Ratings' assessments for the jurisdictions in which the proxy group companies operate. To facilitate comparison across jurisdictions, I assigned numerical values to each S&P category solely for purposes of calculating summary statistics, ranging from 1 for Credit Supportive to 5 for Most Credit Supportive. The comparison shows that the proxy group companies operate across four of S&P Global Ratings' five regulatory categories, from More Credit Supportive (numerical value of 2.0) to Most Credit Supportive (5.0). Missouri is classified as Highly Credit Supportive, corresponding to a numerical value of 4.0. That rating is somewhat more credit supportive than the equal-weighted jurisdictional average (3.7) and the equal-weighted company average (3.4). However, Missouri's rating is identical to the median jurisdictional value (4.0) and remains generally consistent with the median of the proxy companies'

jurisdictional averages (3.7). Accordingly, S&P Global Ratings' assessment indicates that Missouri's regulatory environment falls comfortably within the range of regulatory environments represented in the proxy group and does not appear to be materially different from the jurisdictions in which the proxy group companies operate.

Q. Has Spire Missouri consistently earned competitive risk-adjusted returns?

A. No. Spire Missouri has experienced significant regulatory lag in recent years. While the term regulatory lag can refer to the time between when costs are incurred and when they are reflected in customer rates, investors are generally more concerned with the practical effect of regulatory lag—that is, whether the utility has a reasonable opportunity to earn its authorized ROE. A persistent gap between authorized and earned returns can indicate that the regulatory framework has not fully compensated the utility for the risks and costs it has incurred. For Spire Missouri, regulatory lag has resulted from a combination of factors, including the use of a historical test year during a period of inflationary pressures and rising costs, as well as revenue pressures associated with weather fluctuations, among other considerations.

The magnitude of Spire Missouri's recent under-earning is significant. Prior to 2022, the Company's ten-year average earned ROE was 9.54%. From 2022 through 2025, however, Spire Missouri's earned ROE remained below 7%, ranging from approximately 6.2% to 6.9%.[56] **[redacted]

[56] Earned ROEs are presented on a consistent basis throughout the historical period. Beginning in 2018, Spire Missouri also reports earned ROEs excluding income from off-system sales ("OSS") and capacity release ("CR") revenues, which are shared with customers. Schedule SEA-22 provides earned ROEs calculated on both bases.

[redacted][57] In addition to its impact on earnings, this sustained under-earning has contributed to weaker cash flow and financial metrics, with implications for the Company's credit quality and financial flexibility. As discussed further in the Capital Structure section of my testimony, these financial pressures have also coincided with a decline in Spire Missouri's equity capitalization.

Q. Have any regulatory conventions changed that would provide Spire Missouri a better opportunity to earn its authorized return on equity in the future?

A. Yes. On April 9, 2025, Senate Bill ("SB") 4 was signed into law in Missouri. Among other provisions, SB 4 allows gas, water, and sewer utilities to file for new rates based on a future test year.[58] The adoption of rates using forecasted data rather than historical data could help address the significant gap between Spire Missouri's earned and authorized returns.

As such, while the regulatory lag that Spire Missouri has experienced has weighed on the Company's earnings and cash flows, I do not rely on historical regulatory lag as a basis to advocate for an upward adjustment to the authorized return going forward. To the extent meaningful regulatory lag persists despite the use of a future test year, I believe this issue should be revisited in a future proceeding.

Q. Do you believe a downward adjustment to the required return is appropriate due to the change in test year convention?

A. No. As previously discussed, Spire Missouri has experienced significant regulatory lag, weakening the Company's cash flows and adversely affecting investors' perception of the

[57] Marked confidential pursuant to 20 CSR 4240-2.135(2)(a) 3 and 4 as the information relates to marketing analysis or market-specific information. The information is also material nonpublic information, the disclosure of which is governed and restricted by Regulation FD, specifically 17 CFR Sec. 243.100.
[58] Missouri Senate, Senate Bill 4 (2025).

Company's ability to consistently earn its authorized return. The use of a future test year is a tool that should help address the issue of regulatory lag and give Spire Missouri a better opportunity to earn the allowed return.

Missouri is not unique in the move to modernize regulatory principles to better align with industry and economic realities. Across the country, legislatures and commissions have adopted more constructive regulatory principles in acknowledgement of the need to address regulatory lag. The evolution toward more timely cost recovery has been recognized by S&P Global Ratings. In its *Industry Credit Outlook 2026: North America Regulated Utilities*, the agency stated:

> Over the past decade much of the industry has implemented regulatory mechanisms such as decoupling, interim rates, capital trackers, formula rate plans, forward test years, multi-year rate case filings, and regulatory riders to significantly improve cash flow stability while minimizing regulatory lag.[59]

In my view, the adoption of a future test year, assuming it is implemented in a reasonable manner, simply places the Company on a more level playing field with many of its peers.

Q. Is there evidence that states that employ forward test years impute lower authorized returns?

A. No. To evaluate this question, I performed a comparative analysis of authorized ROEs across jurisdictions with differing test year conventions. I examined rate decisions with stated ROE outcomes issued during the three-year period from June 30, 2023 through June 30, 2026. While many jurisdictions have well-established test year policies, others have employed more than one test year methodology during the study period. For those jurisdictions, I reviewed each proceeding individually to classify the test year methodology

[59] S&P Global Ratings, *Industry Credit Outlook 2026: North America Regulated Utilities*, January 14, 2026.

actually used. To avoid allowing jurisdictions with numerous proceedings to disproportionately influence the results, each jurisdiction was weighted equally in the analysis.

The results summarized in SEA-20 and reproduced below do not support the conclusion that forward test years lead to lower authorized returns. Across all jurisdictions examined, the average authorized ROE ranged from 9.68% for historical test years to 9.73% for partially forecast test years, with fully forecast test years averaging 9.70%—a total spread of only five basis points. Similarly, among gas-only utility proceedings, the average authorized ROEs ranged from 9.69% (historical test year average) to 9.74% (partially forecast average), with fully forecast test years averaging 9.73%—a total spread of just five basis points.[60] While many factors influence authorized ROEs, the analysis provides no evidence that jurisdictions using forward test years have, in practice, authorized lower equity returns.

Comparison of Authorized ROEs by Test Year Methodology

Test Year Methodology	All Cases (%)	Gas-Only Cases (%)
Historical	9.68	9.69
Partially Forecast	9.73	9.74
Fully Forecast	9.70	9.73

Q. Have you performed any additional analysis to compare the Missouri regulatory environment to the proxy group?

[60] Data from Regulatory Research Associates Rate Case Screener, cases decided June 30, 2023 through June 30, 2026, accessed October 20, 2026; screening and analysis by AK Capital Consulting, LLC. Values represent the average authorized ROE for each jurisdiction over the study period; each jurisdiction is weighted equally regardless of the number of proceedings. Analysis excludes annual formula-rate-plan updates and rider or other limited-issue proceedings; includes CA cost of capital proceedings.

A. Yes. In Schedule SEA-21 I compare Missouri to the proxy group jurisdictions across ratemaking principles that I believe are relevant to investors' perceptions of regulatory constructiveness and a utility's opportunity to consistently earn its authorized ROE. These include test year methodology, capital recovery mechanisms outside of general rate cases, and exposure to volumetric and weather-related sales fluctuations.

That said, simply checking the box on one or more of these ratemaking principles does not necessarily result in a constructive regulatory environment. The specific design and implementation of these mechanisms, together with other factors—including authorized ROEs and equity ratios, cost disallowances, approved revenue requirements, utilization of formula rate plans ("FRP") or multi-year rate plans ("MYRP"), and the consistency and predictability of regulatory and legislative outcomes—provide a more complete picture. Accordingly, this assessment should be considered alongside the other arguments presented in my testimony, including the discussion of regulatory lag and the external regulatory rankings.

Q. Please discuss the individual ratemaking principles reflected in Schedule SEA-21.

A. I discuss each of these ratemaking principles below, followed by FRPs and MYRPs, which provide additional context to the regulatory assessment.

Test Year

When compared to the jurisdictions represented in the proxy group, the use of a future test year in Missouri aligns with 29% of the individual jurisdictions. On a whole-company basis, three of the six proxy companies have the majority of their regulated utility operations in states utilizing forward test years, including NiSource Inc., Northwest Natural Holding Company (Oregon being its primary jurisdiction), and Chesapeake Utilities

Corporation (Florida being its largest jurisdiction). Two of the six proxy companies have the majority of their regulated utility operations in states utilizing historical test years—Atmos Energy Corporation and ONE Gas, Inc.—while New Jersey Resources Corporation's regulated utility operates under a partially forecast test year.

Infrastructure Mechanisms

Capital recovery mechanisms provide for rate adjustments and/or deferral treatment tied to certain qualifying capital investments between general rate cases. These mechanisms or riders can provide more timely recovery of costs and are generally viewed favorably by investors. As shown in Schedule SEA-21, 83% of the proxy company jurisdictions support infrastructure mechanisms. As such, Spire Missouri's use of the Infrastructure System Replacement Surcharge ("ISRS") is well-aligned with the regulatory treatment applicable to the proxy group companies.

Usage and Weather Normalization

There are a variety of approaches to stabilizing revenue in response to deviations in usage and weather. Schedule SEA-21 shows that 83% of operating jurisdictions benefit from a decoupling mechanism, weather normalization mechanism, and/or straight-fixed-variable rate design. While Spire Missouri also has a weather normalization adjustment rider ("WNAR"), it has not provided the financial protections investors expect from such mechanisms.

In May 2026, Spire Inc. reduced earnings guidance, which management attributed, in part, to lower margin resulting from lower weather-related usage.[61] Although the weather

[61] Spire Inc., Second Quarter Fiscal 2026 Update, May 6, 2026, slides 9–11, 17.

experienced during the period was unusual, this is not the first instance in which the prevailing weather mechanism has fallen short of investor expectations. In May 2024, unmitigated MO weather impacts also played a role in the reduction of earnings guidance for the utility segment.[62] In response to the most recent weather-related earnings impact, S&P Global Energy observed, "The regulatory mechanism meant to smooth out abnormal weather impacts did not work as intended, continuing a trend that has dogged Spire Missouri in recent years."[63]

Accordingly, the Commission's decision in this proceeding regarding changes to the billing determinants and weather normalization mechanism, including the adoption of the USM, as described in the testimony of Company witness Taylor, will directly influence how Missouri compares with the proxy group on this particular ratemaking principle. To the extent the adopted billing determinants and mechanism more effectively mitigates weather-related earnings volatility, Missouri would become more closely aligned with jurisdictions that provide greater protection from volumetric and weather-related risk. Absent meaningful improvements, Spire Missouri's risk profile would remain elevated relative to peers, which warrants consideration in the determination of the authorized return in this case.

Formula Rate Plans

Formula-based rate plans typically provide for annual adjustments to rates when the earned ROE falls outside a target band. Although FRPs are not one of the three primary

[62] Spire Inc., Second Quarter Fiscal 2024 Update, May 1, 2024, slides 4, 7–9.
[63] S&P Global Energy, "Warm weather, busted regulatory mechanism undermine Spire's winter earnings," May 6, 2026.

comparison categories used in my analysis, they are included in Schedule SEA-21 because they address many of the same objectives as infrastructure riders and usage stabilization mechanisms by facilitating more timely recovery of changes affecting earned returns.

Multi-Year Rate Plans

A handful of states approve rate increases for multiple future years in general rate cases. This provides investors and companies with greater visibility and certainty on prospective revenues and is generally viewed favorably by the investment community. Within the proxy group jurisdictions, Washington utilizes multi-year rate plans while Oregon is in the process of establishing the mechanics of the state's new MYRP framework.[64] Notably, while Washington is included in my "historical test year" category and is reflected as not having an infrastructure rider in my formal categorization, the MYRP includes capital tied to "provisional" gas infrastructure that goes into service during the MYRP subject to a review process. This provides an example of a jurisdiction that screens as inferior to Spire Missouri based on my three primary categories, but that has alternative ratemaking treatment that puts it closer to in-line when viewed holistically.

