

**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, 2021
- or
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number	Name of Registrant, Address of Principal Executive Offices and Telephone Number	State of Incorporation	I.R.S. Employer Identification Number
1-16681	Spire Inc. 700 Market Street St. Louis, MO 63101 314-342-0500	Missouri	74-2976504
1-1822	Spire Missouri Inc. 700 Market Street St. Louis, MO 63101 314-342-0500	Missouri	43-0368139
2-38960	Spire Alabama Inc. 605 Richard Arrington Blvd N Birmingham, AL 35203 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 th interest in a share of 5.90% Series A Cumulative Redeemable 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 ☒	No ☐
Spire Missouri Inc.	Yes ☒	No ☐
Spire Alabama Inc.	Yes ☒	No ☐

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 ☒	No ☐
Spire Missouri Inc.	Yes ☒	No ☐
Spire Alabama Inc.	Yes ☒	No ☐

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 accelerated filer	Accelerated filer	Non- accelerated filer	Smaller reporting company	Emerging 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.	☐
Spire Missouri Inc.	☐
Spire Alabama Inc.	☐

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

Spire Inc.	Yes ☐	No ☒
Spire Missouri Inc.	Yes ☐	No ☒
Spire Alabama Inc.	Yes ☐	No ☒

The number of shares outstanding of each registrant's common stock as of January 28, 2022, was as follows:

Spire Inc.	Common Stock, par value \$1.00 per share	51,750,217
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

APSC	Alabama Public Service Commission	PGA	Purchased Gas Adjustment
ASC	Accounting Standards Codification	RSE	Rate Stabilization and Equalization
Company	Spire and its subsidiaries unless the context suggests otherwise	SEC	U.S. Securities and Exchange Commission
Degree days	The average of a day's high and low temperature below 65, subtracted from 65, multiplied by the number of days impacted	Spire	Spire Inc.
FASB	Financial Accounting Standards Board	Spire Alabama	Spire Alabama Inc.
FERC	Federal Energy Regulatory Commission	Spire EnergySouth	Spire EnergySouth Inc., the parent of Spire Gulf and Spire Mississippi
GAAP	Accounting principles generally accepted in the United States of America	Spire Gulf	Spire Gulf Inc.
Gas Marketing	Segment including Spire Marketing, which provides natural gas marketing services	Spire Marketing	Spire Marketing Inc.
Gas Utility	Segment including the operations of the Utilities	Spire Mississippi	Spire Mississippi Inc.
GSA	Gas Supply Adjustment	Spire Missouri	Spire Missouri Inc.
ISRS	Infrastructure System Replacement Surcharge	Spire STL Pipeline	Spire STL Pipeline LLC, or the 65-mile FERC-regulated pipeline it constructed and operates to deliver natural gas into eastern Missouri
MoPSC	Missouri Public Service Commission	Spire Storage	The physical natural gas storage operations of Spire Storage West LLC
MSPSC	Mississippi Public Service Commission	U.S.	United States
O&M	Operation and maintenance expense	Utilities	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 (SEC). 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, 2021.

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)

(In millions, except per share amounts)	Three Months Ended December 31,	
	2021	2020
Operating Revenues	\$ 555.4	\$ 512.6
Operating Expenses:		
Natural gas	249.2	181.2
Operation and maintenance	116.4	111.6
Depreciation and amortization	56.9	50.8
Taxes, other than income taxes	37.6	36.1
Total Operating Expenses	460.1	379.7
Operating Income	95.3	132.9
Interest Expense, Net	28.6	25.7
Other Income, Net	7.4	4.3
Income Before Income Taxes	74.1	111.5
Income Tax Expense	18.4	22.6
Net Income	55.7	88.9
Provision for preferred dividends	3.7	3.7
Income allocated to participating securities	0.1	0.1
Net Income Available to Common Shareholders	\$ 51.9	\$ 85.1
Weighted Average Number of Common Shares Outstanding:		
Basic	51.6	51.5
Diluted	51.7	51.6
Basic Earnings Per Common Share	\$ 1.01	\$ 1.65
Diluted Earnings Per Common Share	\$ 1.01	\$ 1.65

See the accompanying Notes to Financial Statements.

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

(In millions)	Three Months Ended December 31,	
	2021	2020
Net Income	\$ 55.7	\$ 88.9
Other Comprehensive (Loss) Income, Before Tax:		
Cash flow hedging derivative instruments:		
Net hedging (loss) gain arising during the period	(4.8)	17.2
Amounts reclassified into net income	(0.3)	(0.3)
Net (loss) gain on cash flow hedging derivative instruments	(5.1)	16.9
Net gain on defined benefit pension and other postretirement plans	0.1	—
Net unrealized loss on available for sale securities	(0.1)	—
Other Comprehensive (Loss) Income, Before Tax	(5.1)	16.9
Income Tax (Benefit) Expense Related to Items of Other Comprehensive Income	(1.2)	3.8
Other Comprehensive (Loss) Income, Net of Tax	(3.9)	13.1
Comprehensive Income	<u>\$ 51.8</u>	<u>\$ 102.0</u>

See the accompanying Notes to Financial Statements.

SPIRE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Dollars in millions, except per share amounts)	December 31, 2021	September 30, 2021	December 31, 2020
ASSETS			
Utility Plant	\$ 7,329.2	\$ 7,225.0	\$ 6,860.2
Less: Accumulated depreciation and amortization	2,204.4	2,169.3	2,113.3
Net Utility Plant	5,124.8	5,055.7	4,746.9
Non-utility Property (net of accumulated depreciation and amortization of \$36.7, \$32.1 and \$22.2 at December 31, 2021, September 30, 2021, and December 31, 2020, respectively)	474.2	471.1	448.7
Other Investments	90.4	83.1	74.8
Total Other Property and Investments	564.6	554.2	523.5
Current Assets:			
Cash and cash equivalents	8.2	4.3	3.5
Accounts receivable:			
Utility	476.2	338.4	281.5
Other	304.2	288.2	170.4
Allowance for credit losses	(31.4)	(30.3)	(28.9)
Delayed customer billings	11.4	9.2	13.6
Inventories:			
Natural gas	284.8	267.7	145.9
Propane gas	8.7	8.7	10.7
Materials and supplies	32.1	28.6	27.9
Regulatory assets	265.7	306.5	70.5
Prepayments	25.5	29.0	30.8
Other	49.9	66.2	44.1
Total Current Assets	1,435.3	1,316.5	770.0
Deferred Charges and Other Assets:			
Goodwill	1,171.6	1,171.6	1,171.6
Regulatory assets	1,089.9	993.5	1,079.2
Other	264.3	264.9	224.4
Total Deferred Charges and Other Assets	2,525.8	2,430.0	2,475.2
Total Assets	\$ 9,650.5	\$ 9,356.4	\$ 8,515.6

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

	December 31, 2021	September 30, 2021	December 31, 2020
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Preferred stock (\$25.00 par value per share; 10.0 million depository shares authorized, issued and outstanding at December 31, 2021, September 30, 2021, and December 31, 2020)	\$ 242.0	\$ 242.0	\$ 242.0
Common stock (par value \$1.00 per share; 70.0 million shares authorized; 51.7 million, 51.7 million, and 51.7 million shares issued and outstanding at December 31, 2021, September 30, 2021, and December 31, 2020, respectively)	51.7	51.7	51.7
Paid-in capital	1,516.9	1,517.9	1,550.0
Retained earnings	859.5	843.0	771.2
Accumulated other comprehensive (loss) income	(0.3)	3.6	(28.1)
Total Shareholders' Equity	2,669.8	2,658.2	2,586.8
Temporary equity	9.8	9.8	5.3
Long-term debt (less current portion)	3,206.8	2,939.1	2,517.6
Total Capitalization	5,886.4	5,607.1	5,109.7
Current Liabilities:			
Current portion of long-term debt	31.2	55.8	110.8
Notes payable	846.0	672.0	696.1
Accounts payable	427.5	409.9	260.8
Advance customer billings	31.3	32.1	43.2
Wages and compensation accrued	29.9	59.5	26.7
Customer deposits	29.4	28.9	30.9
Taxes accrued	47.2	78.8	41.2
Regulatory liabilities	4.1	34.6	95.5
Other	274.1	236.7	241.5
Total Current Liabilities	1,720.7	1,608.3	1,546.7
Deferred Credits and Other Liabilities:			
Deferred income taxes	615.6	612.3	541.9
Pension and postretirement benefit costs	222.5	235.9	289.2
Asset retirement obligations	524.8	519.6	545.6
Regulatory liabilities	531.8	620.9	357.3
Other	148.7	152.3	125.2
Total Deferred Credits and Other Liabilities	2,043.4	2,141.0	1,859.2
Commitments and Contingencies (Note 10)			
Total Capitalization and Liabilities	\$ 9,650.5	\$ 9,356.4	\$ 8,515.6

See the accompanying Notes to Financial Statements.

