

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549**

**FORM 10-Q**

(Mark One)

- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
**For the quarterly period ended December 31, 2020**
- or
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

| Commission<br>File Number | Name of Registrant, Address of Principal<br>Executive Offices and Telephone Number                | State of<br>Incorporation | I.R.S. Employer<br>Identification Number |
|---------------------------|---------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------|
| 1-16681                   | <b>Spire Inc.</b><br>700 Market Street<br>St. Louis, MO 63101<br>314-342-0500                     | Missouri                  | 74-2976504                               |
| 1-1822                    | <b>Spire Missouri Inc.</b><br>700 Market Street<br>St. Louis, MO 63101<br>314-342-0500            | Missouri                  | 43-0368139                               |
| 2-38960                   | <b>Spire Alabama Inc.</b><br>605 Richard Arrington Blvd N<br>Birmingham, AL 35203<br>205-326-8100 | Alabama                   | 63-0022000                               |

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (only applicable for Spire Inc.):

| Title of each class                                                                                                                                                                   | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------|
| Common Stock \$1.00 par value                                                                                                                                                         | SR                | New York Stock Exchange LLC               |
| Depository Shares, each representing a 1/1,000 <sup>th</sup> interest<br>in a share of 5.90% Series A Cumulative Redeemable<br>Perpetual Preferred Stock, par value \$25.00 per share | SR.PRA            | New York Stock Exchange LLC               |

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such report) and (2) has been subject to such filing requirements for the past 90 days.

|                     |                                         |                             |
|---------------------|-----------------------------------------|-----------------------------|
| Spire Inc.          | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Spire Missouri Inc. | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Spire Alabama Inc.  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Indicate by check mark whether each registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

|                     |                                         |                             |
|---------------------|-----------------------------------------|-----------------------------|
| Spire Inc.          | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Spire Missouri Inc. | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Spire Alabama Inc.  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                     | Large<br>accelerated filer | Accelerated<br>filer | Non-<br>accelerated filer | Smaller<br>reporting<br>company | Emerging<br>growth company |
|---------------------|----------------------------|----------------------|---------------------------|---------------------------------|----------------------------|
| Spire Inc.          | X                          |                      |                           |                                 |                            |
| Spire Missouri Inc. |                            |                      | X                         |                                 |                            |
| Spire Alabama Inc.  |                            |                      | X                         |                                 |                            |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

|                     |                          |
|---------------------|--------------------------|
| Spire Inc.          | <input type="checkbox"/> |
| Spire Missouri Inc. | <input type="checkbox"/> |
| Spire Alabama Inc.  | <input type="checkbox"/> |

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

|                     |                              |                                        |
|---------------------|------------------------------|----------------------------------------|
| Spire Inc.          | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Spire Missouri Inc. | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Spire Alabama Inc.  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

The number of shares outstanding of each registrant's common stock as of January 31, 2021, was as follows:

|                     |                                                                    |            |
|---------------------|--------------------------------------------------------------------|------------|
| Spire Inc.          | Common Stock, par value \$1.00 per share                           | 51,664,553 |
| Spire Missouri Inc. | Common Stock, par value \$1.00 per share (all owned by Spire Inc.) | 24,577     |
| Spire Alabama Inc.  | Common Stock, par value \$0.01 per share (all owned by Spire Inc.) | 1,972,052  |

Spire Missouri Inc. and Spire Alabama Inc. meet the conditions set forth in General Instructions H(1)(a) and (b) to Form 10-Q and are therefore filing this Form 10-Q with the reduced disclosure format specified in General Instructions H(2) to Form 10-Q.

This combined Form 10-Q represents separate filings by Spire Inc., Spire Missouri Inc., and Spire Alabama Inc. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Each registrant makes no representation as to information relating to the other registrants, except that information relating to Spire Missouri Inc. and Spire Alabama Inc. are also attributed to Spire Inc.

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## GLOSSARY OF KEY TERMS AND ABBREVIATIONS

|                      |                                                                                                                          |                           |                                                                              |
|----------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------------------------|
| <b>APSC</b>          | Alabama Public Service Commission                                                                                        | <b>PGA</b>                | Purchased Gas Adjustment                                                     |
| <b>ASC</b>           | Accounting Standards Codification                                                                                        | <b>RSE</b>                | Rate Stabilization and Equalization                                          |
| <b>Company</b>       | Spire Inc.                                                                                                               | <b>SEC</b>                | U.S. Securities and Exchange Commission                                      |
| <b>Degree days</b>   | The average of a day's high and low temperature below 65, subtracted from 65, multiplied by the number of days impacted  | <b>Spire</b>              | Spire Inc.                                                                   |
| <b>FASB</b>          | Financial Accounting Standards Board                                                                                     | <b>Spire Alabama</b>      | Spire Alabama Inc.                                                           |
| <b>FERC</b>          | Federal Energy Regulatory Commission                                                                                     | <b>Spire EnergySouth</b>  | Spire EnergySouth Inc., the parent of Spire Gulf and Spire Mississippi       |
| <b>GAAP</b>          | Accounting principles generally accepted in the United States of America                                                 | <b>Spire Gulf</b>         | Spire Gulf Inc.                                                              |
| <b>Gas Marketing</b> | Segment including Spire Marketing, which is engaged in the non-regulated marketing of natural gas and related activities | <b>Spire Marketing</b>    | Spire Marketing Inc.                                                         |
| <b>Gas Utility</b>   | Segment including the regulated operations of the Utilities                                                              | <b>Spire Mississippi</b>  | Spire Mississippi Inc.                                                       |
| <b>GSA</b>           | Gas Supply Adjustment                                                                                                    | <b>Spire Missouri</b>     | Spire Missouri Inc.                                                          |
| <b>ISRS</b>          | Infrastructure System Replacement Surcharge                                                                              | <b>Spire STL Pipeline</b> | Spire STL Pipeline LLC                                                       |
| <b>MoPSC</b>         | Missouri Public Service Commission                                                                                       | <b>Spire Storage</b>      | Spire's physical natural gas storage operations at two facilities in Wyoming |
| <b>MSPSC</b>         | Mississippi Public Service Commission                                                                                    | <b>U.S.</b>               | United States                                                                |
| <b>O&amp;M</b>       | Operation and maintenance expense                                                                                        | <b>Utilities</b>          | Spire Missouri, Spire Alabama and the subsidiaries of Spire EnergySouth      |

## **PART I. FINANCIAL INFORMATION**

The interim financial statements included herein have been prepared by three separate registrants — Spire Inc. (“Spire” or the “Company”), Spire Missouri Inc. (“Spire Missouri”) and Spire Alabama Inc. (“Spire Alabama”) — without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the registrants’ combined Form 10-K for the fiscal year ended September 30, 2020.

The Financial Information in this Part I includes separate financial statements (i.e., statements of income and comprehensive income, balance sheets, statements of shareholders’ equity and statements of cash flows) for Spire, Spire Missouri and Spire Alabama. The Notes to Financial Statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations are also included and presented herein on a combined basis for Spire, Spire Missouri and Spire Alabama.

**Item 1. Financial Statements**

**SPIRE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

| <b>(In millions, except per share amounts)</b>        | <b>Three Months Ended</b> |             |
|-------------------------------------------------------|---------------------------|-------------|
|                                                       | <b>December 31,</b>       |             |
|                                                       | <b>2020</b>               | <b>2019</b> |
| Operating Revenues                                    | \$ 512.6                  | \$ 566.9    |
| Operating Expenses:                                   |                           |             |
| Natural gas                                           | 181.2                     | 261.9       |
| Operation and maintenance                             | 111.6                     | 116.6       |
| Depreciation and amortization                         | 50.8                      | 47.5        |
| Taxes, other than income taxes                        | 36.1                      | 38.6        |
| Total Operating Expenses                              | 379.7                     | 464.6       |
| Operating Income                                      | 132.9                     | 102.3       |
| Interest Expense, Net                                 | 25.7                      | 26.7        |
| Other Income, Net                                     | 4.3                       | 5.7         |
| Income Before Income Taxes                            | 111.5                     | 81.3        |
| Income Tax Expense                                    | 22.6                      | 14.3        |
| Net Income                                            | 88.9                      | 67.0        |
| Provision for preferred dividends                     | 3.7                       | 3.7         |
| Income allocated to participating securities          | 0.1                       | 0.1         |
| Net Income Available to Common Shareholders           | \$ 85.1                   | \$ 63.2     |
| Weighted Average Number of Common Shares Outstanding: |                           |             |
| Basic                                                 | 51.5                      | 50.9        |
| Diluted                                               | 51.6                      | 51.1        |
| Basic Earnings Per Common Share                       | \$ 1.65                   | \$ 1.24     |
| Diluted Earnings Per Common Share                     | \$ 1.65                   | \$ 1.24     |

See the accompanying Notes to Financial Statements.

**SPIRE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

| <b>(In millions)</b>                                              | <b>Three Months Ended<br/>December 31,</b> |                |
|-------------------------------------------------------------------|--------------------------------------------|----------------|
|                                                                   | <b>2020</b>                                | <b>2019</b>    |
| Net Income                                                        | \$ 88.9                                    | \$ 67.0        |
| Other Comprehensive Income, Before Tax:                           |                                            |                |
| Cash flow hedging derivative instruments:                         |                                            |                |
| Net hedging gain arising during the period                        | 17.2                                       | 18.9           |
| Amounts reclassified into net income                              | (0.3)                                      | (0.3)          |
| Net gain on cash flow hedging derivative instruments              | 16.9                                       | 18.6           |
| Other Comprehensive Income, Before Tax                            | 16.9                                       | 18.6           |
| Income Tax Expense Related to Items of Other Comprehensive Income | 3.8                                        | 4.2            |
| Other Comprehensive Income, Net of Tax                            | 13.1                                       | 14.4           |
| Comprehensive Income                                              | <u>\$ 102.0</u>                            | <u>\$ 81.4</u> |

See the accompanying Notes to Financial Statements.

**SPIRE INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

| (Dollars in millions, except per share amounts)                                                                                                                                    | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                                                      |                      |                       |                      |
| Utility Plant                                                                                                                                                                      | \$ 6,860.2           | \$ 6,766.3            | \$ 6,256.1           |
| Less: Accumulated depreciation and amortization                                                                                                                                    | 2,113.3              | 2,086.2               | 1,823.8              |
| Net Utility Plant                                                                                                                                                                  | 4,746.9              | 4,680.1               | 4,432.3              |
| Non-utility Property (net of accumulated depreciation and amortization of \$22.2, \$19.0 and \$13.9 at December 31, 2020, September 30, 2020, and December 31, 2019, respectively) | 448.7                | 432.3                 | 518.7                |
| Other Investments                                                                                                                                                                  | 74.8                 | 71.7                  | 74.7                 |
| Total Other Property and Investments                                                                                                                                               | 523.5                | 504.0                 | 593.4                |
| <b>Current Assets:</b>                                                                                                                                                             |                      |                       |                      |
| Cash and cash equivalents                                                                                                                                                          | 3.5                  | 4.1                   | 21.5                 |
| Accounts receivable:                                                                                                                                                               |                      |                       |                      |
| Utility                                                                                                                                                                            | 281.5                | 131.8                 | 282.0                |
| Other                                                                                                                                                                              | 170.4                | 146.4                 | 195.6                |
| Allowance for credit losses                                                                                                                                                        | (28.9)               | (24.9)                | (26.3)               |
| Delayed customer billings                                                                                                                                                          | 13.6                 | 10.0                  | 6.6                  |
| Inventories:                                                                                                                                                                       |                      |                       |                      |
| Natural gas                                                                                                                                                                        | 145.9                | 154.3                 | 149.1                |
| Propane gas                                                                                                                                                                        | 10.7                 | 10.7                  | 10.7                 |
| Materials and supplies                                                                                                                                                             | 27.9                 | 26.5                  | 25.8                 |
| Regulatory assets                                                                                                                                                                  | 70.5                 | 69.5                  | 67.9                 |
| Prepayments                                                                                                                                                                        | 30.8                 | 29.2                  | 30.8                 |
| Other                                                                                                                                                                              | 44.1                 | 33.0                  | 12.7                 |
| Total Current Assets                                                                                                                                                               | 770.0                | 590.6                 | 776.4                |
| <b>Deferred Charges and Other Assets:</b>                                                                                                                                          |                      |                       |                      |
| Goodwill                                                                                                                                                                           | 1,171.6              | 1,171.6               | 1,171.6              |
| Regulatory assets                                                                                                                                                                  | 1,079.2              | 1,069.4               | 750.5                |
| Other                                                                                                                                                                              | 224.4                | 225.5                 | 236.8                |
| Total Deferred Charges and Other Assets                                                                                                                                            | 2,475.2              | 2,466.5               | 2,158.9              |
| Total Assets                                                                                                                                                                       | \$ 8,515.6           | \$ 8,241.2            | \$ 7,961.0           |

**SPIRE INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)**  
**(UNAUDITED)**

|                                                                                                                                                                                                                                              | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|----------------------|
| <b>CAPITALIZATION AND LIABILITIES</b>                                                                                                                                                                                                        |                      |                       |                      |
| Capitalization:                                                                                                                                                                                                                              |                      |                       |                      |
| Preferred stock (\$25.00 par value per share; 10.0 million<br>depository shares authorized, issued and outstanding at<br>December 31, 2020, September 30, 2020, and December 31,<br>2019)                                                    | \$ 242.0             | \$ 242.0              | \$ 242.0             |
| Common stock (par value \$1.00 per share; 70.0 million shares<br>authorized; 51.7 million, 51.6 million, and 51.1 million shares<br>issued and outstanding at December 31, 2020, September 30,<br>2020, and December 31, 2019, respectively) | 51.7                 | 51.6                  | 51.1                 |
| Paid-in capital                                                                                                                                                                                                                              | 1,550.0              | 1,549.2               | 1,506.7              |
| Retained earnings                                                                                                                                                                                                                            | 771.2                | 720.7                 | 803.1                |
| Accumulated other comprehensive loss                                                                                                                                                                                                         | (28.1)               | (41.2)                | (16.9)               |
| Total Shareholders' Equity                                                                                                                                                                                                                   | 2,586.8              | 2,522.3               | 2,586.0              |
| Temporary equity                                                                                                                                                                                                                             | 5.3                  | 3.4                   | 4.1                  |
| Long-term debt (less current portion)                                                                                                                                                                                                        | 2,517.6              | 2,423.7               | 2,484.4              |
| Total Capitalization                                                                                                                                                                                                                         | 5,109.7              | 4,949.4               | 5,074.5              |
| Current Liabilities:                                                                                                                                                                                                                         |                      |                       |                      |
| Current portion of long-term debt                                                                                                                                                                                                            | 110.8                | 60.4                  | 45.3                 |
| Notes payable                                                                                                                                                                                                                                | 696.1                | 648.0                 | 518.9                |
| Accounts payable                                                                                                                                                                                                                             | 260.8                | 243.3                 | 307.9                |
| Advance customer billings                                                                                                                                                                                                                    | 43.2                 | 45.3                  | 31.4                 |
| Wages and compensation accrued                                                                                                                                                                                                               | 26.7                 | 46.3                  | 35.4                 |
| Customer deposits                                                                                                                                                                                                                            | 30.9                 | 30.6                  | 36.5                 |
| Taxes accrued                                                                                                                                                                                                                                | 41.2                 | 71.4                  | 43.8                 |
| Regulatory liabilities                                                                                                                                                                                                                       | 95.5                 | 113.0                 | 50.0                 |
| Other                                                                                                                                                                                                                                        | 241.5                | 190.9                 | 183.3                |
| Total Current Liabilities                                                                                                                                                                                                                    | 1,546.7              | 1,449.2               | 1,252.5              |
| Deferred Credits and Other Liabilities:                                                                                                                                                                                                      |                      |                       |                      |
| Deferred income taxes                                                                                                                                                                                                                        | 541.9                | 511.4                 | 475.3                |
| Pension and postretirement benefit costs                                                                                                                                                                                                     | 289.2                | 309.0                 | 260.7                |
| Asset retirement obligations                                                                                                                                                                                                                 | 545.6                | 540.1                 | 340.9                |
| Regulatory liabilities                                                                                                                                                                                                                       | 357.3                | 343.7                 | 417.8                |
| Other                                                                                                                                                                                                                                        | 125.2                | 138.4                 | 139.3                |
| Total Deferred Credits and Other Liabilities                                                                                                                                                                                                 | 1,859.2              | 1,842.6               | 1,634.0              |
| Commitments and Contingencies (Note 10)                                                                                                                                                                                                      |                      |                       |                      |
| Total Capitalization and Liabilities                                                                                                                                                                                                         | \$ 8,515.6           | \$ 8,241.2            | \$ 7,961.0           |

See the accompanying Notes to Financial Statements.

**SPIRE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

| (Dollars in millions)                                   | Common Stock<br>Shares | Par            | Preferred<br>Stock | Paid-in<br>Capital | Retained<br>Earnings | AOCI*            | Total             |
|---------------------------------------------------------|------------------------|----------------|--------------------|--------------------|----------------------|------------------|-------------------|
| <b>Three Months Ended December 31, 2020:</b>            |                        |                |                    |                    |                      |                  |                   |
| Balance at September 30, 2020                           | 51,611,789             | \$ 51.6        | \$ 242.0           | \$ 1,549.2         | \$ 720.7             | \$ (41.2)        | \$ 2,522.3        |
| Net income                                              | —                      | —              | —                  | —                  | 88.9                 | —                | 88.9              |
| Dividend reinvestment plan                              | 6,698                  | —              | —                  | 0.4                | —                    | —                | 0.4               |
| Stock-based compensation costs                          | —                      | —              | —                  | 1.4                | —                    | —                | 1.4               |
| Stock issued under stock-based compensation plans       | 55,161                 | 0.1            | —                  | (0.1)              | —                    | —                | —                 |
| Employees' tax withholding for stock-based compensation | (14,175)               | —              | —                  | (0.9)              | —                    | —                | (0.9)             |
| Temporary equity adjustment to redemption value         | —                      | —              | —                  | —                  | (0.9)                | —                | (0.9)             |
| Dividends declared:                                     |                        |                |                    |                    |                      |                  |                   |
| Common stock (\$0.65 per share)                         | —                      | —              | —                  | —                  | (33.8)               | —                | (33.8)            |
| Preferred stock (\$0.36875 per depositary share)        | —                      | —              | —                  | —                  | (3.7)                | —                | (3.7)             |
| Other comprehensive income, net of tax                  | —                      | —              | —                  | —                  | —                    | 13.1             | 13.1              |
| Balance at December 31, 2020                            | <u>51,659,473</u>      | <u>\$ 51.7</u> | <u>\$ 242.0</u>    | <u>\$ 1,550.0</u>  | <u>\$ 771.2</u>      | <u>\$ (28.1)</u> | <u>\$ 2,586.8</u> |
| <b>Three Months Ended December 31, 2019:</b>            |                        |                |                    |                    |                      |                  |                   |
| Balance at September 30, 2019                           | 50,973,515             | \$ 51.0        | \$ 242.0           | \$ 1,505.8         | \$ 775.5             | \$ (31.3)        | \$ 2,543.0        |
| Net Income                                              | —                      | —              | —                  | —                  | 67.0                 | —                | 67.0              |
| Dividend reinvestment plan                              | 28,764                 | —              | —                  | 2.3                | —                    | —                | 2.3               |
| Stock-based compensation costs                          | —                      | —              | —                  | 1.6                | —                    | —                | 1.6               |
| Stock issued under stock-based compensation plans       | 99,126                 | 0.1            | —                  | (0.1)              | —                    | —                | —                 |
| Employees' tax withholding for stock-based compensation | (37,945)               | —              | —                  | (2.9)              | —                    | —                | (2.9)             |
| Temporary equity adjustment to redemption value         | —                      | —              | —                  | —                  | (0.1)                | —                | (0.1)             |
| Dividends declared:                                     |                        |                |                    |                    |                      |                  |                   |
| Common stock (\$0.6225 per share)                       | —                      | —              | —                  | —                  | (31.9)               | —                | (31.9)            |
| Preferred stock (\$0.7375 per depositary share)         | —                      | —              | —                  | —                  | (7.4)                | —                | (7.4)             |
| Other comprehensive income, net of tax                  | —                      | —              | —                  | —                  | —                    | 14.4             | 14.4              |
| Balance at December 31, 2019                            | <u>51,063,460</u>      | <u>\$ 51.1</u> | <u>\$ 242.0</u>    | <u>\$ 1,506.7</u>  | <u>\$ 803.1</u>      | <u>\$ (16.9)</u> | <u>\$ 2,586.0</u> |

\* Accumulated other comprehensive income (loss)

See the accompanying Notes to Financial Statements.