Q. What conclusions do you draw from the regulatory principles comparison?

A. Viewed collectively, these ratemaking principles suggest that Missouri's regulatory framework is generally consistent with the regulatory treatment represented across the proxy group. The adoption of SB 4 significantly strengthens Missouri's position with respect to test year methodology, and Spire Missouri's ISRS aligns well with the treatment available in many peer jurisdictions. To the extent the Commission adopts changes that

[64] Oregon Public Utility Commission, Docket No. AR 676, *Rulemaking to Establish Multi-Year Rate Plan Framework (HB 3179 & SB 688 Implementation).*

meaningfully reduce volumetric and weather-related exposure in this proceeding, Missouri's treatment of those risks would likewise become more consistent with the protections provided across most of the proxy company jurisdictions. Absent such improvements, consideration should be given to the elevated risk, which has had a meaningful impact on the stability and predictability of Company's earnings and cash flows.

Q. Across all factors considered in the relative risk assessment, do you consider Spire Missouri to be higher risk or lower risk than the proxy group?

A. Spire Missouri's relatively small size and lack of diversification represent meaningful risk differences compared with the proxy group. However, its capital investment requirements, credit quality, and regulatory environment—assuming reasonable improvements to the volumetric exposure—do not, in my view, indicate a material overall difference in risk that warrants an explicit adjustment to the results of my cost of equity analyses. Accordingly, taken as a whole, I believe the proxy group provides a reasonable basis for estimating Spire Missouri's cost of equity in the DCF and CAPM-based analyses. That said, should Spire Missouri's exposure to weather and usage remain meaningfully elevated relative to the proxy group, an authorized ROE toward the upper end of my recommended range of 10.50-11.25% would be warranted.

As discussed previously, this conclusion does not mean that the proxy companies provide the optimal comparison to Spire Missouri for every purpose. The proxy companies are publicly traded holding companies, as is necessary for application of the market-based estimation methodologies, while Spire Missouri is an individual single-state regulated

operating utility. Where available, I consider operating utility data to be more directly comparable, including for purposes of evaluating capital structure.

Q. What trends have you observed in recently authorized ROEs nationwide?

A. After the most recent low in annual average authorized ROEs in gas utility rate cases of 9.45% in 2020, nationwide authorized ROEs have increased to an average of approximately 9.7% in both 2024 and 2025. Through September 30, authorized gas ROEs have averaged 9.61%,[65] indicating a modest decrease in 2026 despite upward pressure on long-term interest rates. In an August 2026 update on rate case decisions covering the first half of 2026, RRA also observed that authorized returns have not kept pace with higher interest rates, pointing to affordability concerns as a potential explanation.[66] I also note that the market data, including interest rates, considered in rate case proceedings often precede the date of the final decision and may not fully reflect market conditions as of the date the ROE was authorized. Accordingly, while I consider recently authorized ROEs as relevant context, I place greater weight on current market-based analyses.

VIII. CAPITAL STRUCTURE

Q. Why is capital structure an important component of the cost of capital?

A. As discussed earlier, regulated utilities are capital intensive businesses and have ongoing needs to access external capital. Spire Missouri finances its operations through a combination of debt and equity. Spire Missouri issues debt directly, while equity is generated through a combination of retained earnings and capital contributions from Spire

[65] Regulatory Research Associates, "Rate Case History," with AK Capital Consulting calculations using the same screening methodology described in the Risk Premium Model discussion.
[66] Regulatory Research Associates, "Major energy rate case decisions in the US January–June 2026: Quarterly update on decided rate cases," August 2026.

Inc., its parent company and principal shareholder. The relative mix of debt and equity is an important consideration in assessing a utility's financial risk and financial flexibility. Capital structure affects a utility's ability to maintain financial integrity and access capital across a range of operating and market conditions. All else equal, higher leverage increases the amount of debt a utility must support and the portion of its cash flow committed to fixed debt-service obligations. This reduces the financial cushion available to absorb unexpected developments and can place pressure on credit metrics. In response, debt investors may require higher yields to compensate for the additional financial risk.

Conversely, a stronger equity layer can support credit quality and provide greater capacity to absorb adverse financial developments. Dr. Morin explains:

> The existence of a strong equity base favorably impacts the cost of debt by virtue of superior credit ratings, allows the company to absorb operating deficits without violating debt servicing obligations, and provides flexibility and freedom in timing new debt issues...[67]

Importantly, however, a credit-supportive capital structure does not eliminate the underlying business, regulatory, or operating risks faced by the utility. Rather, it positions the utility to better withstand and finance those risks while maintaining financial integrity and access to capital. Accordingly, an appropriate capital structure should balance the benefits and costs of debt and equity in a manner that supports financial integrity and capital attraction while considering customer affordability.

Q. How does capital structure affect the financial metrics considered by credit rating agencies?

[67] Roger A. Morin, *New Regulatory Finance* (Public Utilities Reports, Inc., 2006), p. 91.

A. Capital structure affects both the amount of debt a utility must support and the cash flow available to support that debt. This relationship is reflected in cash-flow-to-debt metrics used by the rating agencies, including FFO to debt and CFO pre-working capital to debt. The authorized capital structure can affect both components of these measures. A lower authorized equity ratio reduces the equity component to which the ROE is applied and, therefore, reduces the revenues and internally generated cash flow available to the utility, all else equal. To the extent the utility also increases its use of debt to align its financing with the authorized capital structure, the amount of debt it must support increases. Thus, a lower equity ratio can place pressure on cash-flow-to-debt metrics through both lower cash flow and higher debt.

In addition to cash flow metrics, Moody's specifically considers debt to total book capitalization in its assessment of a utility's financial strength.[68]

Q. At what level should the capital structure be evaluated for purposes of establishing Spire Missouri's cost of capital?

A. I evaluate capital structure at the regulated operating-company level. Spire Missouri's capital structure reflects the debt and equity capital supporting its regulated assets and operations and therefore provides the most direct alignment between the capital supporting the business, the risks borne by investors, and the rates charged to customers.

Q. Does the operating company approach align with past regulatory treatment?

[68] Moody's Ratings, *Rating Methodology: Regulated Electric and Gas Utilities*, August 6, 2024, pp. 2 and 14.

A. Yes. Although Spire Missouri's two most recent general rate cases were resolved without a specified equity ratio or authorized ROE,[69] in each of the two preceding general rate cases, the Commission determined that Spire Missouri's operating company capital structure was the appropriate capital structure to use for ratemaking purposes. In reaching those determinations, the Commission recognized, among other factors, that Spire Missouri does not guarantee the long-term debt of its parent company or other operating subsidiaries and maintains its own bond rating.[70] Those same conditions remain present today.

Q. Do you include short-term debt in your recommended capital structure?

A. No. My recommendation is based on Spire Missouri's permanent capitalization of long-lived assets. During the future test year, Spire Missouri intends to use short-term debt to fund working capital needs including the financing of short-term assets and, at times, as bridge capital when it makes sense to optimize long-term debt offerings. As of September 30, 2026, Spire Missouri's short-term assets exceeded the Company's short-term debt.

Q. What capital structure are you recommending for Spire Missouri?

A. I recommend the authorization of a capital structure consisting of 55% common equity and 45% long-term debt for Spire Missouri. In my view, this capital structure provides the appropriate financial strength and flexibility to support Spire Missouri's ongoing

[69] Missouri Public Service Commission, *Order Approving Stipulation and Agreement*, Case No. GR-2025-0107, September 3, 2025; Missouri Public Service Commission, *Order Approving Stipulation and Agreement*, File No. GR-2022-0179, November 30, 2022.

[70] Missouri Public Service Commission, *Amended Report and Order*, File No. GR-2021-0108, November 12, 2021, p. 96; Missouri Public Service Commission, *Amended Report and Order*, File Nos. GR-2017-0215 and GR-2017-0216, March 7, 2018, p. 43.

infrastructure investment, maintain access to capital on reasonable terms, and respond to unexpected financial and operating developments.

Q. What is Spire Missouri's current capital structure?

A. Spire Missouri's permanent capital structure as of September 30, 2026 consisted of 50.75% common equity and 49.25% long-term debt. Including the $350 million of first mortgage bonds priced on October 5, 2026, the adjusted common equity ratio would be 46.99%. This equity ratio is below the recommended 55% equity ratio for the future test year. Going forward, the Company expects its equity capitalization to strengthen, with the objective of aligning its actual capital structure with the proposed level.

Q. How does Spire Missouri's historical capitalization inform your capital structure recommendation?

A. Although Spire Missouri's current equity ratio is below my recommended 55%, its current capitalization should be considered in the context of the Company's longer-term history and the circumstances that contributed to the decline in equity ratio. As shown in Schedule SEA-22,[71] reproduced below, Spire Missouri historically maintained an equity ratio generally at or above 55% before experiencing a decline in both its earned ROE and equity capitalization in recent years.[72]

[71] SEA-22 and chart have been marked confidential pursuant to 20 CSR 4240-2.135(2)(a) 3 and 4 as the information relates to marketing analysis or market-specific information. The information is also material nonpublic information, the disclosure of which is governed and restricted by Regulation FD, specifically 17 CFR Sec. 243.100.

[72] Company SEC filings and internal company data. Earned ROEs are presented on a consistent basis throughout the historical period. Beginning in 2018, Spire Missouri also reports earned ROEs excluding income from OSS and CR revenues, which are shared with customers. Schedule SEA-22 provides earned ROEs calculated on both bases.

[redacted]

Over the ten-year period from 2016 through 2025, Spire Missouri's common equity represented 55.6% of permanent capital on average. Beginning in 2022, however, Spire Missouri experienced significant under-earning and cash-flow pressures associated with, among other factors, regulatory lag and weather-related revenue pressures. These pressures occurred during a period of elevated inflation, when the use of a historical test year made it more difficult for rates to keep pace with increases in the Company's costs. As internally generated cash flows were under pressure while investment and financing requirements continued, Spire Missouri's equity capitalization declined. Accordingly, I do not believe it would be appropriate to treat the resulting lower equity ratio as necessarily representative of the capitalization that should be maintained prospectively.

Importantly, my recommendation is forward-looking and applies to Spire Missouri's future test year. The implementation of future test year ratemaking is expected to reduce

regulatory lag and improve the alignment between the Company's costs and revenues. Spire Missouri is also seeking to reduce exposure to volumetric changes in this proceeding, which, if effective, would address another source of regulatory lag and cash flow pressures. These changes should provide Spire Missouri with a better opportunity to earn its authorized return and generate internal cash flow, supporting the Company's objective of rebuilding its equity capitalization over time. In that context, a 55% equity ratio is consistent with Spire Missouri's longer-term historical capitalization, prior to recent pressures, and, in my view, represents a reasonable prospective capitalization.

Q. Does Spire Missouri expect an increase in the common equity to permanent capitalization ratio in the future test year?

A. Yes. Spire Missouri continues to work toward restoring the common equity ratio, with significant progress expected by the fiscal 2028 test year. As reflected in Schedule SEA-23,[73] [redacted] reflecting anticipated improvements in both authorized and earned returns, reduced regulatory lag, and equity contributions from Spire Inc. supported, in part, by proceeds from corporate asset sales. Notably, the common equity ratio in Schedule SEA-23[74] [redacted] The Company's long-term objective remains maintaining a common equity ratio of 55% of total permanent capital, consistent with the

[73] Schedule SEA-23 and testimony supported by Schedule SEA-23 have been marked confidential pursuant to 20 CSR 4240-2.135(2)(a) 3 and 4 as the information relates to marketing analysis or market-specific information. The information is also material nonpublic information, the disclosure of which is governed and restricted by Regulation FD, specifically 17 CFR Sec. 243.100.

[74] See FN 76.

level requested in this proceeding and more closely aligned with its historical capitalization levels.

Q. What does Moody's assessment indicate regarding Spire Missouri's current and prospective financial condition?

A. Moody's current A1 rating on Spire Missouri's first mortgage bonds with a stable outlook[75] reflects [redacted] That outlook is also consistent with the Company's expectation that improved cash flow will support a recovery in its equity capitalization over time.

Q. Is Moody's assessment consistent with S&P Global's view of Spire Missouri's recent financial challenges and prospective regulatory environment?