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

(Dollars in millions)	Common Stock		Preferred	Paid-in	Retained	AOCI*	Total
	Shares	Par	Stock	Capital	Earnings		
Three Months Ended December 31, 2021:							
Balance at September 30, 2021	51,684,883	\$ 51.7	\$ 242.0	\$ 1,517.9	\$ 843.0	\$ 3.6	\$ 2,658.2
Net income	—	—	—	—	55.7	—	55.7
Dividend reinvestment plan	6,233	—	—	0.4	—	—	0.4
Stock-based compensation costs	—	—	—	0.3	—	—	0.3
Stock issued under stock-based compensation plans	77,976	—	—	—	—	—	—
Employees' tax withholding for stock-based compensation	(26,611)	—	—	(1.7)	—	—	(1.7)
Temporary equity adjustment to redemption value	—	—	—	—	0.1	—	0.1
Dividends declared:							
Common stock (\$0.685 per share)	—	—	—	—	(35.6)	—	(35.6)
Preferred stock (\$0.36875 per depositary share)	—	—	—	—	(3.7)	—	(3.7)
Other comprehensive loss, net of tax	—	—	—	—	—	(3.9)	(3.9)
Balance at December 31, 2021	<u>51,742,481</u>	<u>\$ 51.7</u>	<u>\$ 242.0</u>	<u>\$ 1,516.9</u>	<u>\$ 859.5</u>	<u>\$ (0.3)</u>	<u>\$ 2,669.8</u>

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

	Common Stock Shares	Par	Preferred Stock	Paid-in Capital	Retained Earnings	AOCI*	Total
Three Months Ended December 31, 2020:							
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	51,659,473	\$ 51.7	\$ 242.0	\$1,550.0	\$ 771.2	\$ (28.1)	\$2,586.8

* Accumulated other comprehensive income (loss)

See the accompanying Notes to Financial Statements.

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

(In millions)	Three Months Ended December 31,	
	2021	2020
Operating Activities:		
Net Income	\$ 55.7	\$ 88.9
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	56.9	50.8
Deferred income taxes and investment tax credits	18.4	21.8
Changes in assets and liabilities:		
Accounts receivable	(152.8)	(169.6)
Inventories	(20.5)	9.5
Regulatory assets and liabilities	(187.3)	11.2
Accounts payable	42.9	43.9
Delayed/advance customer billings, net	(2.9)	(5.8)
Taxes accrued	(31.4)	(30.2)
Other assets and liabilities	(9.6)	(15.4)
Other	0.7	2.5
Net cash (used in) provided by operating activities	(229.9)	7.6
Investing Activities:		
Capital expenditures	(145.7)	(163.6)
Other	2.6	—
Net cash used in investing activities	(143.1)	(163.6)
Financing Activities:		
Issuance of long-term debt	300.0	150.0
Repayment of long-term debt	(55.8)	(5.4)
Issuance of short-term debt, net	174.0	48.1
Issuance of common stock	0.4	0.4
Dividends paid on common stock	(34.6)	(32.2)
Dividends paid on preferred stock	(3.7)	(3.7)
Other	(3.4)	(1.8)
Net cash provided by financing activities	376.9	155.4
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	3.9	(0.6)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	11.3	4.1
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 15.2	\$ 3.5
Supplemental disclosure of cash (paid) received for:		
Interest, net of amounts capitalized	\$ (23.3)	\$ (15.5)
Income taxes	(0.2)	0.1

See the accompanying Notes to Financial Statements.

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

(In millions)	Three Months Ended	
	December 31,	
	2021	2020
Operating Revenues	\$ 347.9	\$ 355.5
Operating Expenses:		
Natural gas	156.3	161.6
Operation and maintenance	66.3	62.9
Depreciation and amortization	34.2	30.4
Taxes, other than income taxes	25.7	25.1
Total Operating Expenses	282.5	280.0
Operating Income	65.4	75.5
Interest Expense, Net	14.5	11.7
Other Income, Net	5.9	2.7
Income Before Income Taxes	56.8	66.5
Income Tax Expense	11.5	9.9
Net Income	45.3	56.6
Other Comprehensive Income, Net of Tax	0.1	0.1
Comprehensive Income	<u>\$ 45.4</u>	<u>\$ 56.7</u>

See the accompanying Notes to Financial Statements.

SPIRE MISSOURI INC.
CONDENSED BALANCE SHEETS
(UNAUDITED)

(Dollars in millions, except per share amounts)	December 31, 2021	September 30, 2021	December 31, 2020
ASSETS			
Utility Plant	\$ 4,347.8	\$ 4,266.6	\$ 4,012.8
Less: Accumulated depreciation and amortization	927.4	905.1	851.5
Net Utility Plant	3,420.4	3,361.5	3,161.3
Other Property and Investments	68.9	60.2	59.0
Current Assets:			
Accounts receivable:			
Utility	377.4	279.0	195.4
Associated companies	3.7	4.7	2.3
Other	36.3	57.5	23.6
Allowance for credit losses	(23.8)	(22.6)	(21.4)
Delayed customer billings	4.7	2.4	5.1
Inventories:			
Natural gas	186.6	176.7	88.3
Propane gas	8.7	8.7	10.7
Materials and supplies	16.2	15.0	16.1
Regulatory assets	236.9	276.3	32.1
Prepayments	18.4	19.7	20.9
Other	—	0.1	—
Total Current Assets	865.1	817.5	373.1
Deferred Charges and Other Assets:			
Goodwill	210.2	210.2	210.2
Regulatory assets	560.5	483.1	550.4
Other	126.2	125.6	96.1
Total Deferred Charges and Other Assets	896.9	818.9	856.7
Total Assets	\$ 5,251.3	\$ 5,058.1	\$ 4,450.1

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

	December 31, 2021	September 30, 2021	December 31, 2020
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Paid-in capital and common stock (par value \$1.00 per share; 50.0 million shares authorized; 24,577 shares issued and outstanding)	\$ 765.1	\$ 765.1	\$ 765.1
Retained earnings	862.3	817.0	729.5
Accumulated other comprehensive loss	(4.1)	(4.2)	(2.8)
Total Shareholder's Equity	1,623.3	1,577.9	1,491.8
Long-term debt	1,637.0	1,338.4	1,092.2
Total Capitalization	3,260.3	2,916.3	2,584.0
Current Liabilities:			
Notes payable	250.0	250.0	—
Notes payable – associated companies	180.4	240.9	393.7
Accounts payable	117.0	89.7	82.6
Accounts payable – associated companies	11.6	10.2	7.1
Advance customer billings	20.0	19.7	29.8
Wages and compensation accrued	21.0	40.3	19.5
Customer deposits	8.0	8.0	9.0
Taxes accrued	15.4	41.2	13.4
Regulatory liabilities	0.2	17.1	83.4
Other	89.2	47.4	82.6
Total Current Liabilities	712.8	764.5	721.1
Deferred Credits and Other Liabilities:			
Deferred income taxes	477.5	480.0	449.4
Pension and postretirement benefit costs	147.9	159.5	198.7
Asset retirement obligations	144.8	143.4	155.0
Regulatory liabilities	447.2	538.8	288.2
Other	60.8	55.6	53.7
Total Deferred Credits and Other Liabilities	1,278.2	1,377.3	1,145.0
Commitments and Contingencies (Note 10)			
Total Capitalization and Liabilities	\$ 5,251.3	\$ 5,058.1	\$ 4,450.1

See the accompanying Notes to Financial Statements.

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

(Dollars in millions)	Common Stock Shares	Par	Paid-in Capital	Retained Earnings	AOCI*	Total
Three Months Ended December 31, 2021:						
Balance at September 30, 2021	24,577	\$ 0.1	\$ 765.0	\$ 817.0	\$ (4.2)	\$ 1,577.9
Net income	—	—	—	45.3	—	45.3
Other comprehensive income, net of tax	—	—	—	—	0.1	0.1
Balance at December 31, 2021	<u>24,577</u>	<u>\$ 0.1</u>	<u>\$ 765.0</u>	<u>\$ 862.3</u>	<u>\$ (4.1)</u>	<u>\$ 1,623.3</u>
Three Months Ended December 31, 2020:						
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>

* Accumulated other comprehensive income (loss)

See the accompanying Notes to Financial Statements.

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

(In millions)	Three Months Ended December 31,	
	2021	2020
Operating Activities:		
Net Income	\$ 45.3	\$ 56.6
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	34.2	30.4
Deferred income taxes and investment tax credits	11.5	9.9
Changes in assets and liabilities:		
Accounts receivable	(74.9)	(88.7)
Inventories	(11.1)	6.3
Regulatory assets and liabilities	(161.3)	7.2
Accounts payable	38.3	24.3
Delayed/advance customer billings, net	(2.0)	(5.6)
Taxes accrued	(25.8)	(25.7)
Other assets and liabilities	3.8	(8.6)
Other	0.2	0.2
Net cash (used in) provided by operating activities	(141.8)	6.3
Investing Activities:		
Capital expenditures	(96.3)	(99.1)
Other	0.4	0.3
Net cash used in investing activities	(95.9)	(98.8)
Financing Activities:		
Issuance of long-term debt	300.0	—
(Repayments to) borrowings from Spire, net	(60.6)	92.5
Other	(1.7)	—
Net cash provided by financing activities	237.7	92.5
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	\$ (15.3)	\$ (9.6)
Income taxes	—	—

See the accompanying Notes to Financial Statements.