**SPIRE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

| <b>(In millions)</b>                                                              | <b>Three Months Ended<br/>December 31,</b> |             |
|-----------------------------------------------------------------------------------|--------------------------------------------|-------------|
|                                                                                   | <b>2020</b>                                | <b>2019</b> |
| Operating Activities:                                                             |                                            |             |
| Net Income                                                                        | \$ 88.9                                    | \$ 67.0     |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                            |             |
| Depreciation and amortization                                                     | 50.8                                       | 47.5        |
| Deferred income taxes and investment tax credits                                  | 21.8                                       | 14.3        |
| Changes in assets and liabilities:                                                |                                            |             |
| Accounts receivable                                                               | (169.6)                                    | (162.5)     |
| Inventories                                                                       | 9.5                                        | 11.1        |
| Regulatory assets and liabilities                                                 | 11.2                                       | 45.6        |
| Accounts payable                                                                  | 43.9                                       | 42.6        |
| Delayed/advance customer billings, net                                            | (5.8)                                      | (3.5)       |
| Taxes accrued                                                                     | (30.2)                                     | (24.9)      |
| Other assets and liabilities                                                      | (15.4)                                     | 30.3        |
| Other                                                                             | 2.5                                        | (3.0)       |
| Net cash provided by operating activities                                         | 7.6                                        | 64.5        |
| Investing Activities:                                                             |                                            |             |
| Capital expenditures                                                              | (163.6)                                    | (192.3)     |
| Other                                                                             | —                                          | (0.3)       |
| Net cash used in investing activities                                             | (163.6)                                    | (192.6)     |
| Financing Activities:                                                             |                                            |             |
| Issuance of long-term debt                                                        | 150.0                                      | 510.0       |
| Repayment of long-term debt                                                       | (5.4)                                      | (100.0)     |
| Issuance (repayment) of short-term debt, net                                      | 48.1                                       | (224.2)     |
| Issuance of common stock                                                          | 0.4                                        | 2.3         |
| Dividends paid on common stock                                                    | (32.2)                                     | (34.7)      |
| Dividends paid on preferred stock                                                 | (3.7)                                      | (3.7)       |
| Other                                                                             | (1.8)                                      | (5.9)       |
| Net cash provided by financing activities                                         | 155.4                                      | 143.8       |
| Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash            | (0.6)                                      | 15.7        |
| Cash, Cash Equivalents, and Restricted Cash at Beginning of Period                | 4.1                                        | 5.8         |
| Cash and Cash Equivalents at End of Period                                        | \$ 3.5                                     | \$ 21.5     |
| Supplemental disclosure of cash (paid) received for:                              |                                            |             |
| Interest, net of amounts capitalized                                              | \$ (15.5)                                  | \$ (11.6)   |
| Income taxes                                                                      | 0.1                                        | —           |

See the accompanying Notes to Financial Statements.

**SPIRE MISSOURI INC.**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

| <b>(In millions)</b>                   | <b>Three Months Ended</b> |                |
|----------------------------------------|---------------------------|----------------|
|                                        | <b>December 31,</b>       |                |
|                                        | <b>2020</b>               | <b>2019</b>    |
| Operating Revenues                     | \$ 355.5                  | \$ 374.0       |
| Operating Expenses:                    |                           |                |
| Natural gas                            | 161.6                     | 185.8          |
| Operation and maintenance              | 62.9                      | 65.5           |
| Depreciation and amortization          | 30.4                      | 29.0           |
| Taxes, other than income taxes         | 25.1                      | 26.7           |
| Total Operating Expenses               | 280.0                     | 307.0          |
| Operating Income                       | 75.5                      | 67.0           |
| Interest Expense, Net                  | 11.7                      | 13.2           |
| Other Income, Net                      | 2.7                       | 1.0            |
| Income Before Income Taxes             | 66.5                      | 54.8           |
| Income Tax Expense                     | 9.9                       | 6.8            |
| Net Income                             | 56.6                      | 48.0           |
| Other Comprehensive Income, Net of Tax | 0.1                       | 0.1            |
| Comprehensive Income                   | <u>\$ 56.7</u>            | <u>\$ 48.1</u> |

See the accompanying Notes to Financial Statements.

**SPIRE MISSOURI INC.**  
**CONDENSED BALANCE SHEETS**  
**(UNAUDITED)**

| (Dollars in millions, except per share amounts) | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|-------------------------------------------------|----------------------|-----------------------|----------------------|
| <b>ASSETS</b>                                   |                      |                       |                      |
| Utility Plant                                   | \$ 4,012.8           | \$ 3,931.2            | \$ 3,718.9           |
| Less: Accumulated depreciation and amortization | 851.5                | 825.7                 | 780.1                |
| Net Utility Plant                               | 3,161.3              | 3,105.5               | 2,938.8              |
| Other Property and Investments                  | 59.0                 | 56.7                  | 56.8                 |
| <b>Current Assets:</b>                          |                      |                       |                      |
| Cash and cash equivalents                       | —                    | —                     | 9.3                  |
| <b>Accounts receivable:</b>                     |                      |                       |                      |
| Utility                                         | 195.4                | 92.5                  | 193.8                |
| Associated companies                            | 2.3                  | 2.7                   | 4.8                  |
| Other                                           | 23.6                 | 34.1                  | 23.7                 |
| Allowance for credit losses                     | (21.4)               | (18.1)                | (17.9)               |
| Delayed customer billings                       | 5.1                  | 2.4                   | 6.6                  |
| <b>Inventories:</b>                             |                      |                       |                      |
| Natural gas                                     | 88.3                 | 95.1                  | 92.7                 |
| Propane gas                                     | 10.7                 | 10.7                  | 10.7                 |
| Materials and supplies                          | 16.1                 | 15.6                  | 15.2                 |
| Regulatory assets                               | 32.1                 | 32.1                  | 29.4                 |
| Prepayments                                     | 20.9                 | 20.7                  | 17.8                 |
| Total Current Assets                            | 373.1                | 287.8                 | 386.1                |
| <b>Deferred Charges and Other Assets:</b>       |                      |                       |                      |
| Goodwill                                        | 210.2                | 210.2                 | 210.2                |
| Regulatory assets                               | 550.4                | 548.7                 | 491.1                |
| Other                                           | 96.1                 | 96.0                  | 88.1                 |
| Total Deferred Charges and Other Assets         | 856.7                | 854.9                 | 789.4                |
| Total Assets                                    | \$ 4,450.1           | \$ 4,304.9            | \$ 4,171.1           |

**SPIRE MISSOURI INC.**  
**CONDENSED BALANCE SHEETS (Continued)**  
**(UNAUDITED)**

|                                                                                                                                           | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|----------------------|
| <b>CAPITALIZATION AND LIABILITIES</b>                                                                                                     |                      |                       |                      |
| Capitalization:                                                                                                                           |                      |                       |                      |
| Paid-in capital and common stock (par value \$1.00 per share;<br>50.0 million shares authorized; 24,577 shares issued and<br>outstanding) | \$ 765.1             | \$ 765.1              | \$ 765.1             |
| Retained earnings                                                                                                                         | 729.5                | 672.9                 | 613.3                |
| Accumulated other comprehensive loss                                                                                                      | (2.8)                | (2.9)                 | (2.3)                |
| Total Shareholder's Equity                                                                                                                | 1,491.8              | 1,435.1               | 1,376.1              |
| Long-term debt                                                                                                                            | 1,092.2              | 1,092.0               | 1,098.6              |
| Total Capitalization                                                                                                                      | 2,584.0              | 2,527.1               | 2,474.7              |
| Current Liabilities:                                                                                                                      |                      |                       |                      |
| Notes payable – associated companies                                                                                                      | 393.7                | 301.2                 | 288.1                |
| Accounts payable                                                                                                                          | 82.6                 | 66.7                  | 76.3                 |
| Accounts payable – associated companies                                                                                                   | 7.1                  | 9.3                   | 11.2                 |
| Advance customer billings                                                                                                                 | 29.8                 | 32.7                  | 20.7                 |
| Wages and compensation accrued                                                                                                            | 19.5                 | 33.3                  | 25.0                 |
| Customer deposits                                                                                                                         | 9.0                  | 9.3                   | 13.6                 |
| Taxes accrued                                                                                                                             | 13.4                 | 39.1                  | 14.6                 |
| Regulatory liabilities                                                                                                                    | 83.4                 | 103.2                 | 42.4                 |
| Other                                                                                                                                     | 82.6                 | 39.9                  | 65.7                 |
| Total Current Liabilities                                                                                                                 | 721.1                | 634.7                 | 557.6                |
| Deferred Credits and Other Liabilities:                                                                                                   |                      |                       |                      |
| Deferred income taxes                                                                                                                     | 449.4                | 434.7                 | 376.2                |
| Pension and postretirement benefit costs                                                                                                  | 198.7                | 217.2                 | 189.3                |
| Asset retirement obligations                                                                                                              | 155.0                | 153.4                 | 175.3                |
| Regulatory liabilities                                                                                                                    | 288.2                | 274.8                 | 345.5                |
| Other                                                                                                                                     | 53.7                 | 63.0                  | 52.5                 |
| Total Deferred Credits and Other Liabilities                                                                                              | 1,145.0              | 1,143.1               | 1,138.8              |
| Commitments and Contingencies (Note 10)                                                                                                   |                      |                       |                      |
| Total Capitalization and Liabilities                                                                                                      | \$ 4,450.1           | \$ 4,304.9            | \$ 4,171.1           |

See the accompanying Notes to Financial Statements.

**SPIRE MISSOURI INC.**  
**CONDENSED STATEMENTS OF SHAREHOLDER'S EQUITY**  
**(UNAUDITED)**

| (Dollars in millions)                        | Common Stock<br>Shares | Par           | Paid-in<br>Capital | Retained<br>Earnings | AOCI*           | Total             |
|----------------------------------------------|------------------------|---------------|--------------------|----------------------|-----------------|-------------------|
| <b>Three Months Ended December 31, 2020:</b> |                        |               |                    |                      |                 |                   |
| Balance at September 30, 2020                | 24,577                 | \$ 0.1        | \$ 765.0           | \$ 672.9             | \$ (2.9)        | \$ 1,435.1        |
| Net income                                   | —                      | —             | —                  | 56.6                 | —               | 56.6              |
| Other comprehensive income, net of tax       | —                      | —             | —                  | —                    | 0.1             | 0.1               |
| Balance at December 31, 2020                 | <u>24,577</u>          | <u>\$ 0.1</u> | <u>\$ 765.0</u>    | <u>\$ 729.5</u>      | <u>\$ (2.8)</u> | <u>\$ 1,491.8</u> |
| <b>Three Months Ended December 31, 2019:</b> |                        |               |                    |                      |                 |                   |
| Balance at September 30, 2019                | 24,577                 | \$ 0.1        | \$ 765.0           | \$ 576.6             | \$ (2.4)        | \$ 1,339.3        |
| Net income                                   | —                      | —             | —                  | 48.0                 | —               | 48.0              |
| Dividends declared                           | —                      | —             | —                  | (11.3)               | —               | (11.3)            |
| Other comprehensive income, net of tax       | —                      | —             | —                  | —                    | 0.1             | 0.1               |
| Balance at December 31, 2019                 | <u>24,577</u>          | <u>\$ 0.1</u> | <u>\$ 765.0</u>    | <u>\$ 613.3</u>      | <u>\$ (2.3)</u> | <u>\$ 1,376.1</u> |

\* Accumulated other comprehensive income (loss)

See the accompanying Notes to Financial Statements.

**SPIRE MISSOURI INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

| <b>(In millions)</b>                                                              | <b>Three Months Ended<br/>December 31,</b> |             |
|-----------------------------------------------------------------------------------|--------------------------------------------|-------------|
|                                                                                   | <b>2020</b>                                | <b>2019</b> |
| Operating Activities:                                                             |                                            |             |
| Net Income                                                                        | \$ 56.6                                    | \$ 48.0     |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                            |             |
| Depreciation and amortization                                                     | 30.4                                       | 29.0        |
| Deferred income taxes and investment tax credits                                  | 9.9                                        | 6.8         |
| Changes in assets and liabilities:                                                |                                            |             |
| Accounts receivable                                                               | (88.7)                                     | (96.9)      |
| Inventories                                                                       | 6.3                                        | 5.5         |
| Regulatory assets and liabilities                                                 | 7.2                                        | 32.8        |
| Accounts payable                                                                  | 24.3                                       | 26.9        |
| Delayed/advance customer billings, net                                            | (5.6)                                      | (2.4)       |
| Taxes accrued                                                                     | (25.7)                                     | (21.7)      |
| Other assets and liabilities                                                      | (8.6)                                      | 16.9        |
| Other                                                                             | 0.2                                        | 0.2         |
| Net cash provided by operating activities                                         | 6.3                                        | 45.1        |
| Investing Activities:                                                             |                                            |             |
| Capital expenditures                                                              | (99.1)                                     | (102.2)     |
| Other                                                                             | 0.3                                        | —           |
| Net cash used in investing activities                                             | (98.8)                                     | (102.2)     |
| Financing Activities:                                                             |                                            |             |
| Issuance of long-term debt                                                        | —                                          | 275.0       |
| Repayment of long-term debt                                                       | —                                          | (100.0)     |
| Borrowings from (Repayments to) Spire, net                                        | 92.5                                       | (98.3)      |
| Dividends paid                                                                    | —                                          | (11.3)      |
| Other                                                                             | —                                          | (1.6)       |
| Net cash provided by financing activities                                         | 92.5                                       | 63.8        |
| Net Increase in Cash and Cash Equivalents                                         | —                                          | 6.7         |
| Cash and Cash Equivalents at Beginning of Period                                  | —                                          | 2.6         |
| Cash and Cash Equivalents at End of Period                                        | \$ —                                       | \$ 9.3      |
| Supplemental disclosure of cash paid for:                                         |                                            |             |
| Interest, net of amounts capitalized                                              | \$ (9.6)                                   | \$ (7.5)    |
| Income taxes                                                                      | —                                          | —           |

See the accompanying Notes to Financial Statements.

**SPIRE ALABAMA INC.**  
**CONDENSED STATEMENTS OF INCOME**  
**(UNAUDITED)**

| <b>(In millions)</b>           | <b>Three Months Ended<br/>December 31,</b> |             |
|--------------------------------|--------------------------------------------|-------------|
|                                | <b>2020</b>                                | <b>2019</b> |
| Operating Revenues             | \$ 113.6                                   | \$ 126.2    |
| Operating Expenses:            |                                            |             |
| Natural gas                    | 35.1                                       | 47.0        |
| Operation and maintenance      | 32.8                                       | 35.2        |
| Depreciation and amortization  | 15.0                                       | 14.3        |
| Taxes, other than income taxes | 8.2                                        | 8.8         |
| Total Operating Expenses       | 91.1                                       | 105.3       |
| Operating Income               | 22.5                                       | 20.9        |
| Interest Expense, Net          | 4.7                                        | 5.4         |
| Other Income, Net              | 0.7                                        | 2.2         |
| Income Before Income Taxes     | 18.5                                       | 17.7        |
| Income Tax Expense             | 4.8                                        | 4.5         |
| Net Income                     | \$ 13.7                                    | \$ 13.2     |

See the accompanying Notes to Financial Statements.

**SPIRE ALABAMA INC.**  
**CONDENSED BALANCE SHEETS**  
**(UNAUDITED)**

| (Dollars in millions, except per share amounts) | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|-------------------------------------------------|----------------------|-----------------------|----------------------|
| <b>ASSETS</b>                                   |                      |                       |                      |
| Utility Plant                                   | \$ 2,487.4           | \$ 2,469.9            | \$ 2,174.1           |
| Less: Accumulated depreciation and amortization | 1,122.8              | 1,117.0               | 894.2                |
| Net Utility Plant                               | 1,364.6              | 1,352.9               | 1,279.9              |
| <b>Current Assets:</b>                          |                      |                       |                      |
| Accounts receivable:                            |                      |                       |                      |
| Utility                                         | 69.6                 | 31.4                  | 71.6                 |
| Associated companies                            | 0.7                  | 0.6                   | 0.2                  |
| Other                                           | 6.1                  | 5.8                   | 8.7                  |
| Allowance for credit losses                     | (6.2)                | (5.5)                 | (7.4)                |
| Delayed customer billings                       | 8.5                  | 7.5                   | —                    |
| Inventories:                                    |                      |                       |                      |
| Natural gas                                     | 23.8                 | 22.5                  | 30.6                 |
| Materials and supplies                          | 9.2                  | 8.4                   | 8.1                  |
| Regulatory assets                               | 22.7                 | 20.4                  | 24.4                 |
| Prepayments                                     | 5.5                  | 4.3                   | 6.6                  |
| Other                                           | 0.1                  | 0.2                   | 0.4                  |
| Total Current Assets                            | 140.0                | 95.6                  | 143.2                |
| <b>Deferred Charges and Other Assets:</b>       |                      |                       |                      |
| Regulatory assets                               | 498.2                | 489.9                 | 230.2                |
| Deferred income taxes                           | 54.5                 | 59.3                  | 76.8                 |
| Other                                           | 53.5                 | 53.7                  | 62.5                 |
| Total Deferred Charges and Other Assets         | 606.2                | 602.9                 | 369.5                |
| Total Assets                                    | \$ 2,110.8           | \$ 2,051.4            | \$ 1,792.6           |

**SPIRE ALABAMA INC.**  
**CONDENSED BALANCE SHEETS (Continued)**  
**(UNAUDITED)**

|                                                                                                                                               | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|----------------------|
| <b>CAPITALIZATION AND LIABILITIES</b>                                                                                                         |                      |                       |                      |
| Capitalization:                                                                                                                               |                      |                       |                      |
| Paid-in capital and common stock (par value \$0.01 per share;<br>3.0 million shares authorized; 2.0 million shares issued and<br>outstanding) | \$ 339.9             | \$ 350.9              | \$ 370.9             |
| Retained earnings                                                                                                                             | 509.0                | 500.8                 | 466.3                |
| Total Shareholder's Equity                                                                                                                    | 848.9                | 851.7                 | 837.2                |
| Long-term debt (less current portion)                                                                                                         | 571.0                | 471.8                 | 471.7                |
| Total Capitalization                                                                                                                          | 1,419.9              | 1,323.5               | 1,308.9              |
| Current Liabilities:                                                                                                                          |                      |                       |                      |
| Current portion of long-term debt                                                                                                             | 50.0                 | —                     | 40.0                 |
| Notes payable – associated companies                                                                                                          | 27.0                 | 121.3                 | 67.1                 |
| Accounts payable                                                                                                                              | 40.0                 | 43.7                  | 51.9                 |
| Accounts payable – associated companies                                                                                                       | 5.3                  | 4.2                   | 3.2                  |
| Advance customer billings                                                                                                                     | 12.5                 | 11.5                  | 10.0                 |
| Wages and compensation accrued                                                                                                                | 4.2                  | 8.0                   | 6.5                  |
| Customer deposits                                                                                                                             | 19.2                 | 18.7                  | 20.2                 |
| Taxes accrued                                                                                                                                 | 24.7                 | 28.0                  | 26.1                 |
| Regulatory liabilities                                                                                                                        | 6.9                  | 3.9                   | 2.4                  |
| Other                                                                                                                                         | 22.5                 | 11.8                  | 13.2                 |
| Total Current Liabilities                                                                                                                     | 212.3                | 251.1                 | 240.6                |
| Deferred Credits and Other Liabilities:                                                                                                       |                      |                       |                      |
| Pension and postretirement benefit costs                                                                                                      | 73.8                 | 74.9                  | 58.7                 |
| Asset retirement obligations                                                                                                                  | 378.0                | 374.3                 | 150.2                |
| Regulatory liabilities                                                                                                                        | 18.4                 | 18.5                  | 22.3                 |
| Other                                                                                                                                         | 8.4                  | 9.1                   | 11.9                 |
| Total Deferred Credits and Other Liabilities                                                                                                  | 478.6                | 476.8                 | 243.1                |
| Commitments and Contingencies (Note 10)                                                                                                       |                      |                       |                      |
| Total Capitalization and Liabilities                                                                                                          | \$ 2,110.8           | \$ 2,051.4            | \$ 1,792.6           |

See the accompanying Notes to Financial Statements.