A. Yes. Spire Missouri had maintained an issuer credit rating of A- until June 2024, when S&P Global lowered the ratings of Spire Inc. and its subsidiaries, including Spire Missouri, to BBB+. Among other factors contributing to the rating action, S&P Global cited

[75] Moody's Ratings, "Spire Missouri Inc.," Issuer Details, Debt and Outlook tabs, accessed October 25, 2026.
[76] Moody's Ratings, *Spire Missouri Inc.: Update to Credit Analysis*, June 5, 2026.
[77] *Id.* Confidential pursuant to 20 CSR 4240-2.135(2)(A) 3 and 4 Schedule SEA-23 and testimony supported by Schedule SEA-23 have been marked confidential pursuant to 20 CSR 4240-2.135(2)(a) 3 and 4 as the information relates to marketing analysis or market-specific information.

regulatory lag, higher borrowing costs, and elevated capital spending. In discussing Spire Missouri specifically, S&P Global noted that debt incurred to fund elevated natural gas purchases following the February 2021 winter storm, followed by additional gas cost deferrals beginning in 2022, increased debt leverage while "prolonging regulatory lag and underearning for Spire Missouri."[78]

More recently, S&P Global observed that weather and conservation-related revenue pressures have also contributed to regulatory lag. Importantly, similar to Moody's, S&P Global expects future test year ratemaking to reduce regulatory lag and improve Spire Missouri's earned returns.[79] Spire Missouri currently maintains a BBB+ issuer credit rating with a stable outlook.[80]

Q. How does your recommended capital structure compare with other regulated gas utilities?

A. As an additional benchmark in evaluating the reasonableness of my recommended capital structure, I compare the 55% equity ratio with equity ratios recently authorized for regulated gas utilities across the United States. Authorized equity ratios provide a useful benchmark because they (1) are generally informed by the actual capital structures of regulated utilities and (2) reflect capital structures that have been determined to be reasonable under the prevailing legal standard for ratemaking purposes.

[78] S&P Global Ratings, *Spire Inc. And Subsidiaries Downgraded To 'BBB+' From 'A-' On Weak Financial Measures; Outlook Stable*, June 3, 2024.
[79] S&P Global Ratings, "Spire Missouri Inc.'s Regulatory Lag Will Likely Improve From Future Test Period Ratemaking," *RatingsDirect*, April 1, 2026, Schedule DAY-D-2 to the Direct Testimony of David A. Yonce, June 4, 2026, Case No. GU-2026-0225.
[80] S&P Global Ratings, *Spire Inc. And Subsidiaries Outlooks Revised To Stable From Negative Following Asset Sales; Ratings Affirmed*, August 14, 2026.

I first considered quarterly statistics on individual gas rate case outcomes over the three-year period from September 30, 2023 through September 30, 2026. I believe a three-year period provides a reasonable balance between reflecting recent industry and capital market conditions and capturing a sufficiently broad set of regulated gas utilities. To improve comparability, I excluded limited-issue and rider proceedings, as well as annual updates associated with multi-year rate plans, because these proceedings generally rely on previously established return and capital structure parameters rather than establishing them based on then-current conditions. I also excluded jurisdictions that include cost-free sources of capital in the authorized capital structure, including Arkansas, Florida, Indiana, and Michigan.

As shown in the Schedule SEA-24, reproduced below, authorized equity ratios can vary meaningfully across utilities and jurisdictions. The highest authorized equity ratio exceeded 55% in seven of the twelve quarters reviewed, with several quarterly highs approximating or exceeding 60%. These results demonstrate that while the recommended 55% equity ratio is above the average quarterly authorized equity ratios, it is comfortably within the range of capital structures recently authorized for regulated gas utilities.

Authorized Equity Ratio Statistics, Gas Utilities, Trailing Twelve Quarters[81]

	Average	Low	High
2023 Q4	51.5	48.0	56.1
2024 Q1	53.1	50.9	59.1
2024 Q2	53.8	50.0	60.6
2024 Q3	49.9	48.0	52.4
2024 Q4	52.6	45.3	59.6
2025 Q1	50.1	48.0	52.5
2025 Q2	52.6	43.2	61.0
2025 Q3	50.7	48.0	53.5
2025 Q4	51.5	47.8	56.1
2026 Q1	54.1	48.0	59.9
2026 Q2	54.0	54.0	54.0
2026 Q3	51.9	50.0	54.5

I also considered the most recently authorized equity ratios for the regulated gas utilities associated with my proxy group, as detailed in Schedule SEA-25. On a company-average basis, authorized equity ratios range from approximately 50.0% to 59.2%, with an average of 53.7% and a median of 53.0%. On a jurisdictional basis, authorized equity ratios range from approximately 43.2% to 61.0%, with an average of 54.1% and a median of 53.8%. My recommended 55% equity ratio is therefore slightly above the average and median levels but well within the range of capital structures authorized for the regulated gas utilities associated with the proxy group.

Q. What are your concluding thoughts on capital structure?

A. I consider a variety of factors in my forward-looking capital structure recommendation including Spire Missouri's historically strong equity capitalization, peer analysis, a somewhat volatile and uncertain economic backdrop, robust competition for capital, and the expected improvement in the Company's equity capitalization as more favorable

[81] Regulatory Research Associates (RRA) Rate Case Details; screening and analysis by AK Capital Consulting.

regulatory principles are implemented. I believe a 55% equity ratio is appropriate to support financial integrity and enable the Company to compete for capital on favorable terms under various operational and economic conditions.

IX. COST OF DEBT

Q. What cost is applied to the long-term debt component of Spire Missouri's capital structure?

A. The cost applied to the long-term debt component of Spire Missouri's capital structure in my overall cost of capital recommendation is 4.465%. This is consistent with the annualized embedded cost of long-term debt including costs of issuance and settlement of interest rate hedges, updated for known and measurable changes for the fiscal 2028 test year. See Schedule SEA-26 for details of the derivation of the cost of long-term debt provided by the Company.

X. SUMMARY AND CONCLUSION

Q. Please summarize your testimony.

A. Based on the analyses and considerations discussed throughout my testimony, I recommend an ROE in the range of 10.50-11.25%, a common equity ratio of 55%, and a cost of long-term debt of 4.465%. Within my recommended range, the Company is requesting an ROE of 10.50% predicated on the constructive implementation of a future test year in this proceeding and a meaningful reduction in volumetric exposure, including through updated billing determinants and the adoption of the proposed USM. Together, these components result in an overall weighted average cost of capital of 7.784%.

In reaching these recommendations, I considered the results of multiple market-based cost of equity methodologies, current economic and capital market conditions, Spire Missouri's

risk relative to the proxy group, and the Company's financial position and capital requirements. My recommendations are informed by both historical relationships and Spire Missouri's recent experience, while also reflecting changes in the economic, financial, and regulatory environment in which the Company will operate and raise capital going forward. This includes consideration of the Company's challenges in earning its authorized return in recent years, the current long-term interest rate environment, and recent improvements to Missouri's regulatory framework, among other considerations.

In my opinion, the resulting cost of capital provides a reasonable balance between the interests of customers and investors while supporting Spire Missouri's financial integrity and ability to attract capital on reasonable terms.

Q. Does this conclude your direct testimony?

A. Yes.

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

In the Matter of the Spire Missouri Inc. d/b/a Spire's Request for Authority to Implement a General Rate Increase for Natural Gas Service Provided in the Company's Missouri Service Areas	)))))	File No. GR-2027-0075

AFFIDAVIT

STATE OF MISSOURI	)
	)
COUNTY OF ST. LOUIS	)

I, Sarah E. Akers, of lawful age, being first duly sworn, deposes and states:

I. My name is Sarah E. Akers. I am the Principal and Co-Founder of AK Capital Consulting, LLC. My business address is 10120 Elise Drive, St. Louis, Missouri 63123.

II. This affidavit is attached to my direct testimony, which is filed on behalf of Spire Missouri Inc.

III. I hereby swear and affirm that my answers to the questions contained in my testimony are true and correct to the best of my knowledge, information, and belief.

Sarah E. Akers

Subscribed and sworn to before me this 28 day of October, 2026.

JASMINA BISANOVIC
Notary Public - Notary Seal
St Louis County - State of Missouri
Commission Number 23020034
My Commission Expires Jan 8, 2027

Notary Public

SPIRE MISSOURI INC.

GR-2027-0075

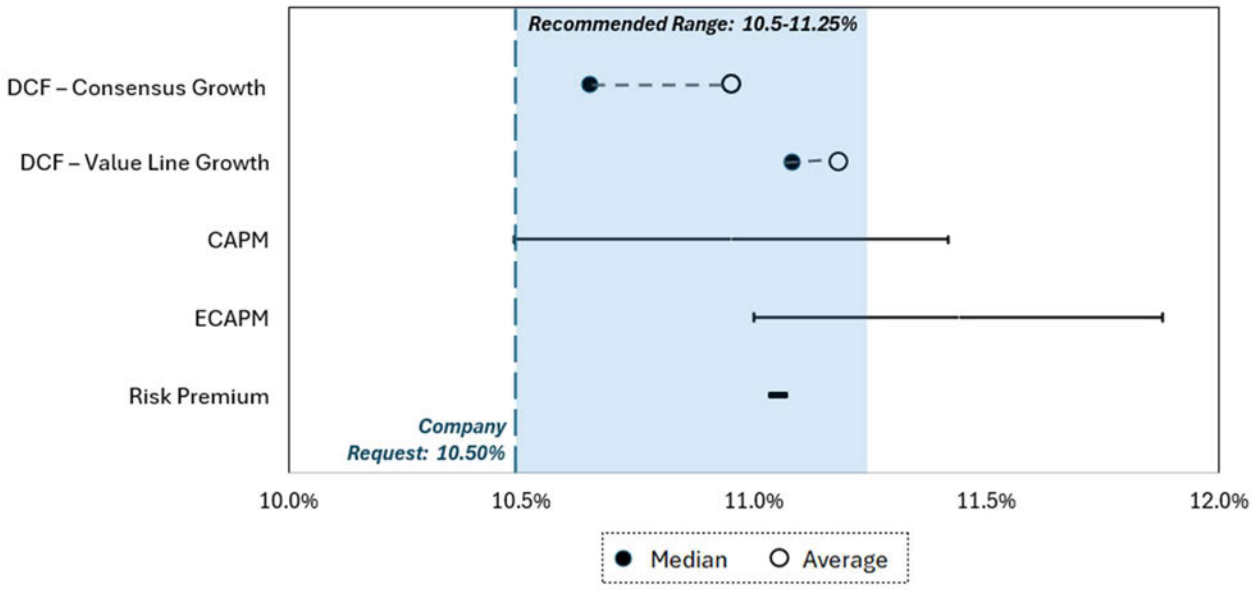
Supporting Schedules Accompanying the Direct Testimony of

Sarah E. Akers

SCHEDULES:

Schedule SEA-1	Indicated Cost of Equity Analysis Results
Schedule SEA-2	Recommended Weighted Average Cost of Capital
Schedule SEA-3	Gas Utility Proxy Group Selection Criteria and Results
Schedule SEA-4	Discounted Cash Flow Analysis
Schedule SEA-5	Flotation Cost Analysis and Indicated ROE Adjustment
Schedule SEA-6	Capital Asset Pricing Model Analysis
Schedule SEA-7	Empirical Capital Asset Pricing Model Analysis
Schedule SEA-8	Market Risk Premium Analysis, DCF on Value Line Universe
Schedule SEA-9	Market Risk Premium Analysis, DCF on S&P 500 Index
Schedule SEA-10	Historical Market Risk Premium Analysis
Schedule SEA-11	Historical Authorized ROEs and Indicated Risk Premiums
Schedule SEA-12	Risk Premium Model Regression Analysis
Schedule SEA-13	U.S. Interest Rate Environment and Spire Missouri Rate Cases
Schedule SEA-14	U.S. PCE Inflation
Schedule SEA-15	Spire Missouri Size Relative to the Proxy Group
Schedule SEA-16	Spire Missouri Jurisdictional Diversity Relative to the Proxy Group
Schedule SEA-17	Capital Investment and Credit Rating Comparison
Schedule SEA-18	RRA Regulatory Environment Jurisdictional Comparison
Schedule SEA-19	S&P Global Regulatory Environment Jurisdictional Comparison
Schedule SEA-20	Comparison of Authorized ROEs by Test Year Methodology
Schedule SEA-21	Spire Missouri Regulatory Framework Relative to the Proxy Group
Schedule SEA-22	Spire Missouri Historical Equity Ratios and Earned ROEs (CONF)
Schedule SEA-23	Fiscal Year 2028 Test Year Permanent Capitalization (CONF)
Schedule SEA-24	Authorized Equity Ratio Statistics, Trailing Twelve Quarters
Schedule SEA-25	Proxy Group Authorized Equity Ratios
Schedule SEA-26	Cost of Long-Term Debt