SPIRE ALABAMA INC.
CONDENSED STATEMENTS OF INCOME
(UNAUDITED)

(In millions)	Three Months Ended December 31,	
	2021	2020
Operating Revenues	\$ 126.6	\$ 113.6
Operating Expenses:		
Natural gas	45.5	35.1
Operation and maintenance	34.5	32.8
Depreciation and amortization	16.5	15.0
Taxes, other than income taxes	9.0	8.2
Total Operating Expenses	105.5	91.1
Operating Income	21.1	22.5
Interest Expense, Net	5.1	4.7
Other Income, Net	0.4	0.7
Income Before Income Taxes	16.4	18.5
Income Tax Expense	4.2	4.8
Net Income	\$ 12.2	\$ 13.7

See the accompanying Notes to Financial Statements.

SPIRE ALABAMA INC.
CONDENSED BALANCE SHEETS
(UNAUDITED)

(Dollars in millions, except per share amounts)	December 31, 2021	September 30, 2021	December 31, 2020
ASSETS			
Utility Plant	\$ 2,604.8	\$ 2,586.5	\$ 2,487.4
Less: Accumulated depreciation and amortization	1,137.9	1,124.8	1,122.8
Net Utility Plant	1,466.9	1,461.7	1,364.6
Current Assets:			
Accounts receivable:			
Utility	84.6	49.8	69.6
Associated companies	1.3	0.6	0.7
Other	7.5	6.4	6.1
Allowance for credit losses	(6.7)	(6.6)	(6.2)
Delayed customer billings	6.5	6.7	8.5
Inventories:			
Natural gas	44.7	35.5	23.8
Materials and supplies	12.8	10.8	9.2
Regulatory assets	14.6	18.8	22.7
Prepayments	3.6	5.4	5.5
Other	—	—	0.1
Total Current Assets	168.9	127.4	140.0
Deferred Charges and Other Assets:			
Regulatory assets	501.7	483.3	498.2
Deferred income taxes	30.0	34.2	54.5
Other	63.2	63.9	53.5
Total Deferred Charges and Other Assets	594.9	581.4	606.2
Total Assets	\$ 2,230.7	\$ 2,170.5	\$ 2,110.8

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

	December 31, 2021	September 30, 2021	December 31, 2020
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Paid-in capital and common stock (par value \$0.01 per share; 3.0 million shares authorized; 2.0 million shares issued and outstanding)	\$ 322.9	\$ 328.9	\$ 339.9
Retained earnings	556.8	552.6	509.0
Total Shareholder's Equity	879.7	881.5	848.9
Long-term debt (less current portion)	571.3	571.2	571.0
Total Capitalization	1,451.0	1,452.7	1,419.9
Current Liabilities:			
Current portion of long-term debt	—	50.0	50.0
Notes payable – associated companies	173.7	49.0	27.0
Accounts payable	58.1	52.3	40.0
Accounts payable – associated companies	3.6	6.0	5.3
Advance customer billings	10.2	11.2	12.5
Wages and compensation accrued	4.1	9.3	4.2
Customer deposits	18.8	18.4	19.2
Taxes accrued	27.3	30.4	24.7
Regulatory liabilities	0.8	13.4	6.9
Other	19.4	17.3	22.5
Total Current Liabilities	316.0	257.3	212.3
Deferred Credits and Other Liabilities:			
Pension and postretirement benefit costs	65.1	66.7	73.8
Asset retirement obligations	366.4	362.8	378.0
Regulatory liabilities	25.3	23.4	18.4
Other	6.9	7.6	8.4
Total Deferred Credits and Other Liabilities	463.7	460.5	478.6
Commitments and Contingencies (Note 10)			
Total Capitalization and Liabilities	\$ 2,230.7	\$ 2,170.5	\$ 2,110.8

See the accompanying Notes to Financial Statements.

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

(Dollars in millions)	Common Stock Shares	Par	Paid-in Capital	Retained Earnings	Total
Three Months Ended December 31, 2021:					
Balance at September 30, 2021	1,972,052	\$ —	\$ 328.9	\$ 552.6	\$ 881.5
Net income	—	—	—	12.2	12.2
Return of capital to Spire	—	—	(6.0)	—	(6.0)
Dividends declared	—	—	—	(8.0)	(8.0)
Balance at December 31, 2021	<u>1,972,052</u>	<u>\$ —</u>	<u>\$ 322.9</u>	<u>\$ 556.8</u>	<u>\$ 879.7</u>
Three Months Ended December 31, 2020:					
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>

See the accompanying Notes to Financial Statements.

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

(In millions)	Three Months Ended December 31,	
	2021	2020
Operating Activities:		
Net Income	\$ 12.2	\$ 13.7
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	16.5	15.0
Deferred income taxes and investment tax credits	4.2	4.8
Changes in assets and liabilities:		
Accounts receivable	(36.5)	(37.8)
Inventories	(11.1)	(2.1)
Regulatory assets and liabilities	(21.4)	2.9
Accounts payable	15.8	10.4
Delayed/advance customer billings	(0.9)	(0.1)
Taxes accrued	(3.2)	(3.3)
Other assets and liabilities	(2.0)	(0.9)
Other	(0.2)	0.1
Net cash (used in) provided by operating activities	(26.6)	2.7
Investing Activities:		
Capital expenditures	(34.7)	(40.9)
Other	0.6	—
Net cash used in investing activities	(34.1)	(40.9)
Financing Activities:		
Issuance of long-term debt	—	150.0
Repayment of long-term debt	(50.0)	—
Borrowings from (repayments to) Spire, net	124.7	(94.4)
Return of capital to Spire	(6.0)	(11.0)
Dividends paid	(8.0)	(5.5)
Other	—	(0.9)
Net cash provided by financing activities	60.7	38.2
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	\$ (5.2)	\$ (3.6)
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, Spire Alabama and Spire EnergySouth Inc. (“Spire EnergySouth”) are wholly owned subsidiaries of Spire. Spire Missouri, Spire Alabama and the subsidiaries of Spire EnergySouth (Spire Gulf Inc. and Spire Mississippi Inc.) are collectively referred to as the “Utilities.”

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, Spire Missouri and Spire Alabama’s combined Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

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 the Mobile, Alabama area and south-central Mississippi. The Gas Marketing segment includes Spire’s largest gas-related business, Spire Marketing Inc. (“Spire Marketing”), which provides non-regulated natural gas services throughout the United States (U.S.). The activities of the Company’s 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.

REGULATED OPERATIONS – The Utilities account for their regulated operations in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (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.

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 FASB 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, with income and expenses presented on a net basis in natural gas expenses in the Condensed Consolidated Statements of Income.

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

	Three Months Ended December 31,	
	2021	2020
<u>Spire Missouri</u>		
Purchases of natural gas from Spire Marketing Inc.	\$ 18.2	\$ 10.7
Transportation services received from Spire STL Pipeline LLC	8.1	8.1
Sales of natural gas to Spire Marketing Inc.	—	1.1
Transportation services received from Spire NGL Inc.	—	0.3
<u>Spire Alabama</u>		
Purchases of natural gas from Spire Marketing Inc.	\$ —	\$ 4.8

RESTRICTED CASH – In Spire’s statement of cash flows for the period ended December 31, 2021, total Cash, Cash Equivalents, and Restricted Cash included \$7.0 of restricted cash reported in “Other Investments” on the Company’s balance sheet as of December 31, 2021 and September 30, 2021 (in addition to amounts shown as “Cash and cash equivalents”). This restricted cash has been segregated and invested in debt securities in a trust account based on collateral requirements for reinsurance at Spire’s risk management company.

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, 2021	September 30, 2021	December 31, 2020
Spire	\$ 33.5	\$ 59.5	\$ 40.9
Spire Missouri	27.2	37.1	23.1
Spire Alabama	1.2	13.6	4.2

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. 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 is shown in the following table.

	Spire		Spire Missouri		Spire Alabama	
Three Months Ended December 31,	2021	2020	2021	2020	2021	2020
Allowance at beginning of period	\$ 30.3	\$ 24.9	\$ 22.6	\$ 18.1	\$ 6.6	\$ 5.5
Provision for expected credit losses	1.5	4.1	2.1	3.3	(0.5)	0.7
Write-offs, net of recoveries	(0.4)	(0.1)	(0.9)	—	0.6	—
Allowance at end of period	<u>\$ 31.4</u>	<u>\$ 28.9</u>	<u>\$ 23.8</u>	<u>\$ 21.4</u>	<u>\$ 6.7</u>	<u>\$ 6.2</u>

2. REVENUE

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

	Three Months Ended December 31,	
	2021	2020
<i>Spire</i>		
Gas Utility:		
Residential	\$ 342.0	\$ 349.9
Commercial and industrial	103.8	103.0
Transportation	31.2	32.2
Off-system and other incentive	4.8	9.3
Other customer revenue	3.6	2.2
Total revenue from contracts with customers	485.4	496.6
Changes in accrued revenue under alternative revenue programs	18.1	1.6
Total Gas Utility operating revenues	503.5	498.2
Gas Marketing	47.9	24.8
Other	16.6	16.7
Total before eliminations	568.0	539.7
Intersegment eliminations (see Note 9, Information by Operating Segment)	(12.6)	(27.1)
Total Operating Revenues	\$ 555.4	\$ 512.6
<i>Spire Missouri</i>		
Residential	\$ 247.1	\$ 263.0
Commercial and industrial	68.2	69.9
Transportation	9.2	9.0
Off-system and other incentive	4.5	7.4
Other customer revenue	2.3	2.9
Total revenue from contracts with customers	331.3	352.2
Changes in accrued revenue under alternative revenue programs	16.6	3.3
Total Operating Revenues	\$ 347.9	\$ 355.5
<i>Spire Alabama</i>		
Residential	\$ 80.1	\$ 69.2
Commercial and industrial	26.0	24.3
Transportation	19.4	20.5
Off-system and other incentive	0.4	2.0
Other customer revenue	0.8	(1.9)
Total revenue from contracts with customers	126.7	114.1
Changes in accrued revenue under alternative revenue programs	(0.1)	(0.5)
Total Operating Revenues	\$ 126.6	\$ 113.6

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."