**SPIRE ALABAMA INC.**  
**CONDENSED STATEMENTS OF SHAREHOLDER'S EQUITY**  
**(UNAUDITED)**

| (Dollars in millions)                        | Common Stock<br>Shares | Par         | Paid-in<br>Capital | Retained<br>Earnings | Total           |
|----------------------------------------------|------------------------|-------------|--------------------|----------------------|-----------------|
| <b>Three Months Ended December 31, 2020:</b> |                        |             |                    |                      |                 |
| Balance at September 30, 2020                | 1,972,052              | \$ —        | \$ 350.9           | \$ 500.8             | \$ 851.7        |
| Net income                                   | —                      | —           | —                  | 13.7                 | 13.7            |
| Return of capital to Spire                   | —                      | —           | (11.0)             | —                    | (11.0)          |
| Dividends declared                           | —                      | —           | —                  | (5.5)                | (5.5)           |
| Balance at December 31, 2020                 | <u>1,972,052</u>       | <u>\$ —</u> | <u>\$ 339.9</u>    | <u>\$ 509.0</u>      | <u>\$ 848.9</u> |
| <b>Three Months Ended December 31, 2019:</b> |                        |             |                    |                      |                 |
| Balance at September 30, 2019                | 1,972,052              | \$ —        | \$ 370.9           | \$ 459.1             | \$ 830.0        |
| Net income                                   | —                      | —           | —                  | 13.2                 | 13.2            |
| Dividends declared                           | —                      | —           | —                  | (6.0)                | (6.0)           |
| Balance at December 31, 2019                 | <u>1,972,052</u>       | <u>\$ —</u> | <u>\$ 370.9</u>    | <u>\$ 466.3</u>      | <u>\$ 837.2</u> |

See the accompanying Notes to Financial Statements.

**SPIRE ALABAMA INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

| (In millions)                                                                     | Three Months Ended<br>December 31, |          |
|-----------------------------------------------------------------------------------|------------------------------------|----------|
|                                                                                   | 2020                               | 2019     |
| Operating Activities:                                                             |                                    |          |
| Net Income                                                                        | \$ 13.7                            | \$ 13.2  |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                    |          |
| Depreciation and amortization                                                     | 15.0                               | 14.3     |
| Deferred income taxes and investment tax credits                                  | 4.8                                | 4.5      |
| Changes in assets and liabilities:                                                |                                    |          |
| Accounts receivable                                                               | (37.8)                             | (34.3)   |
| Inventories                                                                       | (2.1)                              | 4.2      |
| Regulatory assets and liabilities                                                 | 2.9                                | 11.1     |
| Accounts payable                                                                  | 10.4                               | (0.8)    |
| Delayed / advance customer billings                                               | (0.1)                              | (0.6)    |
| Taxes accrued                                                                     | (3.3)                              | (1.3)    |
| Other assets and liabilities                                                      | (0.9)                              | 0.6      |
| Other                                                                             | 0.1                                | (2.7)    |
| Net cash provided by operating activities                                         | 2.7                                | 8.2      |
| Investing Activities:                                                             |                                    |          |
| Capital expenditures                                                              | (40.9)                             | (38.7)   |
| Other                                                                             | —                                  | (1.4)    |
| Net cash used in investing activities                                             | (40.9)                             | (40.1)   |
| Financing Activities:                                                             |                                    |          |
| Issuance of long-term debt                                                        | 150.0                              | 100.0    |
| Repayments to Spire, net                                                          | (94.4)                             | (61.6)   |
| Return of capital to Spire                                                        | (11.0)                             | —        |
| Dividends paid                                                                    | (5.5)                              | (6.0)    |
| Other                                                                             | (0.9)                              | (0.5)    |
| Net cash provided by financing activities                                         | 38.2                               | 31.9     |
| Net Change in Cash and Cash Equivalents                                           | —                                  | —        |
| Cash and Cash Equivalents at Beginning of Period                                  | —                                  | —        |
| Cash and Cash Equivalents at End of Period                                        | \$ —                               | \$ —     |
| Supplemental disclosure of cash paid for:                                         |                                    |          |
| Interest, net of amounts capitalized                                              | \$ (3.6)                           | \$ (2.9) |
| Income taxes                                                                      | —                                  | —        |

See the accompanying Notes to Financial Statements.

**SPIRE INC., SPIRE MISSOURI INC. AND SPIRE ALABAMA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**(Dollars in millions, except per share amounts)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION** – These notes are an integral part of the accompanying unaudited financial statements of Spire Inc. (“Spire” or the “Company”) presented on a consolidated basis, Spire Missouri Inc. (“Spire Missouri”) and Spire Alabama Inc. (“Spire Alabama”). Spire Missouri and Spire Alabama are wholly owned subsidiaries of Spire. Spire Missouri, Spire Alabama and the subsidiaries of Spire EnergySouth Inc. (“Spire EnergySouth”) are collectively referred to as the “Utilities.” The subsidiaries of Spire EnergySouth are Spire Gulf Inc. and Spire Mississippi Inc.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all the disclosures required for complete financial statements. In the opinion of management, the accompanying unaudited financial statements include all adjustments necessary for the fair presentation of the results of operations for the periods presented. This Form 10-Q should be read in conjunction with the Notes to Financial Statements contained in Spire’s, Spire Missouri’s and Spire Alabama’s combined Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

The consolidated financial position, results of operations, and cash flows of Spire include the accounts of the Company and all its subsidiaries. Transactions and balances between consolidated entities have been eliminated from the consolidated financial statements of Spire. In compliance with GAAP, transactions between Spire Missouri and Spire Alabama and their affiliates, as well as intercompany balances on their balance sheets, have not been eliminated from their separate financial statements.

**NATURE OF OPERATIONS** – Spire has two reportable segments: Gas Utility and Gas Marketing. The Gas Utility segment consists of the regulated natural gas distribution operations of the Company and is the core business segment of Spire in terms of revenue and earnings. The Gas Utility segment is comprised of the operations of: Spire Missouri, serving St. Louis, Kansas City, and other areas in Missouri; Spire Alabama, serving central and northern Alabama; and the subsidiaries of Spire EnergySouth, serving southern Alabama and south-central Mississippi. The Gas Marketing segment includes Spire’s primary gas-related business, Spire Marketing Inc. (“Spire Marketing”), which provides non-regulated natural gas services, primarily in the central and southern United States (U.S.). The activities of other subsidiaries are reported as Other and are described in [Note 9](#), Information by Operating Segment. Spire Missouri and Spire Alabama each have a single reportable segment.

Nearly all the Company’s earnings are derived from its Gas Utility segment. Due to the seasonal nature of the Utilities’ business and the Spire Missouri rate design, earnings are typically concentrated during the heating season of November through April each fiscal year. As a result, the interim statements of income for Spire, Spire Missouri and Spire Alabama are not necessarily indicative of annual results or representative of succeeding quarters of the fiscal year.

**DERIVATIVES** – In the course of their business, certain subsidiaries of Spire enter into commitments associated with the purchase or sale of natural gas. Certain of their derivative natural gas contracts are designated as normal purchases or normal sales and, as such, are excluded from the scope of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*. Those contracts are accounted for as executory contracts and recorded on an accrual basis. Revenues and expenses from such contracts are recorded gross. Contracts not designated as normal purchases or normal sales are recorded as derivatives with changes in fair value recognized in earnings in the periods prior to physical delivery. Certain of Spire Marketing’s wholesale purchase and sale transactions are classified as trading activities for financial reporting purposes. Under GAAP, revenues and expenses associated with trading activities are presented on a net basis in Gas Marketing operating revenues (or expenses, if negative) in the Condensed Consolidated Statements of Income. This net presentation has no effect on operating income or net income.

**REGULATED OPERATIONS** – The Utilities account for their regulated operations in accordance with FASB ASC Topic 980, *Regulated Operations*. This topic sets forth the application of GAAP for those companies whose rates are established by or are subject to approval by an independent third-party regulator. The provisions of this accounting guidance require, among other things, that financial statements of a regulated enterprise reflect the actions of regulators, where appropriate. These actions may result in the recognition of revenues and expenses in time periods that are different than non-regulated enterprises. When this occurs, costs are deferred as assets in the balance sheet (regulatory assets) and recorded as expenses when those amounts are reflected in rates. In addition, regulators can impose liabilities upon a regulated company for amounts previously collected from customers and for recovery of costs that are expected to be incurred in the future (regulatory liabilities). Management believes that the current regulatory environment supports the continued use of these regulatory accounting principles and that all regulatory assets and regulatory liabilities are recoverable or refundable through the regulatory process.

As authorized by the Missouri Public Service Commission (MoPSC), the Mississippi Public Service Commission (MSPSC) and the Alabama Public Service Commission (APSC), the Purchased Gas Adjustment (PGA) clauses and Gas Supply Adjustment (GSA) riders allow the Utilities to pass through to customers the cost of purchased gas supplies. Regulatory assets and liabilities related to the PGA clauses and the GSA riders are both labeled Unamortized Purchased Gas Adjustments herein. See additional information about regulatory assets and liabilities in [Note 4](#), Regulatory Matters.

**TRANSACTIONS WITH AFFILIATES** – Transactions between affiliates of the Company have been eliminated from the consolidated financial statements of Spire. Spire Missouri and Spire Alabama borrowed funds from the Company and incurred related interest, as reflected in their separate financial statements, and they participated in normal intercompany shared services transactions. In addition, Spire Missouri’s other transactions with affiliates are presented in the table below:

|                                                              | Three Months Ended<br>December 31, |         |
|--------------------------------------------------------------|------------------------------------|---------|
|                                                              | 2020                               | 2019    |
| Purchases of natural gas from Spire Marketing Inc.           | \$ 10.7                            | \$ 19.5 |
| Transportation services received from Spire STL Pipeline LLC | 8.1                                | 3.9     |
| Sales of natural gas to Spire Marketing Inc.                 | 1.1                                | —       |
| Transportation services received from Spire NGL Inc.         | 0.3                                | 0.3     |

In the three months ended December 31, 2020 and 2019, Spire Alabama had purchases of natural gas from Spire Marketing totaling \$4.8 and \$3.3, respectively.

**ACCRUED CAPITAL EXPENDITURES** – Accrued capital expenditures, shown in the following table, are excluded from capital expenditures in the statements of cash flows until paid.

|                | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|----------------|----------------------|-----------------------|----------------------|
| Spire          | \$ 40.9              | \$ 67.6               | \$ 45.8              |
| Spire Missouri | 23.1                 | 34.3                  | 20.2                 |
| Spire Alabama  | 4.2                  | 17.0                  | 9.8                  |

**ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES** – Trade accounts receivable are recorded at the amounts due from customers, including unbilled amounts. Accounts receivable are written off when they are deemed to be uncollectible. An allowance for expected credit losses is estimated and updated based on relevant data and trends such as accounts receivable aging, historical write-off experience, current write-off trends, economic conditions, and the impact of weather and availability of customer payment assistance on collection trends. For the Utilities, net write-offs as a percentage of revenue has historically been the best predictor of base net write-off experience over time. Management judgment is applied in the development of the allowance due to the complexity of variables and subjective nature of certain relevant factors. For December 31, 2020, and September 30, 2020, the estimates for expected credit losses were increased as a result of considerations related to the outbreak of the novel coronavirus (COVID-19), including trends from previous economic downturns, the effects of moratoriums on cutoffs, and the effects of slower-than-normal disconnection activity in general, offset by the amount subject to specific recovery under Missouri’s deferral order (see [Note 4](#), Regulatory Matters). The accounts receivable of Spire’s non-utility businesses are evaluated separately from those of the Utilities. The allowance for credit losses for those other businesses is based on a continuous evaluation of the individual counterparty risk and is not significant for the periods presented. Activity in the allowance for credit losses for the three months ended December 31, 2020, is shown in the following table.

|                                      | Spire          | Spire<br>Missouri | Spire<br>Alabama |
|--------------------------------------|----------------|-------------------|------------------|
| Allowance at beginning of period     | \$ 24.9        | \$ 18.1           | \$ 5.5           |
| Provision for expected credit losses | 4.1            | 3.3               | 0.7              |
| Write-offs, net of recoveries        | (0.1)          | —                 | —                |
| Allowance at end of period           | <u>\$ 28.9</u> | <u>\$ 21.4</u>    | <u>\$ 6.2</u>    |

**NEW ACCOUNTING PRONOUNCEMENTS** – In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*, which was later supplemented by ASU Nos. 2018-19, 2019-04, 2019-05 and 2019-11. The new standard replaces the current “incurred loss” model with an “expected loss” model for certain instruments, including trade receivables, requiring measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. It also required entities to record credit loss allowances for available-for-sale securities rather than impair the carrying amount of the securities. Spire, Spire Missouri and Spire Alabama adopted the new standard for the quarter ended December 31, 2020. Based on the credit quality of the existing available-for-sale securities portfolio, no allowance for credit losses was recognized for those investments. Application of the new guidance did not result in any significant modifications to the Company’s policies related to recognizing an allowance on trade receivables, and the adoption of the new standard did not have a material impact on Spire’s, Spire Missouri’s and Spire Alabama’s financial statements.

**RECLASSIFICATIONS** – Spire’s consolidated statements of income historically showed Gas Utility operating revenues and expense line items separately from Gas Marketing and other operations. The current presentation shows operating revenues and expense line items on a consolidated basis. Disaggregated data is presented in [Note 9](#), Information by Operating Segment. Prior period amounts have been reclassified to conform with the current period presentation.

## 2. REVENUE

The following tables show revenue disaggregated by source and customer type.

|                                                                          | Three Months Ended<br>December 31, |          |
|--------------------------------------------------------------------------|------------------------------------|----------|
|                                                                          | 2020                               | 2019     |
| <b><i>Spire</i></b>                                                      |                                    |          |
| Gas Utility:                                                             |                                    |          |
| Residential                                                              | \$ 349.9                           | \$ 368.4 |
| Commercial & industrial                                                  | 103.0                              | 122.5    |
| Transportation                                                           | 32.2                               | 31.0     |
| Off-system & other incentive                                             | 9.3                                | 9.4      |
| Other customer revenue                                                   | 2.2                                | 2.4      |
| Total revenue from contracts with customers                              | 496.6                              | 533.7    |
| Changes in accrued revenue under alternative revenue programs            | 1.6                                | (3.0)    |
| Total Gas Utility operating revenues                                     | 498.2                              | 530.7    |
| Gas Marketing:                                                           |                                    |          |
| Revenue from contracts with retail customers                             | 19.4                               | 32.3     |
| Revenue from wholesale derivative contracts                              | 5.4                                | —        |
| Total Gas Marketing operating revenues                                   | 24.8                               | 32.3     |
| Other                                                                    | 16.7                               | 11.1     |
| Total before eliminations                                                | 539.7                              | 574.1    |
| Intersegment eliminations (see Note 9, Information by Operating Segment) | (27.1)                             | (7.2)    |
| Total Operating Revenues                                                 | \$ 512.6                           | \$ 566.9 |
| <b><i>Spire Missouri</i></b>                                             |                                    |          |
| Residential                                                              | \$ 263.0                           | \$ 275.9 |
| Commercial & industrial                                                  | 69.9                               | 80.8     |
| Transportation                                                           | 9.0                                | 9.0      |
| Off-system & other incentive                                             | 7.4                                | 9.4      |
| Other customer revenue                                                   | 2.9                                | 0.5      |
| Total revenue from contracts with customers                              | 352.2                              | 375.6    |
| Changes in accrued revenue under alternative revenue programs            | 3.3                                | (1.6)    |
| Total Operating Revenues                                                 | \$ 355.5                           | \$ 374.0 |
| <b><i>Spire Alabama</i></b>                                              |                                    |          |
| Residential                                                              | \$ 69.2                            | \$ 74.3  |
| Commercial & industrial                                                  | 24.3                               | 31.3     |
| Transportation                                                           | 20.5                               | 19.6     |
| Off-system & other incentive                                             | 2.0                                | —        |
| Other customer revenue                                                   | (1.9)                              | 1.6      |
| Total revenue from contracts with customers                              | 114.1                              | 126.8    |
| Changes in accrued revenue under alternative revenue programs            | (0.5)                              | (0.6)    |
| Total Operating Revenues                                                 | \$ 113.6                           | \$ 126.2 |

For the three months ended December 31, 2020, Spire Alabama recorded a negative adjustment of \$3.4 (included in “other customer revenue”) under its Rate Stabilization and Equalization (RSE) rate-setting process based on the quarter-end estimate of its average common equity at the end of the rate year relative to its allowed range of return.