Spire Missouri Inc. **Schedule SEA-1**
GR-2027-0075 **Indicated Cost of Equity Analysis Results**



Spire Missouri Inc. **Schedule SEA-2**
GR-2027-0075 **Recommended Weighted Average Cost of Capital**

Funding Source	Ratio	Cost	Weighted Cost
Common Equity	55.0%	10.50%	5.775%
Long-Term Debt	45.0%	4.465%	2.009%
Weighted Average Cost of Capital			**7.784%**

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Schedule SEA-3
Gas Utility Proxy Group Selection Criteria and Results

		[1]	[2]	[3]	[4]
Company	**Ticker Symbol**	**Value Line Safety Rank**	**Consistent Dividend Payments**	**Positive Long-Term EPS Growth Forecast from Capital IQ and Value Line**	**Major M&A Transaction Pending**
Atmos Energy Corp.	ATO	1	Yes	Yes	No
Chesapeake Utilities Corp.	CPK	2	Yes	Yes	No
New Jersey Resources Corp.	NJR	2	Yes	Yes	No
NiSource Inc.	NI	2	Yes	Yes	No
Northwest Natural Holding Co.	NWN	2	Yes	Yes	No
ONE Gas, Inc.	OGS	2	Yes	Yes	No
Spire Missouri Inc.		N/A	N/C	N/A	No

[1] Value Line
[2] S&P Capital IQ and company SEC filings
[3] S&P Capital IQ consensus long-term EPS growth forecasts and Value Line long-term EPS growth forecasts
[4] S&P Capital IQ and company SEC filings
N/C = Not Comparable; N/A = Not Available

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Schedule SEA-4
Discounted Cash Flow Analysis

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
			Capital IQ Growth Forecast				Value Line Growth Forecast			
		Stock Price ($)	Consensus EPS Growth Forecast	Projected Dividend ($D_{1)}$ ($)	Projected Dividend Yield	Indicated Cost of Equity	Value Line EPS Growth Forecast	Projected Dividend ($D_{1)}$	Projected Dividend Yield	Indicated Cost of Equity
Atmos Energy Corp.	ATO	157.89	7.9%	4.34	2.7%	**10.6%**	8.5%	4.34	2.7%	**11.2%**
Chesapeake Utilities Corp.	CPK	129.59	8.7%	3.09	2.4%	**11.1%**	10.0%	3.09	2.4%	**12.4%**
New Jersey Resources Corp.	NJR	51.82	6.3%	2.03	3.9%	**10.2%**	6.0%	2.03	3.9%	**9.9%**
NiSource Inc.	NI	39.71	9.6%	1.28	3.2%	**12.9%**	9.0%	1.28	3.2%	**12.2%**
Northwest Natural Holding Co.	NWN	47.46	5.9%	2.09	4.4%	**10.3%**	6.0%	2.09	4.4%	**10.4%**
ONE Gas, Inc.	OGS	73.11	6.8%	2.86	3.9%	**10.7%**	7.0%	2.86	3.9%	**10.9%**

Average	**11.0%**
Median	**10.6%**

Average	**11.2%**
Median	**11.1%**

[1] 10-day average stock price ending September 30, 2026
[2] S&P Capital IQ Consensus EPS Growth Forecast, as of September 30, 2026
[3] Next 12 month projected dividends based on Capital IQ consensus EPS growth forecast; timing of increase based on recent dividend increase pattern
[4] Equals [3] divided by [1]
[5] Equals [2] plus [4]
[6] Value Line Projected EPS Growth, 3-5 Years, accessed September 30, 2026
[7] Next 12 month projected dividends based on Value Line EPS growth forecast; timing of increase based on recent dividend increase pattern
[8] Equals [7] divided by [1]
[9] Equals [6] plus [8]

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Schedule SEA-5
Flotation Cost Analysis and Indicated ROE Adjustment

[1] Offering Date	[2] Transaction Type	[3] Shares Issued	[4] Gross Equity Before Costs ($)	[5] Net Proceeds ($)	[6] Total Flotation Costs ($)	[7] Flotation Cost Percentage
Q1 - 2025	ATM	663,619	42,440,993	41,565,375	875,618	2.06%
Q4 - 2024	ATM	542,515	32,424,566	31,852,315	572,251	1.76%
Q4 - 2023	ATM	1,744,549	112,150,775	108,636,497	3,514,278	3.13%
Q1 - 2023	ATM	40,500	2,991,339	2,920,926	70,413	2.35%
2024	Shares Issued Upon Settlement of Equity Units	2,745,733	175,000,000	172,253,285	2,746,715	1.57%
2023	ATM	564,801	38,668,509	37,917,823	750,685	1.94%
2022	ATM	365,625	27,972,381	27,510,657	461,724	1.65%
2022	ATM	354,000	23,479,413	23,062,619	416,794	1.78%
2020	ATM	110,000	9,517,204	9,331,824	185,380	1.95%
2020	ATM	333,861	22,968,844	22,465,364	503,480	2.19%
2019	ATM	179,630	15,038,356	14,523,973	514,384	3.42%
5/10/2018	Equity Offering	2,300,000	163,530,000	158,352,700	5,177,300	3.17%
5/12/2016	Equity Offering	2,185,000	141,369,500	136,593,090	4,776,410	3.38%
6/11/2014	Equity Offering	10,350,000	488,416,500	469,703,700	18,712,800	3.83%
5/29/2013	Equity Offering	10,005,000	451,125,450	432,876,330	18,249,120	4.05%
		Total	1,747,093,831	1,689,566,479	57,527,353	**3.29%**

Flotation Cost Adjustment	
Proxy Group Forward Dividend Yield [8]	3.43%
Flotation-Adjusted Forward Dividend Yield [9]	3.55%
Flotation Cost Adjustment [10]	**0.12%**

[1] [2] [3] [4] [5] Data provided by Company
[6] Equals [4] minus [5]
[7] Equals [6] divided by [4]
[8] From DCF analysis
[9] Equals [8] divided by (1 minus the flotation cost percentage)
[10] Equals [9] minus [8]

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Schedule SEA-6
Capital Asset Pricing Model Analysis

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
			Adjusted Beta		Market Risk Premium			CAPM Results – Value Line Betas			CAPM Results–10-Yr Betas		
Company Name	**Ticker**	**Risk-Free Rate**	**Value Line Beta** (5-Year weekly returns vs. NYSE)	**10-Year Beta** (Weekly returns vs. S&P 500)	**Value Line DCF**	**S&P 500 DCF**	**Historical**	**MRP - Value Line DCF**	**MRP - S&P 500 DCF**	**MRP - Historical**	**MRP - Value Line DCF**	**MRP - S&P 500 DCF**	**MRP - Historical**
Atmos Energy Corp.	ATO	5.64%	0.75	0.70	6.9%	7.6%	7.1%	10.8%	11.4%	11.0%	10.5%	11.0%	10.6%
Chesapeake Utilities Corp.	CPK	5.64%	0.70	0.66	6.9%	7.6%	7.1%	10.5%	11.0%	10.6%	10.2%	10.7%	10.3%
New Jersey Resources Corp.	NJR	5.64%	0.75	0.72	6.9%	7.6%	7.1%	10.8%	11.4%	11.0%	10.6%	11.2%	10.8%
NiSource Inc.	NI	5.64%	0.85	0.75	6.9%	7.6%	7.1%	11.5%	12.1%	11.7%	10.8%	11.3%	11.0%
Northwest Natural Holding Co.	NWN	5.64%	0.75	0.66	6.9%	7.6%	7.1%	10.8%	11.4%	11.0%	10.2%	10.7%	10.3%
ONE Gas, Inc.	OGS	5.64%	0.75	0.72	6.9%	7.6%	7.1%	10.8%	11.4%	11.0%	10.6%	11.1%	10.7%
Average			**0.76**	**0.70**			**Average**	**10.9%**	**11.4%**	**11.0%**	**10.5%**	**11.0%**	**10.6%**
Median			**0.75**	**0.71**			**Median**	**10.8%**	**11.4%**	**11.0%**	**10.5%**	**11.0%**	**10.7%**

[1] 30-year U.S. Treasury bond yield as of September 30, 2026; Federal Reserve Bank of St. Louis (FRED)
[2] Value Line Investment Survey, company reports dated August 21, 2026; adjusted betas reported quarterly
[3] Adjusted beta calculated by AK Capital Consulting using return data obtained from S&P Capital IQ as of September 25, 2026 (most recent week-end preceding September 30, 2026)
[4] DCF analysis of dividend-paying companies covered by Value Line with projected long-term earnings growth rates greater than zero and not exceeding 20%
[5] DCF analysis of dividend-paying constituents of the S&P 500 Index with projected long-term earnings growth rates greater than zero and not exceeding 20%
[6] Historical MRP based on the arithmetic average of annual market risk premiums over the 1928–2025 period
[7] Equals [1] + [2]*[4]
[8] Equals [1] + [2]*[5]
[9] Equals [1] + [2]*[6]
[10] Equals [1] + [3]*[4]
[11] Equals [1] + [3]*[5]
[12] Equals [1] + [3]*[6]

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Schedule SEA-7
Empirical Capital Asset Pricing Model Analysis

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
			Adjusted Beta		**Market Risk Premium**			**ECAPM Results–Value Line Betas**			**ECAPM Results–10-Yr Betas**		
Company Name	**Ticker**	**Risk-Free Rate**	**Value Line Beta** (5-Year weekly returns vs. NYSE)	**10-Year Beta** (Weekly returns vs. S&P 500)	**Value Line DCF**	**S&P 500 DCF**	**Historical**	**MRP - Value Line DCF**	**MRP - S&P 500 DCF**	**MRP - Historical**	**MRP - Value Line DCF**	**MRP - S&P 500 DCF**	**MRP - Historical**
Atmos Energy Corp.	ATO	5.64%	0.75	0.70	6.9%	7.6%	7.1%	11.3%	11.8%	11.4%	11.0%	11.5%	11.1%
Chesapeake Utilities Corp.	CPK	5.64%	0.70	0.66	6.9%	7.6%	7.1%	11.0%	11.5%	11.1%	10.8%	11.3%	10.9%
New Jersey Resources Corp.	NJR	5.64%	0.75	0.72	6.9%	7.6%	7.1%	11.3%	11.8%	11.4%	11.1%	11.7%	11.3%
NiSource Inc.	NI	5.64%	0.85	0.75	6.9%	7.6%	7.1%	11.8%	12.4%	11.9%	11.2%	11.8%	11.4%
Northwest Natural Holding Co.	NWN	5.64%	0.75	0.66	6.9%	7.6%	7.1%	11.3%	11.8%	11.4%	10.8%	11.3%	10.9%
ONE Gas, Inc.	OGS	5.64%	0.75	0.72	6.9%	7.6%	7.1%	11.3%	11.8%	11.4%	11.1%	11.6%	11.2%
Average			**0.76**	**0.70**			**Average**	**11.3%**	**11.9%**	**11.5%**	**11.0%**	**11.6%**	**11.1%**
Median			**0.75**	**0.71**			**Median**	**11.3%**	**11.8%**	**11.4%**	**11.0%**	**11.6%**	**11.2%**

[1] 30-year U.S. Treasury bond yield as of September 30, 2026; Federal Reserve Bank of St. Louis (FRED)
[2] Value Line Investment Survey, company reports dated August 21, 2026; adjusted betas reported quarterly
[3] Adjusted beta calculated by AK Capital Consulting using return data obtained from S&P Capital IQ as of September 25, 2026 (most recent week-end preceding September 30, 2026)
[4] DCF analysis of dividend-paying companies covered by Value Line with projected long-term earnings growth rates greater than zero and not exceeding 20%
[5] DCF analysis of dividend-paying constituents of the S&P 500 Index with projected long-term earnings growth rates greater than zero and not exceeding 20%
[6] Historical MRP based on the arithmetic average of annual market risk premiums over the 1928–2025 period
[7] Equals [1] +0.25*[4]+0.75* [2]*[4]
[8] Equals [1] +0.25*[5]+0.75* [2]*[5]
[9] Equals [1] +0.25*[6]+0.75* [2]*[6]
[10] Equals [1] +0.25*[4]+0.75* [3]*[4]
[11] Equals [1] +0.25*[5]+0.75* [3]*[5]
[12] Equals [1] +0.25*[6]+0.75* [3]*[6]

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Schedule SEA-8
Market Risk Premium Analysis, DCF on Value Line Universe