	Three Months Ended December 31,	
	2021	2020
Spire	\$ 21.9	\$ 21.7
Spire Missouri	14.9	15.2
Spire Alabama	5.7	5.3

3. EARNINGS PER COMMON SHARE

	Three Months Ended December 31,	
	2021	2020
Basic Earnings Per Common Share:		
Net Income	\$ 55.7	\$ 88.9
Less: Provision for preferred dividends	3.7	3.7
Income allocated to participating securities	0.1	0.1
Income Available to Common Shareholders	\$ 51.9	\$ 85.1
Weighted Average Common Shares Outstanding (in millions)	51.6	51.5
Basic Earnings Per Common Share	\$ 1.01	\$ 1.65
Diluted Earnings Per Common Share:		
Net Income	\$ 55.7	\$ 88.9
Less: Provision for preferred dividends	3.7	3.7
Income allocated to participating securities	0.1	0.1
Income Available to Common Shareholders	\$ 51.9	\$ 85.1
Weighted Average Common Shares Outstanding (in millions)	51.6	51.5
Dilutive Effect of Restricted Stock and Restricted Stock Units (in millions)*	0.1	0.1
Weighted Average Diluted Common Shares (in millions)	51.7	51.6
Diluted Earnings Per Common Share	\$ 1.01	\$ 1.65
* 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	0.2

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, 2021, September 30, 2021, and December 31, 2020.

Spire	December 31, 2021	September 30, 2021	December 31, 2020
Regulatory Assets:			
Current:			
Pension and postretirement benefit costs	\$ —	\$ 31.1	\$ 30.6
Unamortized purchased gas adjustments	242.4	243.5	8.4
Other	23.3	31.9	31.5
Total Current Regulatory Assets	265.7	306.5	70.5
Noncurrent:			
Pension and postretirement benefit costs	335.9	313.8	428.6
Cost of removal	444.5	431.9	417.4
Future income taxes due from customers	135.5	132.9	125.4
Energy efficiency	52.0	47.6	41.4
Unamortized purchased gas adjustments	27.3	—	3.8
Other	94.7	67.3	62.6
Total Noncurrent Regulatory Assets	1,089.9	993.5	1,079.2
Total Regulatory Assets	\$ 1,355.6	\$ 1,300.0	\$ 1,149.7
Regulatory Liabilities:			
Current:			
Pension and postretirement benefit costs	\$ —	\$ 5.8	\$ 5.8
Unamortized purchased gas adjustments	—	11.0	54.8
Other	4.1	17.8	34.9
Total Current Regulatory Liabilities	4.1	34.6	95.5
Noncurrent:			
Deferred taxes due to customers	155.5	127.5	136.0
Pension and postretirement benefit costs	172.2	159.3	163.7
Accrued cost of removal	35.3	36.2	28.6
Unamortized purchased gas adjustments	155.0	284.3	14.8
Other	13.8	13.6	14.2
Total Noncurrent Regulatory Liabilities	531.8	620.9	357.3
Total Regulatory Liabilities	\$ 535.9	\$ 655.5	\$ 452.8

Spire Missouri	December 31, 2021	September 30, 2021	December 31, 2020
Regulatory Assets:			
Current:			
Pension and postretirement benefit costs	\$ —	\$ 21.9	\$ 21.9
Unamortized purchased gas adjustments	235.2	242.8	—
Other	1.7	11.6	10.2
Total Current Regulatory Assets	236.9	276.3	32.1
Noncurrent:			
Future income taxes due from customers	126.9	124.2	116.6
Pension and postretirement benefit costs	241.6	226.0	324.6
Energy efficiency	52.0	47.6	41.4
Unamortized purchased gas adjustments	27.3	—	3.8
Cost of removal	34.9	34.9	18.3
Other	77.8	50.4	45.7
Total Noncurrent Regulatory Assets	560.5	483.1	550.4
Total Regulatory Assets	<u>\$ 797.4</u>	<u>\$ 759.4</u>	<u>\$ 582.5</u>
Regulatory Liabilities:			
Current:			
Pension and postretirement benefit costs	\$ —	\$ 3.6	\$ 3.6
Unamortized purchased gas adjustments	—	—	54.3
Other	0.2	13.5	25.5
Total Current Regulatory Liabilities	0.2	17.1	83.4
Noncurrent:			
Deferred taxes due to customers	138.2	110.2	118.6
Pension and postretirement benefit costs	142.6	131.4	146.1
Accrued cost of removal	3.3	4.9	—
Unamortized purchased gas adjustments	155.0	284.3	14.8
Other	8.1	8.0	8.7
Total Noncurrent Regulatory Liabilities	447.2	538.8	288.2
Total Regulatory Liabilities	<u>\$ 447.4</u>	<u>\$ 555.9</u>	<u>\$ 371.6</u>

Spire Alabama	December 31, 2021	September 30, 2021	December 31, 2020
Regulatory Assets:			
Current:			
Pension and postretirement benefit costs	\$ —	\$ 8.2	\$ 7.7
Unamortized purchased gas adjustments	4.1	—	8.3
Other	10.5	10.6	6.7
Total Current Regulatory Assets	14.6	18.8	22.7
Noncurrent:			
Pension and postretirement benefit costs	88.7	82.9	95.7
Cost of removal	409.6	397.0	399.1
Future income taxes due from customers	2.2	2.2	2.2
Other	1.2	1.2	1.2
Total Noncurrent Regulatory Assets	501.7	483.3	498.2
Total Regulatory Assets	\$ 516.3	\$ 502.1	\$ 520.9
Regulatory Liabilities:			
Current:			
Pension and postretirement benefit costs	\$ —	\$ 2.2	\$ 2.2
Unamortized purchased gas adjustments	—	10.2	—
Other	0.8	1.0	4.7
Total Current Regulatory Liabilities	0.8	13.4	6.9
Noncurrent:			
Pension and postretirement benefit costs	21.6	19.8	14.7
Other	3.7	3.6	3.7
Total Noncurrent Regulatory Liabilities	25.3	23.4	18.4
Total Regulatory Liabilities	\$ 26.1	\$ 36.8	\$ 25.3

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, 2021	September 30, 2021	December 31, 2020
Spire			
Pension and postretirement benefit costs	\$ 163.4	\$ 165.7	\$ 229.7
Future income taxes due from customers	133.3	130.7	123.2
Unamortized purchased gas adjustments	262.5	242.8	—
Other	107.4	86.0	12.4
Total Regulatory Assets Not Earning a Return	\$ 666.6	\$ 625.2	\$ 365.3
Spire Missouri			
Pension and postretirement benefit costs	\$ 163.4	\$ 165.7	\$ 229.7
Future income taxes due from customers	126.9	124.2	116.6
Unamortized purchased gas adjustments	262.5	242.8	—
Other	107.4	86.0	12.4
Total Regulatory Assets Not Earning a Return	\$ 660.2	\$ 618.7	\$ 358.7

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. For the PGA assets, the recovery period is normally approximately one year, but it will be three years for a portion of these assets due to the Filing Adjustment Factor discussed below. 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.

Spire Missouri

The MoPSC approved compliance tariffs with an effective date of December 23, 2021, in Spire Missouri's general rate case GR-2021-0108. These new tariffs are designed to increase Spire Missouri's aggregate annual gross base rate revenues by \$72.2, which includes \$24.9 incremental and \$47.3 already being collected through the Infrastructure System Replacement Surcharge (ISRS). The decision, as reflected in the amended report and order dated November 12, 2021, diverged from prior MoPSC precedent in that it (1) included short-term debt in Spire Missouri's capital structure for the first time and (2) revised its long-standing position regarding Spire Missouri's compliance with the FERC Uniform System of Accounts (USOA) on the capitalization of prudently incurred non-operational overheads. The amended report and order requires Spire Missouri to cease capitalization of these overhead costs at the time new rates go into effect until a MoPSC staff audit of their revised interpretation of compliance with the USOA framework can be completed. On November 19, 2021, Spire Missouri filed a motion for rehearing of the amended report and order on various issues, including this revised interpretation and the short-term debt issue referenced above. Although Spire Missouri believes that the portions of the amended report and order addressing capitalized overheads lacks the clarity needed to quantify the impact of the issue with adequate precision, it is working with the MoPSC staff to facilitate the ordered audit of capitalized overheads on an expedited basis, including the quantification of the overheads subject to the order, and interpretation of what portion of these costs may be deferred into a regulatory asset until capitalization resumes. On January 12, 2022, the MoPSC denied Spire Missouri's application for rehearing. Without additional assurance of recovery through a regulatory asset, Spire Missouri anticipates that the change in overhead capitalization methods ordered by the MoPSC will have a material adverse impact on its net income in 2022 and future periods until the completion of a future rate case providing for the resumption of such capitalization. The estimated pre-tax impact of shifting prudently incurred overhead costs from capital to O&M expense is in the range of \$20 to \$30 annually, beginning with \$1.0 in the first quarter of fiscal 2022 since the December 23 effective date. On January 5, 2022, Spire Missouri filed a 60-day notice of intent to initiate a new general rate case proceeding which is intended to address this net income disparity along with other matters.