Gross receipts taxes associated with the Company's natural gas utility services are imposed on the Company, Spire Missouri, and Spire Alabama and billed to its customers. The expense amounts (shown in the table below) are reported gross in the "Taxes, other than income taxes" line in the statements of income, and corresponding revenues are reported in "Operating Revenues."

|                | <b>Three Months Ended<br/>December 31,</b> |             |
|----------------|--------------------------------------------|-------------|
|                | <b>2020</b>                                | <b>2019</b> |
| Spire          | \$ 21.7                                    | \$ 24.6     |
| Spire Missouri | 15.2                                       | 17.2        |
| Spire Alabama  | 5.3                                        | 6.2         |

### 3. EARNINGS PER COMMON SHARE

|                                                                                                                                                                                                                                                    | <b>Three Months Ended<br/>December 31,</b> |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------|
|                                                                                                                                                                                                                                                    | <b>2020</b>                                | <b>2019</b> |
| <b>Basic Earnings Per Common Share:</b>                                                                                                                                                                                                            |                                            |             |
| Net Income                                                                                                                                                                                                                                         | \$ 88.9                                    | \$ 67.0     |
| Less: Provision for preferred dividends                                                                                                                                                                                                            | 3.7                                        | 3.7         |
| Income allocated to participating securities                                                                                                                                                                                                       | 0.1                                        | 0.1         |
| Income Available to Common Shareholders                                                                                                                                                                                                            | \$ 85.1                                    | \$ 63.2     |
| Weighted Average Common Shares Outstanding (in millions)                                                                                                                                                                                           | 51.5                                       | 50.9        |
| Basic Earnings Per Common Share                                                                                                                                                                                                                    | \$ 1.65                                    | \$ 1.24     |
| <b>Diluted Earnings Per Common Share:</b>                                                                                                                                                                                                          |                                            |             |
| Net Income                                                                                                                                                                                                                                         | \$ 88.9                                    | \$ 67.0     |
| Less: Provision for preferred dividends                                                                                                                                                                                                            | 3.7                                        | 3.7         |
| Income allocated to participating securities                                                                                                                                                                                                       | 0.1                                        | 0.1         |
| Income Available to Common Shareholders                                                                                                                                                                                                            | \$ 85.1                                    | \$ 63.2     |
| Weighted Average Common Shares Outstanding (in millions)                                                                                                                                                                                           | 51.5                                       | 50.9        |
| Dilutive Effect of Restricted Stock and Restricted Stock Units (in millions)*                                                                                                                                                                      | 0.1                                        | 0.2         |
| Weighted Average Diluted Common Shares (in millions)                                                                                                                                                                                               | 51.6                                       | 51.1        |
| Diluted Earnings Per Common Share                                                                                                                                                                                                                  | \$ 1.65                                    | \$ 1.24     |
| * Calculation excludes certain outstanding common shares (shown in millions by period at the right) attributable to stock units subject to performance or market conditions and restricted stock, which could have a dilutive effect in the future |                                            |             |
|                                                                                                                                                                                                                                                    | 0.2                                        | 0.1         |

#### 4. REGULATORY MATTERS

As explained in [Note 1](#), Summary of Significant Accounting Policies, the Utilities account for regulated operations in accordance with FASB ASC Topic 980, *Regulated Operations*. The following regulatory assets and regulatory liabilities were reflected in the balance sheets of the Company, Spire Missouri and Spire Alabama as of December 31, 2020, September 30, 2020, and December 31, 2019.

| <b>Spire</b>                             | <b>December 31,<br/>2020</b> | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|------------------------------------------|------------------------------|-------------------------------|------------------------------|
| Regulatory Assets:                       |                              |                               |                              |
| Current:                                 |                              |                               |                              |
| Pension and postretirement benefit costs | \$ 30.6                      | \$ 30.6                       | \$ 30.1                      |
| Unamortized purchased gas adjustments    | 8.4                          | 5.5                           | 9.1                          |
| Other                                    | 31.5                         | 33.4                          | 28.7                         |
| Total Current Regulatory Assets          | 70.5                         | 69.5                          | 67.9                         |
| Noncurrent:                              |                              |                               |                              |
| Pension and postretirement benefit costs | 428.6                        | 439.3                         | 405.5                        |
| Cost of removal                          | 417.4                        | 395.6                         | 152.1                        |
| Future income taxes due from customers   | 125.4                        | 123.5                         | 111.6                        |
| Energy efficiency                        | 41.4                         | 39.6                          | 37.2                         |
| Unamortized purchased gas adjustments    | 3.8                          | 12.1                          | —                            |
| Other                                    | 62.6                         | 59.3                          | 44.1                         |
| Total Noncurrent Regulatory Assets       | 1,079.2                      | 1,069.4                       | 750.5                        |
| Total Regulatory Assets                  | \$ 1,149.7                   | \$ 1,138.9                    | \$ 818.4                     |
| Regulatory Liabilities:                  |                              |                               |                              |
| Current:                                 |                              |                               |                              |
| Pension and postretirement benefit costs | \$ 5.8                       | \$ 5.8                        | \$ 5.8                       |
| Unamortized purchased gas adjustments    | 54.8                         | 73.1                          | 19.9                         |
| Other                                    | 34.9                         | 34.1                          | 24.3                         |
| Total Current Regulatory Liabilities     | 95.5                         | 113.0                         | 50.0                         |
| Noncurrent:                              |                              |                               |                              |
| Deferred taxes due to customers          | 136.0                        | 138.8                         | 177.0                        |
| Pension and postretirement benefit costs | 163.7                        | 157.6                         | 147.5                        |
| Accrued cost of removal                  | 28.6                         | 28.6                          | 38.7                         |
| Unamortized purchased gas adjustments    | 14.8                         | 4.4                           | 24.3                         |
| Other                                    | 14.2                         | 14.3                          | 30.3                         |
| Total Noncurrent Regulatory Liabilities  | 357.3                        | 343.7                         | 417.8                        |
| Total Regulatory Liabilities             | \$ 452.8                     | \$ 456.7                      | \$ 467.8                     |

| <b>Spire Missouri</b>                    | <b>December 31,<br/>2020</b> | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|------------------------------------------|------------------------------|-------------------------------|------------------------------|
| Regulatory Assets:                       |                              |                               |                              |
| Current:                                 |                              |                               |                              |
| Pension and postretirement benefit costs | \$ 21.9                      | \$ 21.9                       | \$ 21.9                      |
| Other                                    | 10.2                         | 10.2                          | 7.5                          |
| Total Current Regulatory Assets          | 32.1                         | 32.1                          | 29.4                         |
| Noncurrent:                              |                              |                               |                              |
| Future income taxes due from customers   | 116.6                        | 114.6                         | 104.9                        |
| Pension and postretirement benefit costs | 324.6                        | 332.6                         | 324.7                        |
| Energy efficiency                        | 41.4                         | 39.6                          | 37.2                         |
| Unamortized purchased gas adjustments    | 3.8                          | 12.1                          | —                            |
| Cost of removal                          | 18.3                         | 7.1                           | —                            |
| Other                                    | 45.7                         | 42.7                          | 24.3                         |
| Total Noncurrent Regulatory Assets       | 550.4                        | 548.7                         | 491.1                        |
| Total Regulatory Assets                  | <u>\$ 582.5</u>              | <u>\$ 580.8</u>               | <u>\$ 520.5</u>              |
| Regulatory Liabilities:                  |                              |                               |                              |
| Current:                                 |                              |                               |                              |
| Pension and postretirement benefit costs | \$ 3.6                       | \$ 3.6                        | \$ 3.6                       |
| Unamortized purchased gas adjustments    | 54.3                         | 72.3                          | 19.0                         |
| Other                                    | 25.5                         | 27.3                          | 19.8                         |
| Total Current Regulatory Liabilities     | 83.4                         | 103.2                         | 42.4                         |
| Noncurrent:                              |                              |                               |                              |
| Deferred taxes due to customers          | 118.6                        | 121.4                         | 159.7                        |
| Pension and postretirement benefit costs | 146.1                        | 140.4                         | 124.9                        |
| Accrued cost of removal                  | —                            | —                             | 12.1                         |
| Unamortized purchased gas adjustments    | 14.8                         | 4.4                           | 24.3                         |
| Other                                    | 8.7                          | 8.6                           | 24.5                         |
| Total Noncurrent Regulatory Liabilities  | 288.2                        | 274.8                         | 345.5                        |
| Total Regulatory Liabilities             | <u>\$ 371.6</u>              | <u>\$ 378.0</u>               | <u>\$ 387.9</u>              |
| <b>Spire Alabama</b>                     | <b>December 31,<br/>2020</b> | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
| Regulatory Assets:                       |                              |                               |                              |
| Current:                                 |                              |                               |                              |
| Pension and postretirement benefit costs | \$ 7.7                       | \$ 7.7                        | \$ 7.2                       |
| Unamortized purchased gas adjustments    | 8.3                          | 5.5                           | 8.8                          |
| Other                                    | 6.7                          | 7.2                           | 8.4                          |
| Total Current Regulatory Assets          | 22.7                         | 20.4                          | 24.4                         |
| Noncurrent:                              |                              |                               |                              |
| Pension and postretirement benefit costs | 95.7                         | 98.2                          | 74.9                         |
| Cost of removal                          | 399.1                        | 388.6                         | 152.1                        |
| Future income taxes due from customers   | 2.2                          | 2.2                           | —                            |
| Other                                    | 1.2                          | 0.9                           | 3.2                          |
| Total Noncurrent Regulatory Assets       | 498.2                        | 489.9                         | 230.2                        |
| Total Regulatory Assets                  | <u>\$ 520.9</u>              | <u>\$ 510.3</u>               | <u>\$ 254.6</u>              |
| Regulatory Liabilities:                  |                              |                               |                              |
| Current:                                 |                              |                               |                              |
| Pension and postretirement benefit costs | \$ 2.2                       | \$ 2.2                        | \$ 2.2                       |
| Other                                    | 4.7                          | 1.7                           | 0.2                          |
| Total Current Regulatory Liabilities     | 6.9                          | 3.9                           | 2.4                          |
| Noncurrent:                              |                              |                               |                              |
| Pension and postretirement benefit costs | 14.7                         | 14.8                          | 18.4                         |
| Other                                    | 3.7                          | 3.7                           | 3.9                          |
| Total Noncurrent Regulatory Liabilities  | 18.4                         | 18.5                          | 22.3                         |
| Total Regulatory Liabilities             | <u>\$ 25.3</u>               | <u>\$ 22.4</u>                | <u>\$ 24.7</u>               |

A portion of the Company's and Spire Missouri's regulatory assets are not earning a return, as shown in the table below:

|                                              | December 31,<br>2020 | September 30,<br>2020 | December 31,<br>2019 |
|----------------------------------------------|----------------------|-----------------------|----------------------|
| <i><u>Spire</u></i>                          |                      |                       |                      |
| Pension and postretirement benefit costs     | \$ 229.7             | \$ 232.3              | \$ 208.0             |
| Future income taxes due from customers       | 123.2                | 121.3                 | 111.6                |
| Other                                        | 12.4                 | 12.9                  | 14.1                 |
| Total Regulatory Assets Not Earning a Return | <u>\$ 365.3</u>      | <u>\$ 366.5</u>       | <u>\$ 333.7</u>      |
| <i><u>Spire Missouri</u></i>                 |                      |                       |                      |
| Pension and postretirement benefit costs     | \$ 229.7             | \$ 232.3              | \$ 208.0             |
| Future income taxes due from customers       | 116.6                | 114.6                 | 104.9                |
| Other                                        | 12.4                 | 12.9                  | 14.1                 |
| Total Regulatory Assets Not Earning a Return | <u>\$ 358.7</u>      | <u>\$ 359.8</u>       | <u>\$ 327.0</u>      |

Like all the Company's regulatory assets, these regulatory assets are expected to be recovered from customers in future rates. The recovery period for the future income taxes due from customers and pension and other postretirement benefit costs could be 20 years or longer, based on current Internal Revenue Service guidelines and average remaining service life of active participants, respectively. The other items not earning a return are expected to be recovered over a period not to exceed 15 years, consistent with precedent set by the MoPSC. Spire Alabama does not have any regulatory assets that are not earning a return.

On March 7, 2018, the MoPSC issued its order in two general rate cases (docketed as GR-2017-0215 and GR-2017-0216), approving new tariffs that became effective on April 19, 2018. Certain provisions of the order allow less future recovery of certain deferred or capitalized costs than estimated based upon previous rate proceedings, and management determined that the related regulatory assets should be written down or off in connection with the preparation of the financial statements for the second quarter of 2018. Spire Missouri filed an appeal of the MoPSC's order related to the disallowance of certain pension costs incurred prior to 1997 (\$28.8), real estate sold in 2014 (\$1.8), and rate case expenses (\$0.9) to Missouri's Southern District Court of Appeals. On March 15, 2019, the appeal was denied by that court, and Spire Missouri requested review by the Missouri Supreme Court. Oral arguments were made before the Missouri Supreme Court on January 29, 2020. The case is awaiting a decision.

In the first quarter of fiscal 2020, a provision of \$2.1 was recorded to Spire Missouri's regulatory liability for Infrastructure System Replacement Surcharge (ISRS) revenues related to customer billings recorded during the quarter under a disputed ISRS filing, along with a \$0.5 provision for interest due on all ISRS revenues in dispute. The after-tax impact of the first quarter provisions reduced net income by \$2.0, which is excluded for the net economic earnings financial measure. As previously disclosed, these matters were settled by the end of fiscal 2020.

In September 2020, Spire Missouri, the MoPSC staff and the OPC reached a Unanimous Stipulation and Agreement regarding Spire Missouri's request for an Accounting Authority Order (AAO) pertaining to certain costs and lost customer fee revenue related to the COVID-19 pandemic. In October 2020, the MoPSC issued an order approving that agreement and granting an AAO. Accordingly, Spire Missouri recorded a regulatory asset of \$3.9 and \$3.8 as of December 31 and September 30, 2020, respectively, related to the deferral of applicable costs and is tracking lost customer fee revenue. All ratemaking treatment of the deferrals and any revenue recoveries is reserved for consideration in Spire Missouri's next general rate case.

On December 11, 2020, Spire Missouri filed a general rate case with the MoPSC that includes new proposed rates for its service areas. The case proposes an increase in base rates, reflecting recovery of system investments and operating costs necessary to maintain the safety and reliability of its natural gas distribution systems as well as to support enhancements to customer service. The request, if approved, represents a net base rate increase of \$64.2. Spire Missouri is already recovering \$47.3 from customers through the ISRS, resulting in a total base rate increase request of \$111.5. The ISRS cap would then be reset in order to continue the timely recovery of the investment in pipeline upgrades. The proposed rates are calculated on a filed rate base of \$2,780 based on the end of fiscal year 2020, reflecting the significant investment made in infrastructure upgrades and other systems. Among other things, the filing changes rate design, proposes new customer programs, and aligns the tariffs of the company's service areas. The filing assumes a common equity ratio of 54.25% and a 9.95% return on equity. Management anticipates that certain measures, such as rate base, capital structure and operating costs will be updated over the course of the rate proceeding. In accordance with Missouri law, the MoPSC has up to 11 months to consider this filing.

In August 2018, the Federal Energy Regulatory Commission (FERC) approved an order issuing a Certificate of Public Convenience and Necessity for the Spire STL Pipeline ("August 2018 Order"), and in November 2018, the FERC issued a Notice to Proceed, allowing construction to begin. In November 2019, Spire STL Pipeline received FERC authorization to place the STL Pipeline into service. Also, in November 2019, the FERC issued an Order on Rehearing of the August 2018 Order dismissing or denying the outstanding requests for rehearing filed by several parties, dismissing the request for stay filed by one party, and noting the withdrawal of the request for rehearing by another party. On January 21, 2020, two of the rehearing parties filed petitions for review of the FERC's orders with the U.S. Court of Appeals for the District of Columbia Circuit. Spire STL Pipeline and Spire Missouri have intervened and filed responsive briefs in this proceeding, which remains pending.

On October 9, 2020, Spire Storage filed with the FERC an Abbreviated Application for an Amendment of Certificate of Public Convenience and Necessity, Reaffirmation of Market-Based Rate Authority, and Related Authorizations pursuant to Section 7(c) of the Natural Gas Act. The application requests authorization to expand capacity and increase pipeline connectivity at certain of Spire Storage's natural gas storage facilities in Wyoming.

## **5. FINANCING ARRANGEMENTS AND LONG-TERM DEBT**

Spire, Spire Missouri and Spire Alabama have a syndicated revolving credit facility pursuant to a loan agreement with 11 banks, expiring October 31, 2023. The loan agreement has an aggregate credit commitment of \$975.0, including sublimits of \$300.0 for Spire, \$475.0 for Spire Missouri, and \$200.0 for Spire Alabama. These sublimits may be reallocated from time to time among the three borrowers within the \$975.0 aggregate commitment, with commitments fees applied for each borrower relative to its credit rating. Spire may use its line to provide for the funding needs of various subsidiaries. The agreement also contains financial covenants limiting each borrower's consolidated total debt, including short-term debt, to no more than 70% of its total capitalization. As defined in the line of credit, on December 31, 2020, total debt was less than 60% of total capitalization for each borrower.

Spire has a commercial paper program ("CP Program") pursuant to which Spire may issue short-term, unsecured commercial paper notes. Amounts available under the CP Program may be borrowed, repaid and re-borrowed from time to time, with the aggregate face or principal amount of the notes outstanding under the CP Program at any time not to exceed \$975.0. The notes may have maturities of up to 365 days from date of issue.

On March 26, 2020, Spire entered into a new loan agreement with two banks providing for a term loan of \$150.0, which was immediately fully funded. It was repaid on December 16, 2020. The term loan bore interest at the LIBOR Rate (as defined in the loan agreement) plus 0.85% per annum. Proceeds were used for working capital and general corporate purposes.

Information about Spire's consolidated short-term borrowings and about Spire Missouri's and Spire Alabama's borrowings from Spire is presented in the following table. As of December 31, 2020, \$455.5 of Spire's short-term borrowings were used to support lending to the Utilities.

|                                             | Spire (Parent Only) |           |            | Spire Missouri  |            | Spire Alabama   |            | Spire        |
|---------------------------------------------|---------------------|-----------|------------|-----------------|------------|-----------------|------------|--------------|
|                                             | Credit Facility     | Term Loan | CP Program | Credit Facility | Spire Note | Credit Facility | Spire Note | Consolidated |
| <b>Three Months Ended December 31, 2020</b> |                     |           |            |                 |            |                 |            |              |
| Weighted average borrowings                 | \$ —                | \$ 125.5  | \$ 609.2   | \$ —            | \$ 341.3   | \$ —            | \$ 111.6   | \$ 734.7     |
| Lowest borrowings outstanding               | —                   | —         | 497.0      | —               | 292.8      | —               | 1.5        | 631.1        |
| Highest borrowings outstanding              | —                   | 150.0     | 701.1      | —               | 396.7      | —               | 152.2      | 850.5        |
| Weighted average interest rate              | n/a                 | 1.1%      | 0.2%       | n/a             | 0.2%       | n/a             | 0.2%       | 0.4%         |
| <b>As of December 31, 2020</b>              |                     |           |            |                 |            |                 |            |              |
| Borrowings outstanding                      | \$ —                | \$ —      | \$ 696.1   | \$ —            | \$ 393.7   | \$ —            | \$ 27.0    | \$ 696.1     |
| Weighted average interest rate              | n/a                 | n/a       | 0.3%       | n/a             | 0.3%       | n/a             | 0.3%       | 0.3%         |
| <b>As of September 30, 2020</b>             |                     |           |            |                 |            |                 |            |              |
| Borrowings outstanding                      | \$ —                | \$ 150.0  | \$ 498.0   | \$ —            | \$ 301.2   | \$ —            | \$ 121.3   | \$ 648.0     |
| Weighted average interest rate              | n/a                 | 1.1%      | 0.2%       | n/a             | 0.2%       | n/a             | 0.2%       | 0.6%         |
| <b>As of December 31, 2019</b>              |                     |           |            |                 |            |                 |            |              |
| Borrowings outstanding                      | \$ —                | \$ —      | \$ 518.9   | \$ —            | \$ 288.1   | \$ —            | \$ 67.1    | \$ 518.9     |
| Weighted average interest rate              | n/a                 | n/a       | 2.1%       | n/a             | 2.1%       | n/a             | 2.1%       | 2.1%         |

The long-term debt agreements of Spire, Spire Missouri and Spire Alabama contain customary covenants and default provisions. As of December 31, 2020, there were no events of default under these covenants.

Interest expense shown on Spire's consolidated statements of income and Spire Missouri's statements of comprehensive income is net of the capitalized interest amounts shown in the following table.

|                | Three Months Ended December 31, |        |
|----------------|---------------------------------|--------|
|                | 2020                            | 2019   |
| Spire          | \$ 0.9                          | \$ 2.2 |
| Spire Missouri | —                               | 0.3    |
| Spire Alabama  | 0.6                             | 0.6    |

On December 15, 2020, Spire Alabama issued and sold to certain institutional investors in a private placement \$150.0 of 2.04% Series 2020 Senior Notes due December 15, 2030. Interest is payable semi-annually. The notes are senior unsecured obligations of Spire Alabama and rank equal in right to payment with all its other senior unsecured indebtedness. Spire Alabama used the proceeds to repay short-term debt.

## 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents and short-term debt approximate fair value due to the short maturity of these instruments. The fair values of long-term debt are estimated based on market prices for similar issues. Refer to [Note 7](#), Fair Value Measurements, for information on financial instruments measured at fair value on a recurring basis.