DCF - Value Line Pro [1]	
Weighted Dividend Yield [2]	1.85%
Weighted Projected Growth Rate (%) [3]	10.6
Forward Yield (half yr. growth convention) [4]	1.95%
Total Expected Return [5]	12.6%
Risk-Free Rate (30-Yr Yield) [6]	5.64%
Market Risk Premium [7]	**6.91%**

[1] Value Line Pro Stock Screener, September 30, 2026; analysis includes 856 dividend-paying companies with projected growth rates > 0% and ≤ 20%
[2] Market-capitalization-weighted dividend yield of companies included in the analysis
[3] Market-capitalization-weighted projected growth rate of companies included in the analysis
[4] Equals dividend yield in [2] adjusted for 50% of the projected growth rate in [3], consistent with the half-year growth convention
[5] Equals [3] plus [4]
[6] Federal Reserve Bank of St. Louis (FRED), 30-Year Treasury Constant Maturity Rate, September 30, 2026
[7] Equals [5] minus [6]

DCF - S&P 500 Index [1]	
Weighted Dividend Yield [2]	1.56%
Weighted Projected Growth Rate (%) [3]	11.6
Forward Yield (half yr. growth convention) [4]	1.65%
Total Expected Return [5]	13.3%
Risk-Free Rate (30-Yr Yield) [6]	5.64%
Market Risk Premium [7]	**7.62%**

[1] S&P 500 Index, September 30, 2026; analysis includes dividend-paying companies with projected growth rates > 0% and ≤ 20%
[2] Market-capitalization-weighted dividend yield of companies included in the analysis
[3] Market-capitalization-weighted projected growth rate of companies included in the analysis
[4] Equals dividend yield in [2] adjusted for 50% of the projected growth rate in [3], consistent with the half-year growth convention
[5] Equals [3] plus [4]
[6] Federal Reserve Bank of St. Louis (FRED), 30-Year Treasury Constant Maturity Rate, September 30, 2026
[7] Equals [5] minus [6]

Spire Missouri Inc. **Schedule SEA-10 (Page 1 of 2)**
GR-2027-0075 **Historical Market Risk Premium Analysis**

	[1]	[2]	[3]	
Year	Beginning of Year 10-Year Treasury Yield	S&P 500 Annual Return (Price + Dividends)	Annual Market Risk Premium ($R_m - R_f$)	Average Risk Premium (1928-2025)
1928	3.17%	43.81%	40.64%	**7.10%**
1929	3.45%	-8.30%	-11.75%	
1930	3.36%	-25.12%	-28.48%	
1931	3.22%	-43.84%	-47.06%	
1932	3.93%	-8.64%	-12.57%	
1933	3.35%	49.98%	46.63%	
1934	3.53%	-1.19%	-4.72%	
1935	3.01%	46.74%	43.73%	
1936	2.84%	31.94%	29.10%	
1937	2.59%	-35.34%	-37.93%	
1938	2.73%	29.28%	26.55%	
1939	2.56%	-1.10%	-3.66%	
1940	2.35%	-10.67%	-13.02%	
1941	2.01%	-12.77%	-14.78%	
1942	2.47%	19.17%	16.70%	
1943	2.49%	25.06%	22.57%	
1944	2.49%	19.03%	16.54%	
1945	2.48%	35.82%	33.34%	
1946	2.33%	-8.43%	-10.76%	
1947	2.24%	5.20%	2.96%	
1948	2.39%	5.70%	3.31%	
1949	2.44%	18.30%	15.86%	
1950	2.19%	30.81%	28.62%	
1951	2.39%	23.68%	21.29%	
1952	2.70%	18.15%	15.45%	
1953	2.75%	-1.21%	-3.96%	
1954	2.59%	52.56%	49.97%	
1955	2.51%	32.60%	30.09%	
1956	2.96%	7.44%	4.48%	
1957	3.59%	-10.46%	-14.05%	
1958	3.21%	43.72%	40.51%	
1959	3.86%	12.06%	8.20%	
1960	4.69%	0.34%	-4.35%	
1961	3.84%	26.64%	22.80%	
1962	4.06%	-8.81%	-12.87%	
1963	3.86%	22.61%	18.75%	
1964	4.13%	16.42%	12.29%	
1965	4.18%	12.40%	8.22%	
1966	4.62%	-9.97%	-14.59%	
1967	4.84%	23.80%	18.96%	
1968	5.70%	10.81%	5.11%	
1969	6.03%	-8.24%	-14.27%	
1970	7.65%	3.56%	-4.09%	
1971	6.39%	14.22%	7.83%	
1972	5.93%	18.76%	12.83%	
1973	6.36%	-14.31%	-20.67%	
1974	6.74%	-25.90%	-32.64%	
1975	7.43%	37.00%	29.57%	
1976	8.00%	23.83%	15.83%	

1977	6.87%	-6.98%	-13.85%
1978	7.69%	6.51%	-1.18%
1979	9.01%	18.52%	9.51%
1980	10.39%	31.74%	21.35%
1981	12.84%	-4.70%	-17.54%
1982	13.72%	20.42%	6.70%
1983	10.54%	22.34%	11.80%
1984	11.83%	6.15%	-5.68%
1985	11.50%	31.24%	19.74%
1986	9.26%	18.49%	9.23%
1987	7.11%	5.81%	-1.30%
1988	8.99%	16.54%	7.55%
1989	9.11%	31.48%	22.37%
1990	7.84%	-3.06%	-10.90%
1991	8.08%	30.23%	22.15%
1992	7.09%	7.49%	0.40%
1993	6.77%	9.97%	3.20%
1994	5.77%	1.33%	-4.44%
1995	7.81%	37.20%	29.39%
1996	5.71%	22.68%	16.97%
1997	6.30%	33.10%	26.80%
1998	5.81%	28.34%	22.53%
1999	4.65%	20.89%	16.24%
2000	6.44%	-9.03%	-15.47%
2001	5.11%	-11.85%	-16.96%
2002	5.05%	-21.97%	-27.02%
2003	3.82%	28.36%	24.54%
2004	4.25%	10.74%	6.49%
2005	4.22%	4.83%	0.61%
2006	4.39%	15.61%	11.22%
2007	4.70%	5.48%	0.78%
2008	4.02%	-36.55%	-40.57%
2009	2.21%	25.94%	23.73%
2010	3.84%	14.82%	10.98%
2011	3.29%	2.10%	-1.19%
2012	1.88%	15.89%	14.01%
2013	1.76%	32.15%	30.39%
2014	3.04%	13.52%	10.49%
2015	2.17%	1.38%	-0.79%
2016	2.27%	11.77%	9.50%
2017	2.45%	21.61%	19.16%
2018	2.41%	-4.23%	-6.64%
2019	2.69%	31.21%	28.52%
2020	1.92%	18.02%	16.10%
2021	0.93%	28.47%	27.54%
2022	1.51%	-18.04%	-19.55%
2023	3.88%	26.06%	22.18%
2024	3.88%	24.88%	21.00%
2025	4.58%	17.72%	13.14%
Average	**4.76%**	**11.85%**	**7.10%**

[1] Federal Reserve of St. Louis (FRED) as compiled by Damodaran Online

[2] Annual returns based on Professor Aswath Damodaran's historical S&P 500 return series

[3] R_m = Return on the market portfolio; R_f = Risk-free rate of return

	[1]	[2]	[3]
	Average Alllowed ROE - Gas Utilities (%)	**Average 30-Year Treasury Yield (%)**	**Risk Premium (%) (ROE minus Treasury Yld)**
Q1'1980	13.45	11.66	1.79
Q2'1980	14.38	10.52	3.85
Q3'1980	13.87	10.85	3.02
Q4'1980	14.35	12.10	2.25
Q1'1981	14.71	12.53	2.18
Q2'1981	14.61	13.24	1.36
Q3'1981	14.86	14.13	0.72
Q4'1981	15.70	13.85	1.86
Q1'1982	15.55	13.96	1.59
Q2'1982	15.62	13.52	2.10
Q3'1982	15.77	12.79	2.97
Q4'1982	15.63	10.75	4.89
Q1'1983	15.41	10.71	4.71
Q2'1983	14.84	10.65	4.19
Q3'1983	15.24	11.62	3.62
Q4'1983	15.40	11.74	3.66
Q1'1984	15.39	12.04	3.35
Q2'1984	15.07	13.18	1.89
Q3'1984	15.46	12.69	2.77
Q4'1984	15.33	11.70	3.63
Q1'1985	15.03	11.58	3.45
Q2'1985	15.44	11.00	4.45
Q3'1985	14.64	10.55	4.08
Q4'1985	14.37	10.04	4.33
Q1'1986	14.05	8.77	5.28
Q2'1986	13.28	7.49	5.79
Q3'1986	13.09	7.40	5.69
Q4'1986	13.62	7.53	6.09
Q1'1987	12.61	7.49	5.11
Q2'1987	13.04	8.53	4.51
Q3'1987	12.70	9.06	3.64
Q4'1987	12.69	9.24	3.45
Q1'1988	12.94	8.63	4.31
Q2'1988	12.48	9.06	3.41
Q3'1988	12.79	9.18	3.61
Q4'1988	12.98	8.97	4.00
Q1'1989	12.99	9.04	3.95
Q2'1989	13.25	8.70	4.55
Q3'1989	12.56	8.12	4.44
Q4'1989	12.94	7.93	5.00
Q1'1990	12.68	8.44	4.24
Q2'1990	12.81	8.65	4.16
Q3'1990	12.36	8.79	3.57
Q4'1990	12.78	8.56	4.22
Q1'1991	12.69	8.20	4.49

Q2'1991	12.53	8.31	4.22
Q3'1991	12.43	8.19	4.24
Q4'1991	12.33	7.85	4.48
Q1'1992	12.42	7.80	4.61
Q2'1992	11.98	7.90	4.09
Q3'1992	11.87	7.45	4.42
Q4'1992	11.94	7.52	4.42
Q1'1993	11.75	7.07	4.68
Q2'1993	11.71	6.86	4.85
Q3'1993	11.39	6.32	5.07
Q4'1993	11.16	6.14	5.02
Q1'1994	11.12	6.58	4.54
Q2'1994	10.84	7.36	3.47
Q3'1994	10.87	7.59	3.28
Q4'1994	11.53	7.96	3.56
Q1'1995	NA	7.63	NA
Q2'1995	11.00	6.94	4.06
Q3'1995	11.07	6.72	4.35
Q4'1995	11.61	6.24	5.37
Q1'1996	11.45	6.30	5.15
Q2'1996	10.88	6.92	3.95
Q3'1996	11.25	6.97	4.28
Q4'1996	11.19	6.62	4.57
Q1'1997	11.31	6.82	4.49
Q2'1997	11.70	6.94	4.76
Q3'1997	12.00	6.53	5.47
Q4'1997	10.92	6.14	4.77
Q1'1998	NA	5.89	NA
Q2'1998	11.37	5.85	5.52
Q3'1998	11.41	5.48	5.93
Q4'1998	11.69	5.10	6.59
Q1'1999	10.82	5.38	5.43
Q2'1999	11.25	5.80	5.45
Q3'1999	NA	6.04	NA
Q4'1999	10.38	6.26	4.12
Q1'2000	10.66	6.29	4.36
Q2'2000	11.03	5.98	5.05
Q3'2000	11.33	5.79	5.54
Q4'2000	12.10	5.69	6.41
Q1'2001	11.38	5.44	5.93
Q2'2001	10.75	5.70	5.05
Q3'2001	NA	5.53	NA
Q4'2001	10.65	5.30	5.35
Q1'2002	10.67	5.57	5.10
Q2'2002	11.64	5.74	5.90
Q3'2002	11.50	5.28	6.22
Q4'2002	11.01	5.17	5.85
Q1'2003	11.38	5.06	6.32
Q2'2003	11.36	4.84	6.53