In mid-February 2021, the central U.S. experienced a period of unusually severe cold weather ("Winter Storm Uri"), and Spire Missouri implemented an Operational Flow Order (OFO) to preserve the integrity of its distribution system. During this time, Spire Missouri was required to purchase additional natural gas supply, both to ensure adequate supply for its firm utility customers, and to cover the shortfall created when third-party marketers failed to deliver natural gas supply to its city gates on behalf of their customers. In accordance with its tariffs, Spire Missouri invoiced the cost of gas and associated penalties totaling \$195.8 to non-compliant marketers pursuant to the MoPSC-approved OFO tariff and recorded accounts receivable. Recoveries collected, including \$3.2 collected to date, will be an offset to cost of natural gas for firm utility customers through the Purchased Gas Adjustment (PGA) and Actual Cost Adjustment (ACA). The three largest counterparties did not remit payment when due, so Spire Missouri filed suit against them in federal court to recover the invoiced amounts. Those suits remain pending. Some marketers have filed complaints with the MoPSC requesting review of the transactions between them and Spire; at this time, the Company has no reason to believe the MoPSC will not follow the tariff and has determined collection is probable. Evidentiary hearings of those complaints are scheduled for March 2022. The MoPSC has also opened a working case to investigate the effects of Winter Storm Uri on all Missouri utilities. Spire Missouri is not subject to any upstream OFO penalties on any interstate pipelines.

As a result of the significant net deferred gas costs and average inventory cost in the second quarter of fiscal 2021, primarily due to Winter Storm Uri, Spire Missouri filed for and received MoPSC approval for an adjustment to the PGA tariff to increase a Filing Adjustment Factor credit for three years. This credit will allow Spire Missouri to help mitigate rate impacts of Winter Storm Uri costs and the increased gas market from 2020 to 2021. All gas costs will eventually be recovered through the PGA or ACA mechanisms and carrying costs will be applied per the terms of the tariff.

On December 23, 2021, Spire Missouri filed a new ISRS case, its first under the ISRS statute amendments of 2020, seeking accelerated recovery of \$11.3 in annual revenue for eligible pipe replacement. The effective date for the new ISRS rates is expected to be late in the third quarter of fiscal 2022.

On December 22, 2021, Spire Missouri filed an application with the MoPSC for approval of \$800.0 in new financing authority over three years. Spire Missouri's current financing authority order was entered on July 29, 2020, and authorized up to \$660.0 of new equity and debt financing, of which \$55.0 remains unused.

Spire Alabama

On October 26, 2021, Spire Alabama made its annual Rate Stabilization and Equalization (RSE) rate filing with the APSC, presenting the utility's budget for the fiscal year ending September 30, 2022, including net income and a calculation of allowed return on average common equity (ROE). Following a regulatory review, adjusted rates became effective January 1, 2022.

Spire Alabama filed a GSA rate increase effective December 1, 2021, primarily attributable to higher natural gas prices.

Spire

In addition to those discussed above for Spire Missouri and Spire Alabama, Spire is affected by the following regulatory matters.

In October 2021, Spire Gulf made its annual RSE rate filing with the APSC based on its budget for fiscal 2022 and an allowed ROE of 9.95%. New rates designed to provide increased annual revenues of \$1.0 became effective January 3, 2022.

On August 23, 2021, Spire Mississippi filed its Rate Stabilization Adjustment Rider (RSA) for the rate year ended June 30, 2021, which reflected an increase to annual revenue totaling \$1.1. This RSA filing is being reviewed by the Mississippi Public Utilities Staff.

In August 2018, the FERC approved an order issuing a Certificate of Public Convenience and Necessity for the Spire STL Pipeline ("August 2018 Order"). In November 2018, the FERC issued a Notice to Proceed, and in November 2019, Spire STL Pipeline received FERC authorization to place the 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. In January 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. On June 22, 2021, that court issued an order vacating the Certificate of Public Convenience and Necessity and remanding the matter back to the FERC for further action. On September 14, 2021, and December 3, 2021, the FERC issued temporary certificates to allow the pipeline to continue operating while it considers approval of a new permanent certificate. On December 15, 2021, the FERC issued a notice of intent to prepare a supplemental environmental impact statement (EIS) with the final EIS not anticipated until October 7, 2022. Spire STL Pipeline will continue to pursue all legal and regulatory avenues to ensure access to reliable, affordable and safe delivery of energy for eastern Missouri. While there is no impairment at this time, if the pipeline is taken out of service, the Company's financial condition and results of operations may be adversely impacted by impairment of Spire STL Pipeline's assets, currently carried at over \$270, and other effects. If Spire Missouri is unable to obtain sufficient pipeline capacity to meet its customers' annual and seasonal natural gas demands, Spire Missouri's financial condition and results of operations may be adversely impacted.

On October 9, 2020, Spire Storage West LLC ("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 FERC has also issued a notice to prepare an EIS for this project, the final EIS of which is now not anticipated until March 15, 2022. The application, which requests authorization to expand capacity and increase pipeline connectivity at certain of Spire Storage's natural gas storage facilities in Wyoming, remains pending.

5. FINANCING

Short-term

Spire utilizes 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 23, 2021, Spire Missouri entered into a loan agreement with several banks for a \$250.0, 364-day unsecured term loan with an interest rate based on LIBOR plus 65 basis points. The loan carries no prepayment penalty and has the same covenants as the revolving credit facility.

Information about short-term borrowings, including Spire Missouri’s and Spire Alabama’s borrowings from Spire, is presented in the following table. As of December 31, 2021, \$421.9 of Spire’s CP Program borrowings was used to support lending to the Utilities.

	Spire (Parent Only) CP Program	Spire Missouri Term Loan	Spire Note	Spire Alabama Spire Note	Spire Consol- idated
Three Months Ended December 31, 2021					
Highest borrowings outstanding	\$ 746.8	\$ 250.0	\$ 412.0	\$ 176.7	\$ 996.8
Lowest borrowings outstanding	408.0	250.0	101.6	38.4	658.0
Weighted average borrowings	558.6	250.0	253.6	73.6	808.6
Weighted average interest rate	0.2%	0.7%	0.2%	0.2%	0.4%
As of December 31, 2021					
Borrowings outstanding	\$ 596.0	\$ 250.0	\$ 180.4	\$ 173.7	\$ 846.0
Weighted average interest rate	0.4%	0.7%	0.4%	0.4%	0.5%
As of September 30, 2021					
Borrowings outstanding	\$ 422.0	\$ 250.0	\$ 240.9	\$ 49.0	\$ 672.0
Weighted average interest rate	0.2%	0.7%	0.2%	0.2%	0.4%
As of December 31, 2020					
Borrowings outstanding	\$ 696.1	\$ —	\$ 393.7	\$ 27.0	\$ 696.1
Weighted average interest rate	0.3%	n/a	0.3%	0.3%	0.3%

Long-term

The long-term debt agreements of Spire, Spire Missouri and Spire Alabama contain customary financial covenants and default provisions. As of December 31, 2021, there were no events of default under these financial covenants.

Interest expense shown on the statements of income is net of the capitalized interest amounts shown in the following table.

	Three Months Ended December 31,	
	2021	2020
Spire	\$ 1.1	\$ 0.9
Spire Missouri	—	—
Spire Alabama	0.8	0.6

On December 7, 2021, pursuant to its registration statement on Form S-3 filed with the SEC, Spire Missouri issued \$300.0 of first mortgage bonds due December 2, 2024, secured equally with all its other first mortgage bonds. Interest is payable quarterly in arrears at a floating rate based on the compounded secured overnight financing rate plus 50 basis points, with a maximum rate of the lesser of 8% or the maximum rate then permitted by applicable law.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, notes receivable, 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, 2021, September 30, 2021, and December 31, 2020.