The carrying amounts and estimated fair values of financial instruments not measured at fair value on a recurring basis are shown in the following tables, classified according to the fair value hierarchy. There were no such instruments classified as Level 3 (significant unobservable inputs) as of December 31, 2020, September 30, 2020, and December 31, 2019.

|                                           | Carrying<br>Amount | Fair<br>Value | Classification of Estimated<br>Fair Value          |                                                  |
|-------------------------------------------|--------------------|---------------|----------------------------------------------------|--------------------------------------------------|
|                                           |                    |               | Quoted<br>Prices in<br>Active Markets<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) |
| <u>Spire</u>                              |                    |               |                                                    |                                                  |
| <b>As of December 31, 2020</b>            |                    |               |                                                    |                                                  |
| Cash and cash equivalents                 | \$ 3.5             | \$ 3.5        | \$ 3.5                                             | \$ —                                             |
| Notes payable                             | 696.1              | 696.1         | —                                                  | 696.1                                            |
| Long-term debt, including current portion | 2,628.4            | 3,119.5       | —                                                  | 3,119.5                                          |
| <b>As of September 30, 2020</b>           |                    |               |                                                    |                                                  |
| Cash and cash equivalents                 | \$ 4.1             | \$ 4.1        | \$ 4.1                                             | \$ —                                             |
| Notes payable                             | 648.0              | 648.0         | —                                                  | 648.0                                            |
| Long-term debt, including current portion | 2,484.1            | 2,908.6       | —                                                  | 2,908.6                                          |
| <b>As of December 31, 2019</b>            |                    |               |                                                    |                                                  |
| Cash and cash equivalents                 | \$ 21.5            | \$ 21.5       | \$ 21.5                                            | \$ —                                             |
| Notes payable                             | 518.9              | 518.9         | —                                                  | 518.9                                            |
| Long-term debt, including current portion | 2,529.7            | 2,765.9       | —                                                  | 2,765.9                                          |
| <u>Spire Missouri</u>                     |                    |               |                                                    |                                                  |
| <b>As of December 31, 2020</b>            |                    |               |                                                    |                                                  |
| Notes payable – associated companies      | \$ 393.7           | \$ 393.7      | \$ —                                               | \$ 393.7                                         |
| Long-term debt                            | 1,092.2            | 1,329.0       | —                                                  | 1,329.0                                          |
| <b>As of September 30, 2020</b>           |                    |               |                                                    |                                                  |
| Notes payable – associated companies      | \$ 301.2           | \$ 301.2      | \$ —                                               | \$ 301.2                                         |
| Long-term debt                            | 1,092.0            | 1,313.5       | —                                                  | 1,313.5                                          |
| <b>As of December 31, 2019</b>            |                    |               |                                                    |                                                  |
| Cash and cash equivalents                 | \$ 9.3             | \$ 9.3        | \$ 9.3                                             | \$ —                                             |
| Notes payable – associated companies      | 288.1              | 288.1         | —                                                  | 288.1                                            |
| Long-term debt                            | 1,098.6            | 1,234.9       | —                                                  | 1,234.9                                          |
| <u>Spire Alabama</u>                      |                    |               |                                                    |                                                  |
| <b>As of December 31, 2020</b>            |                    |               |                                                    |                                                  |
| Notes payable – associated companies      | \$ 27.0            | \$ 27.0       | \$ —                                               | \$ 27.0                                          |
| Long-term debt, including current portion | 621.0              | 742.9         | —                                                  | 742.9                                            |
| <b>As of September 30, 2020</b>           |                    |               |                                                    |                                                  |
| Notes payable – associated companies      | \$ 121.3           | \$ 121.3      | \$ —                                               | \$ 121.3                                         |
| Long-term debt                            | 471.8              | 576.9         | —                                                  | 576.9                                            |
| <b>As of December 31, 2019</b>            |                    |               |                                                    |                                                  |
| Notes payable – associated companies      | \$ 67.1            | \$ 67.1       | \$ —                                               | \$ 67.1                                          |
| Long-term debt, including current portion | 511.7              | 572.8         | —                                                  | 572.8                                            |

## 7. FAIR VALUE MEASUREMENTS

The information presented below categorizes the assets and liabilities in the balance sheets that are accounted for at fair value on a recurring basis in periods subsequent to initial recognition.

The mutual funds included in Level 1 are valued based on exchange-quoted market prices of individual securities.

Derivative instruments included in Level 1 are valued using quoted market prices on the New York Mercantile Exchange (NYMEX) or the Intercontinental Exchange (ICE). Derivative instruments classified in Level 2 include physical commodity derivatives that are valued using broker or dealer quotation services whose prices are derived principally from, or are corroborated by, observable market inputs. Also included in Level 2 are certain derivative instruments that have values that are similar to, and correlate with, quoted prices for exchange-traded instruments in active markets. Derivative instruments included in Level 3 are valued using generally unobservable inputs that are based upon the best information available and reflect management's assumptions about how market participants would price the asset or liability. There were no material Level 3 balances as of December 31, 2020, and those Level 3 balances at September 30, 2020, and December 31, 2019, consisted of gas commodity contracts. The Company's and the Utilities' policy is to recognize transfers between the levels of the fair value hierarchy, if any, as of the beginning of the interim reporting period in which circumstances change or events occur to cause the transfer.

The mutual funds are included in "Other Investments" on the Company's balance sheets and in "Other Property and Investments" on Spire Missouri's balance sheets. Derivative assets and liabilities, including receivables and payables associated with cash margin requirements, are presented net in the balance sheets when a legally enforceable netting agreement exists between the Company, Spire Missouri, or Spire Alabama and the counterparty to a derivative contract.

### Spire

|                                    | Quoted<br>Prices in<br>Active<br>Markets<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Effects of<br>Netting and<br>Cash Margin<br>Receivables<br>/Payables | Total          |
|------------------------------------|-------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------|----------------|
| <b>As of December 31, 2020</b>     |                                                       |                                                  |                                                    |                                                                      |                |
| <b>ASSETS</b>                      |                                                       |                                                  |                                                    |                                                                      |                |
| <i>Gas Utility:</i>                |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | \$ 23.4                                               | \$ —                                             | \$ —                                               | \$ —                                                                 | \$ 23.4        |
| Gasoline and heating oil contracts | 0.4                                                   | —                                                | —                                                  | (0.4)                                                                | —              |
| <i>Gas Marketing:</i>              |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | 0.3                                                   | 21.5                                             | —                                                  | (12.4)                                                               | 9.4            |
| Natural gas commodity contracts    | —                                                     | 14.9                                             | —                                                  | —                                                                    | 14.9           |
| <i>Other:</i>                      |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | 14.2                                                  | —                                                | —                                                  | —                                                                    | 14.2           |
| Interest rate swaps                | —                                                     | 7.0                                              | —                                                  | —                                                                    | 7.0            |
| Total                              | <u>\$ 38.3</u>                                        | <u>\$ 43.4</u>                                   | <u>\$ —</u>                                        | <u>\$ (12.8)</u>                                                     | <u>\$ 68.9</u> |
| <b>LIABILITIES</b>                 |                                                       |                                                  |                                                    |                                                                      |                |
| <i>Gas Utility:</i>                |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | \$ 4.9                                                | \$ —                                             | \$ —                                               | \$ (4.9)                                                             | \$ —           |
| <i>Gas Marketing:</i>              |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | —                                                     | 9.2                                              | —                                                  | (9.2)                                                                | —              |
| Natural gas commodity contracts    | —                                                     | 12.2                                             | —                                                  | —                                                                    | 12.2           |
| <i>Other:</i>                      |                                                       |                                                  |                                                    |                                                                      |                |
| Interest rate swaps                | —                                                     | 44.0                                             | —                                                  | —                                                                    | 44.0           |
| Total                              | <u>\$ 4.9</u>                                         | <u>\$ 65.4</u>                                   | <u>\$ —</u>                                        | <u>\$ (14.1)</u>                                                     | <u>\$ 56.2</u> |

|                                    | Quoted<br>Prices in<br>Active<br>Markets<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Effects of<br>Netting and<br>Cash Margin<br>Receivables<br>/Payables | Total          |
|------------------------------------|-------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------|----------------|
| <b>As of September 30, 2020</b>    |                                                       |                                                  |                                                    |                                                                      |                |
| <b>ASSETS</b>                      |                                                       |                                                  |                                                    |                                                                      |                |
| <i>Gas Utility:</i>                |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | \$ 21.9                                               | \$ —                                             | \$ —                                               | \$ —                                                                 | \$ 21.9        |
| NYMEX/ICE natural gas contracts    | 6.3                                                   | —                                                | —                                                  | (6.3)                                                                | —              |
| Gasoline and heating oil contracts | 0.3                                                   | —                                                | —                                                  | (0.3)                                                                | —              |
| <i>Gas Marketing:</i>              |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | —                                                     | 27.7                                             | —                                                  | (25.4)                                                               | 2.3            |
| Natural gas commodity contracts    | —                                                     | 14.5                                             | 0.4                                                | —                                                                    | 14.9           |
| <i>Other:</i>                      |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | 18.6                                                  | —                                                | —                                                  | —                                                                    | 18.6           |
| Total                              | <u>\$ 47.1</u>                                        | <u>\$ 42.2</u>                                   | <u>\$ 0.4</u>                                      | <u>\$ (32.0)</u>                                                     | <u>\$ 57.7</u> |
| <b>LIABILITIES</b>                 |                                                       |                                                  |                                                    |                                                                      |                |
| <i>Gas Utility:</i>                |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | \$ 0.9                                                | \$ —                                             | \$ —                                               | \$ (0.9)                                                             | \$ —           |
| <i>Gas Marketing:</i>              |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | 0.7                                                   | 21.4                                             | —                                                  | (22.1)                                                               | —              |
| Natural gas commodity contracts    | —                                                     | 22.3                                             | —                                                  | —                                                                    | 22.3           |
| <i>Other:</i>                      |                                                       |                                                  |                                                    |                                                                      |                |
| Interest rate swaps                | —                                                     | 54.2                                             | —                                                  | —                                                                    | 54.2           |
| Total                              | <u>\$ 1.6</u>                                         | <u>\$ 97.9</u>                                   | <u>\$ —</u>                                        | <u>\$ (23.0)</u>                                                     | <u>\$ 76.5</u> |
| <b>As of December 31, 2019</b>     |                                                       |                                                  |                                                    |                                                                      |                |
| <b>ASSETS</b>                      |                                                       |                                                  |                                                    |                                                                      |                |
| <i>Gas Utility:</i>                |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | \$ 21.2                                               | \$ —                                             | \$ —                                               | \$ —                                                                 | \$ 21.2        |
| <i>Gas Marketing:</i>              |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | 0.6                                                   | 4.9                                              | —                                                  | (5.3)                                                                | 0.2            |
| Natural gas commodity contracts    | —                                                     | 20.6                                             | —                                                  | (4.4)                                                                | 16.2           |
| <i>Other:</i>                      |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | 16.6                                                  | —                                                | —                                                  | —                                                                    | 16.6           |
| Total                              | <u>\$ 38.4</u>                                        | <u>\$ 25.5</u>                                   | <u>\$ —</u>                                        | <u>\$ (9.7)</u>                                                      | <u>\$ 54.2</u> |
| <b>LIABILITIES</b>                 |                                                       |                                                  |                                                    |                                                                      |                |
| <i>Gas Utility:</i>                |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | \$ 16.0                                               | \$ —                                             | \$ —                                               | \$ (16.0)                                                            | \$ —           |
| <i>Gas Marketing:</i>              |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | 0.4                                                   | 8.0                                              | —                                                  | (8.4)                                                                | —              |
| Natural gas commodity contracts    | —                                                     | 19.5                                             | 1.5                                                | (4.4)                                                                | 16.6           |
| <i>Other:</i>                      |                                                       |                                                  |                                                    |                                                                      |                |
| Interest rate swaps                | —                                                     | 24.5                                             | —                                                  | —                                                                    | 24.5           |
| Total                              | <u>\$ 16.4</u>                                        | <u>\$ 52.0</u>                                   | <u>\$ 1.5</u>                                      | <u>\$ (28.8)</u>                                                     | <u>\$ 41.1</u> |

## Spire Missouri

|                                    | Quoted<br>Prices in<br>Active<br>Markets<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Effects of<br>Netting and<br>Cash Margin<br>Receivables<br>/Payables | Total          |
|------------------------------------|-------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------|----------------|
| <b>As of December 31, 2020</b>     |                                                       |                                                  |                                                    |                                                                      |                |
| <b>ASSETS</b>                      |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | \$ 23.4                                               | \$ —                                             | \$ —                                               | \$ —                                                                 | \$ 23.4        |
| Gasoline and heating oil contracts | 0.4                                                   | —                                                | —                                                  | (0.4)                                                                | —              |
| Total                              | <u>\$ 23.8</u>                                        | <u>\$ —</u>                                      | <u>\$ —</u>                                        | <u>\$ (0.4)</u>                                                      | <u>\$ 23.4</u> |
| <b>LIABILITIES</b>                 |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | <u>\$ 4.9</u>                                         | <u>\$ —</u>                                      | <u>\$ —</u>                                        | <u>\$ (4.9)</u>                                                      | <u>\$ —</u>    |
| <b>As of September 30, 2020</b>    |                                                       |                                                  |                                                    |                                                                      |                |
| <b>ASSETS</b>                      |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | \$ 21.9                                               | \$ —                                             | \$ —                                               | \$ —                                                                 | \$ 21.9        |
| NYMEX/ICE natural gas contracts    | 6.3                                                   | —                                                | —                                                  | (6.3)                                                                | —              |
| Gasoline and heating oil contracts | 0.3                                                   | —                                                | —                                                  | (0.3)                                                                | —              |
| Total                              | <u>\$ 28.5</u>                                        | <u>\$ —</u>                                      | <u>\$ —</u>                                        | <u>\$ (6.6)</u>                                                      | <u>\$ 21.9</u> |
| <b>LIABILITIES</b>                 |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | <u>\$ 0.9</u>                                         | <u>\$ —</u>                                      | <u>\$ —</u>                                        | <u>\$ (0.9)</u>                                                      | <u>\$ —</u>    |
| <b>As of December 31, 2019</b>     |                                                       |                                                  |                                                    |                                                                      |                |
| <b>ASSETS</b>                      |                                                       |                                                  |                                                    |                                                                      |                |
| U.S. stock/bond mutual funds       | <u>\$ 21.2</u>                                        | <u>\$ —</u>                                      | <u>\$ —</u>                                        | <u>\$ —</u>                                                          | <u>\$ 21.2</u> |
| <b>LIABILITIES</b>                 |                                                       |                                                  |                                                    |                                                                      |                |
| NYMEX/ICE natural gas contracts    | <u>\$ 16.0</u>                                        | <u>\$ —</u>                                      | <u>\$ —</u>                                        | <u>\$ (16.0)</u>                                                     | <u>\$ —</u>    |

## **8. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS**

### **Pension Plans**

Spire and the Utilities maintain pension plans for their employees.

Spire Missouri has non-contributory, defined benefit, trustee forms of pension plans covering the majority of its employees. Plan assets consist primarily of corporate and U.S. government obligations and a growth segment consisting of exposure to equity markets, commodities, real estate and inflation-indexed securities, achieved through derivative instruments.

Spire Alabama has non-contributory, defined benefit, trustee forms of pension plans covering the majority of its employees. Qualified plan assets are comprised of mutual and commingled funds consisting of U.S. equities with varying strategies, global equities, alternative investments, and fixed income investments.

The net periodic pension cost included the following components:

|                                                  | <b>Three Months Ended<br/>December 31,</b> |                |
|--------------------------------------------------|--------------------------------------------|----------------|
|                                                  | <b>2020</b>                                | <b>2019</b>    |
| <u><i>Spire</i></u>                              |                                            |                |
| Service cost – benefits earned during the period | \$ 5.6                                     | \$ 5.5         |
| Interest cost on projected benefit obligation*   | 5.2                                        | 5.9            |
| Expected return on plan assets*                  | (8.0)                                      | (9.2)          |
| Amortization of prior service credit*            | (0.8)                                      | (0.6)          |
| Amortization of actuarial loss*                  | 4.0                                        | 3.7            |
| Subtotal                                         | 6.0                                        | 5.3            |
| Regulatory adjustment                            | 9.6                                        | 9.6            |
| Net pension cost                                 | <u>\$ 15.6</u>                             | <u>\$ 14.9</u> |
| <u><i>Spire Missouri</i></u>                     |                                            |                |
| Service cost – benefits earned during the period | \$ 3.9                                     | \$ 3.8         |
| Interest cost on projected benefit obligation*   | 3.5                                        | 4.2            |
| Expected return on plan assets*                  | (5.6)                                      | (6.6)          |
| Amortization of prior service credit*            | (0.2)                                      | —              |
| Amortization of actuarial loss*                  | 2.9                                        | 2.9            |
| Subtotal                                         | 4.5                                        | 4.3            |
| Regulatory adjustment                            | 7.6                                        | 7.7            |
| Net pension cost                                 | <u>\$ 12.1</u>                             | <u>\$ 12.0</u> |
| <u><i>Spire Alabama</i></u>                      |                                            |                |
| Service cost – benefits earned during the period | \$ 1.5                                     | \$ 1.5         |
| Interest cost on projected benefit obligation*   | 1.2                                        | 1.2            |
| Expected return on plan assets*                  | (1.6)                                      | (1.7)          |
| Amortization of prior service credit*            | (0.6)                                      | (0.6)          |
| Amortization of actuarial loss*                  | 1.1                                        | 0.8            |
| Subtotal                                         | 1.6                                        | 1.2            |
| Regulatory adjustment                            | 1.8                                        | 1.7            |
| Net pension cost                                 | <u>\$ 3.4</u>                              | <u>\$ 2.9</u>  |

\* Denotes pension expense line items that are recorded below the operating income line in the income statements, in the line item “Other Income, Net.”

Pursuant to the provisions of Spire Missouri’s and Spire Alabama’s pension plans, pension obligations may be satisfied by monthly annuities, lump-sum cash payments, or special termination benefits. Lump-sum payments are recognized as settlements (which can result in gains or losses) only if the total of such payments exceeds the sum of service and interest costs in a specific year. Special termination benefits, when offered, are also recognized as settlements which can result in gains or losses. For the quarters ended December 31, 2020 and 2019, no plans met the criteria for settlement recognition.

The funding policy of the Utilities is to contribute an amount not less than the minimum required by government funding standards, nor more than the maximum deductible amount for federal income tax purposes. Fiscal 2021 contributions to Spire Missouri’s pension plans through December 31, 2020 were \$20.2 to the qualified trusts and none to non-qualified plans. There were \$2.2 of fiscal 2021 contributions to the Spire Alabama pension plans through December 31, 2020.

Contributions to the qualified trusts of Spire Missouri’s pension plans for the remainder of fiscal 2021 are anticipated to be \$21.8. Contributions to Spire Alabama’s pension plans for the remainder of fiscal 2021 are anticipated to be \$8.9.

## Other Postretirement Benefits

Spire and the Utilities provide certain life insurance benefits at retirement. Spire Missouri plans provide for medical insurance after early retirement until age 65. For retirements prior to January 1, 2015, certain Spire Missouri plans provided medical insurance after retirement until death. The Spire Alabama plans provide medical insurance upon retirement until death for certain retirees depending on the type of employee and the date the employee was originally hired.

Net periodic postretirement benefit costs consisted of the following components:

|                                                                 | Three Months Ended<br>December 31, |                 |
|-----------------------------------------------------------------|------------------------------------|-----------------|
|                                                                 | 2020                               | 2019            |
| <i><u>Spire</u></i>                                             |                                    |                 |
| Service cost – benefits earned during the period                | \$ 1.8                             | \$ 1.4          |
| Interest cost on accumulated postretirement benefit obligation* | 1.4                                | 1.6             |
| Expected return on plan assets*                                 | (4.0)                              | (4.1)           |
| Amortization of prior service cost (credit)*                    | 0.3                                | (0.2)           |
| Amortization of actuarial gain*                                 | (0.4)                              | (0.5)           |
| Subtotal                                                        | (0.9)                              | (1.8)           |
| Regulatory adjustment                                           | 3.4                                | 4.0             |
| Net postretirement benefit cost                                 | <u>\$ 2.5</u>                      | <u>\$ 2.2</u>   |
| <i><u>Spire Missouri</u></i>                                    |                                    |                 |
| Service cost – benefits earned during the period                | \$ 1.6                             | \$ 1.3          |
| Interest cost on accumulated postretirement benefit obligation* | 1.1                                | 1.2             |
| Expected return on plan assets*                                 | (2.7)                              | (2.8)           |
| Amortization of prior service cost (credit) *                   | 0.2                                | (0.1)           |
| Amortization of actuarial gain*                                 | (0.4)                              | (0.5)           |
| Subtotal                                                        | (0.2)                              | (0.9)           |
| Regulatory adjustment                                           | 3.8                                | 4.4             |
| Net postretirement benefit cost                                 | <u>\$ 3.6</u>                      | <u>\$ 3.5</u>   |
| <i><u>Spire Alabama</u></i>                                     |                                    |                 |
| Service cost – benefits earned during the period                | \$ 0.2                             | \$ 0.1          |
| Interest cost on accumulated postretirement benefit obligation* | 0.3                                | 0.3             |
| Expected return on plan assets*                                 | (1.2)                              | (1.2)           |
| Amortization of prior service cost (credit)*                    | 0.1                                | (0.1)           |
| Subtotal                                                        | (0.6)                              | (0.9)           |
| Regulatory adjustment                                           | (0.4)                              | (0.4)           |
| Net postretirement benefit income                               | <u>\$ (1.0)</u>                    | <u>\$ (1.3)</u> |

\* Denotes other postretirement expense line items that are recorded below the operating income line in the income statements, in the line item "Other Income, Net."