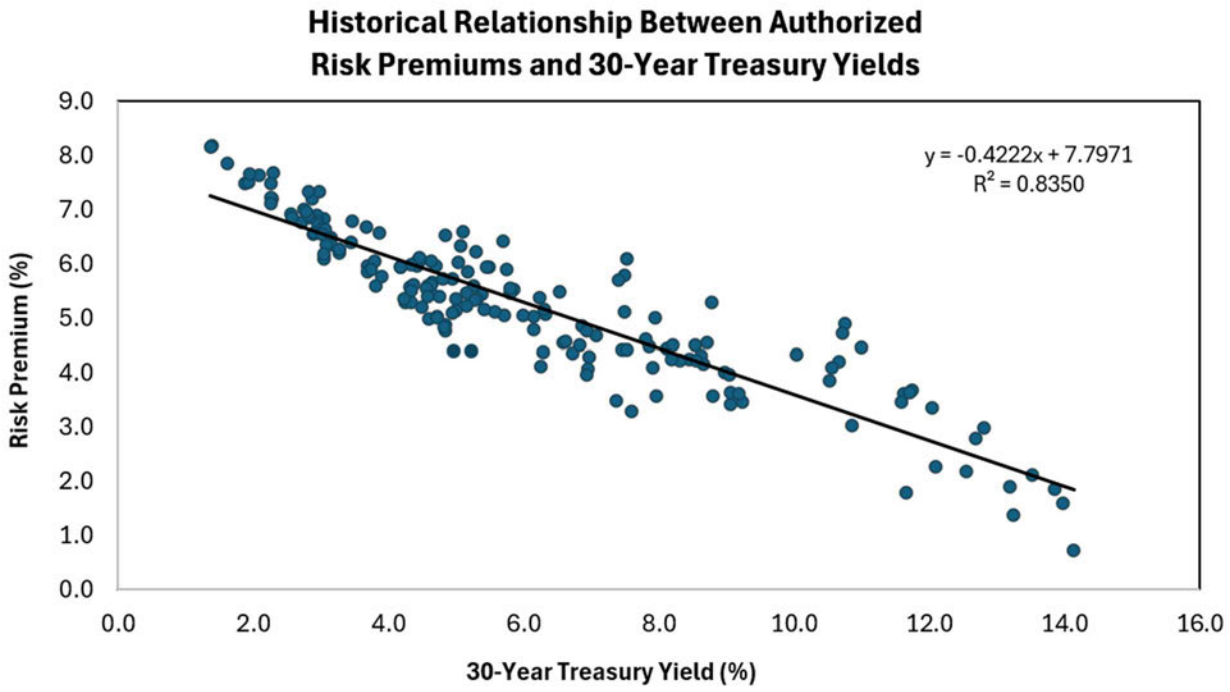
Q3'2003	10.61	5.28	5.33
Q4'2003	10.84	5.25	5.59
Q1'2004	11.06	5.03	6.03
Q2'2004	10.57	5.42	5.15
Q3'2004	10.37	5.15	5.22
Q4'2004	10.66	4.93	5.72
Q1'2005	10.65	4.70	5.95
Q2'2005	10.54	4.47	6.07
Q3'2005	10.47	4.43	6.05
Q4'2005	10.32	4.65	5.66
Q1'2006	10.68	4.63	6.05
Q2'2006	10.60	5.14	5.46
Q3'2006	10.34	4.99	5.34
Q4'2006	10.14	4.74	5.40
Q1'2007	10.52	4.80	5.72
Q2'2007	10.13	4.99	5.14
Q3'2007	10.03	4.95	5.08
Q4'2007	10.12	4.61	5.51
Q1'2008	10.38	4.41	5.96
Q2'2008	10.17	4.57	5.59
Q3'2008	10.55	4.45	6.10
Q4'2008	10.34	3.66	6.68
Q1'2009	10.24	3.46	6.79
Q2'2009	10.11	4.17	5.94
Q3'2009	9.88	4.32	5.56
Q4'2009	10.31	4.34	5.97
Q1'2010	10.24	4.62	5.61
Q2'2010	9.99	4.37	5.61
Q3'2010	10.43	3.86	6.57
Q4'2010	10.09	4.17	5.93
Q1'2011	10.10	4.56	5.54
Q2'2011	9.85	4.34	5.51
Q3'2011	9.65	3.69	5.96
Q4'2011	9.88	3.04	6.83
Q1'2012	9.63	3.14	6.49
Q2'2012	9.83	2.94	6.89
Q3'2012	9.75	2.74	7.01
Q4'2012	10.06	2.86	7.19
Q1'2013	9.57	3.13	6.43
Q2'2013	9.48	3.14	6.34
Q3'2013	9.60	3.71	5.89
Q4'2013	9.83	3.79	6.04
Q1'2014	9.54	3.68	5.86
Q2'2014	9.84	3.44	6.39
Q3'2014	9.45	3.27	6.18
Q4'2014	10.28	2.97	7.32
Q1'2015	9.47	2.55	6.92
Q2'2015	9.43	2.88	6.55
Q3'2015	9.75	2.96	6.79

Historical Authorized ROEs and Indicated Risk Premiums

Q4'2015	9.68	2.96	6.72
Q1'2016	9.48	2.72	6.76
Q2'2016	9.42	2.57	6.85
Q3'2016	9.47	2.28	7.19
Q4'2016	9.67	2.83	6.84
Q1'2017	9.13	3.05	6.08
Q2'2017	9.47	2.90	6.57
Q3'2017	10.14	2.82	7.32
Q4'2017	9.70	2.82	6.88
Q1'2018	9.68	3.03	6.65
Q2'2018	9.43	3.09	6.34
Q3'2018	9.68	3.06	6.62
Q4'2018	9.53	3.27	6.26
Q1'2019	9.55	3.01	6.54
Q2'2019	9.73	2.78	6.95
Q3'2019	9.95	2.29	7.66
Q4'2019	9.74	2.25	7.48
Q1'2020	9.35	1.87	7.48
Q2'2020	9.55	1.38	8.17
Q3'2020	9.52	1.36	8.16
Q4'2020	9.46	1.62	7.84
Q1'2021	9.71	2.09	7.62
Q2'2021	9.48	2.26	7.22
Q3'2021	9.43	1.93	7.50
Q4'2021	9.59	1.94	7.65
Q1'2022	9.38	2.26	7.12
Q2'2022	9.23	3.04	6.18
Q3'2022	9.52	3.26	6.26
Q4'2022	9.65	3.90	5.75
Q1'2023	9.64	3.75	5.89
Q2'2023	9.40	3.81	5.59
Q3'2023	9.53	4.24	5.29
Q4'2023	9.57	4.59	4.98
Q1'2024	9.62	4.33	5.29
Q2'2024	9.97	4.58	5.39
Q3'2024	9.58	4.23	5.35
Q4'2024	9.69	4.49	5.19
Q1'2025	9.73	4.71	5.02
Q2'2025	9.69	4.83	4.86
Q3'2025	9.60	4.85	4.75
Q4'2025	9.71	4.71	4.99
Q1'2026	9.63	4.82	4.82
Q2'2026	9.35	4.96	4.39
Q3'2026	9.61	5.23	4.39

[1] Regulatory Research Associates; data screened by AK Capital Consulting, LLC
[2] Federal Reserve Bank of St. Louis (FRED)
[3] Equals [1] minus [2]

Spire Missouri Inc. **Schedule SEA-12**
GR-2027-0075 **Risk Premium Model Regression Analysis**

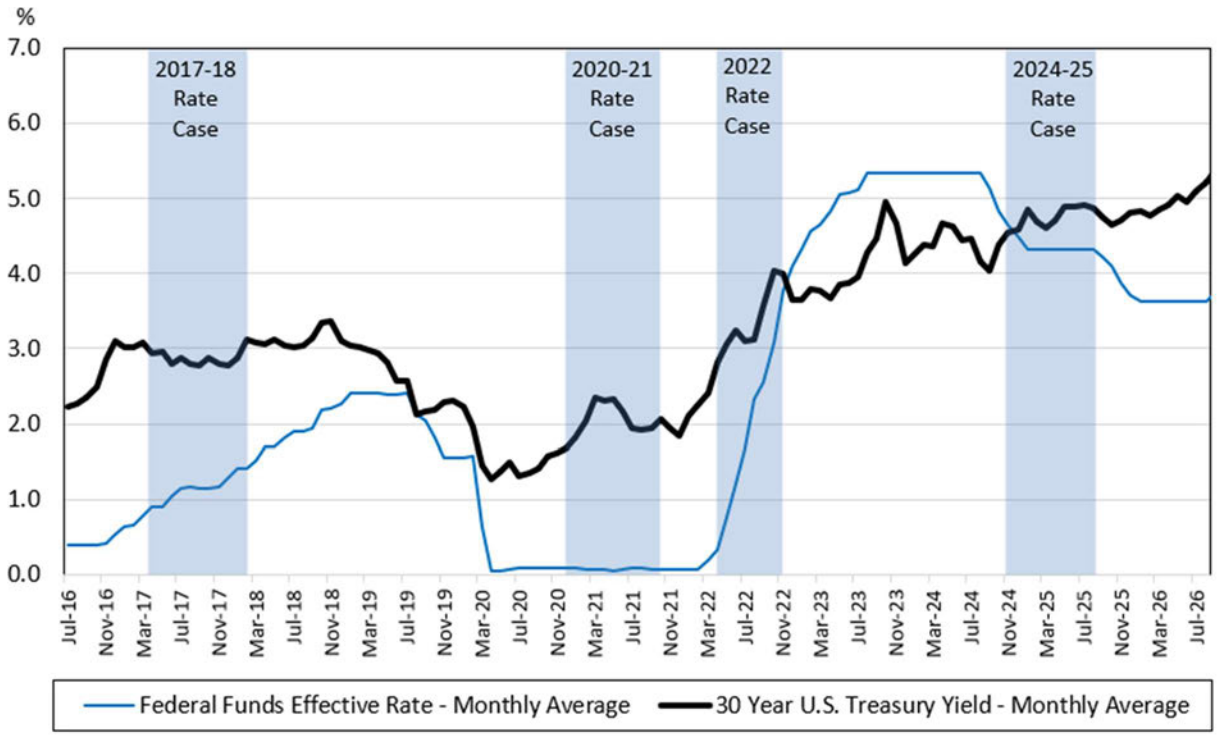


Regression Statistics	
Multiple R	0.9138
R Square	0.8350
Adjusted R Square	0.8340
Standard Error	0.5693
Observations	183

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	296.7783	296.7783	915.6865	1.00843E-72
Residual	181	58.6630	0.3241		
Total	182	355.4413			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	7.7971	0.0938	83.1525	0.0000	7.6121	7.9821	7.6121	7.9821
Average 30-Year Treasury Yield (%)	-0.4222	0.0140	-30.2603	0.0000	-0.4497	-0.3946	-0.4497	-0.3946



Source: Federal Reserve Board of Governors via FRED; RRA rate case details
Note: Shaded periods represent the filing-to-decision period for Spire Missouri general rate cases.

Spire Missouri Inc.
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Schedule SEA-14
U.S. PCE Inflation



Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis
Personal Consumption Expenditures: Chain-type Price Index, Percent Change from Year Ago, Monthly, Seasonally Adjusted

Spire Missouri Inc. **Schedule SEA-15**
GR-2027-0075 **Spire Missouri Size Relative to the Proxy Group**

Company Name	Ticker Symbol	[1] Total Assets FY2025 ($ thousands)	[2] Total Revenue FY2025 ($ thousands)	[3] Total Net PP&E FY2025 ($ thousands)
Atmos Energy Corp.	ATO	28,249,522	4,702,755	25,586,924
Chesapeake Utilities Corp.	CPK	3,994,800	930,000	3,128,300
New Jersey Resources Corp.	NJR	7,578,775	2,036,412	5,995,695
NiSource Inc.	NI	35,858,700	6,642,200	28,714,000
Northwest Natural Holding Co.	NWN	6,167,041	1,289,363	4,420,237
ONE Gas, Inc.	OGS	8,853,084	2,427,428	7,135,498
Average		**15,116,987**	**3,004,693**	**12,496,776**
Median		**8,215,930**	**2,231,920**	**6,565,597**
Spire Missouri Inc.		6,349,800	1,544,100	4,785,100
Size relative to average		**0.4X**	**0.5X**	**0.4X**
Size relative to median		**0.8X**	**0.7X**	**0.7X**

[1] [2] [3] S&P Capital IQ Screener, accessed June 28, 2026; fiscal year 2025

Spire Missouri Inc. **Schedule SEA-16**
GR-2027-0075 **Spire Missouri Jurisdictional Diversity Relative to the Proxy Group**

Company Name	Ticker	States Served (Regulated Utility Ops.) [1]
Atmos Energy Corp.	ATO	8
Chesapeake Utilities Corp.	CPK	3
New Jersey Resources Corp.	NJR	1
NiSource Inc.	NI	6
Northwest Natural Holding Co.	NWN	3
ONE Gas, Inc.	OGS	3
Avg. Number of States		**4**
Median Number of States		**3**
Spire Missouri Inc.		**1**