	Carrying Amount	Fair Value	Classification of Estimated Fair Value	
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)
<i>Spire</i>				
As of December 31, 2021				
Cash and cash equivalents	\$ 8.2	\$ 8.2	\$ 8.2	\$ —
Notes payable	846.0	846.0	—	846.0
Long-term debt, including current portion	3,238.0	3,594.4	—	3,594.4
As of September 30, 2021				
Cash and cash equivalents	\$ 4.3	\$ 4.3	\$ 4.3	\$ —
Notes payable	672.0	672.0	—	672.0
Long-term debt, including current portion	2,994.9	3,375.9	—	3,375.9
As of December 31, 2020				
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
<i>Spire Missouri</i>				
As of December 31, 2021				
Notes payable	\$ 250.0	\$ 250.0	\$ —	\$ 250.0
Notes payable – associated companies	180.4	180.4	—	180.4
Long-term debt	1,637.0	1,830.5	—	1,830.5
As of September 30, 2021				
Notes payable	\$ 250.0	\$ 250.0	\$ —	\$ 250.0
Notes payable – associated companies	240.9	240.9	—	240.9
Long-term debt	1,338.4	1,540.4	—	1,540.4
As of December 31, 2020				
Notes payable – associated companies	\$ 393.7	\$ 393.7	\$ —	\$ 393.7
Long-term debt	1,092.2	1,329.0	—	1,329.0
<i>Spire Alabama</i>				
As of December 31, 2021				
Notes payable – associated companies	\$ 173.7	\$ 173.7	\$ —	\$ 173.7
Long-term debt, including current portion	571.3	653.6	—	653.6
As of September 30, 2021				
Notes payable – associated companies	\$ 49.0	\$ 49.0	\$ —	\$ 49.0
Long-term debt	621.2	707.5	—	707.5
As of December 31, 2020				
Notes payable – associated companies	\$ 27.0	\$ 27.0	\$ —	\$ 27.0
Long-term debt	621.0	742.9	—	742.9

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 Level 3 balances as of December 31, 2021, September 30, 2021, and December 31, 2020. 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 Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Effects of Netting and Cash Margin Receivables /Payables	Total
As of December 31, 2021					
ASSETS					
<i>Gas Utility:</i>					
U.S. stock/bond mutual funds	\$ 24.8	\$ —	\$ —	\$ —	\$ 24.8
NYMEX/ICE natural gas contracts	2.4	—	—	(2.4)	—
<i>Gas Marketing:</i>					
NYMEX/ICE natural gas contracts	—	67.0	—	(67.0)	—
Natural gas commodity contracts	—	40.4	—	(2.3)	38.1
<i>Other:</i>					
U.S. stock/bond mutual funds	24.6	—	—	—	24.6
Interest rate swaps	9.4	—	—	(5.6)	3.8
Total	<u>\$ 61.2</u>	<u>\$ 107.4</u>	<u>\$ —</u>	<u>\$ (77.3)</u>	<u>\$ 91.3</u>
LIABILITIES					
<i>Gas Utility:</i>					
NYMEX/ICE natural gas contracts	\$ 8.6	\$ —	\$ —	\$ (8.6)	\$ —
<i>Gas Marketing:</i>					
NYMEX/ICE natural gas contracts	—	40.2	—	(40.2)	—
Natural gas commodity contracts	—	77.9	—	(2.3)	75.6
<i>Other:</i>					
Interest rate swaps	7.3	—	—	(5.6)	1.7
Total	<u>\$ 15.9</u>	<u>\$ 118.1</u>	<u>\$ —</u>	<u>\$ (56.7)</u>	<u>\$ 77.3</u>

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Effects of Netting and Cash Margin Receivables /Payables	Total
As of September 30, 2021					
ASSETS					
<i>Gas Utility:</i>					
U.S. stock/bond mutual funds	\$ 23.8	\$ —	\$ —	\$ —	\$ 23.8
NYMEX/ICE natural gas contracts	104.0	—	—	(104.0)	—
<i>Gas Marketing:</i>					
NYMEX/ICE natural gas contracts	—	114.7	—	(93.7)	21.0
Natural gas commodity contracts	—	35.2	—	(5.5)	29.7
<i>Other:</i>					
U.S. stock/bond mutual funds	26.2	—	—	—	26.2
Interest rate swaps	12.6	—	—	(5.2)	7.4
Total	<u>\$ 166.6</u>	<u>\$ 149.9</u>	<u>\$ —</u>	<u>\$ (208.4)</u>	<u>\$ 108.1</u>
LIABILITIES					
<i>Gas Utility:</i>					
NYMEX/ICE natural gas contracts	\$ 0.3	\$ —	\$ —	\$ (0.3)	\$ —
<i>Gas Marketing:</i>					
NYMEX/ICE natural gas contracts	—	62.0	—	(62.0)	—
Natural gas commodity contracts	—	96.7	—	(5.5)	91.2
<i>Other:</i>					
Interest rate swaps	5.7	—	—	(5.2)	0.5
Total	<u>\$ 6.0</u>	<u>\$ 158.7</u>	<u>\$ —</u>	<u>\$ (73.0)</u>	<u>\$ 91.7</u>
As of December 31, 2020					
ASSETS					
<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>
LIABILITIES					
<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>

Spire Missouri

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Effects of Netting and Cash Margin Receivables /Payables	Total
As of December 31, 2021					
ASSETS					
U.S. stock/bond mutual funds	\$ 24.8	\$ —	\$ —	\$ —	\$ 24.8
NYMEX/ICE natural gas contracts	2.4	—	—	(2.4)	—
Total	<u>\$ 27.2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2.4)</u>	<u>\$ 24.8</u>
LIABILITIES					
NYMEX/ICE natural gas contracts	<u>\$ 8.6</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (8.6)</u>	<u>\$ —</u>
As of September 30, 2021					
ASSETS					
U.S. stock/bond mutual funds	\$ 23.8	\$ —	\$ —	\$ —	\$ 23.8
NYMEX/ICE natural gas contracts	104.0	—	—	(104.0)	—
Total	<u>\$ 127.8</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (104.0)</u>	<u>\$ 23.8</u>
LIABILITIES					
NYMEX/ICE natural gas contracts	<u>\$ 0.3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (0.3)</u>	<u>\$ —</u>
As of December 31, 2020					
ASSETS					
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>
LIABILITIES					
NYMEX/ICE natural gas contracts	<u>\$ 4.9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (4.9)</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 includes components shown in the following tables. The components other than the service costs and regulatory adjustment are presented in “Other Income, Net” in the income statement, except for Spire Alabama’s losses on lump-sum settlements. Such losses are capitalized in regulatory balances and amortized over the remaining actuarial life of individuals in the plan, and that amortization is presented in “Other Income, Net.”

	Three Months Ended December 31,	
	2021	2020
<u><i>Spire</i></u>		
Service cost – benefits earned during the period	\$ 5.4	\$ 5.6
Interest cost on projected benefit obligation	5.1	5.2
Expected return on plan assets	(8.2)	(8.0)
Amortization of prior service credit	(1.1)	(0.8)
Amortization of actuarial loss	3.7	4.0
Subtotal	4.9	6.0
Regulatory adjustment	10.6	9.6
Net pension cost	<u>\$ 15.5</u>	<u>\$ 15.6</u>
<u><i>Spire Missouri</i></u>		
Service cost – benefits earned during the period	\$ 3.9	\$ 3.9
Interest cost on projected benefit obligation	3.5	3.5
Expected return on plan assets	(6.0)	(5.6)
Amortization of prior service credit	(0.5)	(0.2)
Amortization of actuarial loss	2.8	2.9
Subtotal	3.7	4.5
Regulatory adjustment	8.5	7.6
Net pension cost	<u>\$ 12.2</u>	<u>\$ 12.1</u>
<u><i>Spire Alabama</i></u>		
Service cost – benefits earned during the period	\$ 1.4	\$ 1.5
Interest cost on projected benefit obligation	1.1	1.2
Expected return on plan assets	(1.4)	(1.6)
Amortization of prior service credit	(0.6)	(0.6)
Amortization of actuarial loss	0.9	1.1
Subtotal	1.4	1.6
Regulatory adjustment	1.9	1.8
Net pension cost	<u>\$ 3.3</u>	<u>\$ 3.4</u>

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, 2021 and 2020, 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 2022 contributions to Spire Missouri’s pension plans through December 31, 2021 were \$13.7 to the qualified trusts and none to non-qualified plans. There were \$2.6 of fiscal 2022 contributions to the Spire Alabama pension plans through December 31, 2021.

Contributions to the qualified trusts of Spire Missouri’s pension plans for the remainder of fiscal 2022 are anticipated to be \$23.9. Contributions to Spire Alabama’s pension plans for the remainder of fiscal 2022 are anticipated to be \$11.8.

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.

The net periodic postretirement benefit cost includes components shown in the following tables. The components other than the service costs and regulatory adjustment are presented in “Other Income, Net” in the income statement, except in the event Spire Alabama incurs losses on lump-sum settlements. Any such losses are capitalized in regulatory balances and amortized over the remaining actuarial life of individuals in the plan, and that amortization is presented in “Other Income, Net.”

	Three Months Ended December 31,	
	2021	2020
<u><i>Spire</i></u>		
Service cost – benefits earned during the period	\$ 1.9	\$ 1.8
Interest cost on accumulated postretirement benefit obligation	1.5	1.4
Expected return on plan assets	(4.2)	(4.0)
Amortization of prior service cost	0.3	0.3
Amortization of actuarial gain	(0.6)	(0.4)
Subtotal	(1.1)	(0.9)
Regulatory adjustment	3.2	3.4
Net postretirement benefit cost	<u>\$ 2.1</u>	<u>\$ 2.5</u>
<u><i>Spire Missouri</i></u>		
Service cost – benefits earned during the period	\$ 1.6	\$ 1.6
Interest cost on accumulated postretirement benefit obligation	1.1	1.1
Expected return on plan assets	(2.8)	(2.7)
Amortization of prior service cost	0.2	0.2
Amortization of actuarial gain	(0.5)	(0.4)
Subtotal	(0.4)	(0.2)
Regulatory adjustment	3.6	3.8
Net postretirement benefit cost	<u>\$ 3.2</u>	<u>\$ 3.6</u>
<u><i>Spire Alabama</i></u>		
Service cost – benefits earned during the period	\$ 0.3	\$ 0.2
Interest cost on accumulated postretirement benefit obligation	0.4	0.3
Expected return on plan assets	(1.3)	(1.2)
Amortization of prior service cost	0.1	0.1
Subtotal	(0.5)	(0.6)
Regulatory adjustment	(0.5)	(0.4)
Net postretirement benefit income	<u>\$ (1.0)</u>	<u>\$ (1.0)</u>

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, 2021 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 providing interstate natural gas pipeline transportation services;
- Spire Storage, a subsidiary of Spire providing interstate natural gas storage services; and
- Spire's subsidiaries engaged in the operation of a propane pipeline 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 to Spire Marketing, propane transportation services provided by Spire NGL Inc to Spire Missouri, and natural gas transportation services provided by Spire STL Pipeline to Spire Missouri.