Missouri and Alabama state laws provide for the recovery in rates of costs accrued pursuant to GAAP provided that such costs are funded through an independent, external funding mechanism. The Utilities have established Voluntary Employees' Beneficiary Association (VEBA) and Rabbi Trusts as external funding mechanisms. The assets of the VEBA and Rabbi Trusts consist primarily of money market securities and mutual funds invested in stocks and bonds.

The Utilities' funding policy is to contribute amounts to the trusts equal to the periodic benefit cost calculated pursuant to GAAP as recovered in rates. There have been no contributions to the postretirement plans through December 31, 2020 for Spire Missouri or Spire Alabama, and none are expected to be required for the remainder of the fiscal year.

## 9. INFORMATION BY OPERATING SEGMENT

The Company has two reportable segments: Gas Utility and Gas Marketing. The Gas Utility segment is the aggregation of the operations of the Utilities. The Gas Marketing segment includes the results of Spire Marketing, a subsidiary engaged in the non-regulated marketing of natural gas and related activities, including utilizing natural gas storage contracts for providing natural gas sales. Other components of the Company's consolidated information include:

- unallocated corporate items, including certain debt and associated interest costs;
- Spire STL Pipeline, a subsidiary of Spire which has constructed and, as of November 2019, operates a 65-mile FERC-regulated pipeline to deliver natural gas into eastern Missouri;
- Spire Storage, a subsidiary of Spire providing physical natural gas storage services; and
- Spire's subsidiaries engaged in the operation of a propane pipeline, the compression of natural gas, and risk management, among other activities.

Accounting policies are described in [Note 1](#), Summary of Significant Accounting Policies. Intersegment transactions include sales of natural gas from Spire Marketing to Spire Missouri, Spire Alabama and Spire Storage, sales of natural gas from Spire Missouri and Spire Alabama to Spire Marketing, propane transportation services provided by Spire NGL Inc. to Spire Missouri, and propane storage services provided by Spire Missouri to Spire NGL Inc.

Management evaluates the performance of the operating segments based on the computation of net economic earnings. Net economic earnings exclude from reported net income the after-tax impacts of fair value accounting and timing adjustments associated with energy-related transactions, the impacts of acquisition, divestiture and restructuring activities, and the largely non-cash impacts of impairments (discussed in [Note 1](#)) and other non-recurring or unusual items such as certain regulatory, legislative, or GAAP standard-setting actions. For the fiscal 2020 periods presented, adjustments for Spire Missouri ISRS revenues reflect the regulatory settlement reached in the third quarter of fiscal 2020, as discussed in [Note 4](#), Regulatory Matters, such that the related GAAP provision for customer credit for fiscal 2020 to date is reflected in net economic earnings.

|                                             | Gas Utility | Gas Marketing | Other    | Eliminations | Consolidated |
|---------------------------------------------|-------------|---------------|----------|--------------|--------------|
| <b>Three Months Ended December 31, 2020</b> |             |               |          |              |              |
| Operating Revenues:                         |             |               |          |              |              |
| Revenues from external customers            | \$ 497.2    | \$ 10.7       | \$ 4.7   | \$ —         | \$ 512.6     |
| Intersegment revenues                       | 1.0         | 14.1          | 12.0     | (27.1)       | —            |
| Total Operating Revenues                    | 498.2       | 24.8          | 16.7     | (27.1)       | 512.6        |
| Operating Expenses:                         |             |               |          |              |              |
| Natural gas                                 | 204.3       | 0.7           | —        | (23.8)       | 181.2        |
| Operation and maintenance                   | 103.0       | 3.3           | 8.6      | (3.3)        | 111.6        |
| Depreciation and amortization               | 48.6        | 0.3           | 1.9      | —            | 50.8         |
| Taxes, other than income taxes              | 35.5        | 0.2           | 0.4      | —            | 36.1         |
| Total Operating Expenses                    | 391.4       | 4.5           | 10.9     | (27.1)       | 379.7        |
| Operating Income                            | \$ 106.8    | \$ 20.3       | \$ 5.8   | \$ —         | \$ 132.9     |
| Net Economic Earnings (Loss)                | \$ 76.4     | \$ 3.3        | \$ (2.8) | \$ —         | \$ 76.9      |

|                                             | Gas Utility | Gas Marketing | Other    | Eliminations | Consolidated |
|---------------------------------------------|-------------|---------------|----------|--------------|--------------|
| <b>Three Months Ended December 31, 2019</b> |             |               |          |              |              |
| Operating Revenues:                         |             |               |          |              |              |
| Revenues from external customers            | \$ 530.6    | \$ 32.3       | \$ 4.0   | \$ —         | \$ 566.9     |
| Intersegment revenues                       | 0.1         | —             | 7.1      | (7.2)        | —            |
| Total Operating Revenues                    | 530.7       | 32.3          | 11.1     | (7.2)        | 566.9        |
| Operating Expenses:                         |             |               |          |              |              |
| Natural gas                                 | 241.5       | 24.5          | 0.1      | (4.2)        | 261.9        |
| Operation and maintenance                   | 108.6       | 3.1           | 7.9      | (3.0)        | 116.6        |
| Depreciation and amortization               | 46.4        | —             | 1.1      | —            | 47.5         |
| Taxes, other than income taxes              | 37.9        | 0.3           | 0.4      | —            | 38.6         |
| Total Operating Expenses                    | 434.4       | 27.9          | 9.5      | (7.2)        | 464.6        |
| Operating Income                            | \$ 96.3     | \$ 4.4        | \$ 1.6   | \$ —         | \$ 102.3     |
| Net Economic Earnings (Loss)                | \$ 69.1     | \$ 6.1        | \$ (3.4) | \$ —         | \$ 71.8      |

The following table reconciles the Company's net economic earnings to net income.

|                                   | <b>Three Months Ended<br/>December 31,</b> |             |
|-----------------------------------|--------------------------------------------|-------------|
|                                   | <b>2020</b>                                | <b>2019</b> |
| Net Income                        | \$ 88.9                                    | \$ 67.0     |
| Adjustments, pre-tax:             |                                            |             |
| Provision for ISRS rulings        | —                                          | 2.6         |
| Fair value and timing adjustments | (16.0)                                     | 3.7         |
| Income tax effect of adjustments  | 4.0                                        | (1.5)       |
| Net Economic Earnings             | \$ 76.9                                    | \$ 71.8     |

The Company's total assets by segment were as follows:

|               | <b>December 31,<br/>2020</b> | <b>September 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---------------|------------------------------|-------------------------------|------------------------------|
| Total Assets: |                              |                               |                              |
| Gas Utility   | \$ 6,932.3                   | \$ 6,716.2                    | \$ 6,306.0                   |
| Gas Marketing | 204.8                        | 182.7                         | 242.7                        |
| Other         | 2,462.3                      | 2,443.5                       | 2,450.5                      |
| Eliminations  | (1,083.8)                    | (1,101.2)                     | (1,038.2)                    |
| Total Assets  | \$ 8,515.6                   | \$ 8,241.2                    | \$ 7,961.0                   |

## 10. COMMITMENTS AND CONTINGENCIES

### Commitments

The Company and the Utilities have entered into contracts with various counterparties, expiring on dates through 2039, for the storage, transportation, and supply of natural gas. Minimum payments required under the contracts in place at December 31, 2020, are estimated at \$1,739.4, \$1,319.4, and \$310.3 for the Company, Spire Missouri, and Spire Alabama, respectively. Additional contracts are generally entered into prior to or during the heating season of November through April. The Utilities recover their costs from customers in accordance with their PGA clauses or GSA riders.

## Contingencies

The Company and the Utilities account for contingencies, including environmental liabilities, in accordance with accounting standards under the loss contingency guidance of ASC Topic 450, *Contingencies*, when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

In addition to matters noted below, the Company and the Utilities are involved in other litigation, claims, and investigations arising in the normal course of business. Management, after discussion with counsel, believes the final outcome will not have a material effect on the statements of income, balance sheets, and statements of cash flows of the Company, Spire Missouri, or Spire Alabama. However, there is uncertainty in the valuation of pending claims and prediction of litigation results.

The Company and the Utilities own and operate natural gas distribution, transmission, and storage facilities, the operations of which are subject to various environmental laws, regulations, and interpretations. While environmental issues resulting from such operations arise in the ordinary course of business, such issues have not materially affected the Company's or Utilities' financial position and results of operations. As environmental laws, regulations, and their interpretations change, the Company or the Utilities may incur additional environmental liabilities that may result in additional costs, which may be material.

In the natural gas industry, many gas distribution companies have incurred environmental liabilities associated with sites they or their predecessor companies formerly owned or operated where manufactured gas operations took place. The Utilities each have former manufactured gas plant (MGP) operations in their respective service territories. To the extent costs are incurred associated with environmental remediation activities, the Utilities would request authority from their respective regulators to defer such costs (less any amounts received from insurance proceeds or as contributions from other potentially responsible parties (PRPs)) and collect them through future rates.

### Spire Missouri

Spire Missouri has identified three former MGP sites in the city of St. Louis, Missouri (the "City") where costs have been incurred and claims have been asserted. Spire Missouri has enrolled two of the sites in the Missouri Department of Natural Resources (MDNR) Brownfields/Voluntary Cleanup Program (BVCP). The third site is the result of a relatively new claim assertion by the United States Environmental Protection Agency (EPA).

In conjunction with redevelopment of one of the sites, Spire Missouri and another former owner of the site entered into an agreement (the "Remediation Agreement") with the City development agencies, the developer, and an environmental consultant that obligates one of the City agencies and the environmental consultant to remediate the site and obtain a No Further Action letter from the MDNR. The Remediation Agreement also provides for a release of Spire Missouri and the other former site owner from certain liabilities related to the past and current environmental condition of the site and requires the developer and the environmental consultant to maintain certain insurance coverage, including remediation cost containment, premises pollution liability, and professional liability. The operative provisions of the Remediation Agreement were triggered on December 20, 2010, on which date Spire Missouri and the other former site owner, as full consideration under the Remediation Agreement, paid a small percentage of the cost of remediation of the site.

Spire Missouri has not owned the second site for many years. In a letter dated June 29, 2011, the Attorney General for the State of Missouri informed Spire Missouri that the MDNR had completed an investigation of the site. The Attorney General requested that Spire Missouri participate in the follow up investigations of the site. In a letter dated January 10, 2012, Spire Missouri stated that it would participate in future environmental response activities at the site in conjunction with other PRPs that are willing to contribute to such efforts in a meaningful and equitable fashion. Accordingly, Spire Missouri entered into a cost sharing agreement for remedial investigation with other PRPs. To date, MDNR has not approved the agreement, so remedial investigation has not yet occurred.

Additionally, in correspondence dated November 30, 2016, Region 7 of the EPA has asserted that Spire Missouri is liable under Section 107(a) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) for alleged coal gas waste contamination at a third site in the northern portion of the City on which Spire Missouri operated a MGP. Spire Missouri has not owned or operated the site (also known as Station “B”) for over 70 years. Spire Missouri and the site owner have met with the EPA and reviewed its assertions. Both Spire Missouri and the site owner have notified the EPA that information and data provided by the EPA to date does not rise to the level of documenting a threat to the public health or environment. As such, Spire Missouri requested more information from the EPA, some of which would also be utilized to identify other former owners and operators of the site that could be added as PRPs. To date, Spire Missouri has not received a response from the EPA.

Spire Missouri has notified its insurers that it seeks reimbursement for costs incurred in the past and future potential liabilities associated with these MGP sites. While some of the insurers have denied coverage and reserved their rights, Spire Missouri retains the right to seek potential reimbursements from them.

On March 10, 2015, Spire Missouri received a Section 104(e) information request under CERCLA from EPA Region 7 regarding the former Thompson Chemical/Superior Solvents site in the City. In turn, Spire Missouri issued a Freedom of Information Act (FOIA) request to the EPA on April 3, 2015, in an effort to identify the basis of the inquiry. The FOIA response from the EPA was received on July 15, 2015, and a response was provided to the EPA on August 15, 2015. Spire Missouri has received no further inquiry from the EPA regarding this matter.

In its western service area, Spire Missouri has seven owned MGP sites enrolled in the BVCP, including Joplin MGP #1, St. Joseph MGP #1, Kansas City Coal Gas Station B, Kansas City Station A Railroad area, Kansas City Coal Gas Station A North, Kansas City Coal Gas Station A South, and Independence MGP #2. Source removal has been conducted at all of the owned sites since 2003 with the exception of Joplin. On September 15, 2016, a request was made with the MDNR for a restrictive covenant use limitation with respect to Joplin. Remediation efforts at the seven sites are at various stages of completion, ranging from groundwater monitoring and sampling following source removal activities to the aforementioned request in respect to Joplin. As part of its participation in the BVCP, Spire Missouri communicates regularly with the MDNR with respect to its remediation efforts and monitoring activities at these sites. On May 11, 2015, MDNR approved the next phase of investigation at the Kansas City Station A North and Railroad areas.

To date, costs incurred for all Spire Missouri’s MGP sites for investigation, remediation and monitoring these sites have not been material. However, the amount of costs relative to future remedial actions at these and other sites is unknown and may be material. The actual future costs that Spire Missouri may incur could be materially higher or lower depending upon several factors, including whether remediation will be required, final selection and regulatory approval of any remedial actions, changing technologies and government regulations, the ultimate ability of other PRPs to pay, and any insurance recoveries.

In 2013, Spire Missouri retained an outside consultant to conduct probabilistic cost modeling of 19 former MGP sites owned or operated by Spire Missouri. The purpose of this analysis was to develop an estimated range of probabilistic future liability for each site. That analysis, completed in August 2014, provided a range of demonstrated possible future expenditures to investigate, monitor and remediate all 19 MGP sites. Spire Missouri has recorded its best estimate of the probable expenditures that relate to these matters. The amount is not material.

Spire Missouri and the Company do not expect potential liabilities that may arise from remediating these sites to have a material impact on their future financial condition or results of operations.

### Spire Alabama

Spire Alabama is in the chain of title of nine former MGP sites, four of which it still owns, and five former manufactured gas distribution sites, one of which it still owns. Spire Alabama does not foresee a probable or reasonably estimable loss associated with these sites. Spire Alabama and the Company do not expect potential liabilities that may arise from remediating these sites to have a material impact on their future financial condition or results of operations.

In 2012, Spire Alabama responded to an EPA Request for Information Pursuant to Section 104 of CERCLA relating to the 35th Avenue Superfund Site located in North Birmingham, Jefferson County, Alabama. Spire Alabama was identified as a PRP under CERCLA for the cleanup of the site or costs the EPA incurs in cleaning up the site. At this point, Spire Alabama has not been provided information that would allow it to determine the extent, if any, of its potential liability with respect to the 35th Avenue Superfund Site and vigorously denies its inclusion as a PRP.

### Spire

In addition to those discussed above for Spire Missouri and Spire Alabama, Spire is aware of the following contingent matter.

In February 2018, the Company was made aware of a complaint filed with the U.S. Department of Housing and Urban Development (HUD) by the South Alabama Center for Fair Housing and the National Community Reinvestment Coalition. The complaint alleged that Spire Gulf discriminated against unspecified residents of Eight Mile, Alabama, on the basis of race in violation of the Fair Housing Act by failing to adequately address the odorant release that occurred in 2008. On December 2, 2020, HUD issued a determination that found no reasonable cause exists that Spire Gulf discriminated against residents in Eight Mile, Alabama.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **(Dollars in millions, except per unit and per share amounts)**

This section analyzes the financial condition and results of operations of Spire Inc. (the “Company”), Spire Missouri Inc., and Spire Alabama Inc. Spire Missouri, Spire Alabama and Spire EnergySouth are wholly owned subsidiaries of the Company. Spire Missouri, Spire Alabama and the subsidiaries of Spire EnergySouth are collectively referred to as the “Utilities.” The subsidiaries of Spire EnergySouth are Spire Gulf and Spire Mississippi. This section includes management’s view of factors that affect the respective businesses of the Company, Spire Missouri and Spire Alabama, explanations of financial results including changes in earnings and costs from the prior periods, and the effects of such factors on the Company’s, Spire Missouri’s and Spire Alabama’s overall financial condition and liquidity.

Certain matters discussed in this report, excluding historical information, include forward-looking statements. Certain words, such as “may,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “seek,” “target,” and similar words and expressions identify forward-looking statements that involve uncertainties and risks. Future developments may not be in accordance with our current expectations or beliefs and the effect of future developments may not be those anticipated. Among the factors that may cause results or outcomes to differ materially from those contemplated in any forward-looking statement are:

- Weather conditions and catastrophic events, particularly severe weather in U.S. natural gas producing areas;
- Impacts related to the COVID-19 pandemic and uncertainties as to their continuing duration and severity;
- Volatility in gas prices, particularly sudden and sustained changes in natural gas prices, including the related impact on margin deposits associated with the use of natural gas derivative instruments, and the impact on our competitive position in relation to suppliers of alternative heating sources, such as electricity;
- Changes in gas supply and pipeline availability, including decisions by natural gas producers to reduce production or shut in producing natural gas wells, expiration of existing supply and transportation arrangements that are not replaced with contracts with similar terms and pricing, as well as other changes that impact supply for and access to the markets in which our subsidiaries transact business;
- Acquisitions may not achieve their intended results;
- Legislative, regulatory and judicial mandates and decisions, some of which may be retroactive, including those affecting:
  - allowed rates of return,
  - incentive regulation,
  - industry structure,
  - purchased gas adjustment provisions,
  - rate design structure and implementation,
  - capital structures established for rate-setting purposes,
  - regulatory assets,
  - non-regulated and affiliate transactions,
  - franchise renewals,
  - environmental or safety matters, including the potential impact of legislative and regulatory actions related to climate change and pipeline safety,
  - taxes,
  - pension and other postretirement benefit liabilities and funding obligations, or
  - accounting standards;
- The results of litigation;
- The availability of and access to, in general, funds to meet our debt obligations prior to or when they become due and to fund our operations and necessary capital expenditures, either through (i) cash on hand, (ii) operating cash flow, or (iii) access to the capital markets;
- Retention of, ability to attract, ability to collect from, and conservation efforts of, customers;

- Our ability to comply with all covenants in our indentures and credit facilities any violations of which, if not cured in a timely manner, could trigger a default of our obligation;
- Energy commodity market conditions;
- Discovery of material weakness in internal controls;
- The disruption, failure or malfunction of our operational and information technology systems, including due to cyberattacks; and
- Employee workforce issues, including but not limited to labor disputes, the inability to attract and retain key talent, and future wage and employee benefit costs, including costs resulting from changes in discount rates and returns on benefit plan assets.

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's Condensed Consolidated Financial Statements, Spire Missouri's and Spire Alabama's Condensed Financial Statements, and the notes thereto.

## OVERVIEW

The Company has two reportable segments: Gas Utility and Gas Marketing. Nearly all of Spire's earnings are derived from its Gas Utility segment, which reflects the regulated activities of the Utilities. Due to the seasonal nature of the Utilities' business and the Spire Missouri rate design, earnings of Spire and each of the Utilities are typically concentrated during the heating season of November through April each fiscal year.

### Gas Utility - Spire Missouri

Spire Missouri is Missouri's largest natural gas distribution utility and is regulated by the MoPSC. Spire Missouri serves St. Louis, Kansas City, and other areas throughout the state. Spire Missouri purchases natural gas in the wholesale market from producers and marketers and ships the gas through interstate pipelines into its own distribution facilities for sale to residential, commercial and industrial customers. Spire Missouri also transports gas through its distribution system for certain larger customers who buy their own gas on the wholesale market. Spire Missouri delivers natural gas to customers at rates and in accordance with tariffs authorized by the MoPSC. The earnings of Spire Missouri are primarily generated by the sale of heating energy.