[1] Company filings; NWN excludes smaller water jurisdictions

Spire Missouri Inc.
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Schedule SEA-17
Capital Investment and Credit Rating Comparison

		[1]	[2]	[3]	[4]	[5]
Company Name	**Ticker**	**Total Net PP&E FY2025** ($ billions)	**2026-2030 CapEx Plan** ($ billions)	**CapEx as a multiple of PP&E**	**S&P Global Credit Rating**	**S&P Global Rating Outlook**
Atmos Energy Corp.	ATO	25.6	26.0	1.02	A-	Stable
Chesapeake Utilities Corp.	CPK	3.1	N/A	N/A	NR	NR
New Jersey Resources Corp.	NJR	6.0	5.0	0.83	NR	NR
NiSource Inc.	NI	28.7	28.6	1.00	BBB+	Stable
Northwest Natural Holding Co.	NWN	4.4	2.75	0.62	A-	Stable
ONE Gas, Inc.	OGS	7.1	4.3	0.60	A-	Stable
Average				**0.81**	**S&P Credit Rating Range:**	
Median				**0.83**	**BBB+ to A-**	
Spire Missouri Inc.		**4.8**	**3.0**	**0.62**	**BBB+**	**Stable**

[1] S&P Capital IQ, fiscal year 2025
[2] Company SEC filings and investor materials available as of September 30, 2026; CPK does not provide forecasted capital expenditures for the period 2026-2030
[3] Equals [2] divided by [1]
[4] S&P Global Ratings, S&P Capital IQ
[5] S&P Global Ratings, S&P Capital IQ

Spire Missouri Inc.
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Schedule SEA-18
RRA Regulatory Environment Jurisdictional Comparison

Company (Ticker)	Jurisdiction	[1] RRA Ranking	[2] Numeric Value	[3] Company Average
Atmos Energy Corp (ATO) -TX represents ~75% of rate base	Texas (RRC)	Average-1	6	5.9
	Louisiana (PSC)	Average-1	6	
	Mississippi	Above Average-3	7	
	Kentucky	Average-2	5	
	Tennessee	Above Average-3	7	
	Kansas	Average-3	4	
	Colorado	Average-1	6	
	Virginia	Average-1	6	
Chesapeake Utilities Corp. (CPK)	Florida	Above Average-2	8	4.3
	Delaware	Average-3	4	
	Maryland	Below Average-3	1	
NiSource Inc. (NI) -VA, KY & MD combined are <10% of rate base	Indiana	Average-2	5	5.0
	Ohio	Average-1	6	
	Pennsylvania	Above Average-3	7	
	Virginia	Average-1	6	
	Kentucky	Average-2	5	
	Maryland	Below Average-3	1	
New Jersey Resources Corp. (NJR)	New Jersey	Average-3	4	4.0
Northwest Natural Holding Co. (NWN) -OR is >70% of rate base -Excludes NW Natural Water	Oregon	Average-3	4	4.7
	Texas (RRC)	Average-1	6	
	Washington	Average-3	4	
ONE Gas Inc. (OGS)	Oklahoma	Average-3	4	4.7
	Texas (RRC)	Average-1	6	
	Kansas	Average-3	4	
Jurisdiction Average / Company Average (equal-weighted)			**5.1**	**4.8**
Jurisdiction Median / Company Median			**5.5**	**4.7**
Spire Missouri Inc.	**Missouri**	**Average-2**	**5.0**	

[1] RRA Ranking System	[2] Numeric Value
Above Average-1	9
Above Average-2	8
Above Average-3	7
Average-1	6
Average-2	5
Average-3	4
Below Average-1	3
Below Average-2	2
Below Average-3	1

[1] Regulatory Research Associates (RRA), a division of S&P Capital IQ; rankings as of September 30, 2026
[2] Numeric values and colors assigned by AK Capital Consulting for comparative purposes
[3] Jurisdiction rankings in company averages are equal-weighted

Spire Missouri Inc. **Schedule SEA-19**
GR-2027-0075 **S&P Global Regulatory Environment Jurisdictional Comparison**

Company (Ticker)	Jurisdiction	[1] S&P Global Regulatory Assessment	[2] Numeric Value	[3] Company Average
Atmos Energy Corp (ATO) -TX represents ~75% of rate base	Texas (RRC)	Highly Credit Supportive	4	4.0
	Louisiana	Highly Credit Supportive	4	
	Mississippi	Highly Credit Supportive	4	
	Kentucky	Most Credit Supportive	5	
	Tennessee	Highly Credit Supportive	4	
	Kansas	Highly Credit Supportive	4	
	Colorado	Very Credit Supportive	3	
	Virginia	Highly Credit Supportive	4	
Chesapeake Utilities Corp. (CPK)	Florida	Most Credit Supportive	5	3.7
	Delaware	Very Credit Supportive	3	
	Maryland	Very Credit Supportive	3	
NiSource Inc. (NI) -VA, KY & MD combined are <10% of rate base	Indiana	Highly Credit Supportive	4	3.8
	Ohio	Very Credit Supportive	3	
	Pennsylvania	Highly Credit Supportive	4	
	Virginia	Highly Credit Supportive	4	
	Kentucky	Most Credit Supportive	5	
	Maryland	Very Credit Supportive	3	
New Jersey Resources Corp. (NJR)	New Jersey	More Credit Supportive	2	2.0
Northwest Natural Holding Co. (NWN) -OR is >70% of rate base -Excludes NW Natural Water	Oregon	More Credit Supportive	2	3.0
	Texas (RRC)	Highly Credit Supportive	4	
	Washington	Very Credit Supportive	3	
ONE Gas Inc. (OGS)	Oklahoma	Very Credit Supportive	3	3.7
	Texas (RRC)	Highly Credit Supportive	4	
	Kansas	Highly Credit Supportive	4	
Jurisdiction Average / Company Average (equal-weighted)			**3.7**	**3.4**
Jurisdiction Median / Company Median			**4.0**	**3.7**
Spire Missouri Inc.	**Missouri**	**Highly Credit Supportive**	**4.0**	

[1] S&P Global Ranking System	[2] Numeric Value
Most Crediit Supportive	5
Highly Credit Supportive	4
Very Credit Supportive	3
More Credit Supportive	2
Credit Supportive	1

[1] S&P Global Ratings; *North American Utility Regulatory Jurisdictions: Notable Developments* , May 7, 2026
[2] Numeric values and colors assigned by AK Capital Consulting for comparative purposes
[3] Jurisdiction rankings in company averages are equal-weighted

Spire Missouri Inc. **Schedule SEA-20**
GR-2027-0075 **Comparison of Authorized ROEs by Test Year Methodology**

Test Year Methodology	All Cases (%)	Gas-Only Cases (%)
Historical	9.68	9.69
Partially Forecast	9.73	9.74
Fully Forecast	9.70	9.73

Data from RRA Rate Case Screener, cases decided 6/30/23 through 6/30/26; screening and analysis by AK Capital Consulting, LLC
Notes: Values represent the average authorized ROE for each jurisdiction over the study period.
Each jurisdiction is weighted equally regardless of the number of proceedings.
Excludes annual formula-rate-plan updates and rider or other limited-issue proceedings; includes CA cost of capital proceedings.

Spire Missouri Inc.
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Schedule SEA-21

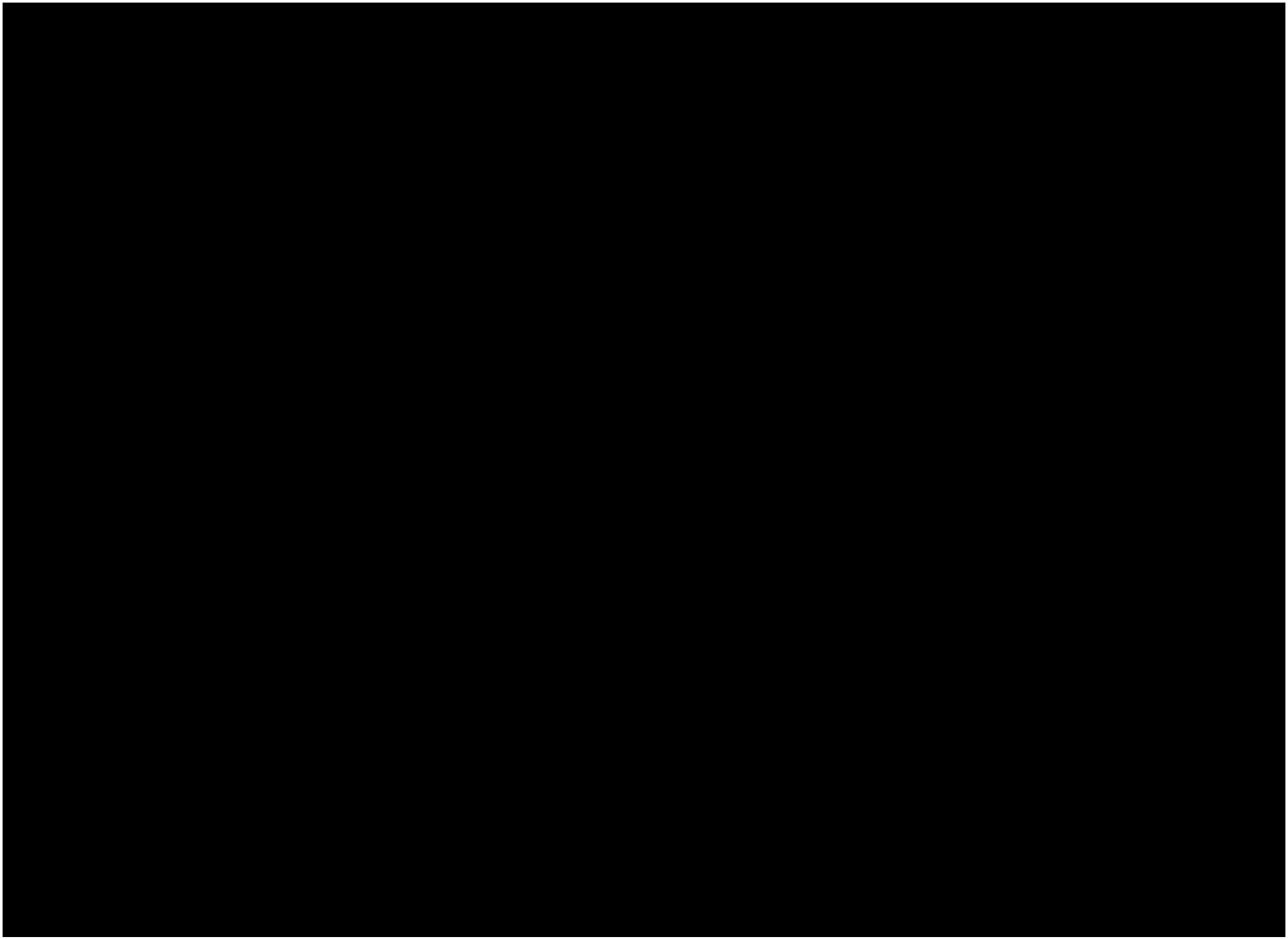
Spire Missouri Regulatory Framework Relative to the Proxy Group