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 and other non-recurring or unusual items such as certain regulatory, legislative, or GAAP standard-setting actions.

	Gas				
	Gas Utility	Marketing	Other	Eliminations	Consolidated
Three Months Ended December 31, 2021					
Operating Revenues:					
Revenues from external customers	\$ 503.5	\$ 47.9	\$ 4.0	\$ —	\$ 555.4
Intersegment revenues	—	—	12.6	(12.6)	—
Total Operating Revenues	503.5	47.9	16.6	(12.6)	555.4
Operating Expenses:					
Natural gas	210.2	48.0	—	(9.0)	249.2
Operation and maintenance	107.3	2.7	10.0	(3.6)	116.4
Depreciation and amortization	54.6	0.3	2.0	—	56.9
Taxes, other than income taxes	37.0	—	0.6	—	37.6
Total Operating Expenses	409.1	51.0	12.6	(12.6)	460.1
Operating Income (Loss)	\$ 94.4	\$ (3.1)	\$ 4.0	\$ —	\$ 95.3
Net Economic Earnings (Loss)	\$ 67.2	\$ 0.5	\$ (5.1)	\$ —	\$ 62.6

	Gas Utility	Gas Marketing	Other	Eliminations	Consolidated
Three Months Ended December 31, 2020					
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

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

	Three Months Ended December 31,	
	2021	2020
Net Income	\$ 55.7	\$ 88.9
Adjustments, pre-tax:		
Fair value and timing adjustments	3.7	(16.0)
Income tax adjustments	3.2	4.0
Net Economic Earnings	\$ 62.6	\$ 76.9

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

	December 31, 2021	September 30, 2021	December 31, 2020
Total Assets:			
Gas Utility	\$ 7,882.1	\$ 7,615.4	\$ 6,932.3
Gas Marketing	424.4	466.1	204.8
Other	2,417.6	2,351.7	2,462.3
Eliminations	(1,073.6)	(1,076.8)	(1,083.8)
Total Assets	\$ 9,650.5	\$ 9,356.4	\$ 8,515.6

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, 2021, are estimated at \$1,840.4, \$1,422.4, 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, some of which are discussed under the Spire Missouri and Spire Alabama headings below. 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.

To date, costs incurred for all Spire MGP sites for investigation, remediation and monitoring 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 and Spire Alabama 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 2020, Spire retained an outside consultant to conduct probabilistic cost modeling of its former MGP sites in Missouri and Alabama. The purpose of this analysis was to develop an estimated range of probabilistic future liability for each of their MGP sites. That analysis, completed in March 2021, provided a range of demonstrated possible future expenditures to investigate, monitor and remediate the former MGP sites. Spire Missouri and Spire Alabama have recorded their best estimates of the probable expenditures that relate to these matters. The amount remains immaterial, and Spire Missouri, 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.

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 (MoDNR) Brownfields/Voluntary Cleanup Program (BVCP). The third site is the result of an assertion by the United States Environmental Protection Agency (EPA).

In conjunction with redevelopment of the Carondelet Coke site, 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 (NFA) letter from the MoDNR. 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. The property was divided into seven parcels, and MoDNR NFA letters have been received for six of the parcels. Remediation is ongoing on the last parcel.

In a letter dated June 29, 2011, the Attorney General for the State of Missouri informed Spire Missouri that the MoDNR had completed an investigation of the second site, Station A. 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. Accordingly, Spire Missouri entered into a cost sharing agreement for remedial investigation with other PRPs. MoDNR never approved the agreement, so no remedial investigation took place.

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, Station B. Spire Missouri and the site owner 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, in March 2017 Spire Missouri requested more information from the EPA. Spire Missouri never 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, 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 six 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, and Independence MGP #2. Source removal has been conducted at all the owned sites since 2003 with the exception of Joplin. On September 15, 2016, a request was made with the MoDNR for a restrictive covenant use limitation with respect to Joplin. Remediation efforts at the six sites are at various stages of completion, ranging from groundwater monitoring and sampling following source removal activities to the aforementioned request for the Joplin site. As part of its participation in the BVCP, Spire Missouri communicates regularly with the MoDNR with respect to its remediation efforts and monitoring activities at these sites. On May 11, 2015, MoDNR approved the next phase of investigation at the Kansas City Station A Railroad area.

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.

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 matters.

Spire Marketing, along with many natural gas industry participants, faced the unprecedented effects of Winter Storm Uri in February 2021. Numerous natural gas producers and midstream operators were unable to deliver natural gas to market as they experienced wellhead freeze-offs, power outages and equipment failure due to the extreme weather. These events resulted in supply curtailments, and related notices of force majeure to excuse performance, from and to certain counterparties. Further, these events have made Spire Marketing subject to various commercial disputes (including regarding force majeure) and a regulatory dispute regarding tariff obligations as a shipper on an interstate pipeline. As such, Spire Marketing has recorded an estimate of potential liabilities for damages based on communications with counterparties to date and the facts and circumstances surrounding each transaction. It is expected that the estimate will change as new facts emerge or settlements are reached, and it is possible that final settlement amounts may materially differ from the current estimate.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions, except 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 (Spire Gulf and Spire Mississippi) are collectively referred to as the "Utilities." 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 as a result of decisions by natural gas producers to reduce production or shut in producing natural gas wells and expiration or termination of existing supply and transportation arrangements that are not replaced with contracts with similar terms and pricing (including as a result of a failure of the Spire STL Pipeline to secure permanent authorization from the FERC), 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 and recovery of prudent costs,
 - 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,
 - authorization to operate facilities,
 - environmental or safety matters, including the potential impact of legislative and regulatory actions related to climate change and pipeline safety and security,
 - 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 throughout the 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 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 currently permitted to deliver natural gas supply into eastern Missouri under a temporary certificate authorization. Spire STL Pipeline's operating revenue is derived primarily from Spire Missouri as its foundation shipper.

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 coronavirus disease 2019 (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. Impacts on our results of operations from COVID-19 have been minimal, partly as a result of regulatory recovery mechanisms and approvals.

The Company is participating in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provisions allowing for a payroll tax deferral which did not have an impact on our results of operations but deferred the payment of the Company's portion of certain payroll taxes until late 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, 2021

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 Utility	Gas Marketing	Other	Total	Per Diluted Common Share**
Three Months Ended December 31, 2021					
Net Income (Loss) [GAAP]	\$ 63.1	\$ (2.3)	\$ (5.1)	\$ 55.7	\$ 1.01
Adjustments, pre-tax:					
Fair value and timing adjustments	—	3.7	—	3.7	0.07
Income tax adjustments*	4.1	(0.9)	—	3.2	0.06
Net Economic Earnings (Loss) [Non-GAAP]	\$ 67.2	\$ 0.5	\$ (5.1)	\$ 62.6	\$ 1.14
Three Months Ended December 31, 2020					
Net Income (Loss) [GAAP]	\$ 76.5	\$ 15.2	\$ (2.8)	\$ 88.9	\$ 1.65
Adjustments, pre-tax:					
Fair value and timing adjustments	(0.1)	(15.9)	—	(16.0)	(0.31)
Income tax adjustments*	—	4.0	—	4.0	0.08
Net Economic Earnings (Loss) [Non-GAAP]	\$ 76.4	\$ 3.3	\$ (2.8)	\$ 76.9	\$ 1.42

* Income tax adjustments include amounts calculated by applying federal, state, and local income tax rates applicable to ordinary income to the amounts of the pre-tax reconciling items, and for fiscal 2022, include a Spire Missouri regulatory adjustment.

** 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 (loss) per common share.

Consolidated

Spire had net income of \$55.7 for the three months ended December 31, 2021, compared with net income of \$88.9 for the three months ended December 31, 2020. Income per diluted share was \$1.01 for the current quarter compared to income of \$1.65 per diluted share for the prior year quarter. The net income decline of \$33.2 was primarily driven by a \$17.5 reduction in the Gas Marketing segment and \$13.4 lower performance in the Gas Utility segment.

Spire's net economic earnings for the first quarter were \$62.6 (\$1.14 per diluted share), compared to \$76.9 (\$1.42 per diluted share) in the prior year, reflecting lower earnings at Gas Utility, combined with lower Gas Marketing results and a decline in Other, as reflected in the above table. These impacts are described in further detail below.

Gas Utility

Net economic earnings for the Gas Utility segment decreased \$9.2 from the first quarter of the prior fiscal year, as all Utilities reported decreases versus prior year performance. Spire Missouri declined by \$7.1, Spire Alabama decreased \$1.5, and the subsidiaries of EnergySouth reported a \$0.6 decrease versus the prior year quarter. This decline was primarily the result of unseasonably warm weather in the Utility territories and higher depreciation and amortization costs. These impacts are discussed in further detail below.

Gas Marketing

First quarter net economic earnings for the Gas Marketing segment was \$0.5, compared to \$3.3 last year, reflecting less favorable market conditions that are described in further detail below.