### Gas Utility - Spire Alabama

Spire Alabama is the largest natural gas distribution utility in the state of Alabama and is regulated by the APSC. Spire Alabama's service territory is located in central and northern Alabama. Among the cities served by Spire Alabama are Birmingham, the center of the largest metropolitan area in the state, and Montgomery, the state capital. Spire Alabama purchases natural gas through interstate and intrastate suppliers and distributes the purchased gas through its distribution facilities for sale to residential, commercial, and industrial customers, and other end-users of natural gas. Spire Alabama also transports gas through its distribution system for certain large commercial and industrial customers for a transportation fee. Effective December 1, 2020, for most of these transportation service customers, Spire Alabama also purchases gas on the wholesale market for sale to the customer upon delivery to the Spire Alabama distribution system. All Spire Alabama services are provided to customers at rates and in accordance with tariffs authorized by the APSC.

### Gas Utility - Spire EnergySouth

Spire Gulf and Spire Mississippi are utilities engaged in the purchase, retail distribution and sale of natural gas to approximately 100,000 customers in southern Alabama and south-central Mississippi. Spire Gulf is regulated by the APSC, and Spire Mississippi is regulated by the MSPSC.

### Gas Marketing

Spire Marketing is engaged in the marketing of natural gas and related activities on a non-regulated basis and is reported in the Gas Marketing segment. Spire Marketing markets natural gas across the central and southern U.S. It holds firm transportation and storage contracts in order to effectively manage its transactions with counterparties, which primarily include producers, municipalities, electric and gas utility companies, and large commercial and industrial customers.

### Other

Other components of the Company's consolidated information include:

- unallocated corporate items, including certain debt and associated interest costs;
- Spire STL Pipeline LLC ("Spire STL Pipeline") and Spire Storage West LLC ("Spire Storage"), described below; and
- Spire's subsidiaries engaged in the operation of a propane pipeline, the compression of natural gas, and risk management, among other activities.

Spire STL Pipeline is a wholly owned subsidiary of Spire which owns and operates a 65-mile pipeline connecting the Rockies Express Pipeline in Scott County, Illinois, to delivery points in St. Louis County, Missouri, including Spire Missouri's storage facility. The pipeline is under the jurisdiction of the FERC and is capable of delivering up to 4 million therms per day of natural gas into eastern Missouri. Spire Missouri is the foundation shipper with a contractual commitment of 3.5 million therms per day. The pipeline was primarily constructed during fiscal 2019 and was placed into service in November 2019.

Spire Storage is engaged in the storage of natural gas in the western region of the United States. The facility consists of two storage fields operating under one FERC market-based rate tariff.

### COVID-19

The outbreak of the novel coronavirus (COVID-19) has adversely impacted economic activity and conditions worldwide. We are continuing to assess the developments involving our workforce, customers and suppliers, as well as the response of federal and state authorities, our regulators and other business and community leaders. The Company has implemented what we believe to be appropriate procedures and protocols to ensure the safety of our customers, suppliers and employees. These actions include activating incident management procedures, work-from-home for our office-based employees, limiting direct contact with our customers, and suspending disconnections and late payment fees for our utility customers for several months in 2020.

We have experienced impacts on our results of operations from COVID-19, including:

- lost late payment fees due to a moratorium from late March through mid-June 2020;
- minor net margin impact from lower commercial and industrial volumes offset by additional residential fixed charges;
- bad debt expense increases due to additional expected credit losses on accounts receivable balances; and
- net other direct cost reductions due to lower travel, meals and entertainment and training offset by increased costs for enhanced cleaning and personal protective equipment for our facilities and field personnel compared to normal and expected levels.

Spire Missouri received an Accounting Authority Order from the MoPSC to defer certain costs and has recorded a related regulatory asset of \$3.9 and \$3.8 as of December 31 and September 30, 2020, respectively. Even with the cost increases and lost revenues, Spire Alabama exceeded the allowed return and recorded a Rate Stabilization and Equalization giveback in September 2020, so there was no bottom-line impact of these COVID-19 effects.

An extended slowdown of the United States' economy, changes in commodity costs and/or significant changes in policy and regulation could result in lower demand for natural gas as well as negatively impact the ability of our customers, contractors, suppliers and other business partners to remain in business or return to operating health. These could have a material adverse effect on our results of operations, financial condition, liquidity and prospects.

The Company is participating in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provisions allowing for a payroll tax deferral which does not have an impact on our results of operations but defers the payment of the Company's portion of certain payroll taxes until later in fiscal 2021 and 2022. Although the Company does not currently expect to seek relief under any other CARES Act provisions, we will continue to monitor all pending and future federal, state and local efforts related to the COVID-19 health crisis and assess our need and, as applicable, eligibility for any such relief.

## **NON-GAAP MEASURES**

Net income, earnings per share and operating income reported by Spire, Spire Missouri and Spire Alabama are determined in accordance with accounting principles generally accepted in the United States of America (GAAP). Spire, Spire Missouri and Spire Alabama also provide the non-GAAP financial measures of net economic earnings, net economic earnings per share and contribution margin. Management and the Board of Directors use non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting, to determine incentive compensation and to evaluate financial performance. These non-GAAP operating metrics should not be considered as alternatives to, or more meaningful than, the related GAAP measures. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures are provided on the following pages.

### **Net Economic Earnings and Net Economic Earnings Per Share**

Net economic earnings and net economic earnings per share are non-GAAP measures that exclude from net income the impacts of fair value accounting and timing adjustments associated with energy-related transactions, the impacts of acquisition, divestiture and restructuring activities, and the largely non-cash impacts of impairments and other non-recurring or unusual items such as certain regulatory, legislative or GAAP standard-setting actions. In addition, net economic earnings per share would exclude the impact, in the fiscal year of issuance, of any shares issued to finance acquisitions that have yet to be included in net economic earnings.

The fair value and timing adjustments are made in instances where the accounting treatment differs from what management considers the economic substance of the underlying transaction, including the following:

- Net unrealized gains and losses on energy-related derivatives that are required by GAAP fair value accounting associated with current changes in the fair value of financial and physical transactions prior to their completion and settlement. These unrealized gains and losses result primarily from two sources:
  - 1) changes in the fair values of physical and/or financial derivatives prior to the period of settlement; and
  - 2) ineffective portions of accounting hedges, required to be recorded in earnings prior to settlement, due to differences in commodity price changes between the locations of the forecasted physical purchase or sale transactions and the locations of the underlying hedge instruments;
- Lower of cost or market adjustments to the carrying value of commodity inventories resulting when the net realizable value of the commodity falls below its original cost, to the extent that those commodities are economically hedged; and
- Realized gains and losses resulting from the settlement of economic hedges prior to the sale of the physical commodity.

These adjustments eliminate the impact of timing differences and the impact of current changes in the fair value of financial and physical transactions prior to their completion and settlement. Unrealized gains or losses are recorded in each period until being replaced with the actual gains or losses realized when the associated physical transactions occur. Management believes that excluding the earnings volatility caused by recognizing changes in fair value prior to settlement and other timing differences associated with related purchase and sale transactions provides a useful representation of the economic effects of only the actual settled transactions and their effects on results of operations. While management uses these non-GAAP measures to evaluate all of its businesses, the net effect of these fair value and timing adjustments on the Utilities' earnings is minimal because gains or losses on their natural gas derivative instruments are deferred pursuant to state regulation.

### **Contribution Margin**

In addition to operating revenues and operating expenses, management also uses the non-GAAP measure of contribution margin when evaluating results of operations. Contribution margin is defined as operating revenues less natural gas costs and gross receipts tax expense. The Utilities pass to their customers (subject to prudence review by, as applicable, the MoPSC, APSC or MSPSC) increases and decreases in the wholesale cost of natural gas in accordance with their PGA clauses or GSA riders. The volatility of the wholesale natural gas market results in fluctuations from period to period in the recorded levels of, among other items, revenues and natural gas cost expense. Nevertheless, increases and decreases in the cost of gas associated with system gas sales volumes and gross receipts tax expense (which are calculated as a percentage of revenues), with the same amount (excluding immaterial timing differences) included in revenues, have no direct effect on operating income. Therefore, management believes that contribution margin is a useful supplemental measure, along with the remaining operating expenses, for assessing the Company's and the Utilities' performance.

## EARNINGS – THREE MONTHS ENDED DECEMBER 31, 2020

### Spire

#### Net Income and Net Economic Earnings

The following tables reconcile the Company's net economic earnings to the most comparable GAAP number, net income.

|                                                | Gas<br>Utility | Gas<br>Marketing | Other           | Total          | Per<br>Diluted<br>Common<br>Share** |
|------------------------------------------------|----------------|------------------|-----------------|----------------|-------------------------------------|
| <b>Three Months Ended December 31, 2020</b>    |                |                  |                 |                |                                     |
| <b>Net Income (Loss) [GAAP]</b>                | <b>\$ 76.5</b> | <b>\$ 15.2</b>   | <b>\$ (2.8)</b> | <b>\$ 88.9</b> | <b>\$ 1.65</b>                      |
| Adjustments, pre-tax:                          |                |                  |                 |                |                                     |
| Fair value and timing adjustments              | (0.1)          | (15.9)           | —               | (16.0)         | (0.31)                              |
| Income tax effect of adjustments*              | —              | 4.0              | —               | 4.0            | 0.08                                |
| <b>Net Economic Earnings (Loss) [Non-GAAP]</b> | <b>\$ 76.4</b> | <b>\$ 3.3</b>    | <b>\$ (2.8)</b> | <b>\$ 76.9</b> | <b>\$ 1.42</b>                      |
| <b>Three Months Ended December 31, 2019</b>    |                |                  |                 |                |                                     |
| <b>Net Income (Loss) [GAAP]</b>                | <b>\$ 67.1</b> | <b>\$ 3.3</b>    | <b>\$ (3.4)</b> | <b>\$ 67.0</b> | <b>\$ 1.24</b>                      |
| Adjustments, pre-tax:                          |                |                  |                 |                |                                     |
| Provision for ISRS rulings                     | 2.6            | —                | —               | 2.6            | 0.05                                |
| Fair value and timing adjustments              | —              | 3.7              | —               | 3.7            | 0.07                                |
| Income tax effect of adjustments*              | (0.6)          | (0.9)            | —               | (1.5)          | (0.03)                              |
| <b>Net Economic Earnings (Loss) [Non-GAAP]</b> | <b>\$ 69.1</b> | <b>\$ 6.1</b>    | <b>\$ (3.4)</b> | <b>\$ 71.8</b> | <b>\$ 1.33</b>                      |

\* Income tax effect is calculated by applying federal, state, and local income tax rates applicable to ordinary income to the amounts of the pre-tax reconciling items and then adding any estimated effects of enacted state or local income tax laws for periods before the related effective date.

\*\* Net economic earnings per share is calculated by replacing consolidated net income with consolidated net economic earnings in the GAAP diluted earnings per share calculation, which includes reductions for cumulative preferred dividends and participating shares.

**Note:** In the following discussion, all references to earnings (loss) per share and net economic earnings per share refer to earnings (loss) per common share and net economic earnings per common share.

### Consolidated

Spire had net income of \$88.9 for the three months ended December 31, 2020, compared with net income of \$67.0 for the three months ended December 31, 2019. Diluted income per share of \$1.65 for the current year quarter compared to \$1.24 diluted income per share for the prior year quarter. The net income growth of \$21.9 was driven by an \$11.9 increase in Gas Marketing segment and a \$9.4 increase in the Gas Utility segment. The Gas Marketing increase was the result of higher current year margins, driven by favorable derivative activity and fair value measurements, only partly offset by the costs of incremental storage capacity, transportation fees, and less favorable market conditions. Gas Utility net income growth reflects higher ISRS revenues, combined with the benefits of customer growth and lower operating costs.

Spire's net economic earnings were \$76.9 (\$1.42 per diluted share) for the three months ended December 31, 2020, an increase of \$5.1 from the \$71.8 (\$1.33 per diluted share) reported for the same period in the prior year.

The principal drivers of the increase in net economic earnings were higher Gas Utility results offset by lower Gas Marketing earnings, as reflected in the above table. These impacts are described in further detail below.

### Gas Utility

For the three months ended December 31, 2020, net economic earnings for the Gas Utility segment increased \$7.3 from the first quarter of the prior fiscal year, primarily due to a \$6.5 increase at Spire Missouri and \$0.5 increase at

Spire Alabama. The increase at Spire Missouri was driven by higher ISRS revenues, customer growth, and lower Operations and Maintenance expense (O&M), offset by \$1.4 higher depreciation expense. Spire Alabama growth was negatively impacted by unfavorable net Rate Stabilization and Equalization (RSE) adjustments and higher depreciation expenses that were offset by lower O&M. These impacts are discussed in further detail below.

### Gas Marketing

For the three months ended December 31, 2020, the net economic earnings for the Gas Marketing segment was \$3.3, compared to net economic earnings of \$6.1 in the three months ended December 31, 2019. The decrease in the current-year period was primarily the impact of narrower location basis differentials due to milder regional weather and the costs of incremental storage capacity, partially offset by higher storage withdrawals.

### Other

For the three months ended December 31, 2020, net economic loss for Other decreased \$0.6 compared with the first quarter of the prior fiscal year, reflecting improved earnings from Spire Storage and lower corporate costs.

## **Operating Revenues and Expenses and Contribution Margin**

Reconciliations of the Company's contribution margin to the most directly comparable GAAP measure are shown below.

|                                             | Gas Utility     | Gas Marketing  | Other          | Eliminations     | Consolidated    |
|---------------------------------------------|-----------------|----------------|----------------|------------------|-----------------|
| <b>Three Months Ended December 31, 2020</b> |                 |                |                |                  |                 |
| <b>Operating Income [GAAP]</b>              | <b>\$ 106.8</b> | <b>\$ 20.3</b> | <b>\$ 5.8</b>  | <b>\$ —</b>      | <b>\$ 132.9</b> |
| Operation and maintenance expenses          | 103.0           | 3.3            | 8.6            | (3.3)            | 111.6           |
| Depreciation and amortization               | 48.6            | 0.3            | 1.9            | —                | 50.8            |
| Taxes, other than income taxes              | 35.5            | 0.2            | 0.4            | —                | 36.1            |
| Less: Gross receipts tax expense            | (21.7)          | —              | —              | —                | (21.7)          |
| <b>Contribution Margin [Non-GAAP]</b>       | <b>272.2</b>    | <b>24.1</b>    | <b>16.7</b>    | <b>(3.3)</b>     | <b>309.7</b>    |
| Natural gas costs                           | 204.3           | 0.7            | —              | (23.8)           | 181.2           |
| Gross receipts tax expense                  | 21.7            | —              | —              | —                | 21.7            |
| <b>Operating Revenues</b>                   | <b>\$ 498.2</b> | <b>\$ 24.8</b> | <b>\$ 16.7</b> | <b>\$ (27.1)</b> | <b>\$ 512.6</b> |
| <b>Three Months Ended December 31, 2019</b> |                 |                |                |                  |                 |
| <b>Operating Income [GAAP]</b>              | <b>\$ 96.3</b>  | <b>\$ 4.4</b>  | <b>\$ 1.6</b>  | <b>\$ —</b>      | <b>\$ 102.3</b> |
| Operation and maintenance expenses          | 108.6           | 3.1            | 7.9            | (3.0)            | 116.6           |
| Depreciation and amortization               | 46.4            | —              | 1.1            | —                | 47.5            |
| Taxes, other than income taxes              | 37.9            | 0.3            | 0.4            | —                | 38.6            |
| Less: Gross receipts tax expense            | (24.6)          | —              | —              | —                | (24.6)          |
| <b>Contribution Margin [Non-GAAP]</b>       | <b>264.6</b>    | <b>7.8</b>     | <b>11.0</b>    | <b>(3.0)</b>     | <b>280.4</b>    |
| Natural gas costs                           | 241.5           | 24.5           | 0.1            | (4.2)            | 261.9           |
| Gross receipts tax expense                  | 24.6            | —              | —              | —                | 24.6            |
| <b>Operating Revenues</b>                   | <b>\$ 530.7</b> | <b>\$ 32.3</b> | <b>\$ 11.1</b> | <b>\$ (7.2)</b>  | <b>\$ 566.9</b> |

### Consolidated

Spire reported operating revenue of \$512.6 for the three months ended December 31, 2020, a \$54.3 decrease versus the prior year quarter. Both the Gas Utility and Gas Marketing segments experienced year-over-year reductions in operating revenues. Spire's contribution margin increased \$29.3 compared with last year, with increases of \$16.3 in the Gas Marketing segment, \$7.6 for the Gas Utility segment, and \$5.7 for Other (STL Pipeline and Spire Storage) all contributing to growth. Depreciation and amortization expenses were up \$3.3 company-wide driven by a \$2.2 increase in the Gas Utility segment. Gas Utility O&M expenses of \$103.0 for the quarter were \$5.6 lower than last year. These impacts are described in further detail below.

### Gas Utility

**Operating Revenues** – Gas Utility operating revenues for the three months ended December 31, 2020, were \$498.2, or \$32.5 lower than the same period in the prior year. The decrease in Gas Utility operating revenues was attributable to the following factors:

|                                                                                 |    |               |
|---------------------------------------------------------------------------------|----|---------------|
| Spire Missouri and Spire Alabama – Lower PGA/GSA costs                          | \$ | (25.1)        |
| Spire Missouri and Spire Alabama – Volumetric usage (net of weather mitigation) |    | (8.4)         |
| Spire Missouri and Spire Alabama – Lower gross-receipt taxes                    |    | (2.9)         |
| Spire Missouri – ISRS                                                           |    | 6.5           |
| All other factors, net                                                          |    | (2.6)         |
| Total Variation                                                                 | \$ | <u>(32.5)</u> |

The decrease in revenues was primarily driven by \$25.1 lower gas costs, a \$8.4 negative impact of lower volumetric usage (including weather mitigation) resulting from warmer weather, primarily at Spire Missouri, and lower gross-receipt taxes, the result of the lower gas cost recoveries. These negative impacts were only partly offset by \$6.5 growth in ISRS revenues (including the impact of a prior-year provision of \$2.0 related to the ISRS ruling settled later in the year).

**Contribution Margin** – Gas Utility contribution margin was \$272.2 for the three months ended December 31, 2020, a \$7.6 increase over the same period in the prior year. The increase was attributable to the following factors:

|                                                                                 |    |            |
|---------------------------------------------------------------------------------|----|------------|
| Spire Missouri – ISRS                                                           | \$ | 6.5        |
| Spire Missouri and Spire Alabama – Volumetric usage (net of weather mitigation) |    | 1.1        |
| Spire Missouri – Customer growth                                                |    | 1.0        |
| Spire Alabama – RSE adjustments, net                                            |    | (1.3)      |
| All other factors                                                               |    | 0.3        |
| Total Variation                                                                 | \$ | <u>7.6</u> |

The increase in contribution margin was primarily attributable to Spire Missouri's net ISRS amounts (including prior-year true-up of provision for ISRS rulings) of \$6.5, \$1.1 favorable weather/volumetric impacts (reflecting weather mitigation), and \$1.0 related to customer growth. These favorable impacts were partly offset by the \$1.3 net unfavorable RSE adjustments at Spire Alabama.

**Operating Expenses** – O&M expenses for the three months ended December 31, 2020 were \$5.6 lower than the same period in the prior year. O&M expenses were \$2.6 lower at Spire Missouri and \$2.4 lower at Spire Alabama. These decreases were attributable to lower costs in operations, administrative and employee-related expenses, including the timing of certain expenses we expect to incur later in this fiscal year compared to the prior fiscal year. Depreciation and amortization expenses for the three months ended December 31, 2020 were \$2.2 higher than the same period in the prior year primarily driven by continued infrastructure capital expenditures across all the Utilities.

### Gas Marketing

**Operating Revenues** – Operating revenues decreased \$7.5 versus the prior-year period as retail volumes were slightly lower in addition to lower commodity prices.

**Contribution Margin** – Gas Marketing contribution margin during the three months ended December 31, 2020 increased \$16.3 from the same period in the prior year, largely reflecting a \$19.6 favorable change in derivative activity and fair value measurements excluded from net economic earnings. Excluding these gains, margins were \$3.3 lower when compared with the same period in the prior year due to the costs of incremental storage capacity and transportation fees, partly offset by value realized from storage withdrawal.