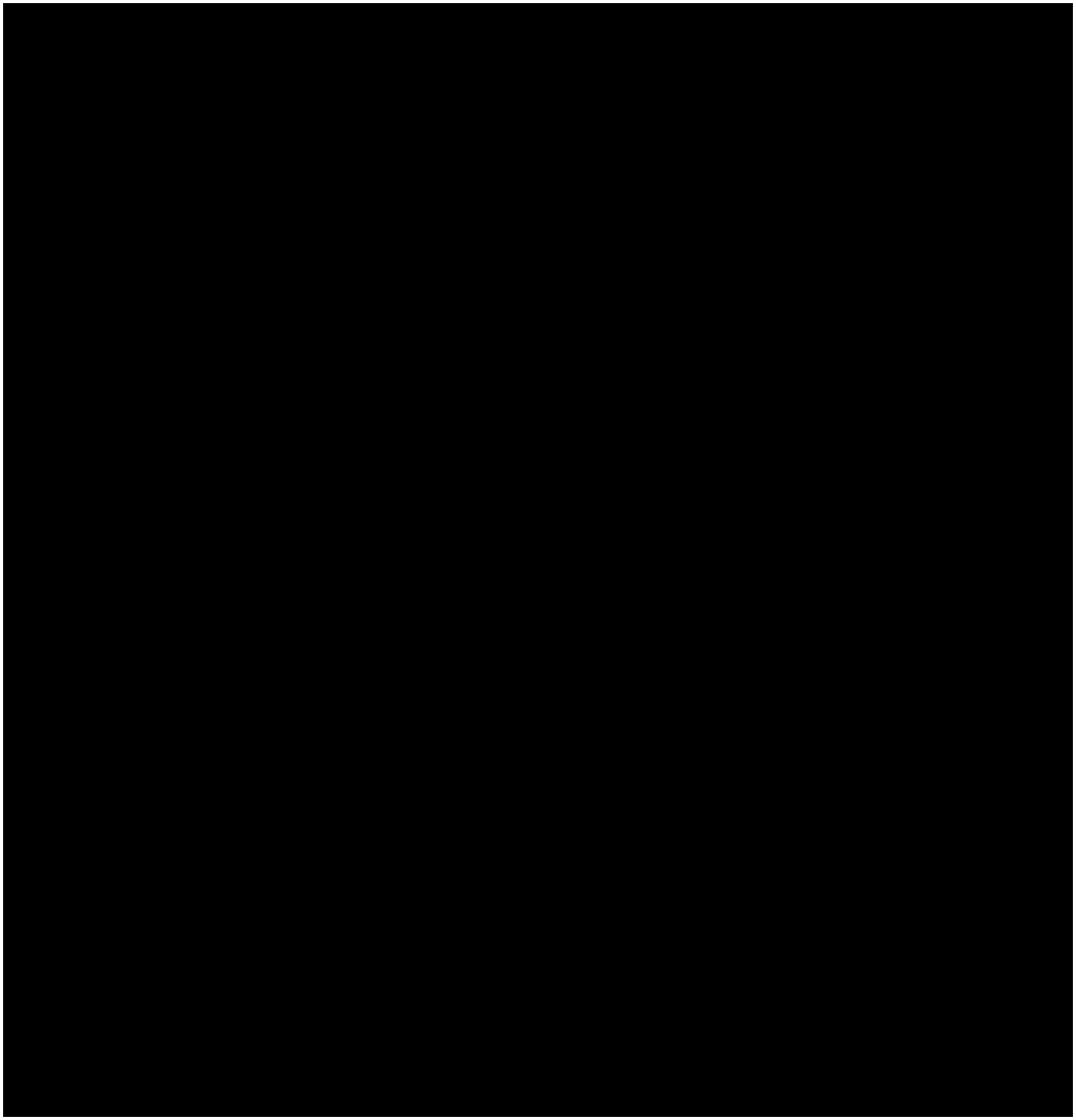
		[1]	[2]	[3]	[4]	[5]
Company (Ticker)	**Jurisdiction**	**Test Year Convention**	**Capital Recovery Mechanism / Deferral**	**Decoupling / Weather Norm. / Straight-Fixed-Variable Rate Design**	**Formula Rate Plan**	**Multi-Year Rate Plan**
Atmos Energy Corp. (ATO) -TX represents ~75% of rate base	Texas (RRC)	Historical	✓	✓	✓	
	Louisiana (PSC)	Historical	✓	✓	✓	
	Mississippi	Historical	✓	✓	✓	
	Kentucky	Fully Forecast	✓	✓		
	Tennessee	Historical	✓	✓	✓	
	Kansas	Historical	✓	✓		
	Colorado	Historical	✓			
	Virginia	Historical	✓	✓		
Chesapeake Utilities Corp. (CPK)	Florida	Fully Forecast	✓			
	Delaware	Historical	✓			
	Maryland	Historical		✓		
NiSource Inc. (NI) -VA, KY & MD combined are <10% of rate base	Indiana	Fully Forecast	✓	✓		
	Ohio	Partially Forecast	✓	✓		
	Pennsylvania	Fully Forecast	✓	✓		
	Virginia	Fully Forecast	✓	✓		
	Kentucky	Fully Forecast	✓	✓		
	Maryland	Historical		✓		
New Jersey Resources Corp. (NJR)	New Jersey	Partially Forecast	✓	✓		
Northwest Natural Holding Co. (NWN)	Oregon	Fully Forecast	✓	✓		
-OR is >70% of rate base	Texas (RRC)	Historical	✓	✓		
-Excludes NW Natural Water	Washington	Historical				✓
ONE Gas Inc. (OGS)	Oklahoma	Historical		✓	✓	
	Texas (RRC)	Historical	✓	✓		
	Kansas	Historical	✓	✓		

Count: Test Year Convention			Capex Recovery			Usage/Weather Mechanism		
Fully Forecast	7	29%	Yes	20	83%	Yes	20	83%
Partially Forecast	2	8%	No	4	17%	No	4	17%
Historical	15	63%						

Spire Missouri Inc.	**Missouri**	Fully Forecast [6]	✓	✓ [7]

[1] Test year determination based on rate case details provided by Regulatory Research Associates
[2] [3] [4] [5] Company SEC filings, investor presentations, and conference call transcripts
[6] Missouri test year convention assumes the use of forward test years as allowed under SB 4 (previously used historical test year)
[7] Meaningful exposure to weather remains under Spire Missouri's current WNAR mechanism; comparison to proxy group depends on potential reform in this proceeding





Spire Missouri Inc. **Schedule SEA-24**
GR-2027-0075 **Authorized Equity Ratio Statistics, Trailing Twelve Quarters**

	Average	Low	High
2023 Q4	51.5	48.0	56.1
2024 Q1	53.1	50.9	59.1
2024 Q2	53.8	50.0	60.6
2024 Q3	49.9	48.0	52.4
2024 Q4	52.6	45.3	59.6
2025 Q1	50.1	48.0	52.5
2025 Q2	52.6	43.2	61.0
2025 Q3	50.7	48.0	53.5
2025 Q4	51.5	47.8	56.1
2026 Q1	54.1	48.0	59.9
2026 Q2	54.0	54.0	54.0
2026 Q3	51.9	50.0	54.5

Source: Regulatory Research Associates Rate Case Details; screening and analysis by AK Capital Consulting

Spire Missouri Inc. **Schedule SEA-25**
GR-2027-0075 **Proxy Group Authorized Equity Ratios**

Company (Ticker)	Jurisdiction	[1] Last Authorized (%) Equity Ratio	[2] Company Average (%)
Atmos Energy Corp (ATO) -TX represents ~75% of rate base	Texas (RRC)	61.0	56.5
	Louisiana	58.0	
	Mississippi	50.0	
	Kentucky	53.5	
	Tennessee	58.0	
	Kansas	NA	
	Colorado	54.0	
	Virginia	61.0	
Chesapeake Utilities Corp. (CPK)	Florida	NM	52.0
	Delaware	52.0	
	Maryland	NA	
NiSource Inc. (NI) -VA, KY & MD combined are <10% of rate base	Indiana	NM	50.6
	Ohio	50.6	
	Pennsylvania	54.4	
	Virginia	43.2	
	Kentucky	52.6	
	Maryland	52.2	
New Jersey Resources Corp. (NJR)	New Jersey	54.0	54.0
Northwest Natural Holding Co. (NWN)	Oregon	50.0	50.0
-OR is >70% of rate base	Texas (RRC)	NA	
-Excludes NW Natural Water	Washington	50.0	
ONE Gas Inc. (OGS)	Oklahoma	58.6	59.2
	Texas (RRC)	59.9	
	Kansas	NA	
Jurisdictional Average / Company Average (equal-weighted)		**54.1**	**53.7**
Jurisdictional Median / Company Median		**53.8**	**53.0**
Highest Authorized Capital Structure		**61.0**	**59.2**
Lowest Authorized Equity Ratio		**43.2**	**50.0**

[1] Company filings and Regulatory Research Associates rate case details
[2] Average of individual company jurisdictions
NM - Not Meaningful; state includes cost-free sources of capital in capital structure
NA - Not Available; recent case(s) did not specify authorized capital structure

Spire Missouri Inc.
GR-2027-0075

Schedule SEA-26
Cost of Long-Term Debt

						UNAMORTIZED BALANCES					ANNUALIZED AMORTIZATION				
SERIES	COUPON	ISSUED	MATURITY	PRINCIPAL	OUTSTANDING	DISC/(PREM) & ISSUANCE EXP	INT HEDGE (GAIN)/LOSS EXP	LOSS	CARRYING VALUE	ANNUALIZED COUPON INTEREST	DISC/(PREM) & ISSUANCE EXP	INT HEDGE (GAIN)/LOSS EXP	LOSS	ANNUALIZED EXP	**EMBEDDED COST**
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
First Mortgage Bonds	7.000%	01-Jun-19	01-Jun-29	$25,000,000	$19,285,000	4,168				$1,349,950	6,252				
First Mortgage Bonds	2.840%	12-Nov-19	15-Nov-29	$275,000,000	$275,000,000	174,907	690,082			$7,810,000	155,473	613,406			
First Mortgage Bonds	4.600%	23-Oct-25	15-Sep-30	$150,000,000	$150,000,000	323,545				$6,900,000	200,289				
First Mortgage Bonds	7.900%	21-Sep-00	15-Sep-30	$30,000,000	$30,000,000	23,406				$2,370,000	13,157				
First Mortgage Bonds	4.880%	01-May-25	15-Sep-30	$90,000,000	$90,000,000	211,749				$4,392,000	108,127				
First Mortgage Bonds	4.650%	23-Oct-25	15-Jan-31	$50,000,000	$50,000,000	128,757				$2,325,000	57,226				
First Mortgage Bonds	5.120%	01-May-25	15-Sep-32	$60,000,000	$60,000,000	207,956				$3,072,000	52,536				
First Mortgage Bonds	3.680%	15-Sep-17	15-Sep-32	$50,000,000	$50,000,000	87,897				$1,840,000	22,205	(82,415)			
First Mortgage Bonds	4.800%	15-Feb-23	15-Feb-33	$400,000,000	$400,000,000	1,737,704	(7,658,954)			$19,200,000	397,190	(1,750,618)			
First Mortgage Bonds	6.000%	28-Apr-04	01-May-34	$100,000,000	$99,245,000	260,978				$5,954,700	53,500				
First Mortgage Bonds	5.150%	13-Aug-24	15-Aug-34	$320,000,000	$320,000,000	2,400,088	(11,795,808)			$16,480,000	408,526	(2,007,797)			
First Mortgage Bonds	6.150%	09-Jun-06	01-Jun-36	$55,000,000	$54,500,000	179,113				$3,351,750	24,070				
First Mortgage Bonds	4.625%	13-Aug-13	15-Aug-43	$100,000,000	$99,945,000	835,932	(5,203,030)			$4,622,456	59,007	(349,784)			
First Mortgage Bonds	4.230%	15-Sep-17	15-Sep-47	$70,000,000	$70,000,000	256,046	(2,337,259)			$2,961,000	13,506	(52,274)			
First Mortgage Bonds	3.300%	20-May-21	01-Jun-51	$305,000,000	$305,000,000	3,337,215	8,422,891			$10,065,000	150,116	372,283			
First Mortgage Bonds	4.380%	15-Sep-17	15-Sep-57	$50,000,000	$50,000,000	183,116				$2,190,000	6,323	(53,802)			
First Mortgage Bonds	6.200%	08-Oct-26	15-Oct-36	$350,000,000	$350,000,000	3,918,469	(31,939,586)			$21,700,000	489,809	(3,992,448)			
TOTAL LONG-TERM DEBT				$2,480,000,000	$2,472,975,000	14,271,045	(49,821,664)	5,242,237	$2,503,283,381	$116,583,856	2,217,313	($7,303,449)	281,456	$111,779,176	**4.465%**

Spire Missouri Annualized Cost of Long-Term Debt at 9/30/26 Pro Forma for Fiscal Year 2028
Carrying Value = Face Amount Outstanding less Unamortized Discount & Issuance Expenses, Int Hedge Expenses, and Loss on Reacquired Debt
J = F - G - H - I
Annualized Expense = Annual Coupon Interest plus Annual Amortization of Discount & Issuance Expenses, Int Hedge Expenses, and Loss on Reacquired Debt
O = K + L + M + N
Embedded Cost = Annualized Expense divided by Carrying Value
P = O / J
Source: Company Data