## Interest Charges

Consolidated interest charges during the three months ended December 31, 2020 decreased by \$1.0 from the same period in the prior year, principally due to lower rates on short-term borrowings. For the three months ended December 31, 2020 and 2019, average short-term borrowings were \$734.7 and \$727.7, respectively, and the average interest rates on these borrowings were 0.4% and 2.2%, respectively.

## Income Taxes

Consolidated income tax for the three months ended December 31, 2020 increased \$8.3 versus the same period in the prior year. The variance is due to higher pre-tax book income and the mix of earnings by source.

## Spire Missouri

|                                       | Three Months Ended<br>December 31, |                 |
|---------------------------------------|------------------------------------|-----------------|
|                                       | 2020                               | 2019            |
| <b>Operating Income [GAAP]</b>        | <b>\$ 75.5</b>                     | <b>\$ 67.0</b>  |
| Operation and maintenance expenses    | 62.9                               | 65.5            |
| Depreciation and amortization         | 30.4                               | 29.0            |
| Taxes, other than income taxes        | 25.1                               | 26.7            |
| Less: Gross receipts tax expense      | (15.2)                             | (17.2)          |
| <b>Contribution Margin [Non-GAAP]</b> | <b>178.7</b>                       | <b>171.0</b>    |
| Natural gas costs                     | 161.6                              | 185.8           |
| Gross receipts tax expense            | 15.2                               | 17.2            |
| <b>Operating Revenues</b>             | <b>\$ 355.5</b>                    | <b>\$ 374.0</b> |
| <b>Net Income</b>                     | <b>\$ 56.6</b>                     | <b>\$ 48.0</b>  |

Operating revenues for the three months ended December 31, 2020 decreased \$18.5 from the same period in the prior year primarily due to lower gas costs of \$18.8, combined with \$3.6 in volumetric impacts (including weather mitigation) , and a \$4.1 decrease related to lower off-system sales and gross receipts taxes. These negative impacts were only partly offset by higher ISRS revenues of \$6.5. Contribution margin for the three months ended December 31, 2020, increased \$7.7 from the same period in the prior year, largely due to the \$6.5 increase in ISRS mentioned above, combined with customer growth of \$1.0, partially offset by lower off-system sales.

O&M expenses for the three months ended December 31, 2020 decreased \$2.6 versus the prior year quarter, largely due to lower administrative and employee-related expenses, including the timing of certain expenses we expect to incur later in the year. Depreciation and amortization increased \$1.4 in the current quarter versus the prior-year quarter due to higher capital investments.

Other income was up \$1.7, primarily due to increases in the value of investments associated with non-qualified employee benefit plans reflecting market conditions.

Degree days in Spire Missouri's service areas during the three months ended December 31, 2020, were 9% warmer than normal and 12% warmer than the same period last year, resulting in lower usage on a year-over-year comparative basis. Spire Missouri's total system therms sold and transported were 522.8 million for the three months ended December 31, 2020, compared with 556.1 million for the same period in the prior year. Total off-system therms sold and transported were 8.5 million for the three months ended December 31, 2020, compared with 8.7 million for the same period last year.

Resulting net income for the quarter ended December 31, 2020 increased \$8.6 versus the prior-year quarter.

## **Spire Alabama**

|                                       | <b>Three Months Ended<br/>December 31,</b> |                 |
|---------------------------------------|--------------------------------------------|-----------------|
|                                       | <b>2020</b>                                | <b>2019</b>     |
| <b>Operating Income [GAAP]</b>        | <b>\$ 22.5</b>                             | <b>\$ 20.9</b>  |
| Operation and maintenance expenses    | 32.8                                       | 35.2            |
| Depreciation and amortization         | 15.0                                       | 14.3            |
| Taxes, other than income taxes        | 8.2                                        | 8.8             |
| Less: Gross receipts tax expense      | (5.3)                                      | (6.2)           |
| <b>Contribution Margin [Non-GAAP]</b> | <b>73.2</b>                                | <b>73.0</b>     |
| Natural gas costs                     | 35.1                                       | 47.0            |
| Gross receipts tax expense            | 5.3                                        | 6.2             |
| <b>Operating Revenues</b>             | <b>\$ 113.6</b>                            | <b>\$ 126.2</b> |
| <b>Net Income</b>                     | <b>\$ 13.7</b>                             | <b>\$ 13.2</b>  |

Operating revenues for the three months ended December 31, 2020, decreased \$12.6 from the same period in the prior year. The change in operating revenue was principally due to \$4.8 attributable to weather usage impacts, lower gas costs of \$6.3, and a net RSE and annual rate adjustment of \$1.6, partly offset by an \$1.0 increase in off-system sales.

Contribution margin was essentially flat versus the prior year quarter, as favorable margins from weather usage impacts (including weather mitigation) and off-system sales offset the unfavorable net RSE and annual rate adjustment of \$1.3.

O&M expenses for the three months ended December 31, 2020 decreased \$2.4 versus the prior-year quarter, primarily due to lower field distribution and administrative expenses. Depreciation and amortization expenses for the three months ended December 31, 2020, were \$0.7 higher than the same period last year, the result of continued investment in infrastructure upgrades.

For the quarter ended December 31, 2020, resulting net income increased \$0.5 versus the prior-year quarter.

As measured in degree days, temperatures in Spire Alabama's service area during the three months ended December 31, 2020 were 20% warmer than normal and 30% warmer than a year ago. Spire Alabama's total system therms sold and transported were 244.4 million for the three months ended December 31, 2020, compared with 283.1 million for the same period in the prior year. The current quarter reflects off-system sales, and related therms sold totaled 11.0 million, versus no volume in the prior year as the program had not yet commenced.

## **REGULATORY MATTERS**

For discussions of regulatory matters for Spire, Spire Missouri, and Spire Alabama, see [Note 4](#), Regulatory Matters, of the Notes to Financial Statements in Item 1.

## **CRITICAL ACCOUNTING ESTIMATES**

Our discussion and analysis of our financial condition, results of operations, liquidity, and capital resources are based upon our financial statements, which have been prepared in accordance with GAAP. GAAP requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Our critical accounting estimates used in the preparation of our financial statements are described in Item 7 of the Company's, Spire Missouri's, and Spire Alabama's combined Annual Report on Form 10-K for the fiscal year ended September 30, 2020, and include regulatory accounting, employee benefits and postretirement obligations, impairment of long-lived assets, and income taxes. While accounting estimates related to these and other items such

as goodwill and allowance for credit losses were considered in light of the COVID-19 health crisis, there were no significant changes to critical accounting estimates during the three months ended December 31, 2020.

For discussion of other significant accounting policies, see [Note 1](#) of the Notes to Financial Statements included in this Form 10-Q as well as Note 1 of the Notes to Financial Statements included in the Company's, Spire Missouri's, and Spire Alabama's combined Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

## ACCOUNTING PRONOUNCEMENTS

The Company, Spire Missouri and Spire Alabama have evaluated or are in the process of evaluating the impact that recently issued accounting standards will have on the companies' financial position or results of operations upon adoption. For disclosures related to the adoption of new accounting standards, see the New Accounting Pronouncements section in [Note 1](#) of the Notes to Financial Statements in Item 1.

## LIQUIDITY

The Company's short-term borrowing requirements typically peak during colder months when the Utilities borrow money to cover the lag between when they purchase natural gas and when their customers pay for that gas. Changes in the wholesale cost of natural gas (including cash payments for margin deposits associated with Spire Missouri's use of natural gas derivative instruments), variations in the timing of collections of gas cost under the Utilities' PGA clauses and GSA riders, the seasonality of accounts receivable balances, and the utilization of storage gas inventories cause short-term cash requirements to vary during the year and from year to year, and may cause significant variations in the Company's cash provided by or used in operating activities.

| <b>Cash Flow Summary</b>                  | <b>Three Months Ended<br/>December 31,</b> |             |
|-------------------------------------------|--------------------------------------------|-------------|
|                                           | <b>2020</b>                                | <b>2019</b> |
| Net cash provided by operating activities | \$ 7.6                                     | \$ 64.5     |
| Net cash used in investing activities     | (163.6)                                    | (192.6)     |
| Net cash provided by financing activities | 155.4                                      | 143.8       |

For the three months ended December 31, 2020, net cash provided by operating activities decreased \$56.9 from the corresponding period of fiscal 2020. The change was due principally to regulatory timing and fluctuations in working capital items, as discussed above.

For the three months ended December 31, 2020, net cash used in investing activities was \$29.0 less than for the same period in the prior year, primarily driven by a \$28.7 decrease in capital expenditures. The primary drivers were \$26.0 in lower expenditures related to Spire Storage and Spire STL Pipeline, and a \$2.6 decrease in Gas Utility expenditures, principally due to timing. Total capital expenditures for the full fiscal year 2021 are expected to be approximately \$590.

Lastly, for the three months ended December 31, 2020, net cash provided by financing activities was \$155.4, up \$11.6 versus net cash provided of \$143.8 for the three months ended December 31, 2019. Current year long-term debt issuances were \$150.0, \$360.0 less than a year ago. This was offset by \$94.6 less repayments of long-term debt in the current year, as well as \$48.1 net short-term debt issued in the current year versus \$224.2 net repayments in the prior year.

## CAPITAL RESOURCES

The Company's, Spire Missouri's and Spire Alabama's access to capital markets, including the commercial paper market, and their respective financing costs, may depend on the credit rating of the entity that is accessing the capital markets. Our debt is rated by two rating agencies: Standard & Poor's Corporation ("S&P") and Moody's Investors Service ("Moody's"). As of December 31, 2020, the debt ratings of the Company, Spire Missouri and Spire Alabama, shown in the following table, remain at investment grade with a stable outlook.

|                                               | S&P  | Moody's |
|-----------------------------------------------|------|---------|
| Spire Inc. senior unsecured long-term debt    | BBB+ | Baa2    |
| Spire Inc. preferred stock                    | BBB  | Ba1     |
| Spire Inc. short-term debt                    | A-2  | P-2     |
| Spire Missouri senior secured long-term debt  | A    | A1      |
| Spire Alabama senior unsecured long-term debt | A-   | A2      |

It is management's view that the Company, Spire Missouri and Spire Alabama have adequate access to capital markets and will have sufficient capital resources, both internal and external, to meet anticipated capital requirements, which primarily include capital expenditures, interest payments on long-term debt, scheduled maturities of long-term debt, short-term seasonal needs and dividends.

The effects of COVID-19 on the U.S. capital markets may significantly impact Spire. We rely on access to the capital markets to fund our capital requirements. These uncertain economic conditions may also result in the inability of our customers to pay for services and could have an impact on our liquidity. Still, considering our financing as described in [Note 5](#), Financing Arrangements and Long-term Debt, of the Notes to Financial Statements in Item 1, we believe we have sufficient access to cash to meet our needs.

### Cash and Cash Equivalents

Bank deposits were used to support working capital needs of the business. Spire had no temporary cash investments as of December 31, 2020.

### Short-term Debt

The Utilities' short-term borrowing requirements typically peak during the colder months, while most of the Company's other needs are less seasonal. These short-term cash requirements can be met through the sale of commercial paper or through the use of a revolving credit facility. For information about these resources, see [Note 5](#), Financing Arrangements and Long-term Debt, of the Notes to Financial Statements in Item 1.

### Long-term Debt and Equity

At December 31, 2020, including the current portion but excluding unamortized discounts and debt issuance costs, Spire had long-term debt totaling \$2,644.6, of which \$1,098.0 was issued by Spire Missouri, \$625.0 was issued by Spire Alabama, and \$231.6 was issued by other subsidiaries. For more information about long-term debt, see [Note 5](#) of the Notes to Financial Statements in Item 1.

Spire Missouri was authorized by the MoPSC to issue registered securities (first mortgage bonds, unsecured debt and preferred stock), common stock, and private placement debt in an aggregate amount of up to \$500.0 for financings placed any time before September 30, 2021. As of December 31, 2020, \$125.0 remained available under this authorization. Spire Alabama has no standing authority to issue long-term debt and must petition the APSC for each planned issuance. On March 24, 2020, the APSC approved an application for up to \$150.0 of additional long-term debt financing for Spire Alabama, which was ultimately issued on December 15, 2020.

Spire has a shelf registration statement on Form S-3 on file with the U.S. Securities and Exchange Commission (SEC) for the issuance and sale of up to 250,000 shares of common stock under its Dividend Reinvestment and Direct Stock Purchase Plan. There were 200,556 and 195,336 shares at December 31, 2020 and January 31, 2021, respectively, remaining available for issuance under this Form S-3. Spire and Spire Missouri also have a universal shelf registration statement on Form S-3 on file with the SEC for the issuance of various equity and debt securities, which expires on May 14, 2022.

On February 6, 2019, Spire entered into an “at-the-market” equity distribution agreement, supplemented as of May 14, 2019, pursuant to which the Company may offer and sell, from time to time, shares of its common stock having an aggregate offering price of up to \$150.0. Those shares are issued pursuant to Spire’s universal shelf registration statement referenced above and a prospectus supplement dated May 14, 2019. Under this program, a total of 626,249 shares were issued in fiscal 2019 and 2020, and as of December 31, 2020, Spire can still issue shares having an aggregate offering price of up to \$102.2.

Including the current portion of long-term debt, the Company’s long-term consolidated capitalization at December 31, 2020, and September 30, 2020, consisted of 50% equity.

## **CONTRACTUAL OBLIGATIONS**

During the three months ended December 31, 2020, except for the issuance of \$150.0 of ten-year notes by Spire Alabama described in [Note 5](#), Financing Arrangements and Long-term Debt, of the Notes to Financial Statements in Item 1, there were no material changes outside the ordinary course of business to the estimated contractual obligations from the disclosure provided in the Company’s Form 10-K for the fiscal year ended September 30, 2020.

## **MARKET RISK**

There were no material changes in the Company’s commodity price risk or counterparty credit risk as of December 31, 2020, relative to the corresponding information provided in the Company’s Annual Report on Form 10-K as of September 30, 2020. During the first quarter of fiscal 2019, the Company entered into a three-year interest rate swap with a fixed interest rate of 3.250% and a notional amount of \$100.0 to protect itself against adverse movements in interest rates on future interest rate payments. The Company recorded a \$9.6 mark-to-market gain on this swap for the three months ended December 31, 2020. In the second quarter of 2020, the Company entered into multiple three-year interest rate swaps with fixed interest rates ranging from 0.921% to 1.3105% for a total notional amount of \$150.0 to protect itself against adverse movements in interest rates on future interest rate payments. The Company recorded a \$7.6 mark-to-market gain on these swaps for the three months ended December 31, 2020. As of December 31, 2020, the Company has recorded a cumulative mark-to-market net liability of \$37.0 on open swaps.

## **ENVIRONMENTAL MATTERS**

The Utilities and other Spire subsidiaries own and operate natural gas distribution, transmission and storage facilities, the operations of which are subject to various environmental laws and regulations, along with their interpretations. While environmental issues resulting from such operations arise in the ordinary course of business, such issues have not materially affected the Company’s, Spire Missouri’s, or Spire Alabama’s financial position and results of operations. As environmental laws, regulations, and interpretations change, however, the Company and the Utilities may be required to incur additional costs. For information relative to environmental matters, see Contingencies in [Note 10](#) of the Notes to Financial Statements in Item 1.

## **OFF-BALANCE SHEET ARRANGEMENTS**

At December 31, 2020, the Company had no off-balance-sheet financing arrangements other than surety bonds and letters of credit entered into in the ordinary course of business. The Company does not expect to engage in any significant off-balance-sheet financing arrangements in the near future.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

For this discussion, see Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations – [Market Risk](#).

### **Item 4. Controls and Procedures**

#### **Spire**

#### **Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

#### **Change in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Spire Missouri**

#### **Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Spire Alabama**

#### **Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

For a description of legal proceedings, environmental matters and regulatory matters, see [Note 10](#), Commitments and Contingencies, and [Note 4](#), Regulatory Matters, of the Notes to Financial Statements in Item 1 of Part I.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The only repurchases of Spire's common stock in the quarter were pursuant to elections by employees to have shares of stock withheld to cover employee tax withholding obligations upon the vesting of performance-based and time-vested restricted stock and stock units. The following table provides information on those repurchases.

| Period                                  | (a)<br>Total Number of<br>Shares Purchased | (b)<br>Average Price Paid<br>Per Share | (c)<br>Total Number of<br>Shares Purchased as<br>Part of Publicly<br>Announced Plans<br>or Programs | (d)<br>Maximum Number<br>of Shares That May<br>Yet be Purchased<br>Under the Plans<br>or Programs |
|-----------------------------------------|--------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| October 1, 2020 –<br>October 31, 2020   | —                                          | \$ —                                   | —                                                                                                   | —                                                                                                 |
| November 1, 2020 –<br>November 30, 2020 | 14,085                                     | 63.35                                  | —                                                                                                   | —                                                                                                 |
| December 1, 2020 –<br>December 31, 2020 | 90                                         | 63.67                                  | —                                                                                                   | —                                                                                                 |
| Total                                   | 14,175                                     | 63.36                                  | —                                                                                                   | —                                                                                                 |

Spire Missouri's outstanding first mortgage bonds contain restrictions on its ability to pay cash dividends on its common stock. As of December 31, 2020, all of Spire Missouri's retained earnings were free from such restrictions.

### Item 3. Defaults upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not Applicable.

### Item 5. Other Information

None.

## Item 6. Exhibits

| <u>Exhibit No.</u> | <u>Description</u>                                                                                                                                                                                                                                                                                          |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1*               | <a href="#"><u>Fourth Supplement to Master Note Purchase Agreement, dated as of December 15, 2020, between Spire Alabama Inc. and certain institutional investors; filed as Exhibit 4.1 to Spire Alabama's Current Report on Form 8-K on December 18, 2020.</u></a>                                         |
| 31.1               | <a href="#"><u>CEO and CFO Certifications under Exchange Act Rule 13a-14(a) of Spire Inc.</u></a>                                                                                                                                                                                                           |
| 31.2               | <a href="#"><u>CEO and CFO Certifications under Exchange Act Rule 13a-14(a) of Spire Missouri Inc.</u></a>                                                                                                                                                                                                  |
| 31.3               | <a href="#"><u>CEO and CFO Certifications under Exchange Act Rule 13a-14(a) of Spire Alabama Inc.</u></a>                                                                                                                                                                                                   |
| 32.1               | <a href="#"><u>CEO and CFO Section 1350 Certifications of Spire Inc.</u></a>                                                                                                                                                                                                                                |
| 32.2               | <a href="#"><u>CEO and CFO Section 1350 Certifications of Spire Missouri Inc.</u></a>                                                                                                                                                                                                                       |
| 32.3               | <a href="#"><u>CEO and CFO Section 1350 Certifications of Spire Alabama Inc.</u></a>                                                                                                                                                                                                                        |
| 101                | Interactive Data Files including the following information from the Quarterly Report on Form 10-Q for the period ended December 31, 2020, formatted in inline extensible business reporting language ("Inline XBRL"): (i) Cover Page Interactive Data and (ii) the Financial Statements included in Item 1. |
| 104                | Cover Page Interactive Data File (formatted in Inline XBRL and included in the Interactive Data Files submitted under Exhibit 101).                                                                                                                                                                         |

\* Incorporated herein by reference and made a part hereof. Spire Alabama Inc. File No. 2-38960.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### **Spire Inc.**

Date: February 4, 2021

By: /s/ Steven P. Rasche  
Steven P. Rasche  
Executive Vice President and  
Chief Financial Officer  
(Authorized Signatory and  
Principal Financial Officer)

### **Spire Missouri Inc.**

Date: February 4, 2021

By: /s/ Timothy W. Krick  
Timothy W. Krick  
Controller and Chief Accounting Officer  
(Authorized Signatory and  
Chief Accounting Officer)

### **Spire Alabama Inc.**

Date: February 4, 2021

By: /s/ Timothy W. Krick  
Timothy W. Krick  
Chief Accounting Officer  
(Authorized Signatory and  
Chief Accounting Officer)