Other

For the three months ended December 31, 2021, net economic loss for Other increased \$2.3 compared with the first quarter of the prior fiscal year, primarily reflecting higher 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
Three Months Ended December 31, 2021					
Operating Income (Loss) [GAAP]	\$ 94.4	\$ (3.1)	\$ 4.0	\$ —	\$ 95.3
Operation and maintenance expenses	107.3	2.7	10.0	(3.6)	116.4
Depreciation and amortization	54.6	0.3	2.0	—	56.9
Taxes, other than income taxes	37.0	—	0.6	—	37.6
Less: Gross receipts tax expense	(21.7)	(0.2)	—	—	(21.9)
Contribution Margin [Non-GAAP]	271.6	(0.3)	16.6	(3.6)	284.3
Natural gas costs	210.2	48.0	—	(9.0)	249.2
Gross receipts tax expense	21.7	0.2	—	—	21.9
Operating Revenues	\$ 503.5	\$ 47.9	\$ 16.6	\$ (12.6)	\$ 555.4

Three Months Ended December 31, 2020

Operating Income [GAAP]	\$ 106.8	\$ 20.3	\$ 5.8	\$ —	\$ 132.9
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)
Contribution Margin [Non-GAAP]	272.2	24.1	16.7	(3.3)	309.7
Natural gas costs	204.3	0.7	—	(23.8)	181.2
Gross receipts tax expense	21.7	—	—	—	21.7
Operating Revenues	\$ 498.2	\$ 24.8	\$ 16.7	\$ (27.1)	\$ 512.6

Consolidated

Spire reported operating revenue of \$555.4 for the three months December 31, 2021, a \$42.8 increase versus the prior year quarter. Both the Gas Utility and Gas Marketing segments experienced year-over-year increases in operating revenues. Spire's contribution margin decreased \$25.4 compared with last year, with decreases of \$24.4 in the Gas Marketing segment combined with marginal decreases for both the Gas Utility segment and Other (STL Pipeline and Spire Storage). Depreciation and amortization expenses were up \$6.1, reflecting higher Gas Utility expenses. Gas Utility operation and maintenance (O&M) expenses of \$107.3 for the quarter were \$1.6 higher than last year, after removing the \$1.7 transfer of year-over-year nonservice postretirement benefit costs to other expense below the operating income line (the "Nonservice Cost Transfer") and \$1.0 of non-operational overheads charged to O&M as a result of the MoPSC amended report and order effective December 23, 2021 for Spire Missouri (discussed in [Note 4](#), Regulatory Matters, of the Notes to Financial Statements in Item 1). These impacts are described in further detail below.

Gas Utility

Operating Revenues – Gas Utility operating revenues for the three months ended December 31, 2021, were \$503.5, or \$5.3 higher than the same period in the prior year. The increase in Gas Utility operating revenues was attributable to the following factors:

Spire Missouri and Spire Alabama – Higher net PGA/GSA costs (Gas cost recovery)	\$	12.1
Spire Alabama – RSE adjustments, net		3.4
Spire Missouri – ISRS		0.9
Spire Missouri and Spire Alabama – Volumetric usage (net of weather mitigation)		(5.5)
Spire Missouri and Spire Alabama – Off-system sales and capacity release		(4.3)
All other factors		(1.3)
Total Variation	\$	<u>5.3</u>

The Gas Utility segment benefited \$12.1 through higher gas cost recoveries, \$3.4 in net rate adjustments under the RSE mechanism at Spire Alabama, and a \$0.9 increase in ISRS revenues. These positive impacts were mostly offset by a \$5.5 reduction attributable to volumetric usage and a \$4.3 reduction related to lower off-system sales. Weather in the current year quarter across our Utility footprint was 19% warmer than prior year and 26% warmer than normal.

Contribution Margin – Gas Utility contribution margin was \$271.6 for the three months ended December 31, 2021, a \$0.6 decrease over the same period in the prior year. The decrease was attributable to the following factors:

Spire Alabama – Rate adjustment under RSE mechanism, net	\$	3.2
Spire Missouri – ISRS		0.9
Spire Missouri and Spire Alabama – Volumetric usage (net of weather mitigation)		(1.8)
Spire Missouri and Spire Alabama – Off-system sales and capacity release		(0.8)
All other factors		(2.1)
Total Variation	\$	<u>(0.6)</u>

As previously noted, warmer weather impacted commercial and industrial sales although weather mitigation lessened the impact on residential sales. This decrease was partially offset by \$3.2 net favorable rate adjustments under the RSE mechanism at Spire Alabama and Spire Missouri's \$0.9 ISRS increase.

Operating Expenses – O&M expenses for the three months ended December 31, 2021, were \$4.3 higher than the prior year. After removing the \$1.7 impact of the Nonservice Cost Transfer and \$1.0 of non-operational overheads mentioned earlier, expenses increased \$1.6. The increase was largely due to modestly higher costs in operations, and employee-related expenses, partly offset by lower bad debt expense. Depreciation and amortization expenses for the quarter were \$6.0 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 increased \$23.1 versus the prior-year period as higher volumes and higher commodity prices were partly offset by derivative activity and unrealized fair value adjustments.

Contribution Margin – Gas Marketing contribution margin during the quarter ended December 31, 2021, decreased \$24.4 from the same period in the prior year, due principally to a \$19.6 unfavorable change in derivative activity and fair value measurements. The remaining decrease of \$4.8 reflects both less favorable market conditions and lower storage margins.

Interest Charges

Consolidated interest charges increased by \$2.9, principally due to higher Gas Utilities long-term debt and higher average short term borrowings in the current year. For the three months ended December 31, 2021 and 2020, average short-term borrowings were \$808.6 and \$734.7, respectively, and the average interest rate on these borrowings was 0.4% in both periods.

Income Taxes

Consolidated income tax for the three months ended December 31, 2021, decreased \$4.2 versus the same period in the prior year. The variance is due principally to the lower pre-tax book income, offset partly by a \$4.1 Spire Missouri regulatory adjustment.

Spire Missouri

	Three Months Ended December 31,	
	2021	2020
Operating Income [GAAP]	\$ 65.4	\$ 75.5
Operation and maintenance expenses	66.3	62.9
Depreciation and amortization	34.2	30.4
Taxes, other than income taxes	25.7	25.1
Less: Gross receipts tax expense	(14.9)	(15.2)
Contribution Margin [Non-GAAP]	176.7	178.7
Natural gas costs	156.3	161.6
Gross receipts tax expense	14.9	15.2
Operating Revenues	\$ 347.9	\$ 355.5
Net Income	\$ 45.3	\$ 56.6

Operating revenues for the three months ended December 31, 2021, decreased \$7.6 from the same period in the prior year primarily due to \$14.7 in unfavorable volumetric impacts (including weather mitigation), and a \$2.8 decrease related to lower off-system sales, primarily due to warmer weather.

Contribution margin for the three months ended December 31, 2021, decreased \$2.0 from the same period in the prior year, largely the result of a \$1.0 decrease due volumetric impacts (including weather mitigation) and \$0.6 lower off-system sales.

O&M expenses increased \$3.4 versus the prior year. After removing the \$1.7 year-over-year impact of the Nonservice Cost Transfer and \$1.0 of non-operational overheads mentioned earlier, the increase was \$0.7. The increase was largely due to modestly higher costs in administrative and employee-related expenses. Depreciation and amortization increased \$3.8 versus the prior-year quarter due to ongoing capital investments.

Other income was up \$3.2, due primarily to fair market value adjustments to unqualified pension trusts, slightly offset by Nonservice Cost Transfer.

Resulting net income for the quarter ended December 31, 2021, decreased \$11.3 versus the prior-year quarter.

Degree days in Spire Missouri's service areas during the three months ended December 31, 2021, were 25.9% warmer than normal, and 19.5% 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 439.6 million for the quarter, compared with 522.8 million for the same period in the prior year. Total off-system therms sold and transported were 2.1 million for the quarter, compared with 8.5 million a year ago.

Spire Alabama

	Three Months Ended December 31,	
	2021	2020
Operating Income [GAAP]	\$ 21.1	\$ 22.5
Operation and maintenance expenses	34.5	32.8
Depreciation and amortization	16.5	15.0
Taxes, other than income taxes	9.0	8.2
Less: Gross receipts tax expense	(5.7)	(5.3)
Contribution Margin [Non-GAAP]	75.4	73.2
Natural gas costs	45.5	35.1
Gross receipts tax expense	5.7	5.3
Operating Revenues	\$ 126.6	\$ 113.6
Net Income	\$ 12.2	\$ 13.7

Operating revenues for the three months ended December 31, 2021, increased \$13.0 from the same period in the prior year. The change in operating revenue was principally due to \$9.2 attributable to favorable weather usage impacts, net favorable rate adjustments under the RSE mechanism of \$3.4, higher gas cost recoveries of \$1.5, slightly offset by a decrease in off-system sales totaling \$1.5.

Contribution margin was \$2.2 higher versus the prior-year quarter, primarily driven by the favorable net rate adjustments under the RSE mechanism of \$3.2, partly offset by \$0.8 weather/usage impacts and \$0.2 lower off-system sales.

O&M expenses for the three months ended December 31, 2021, increased \$1.7 versus the prior-year quarter, primarily due to higher employee-based costs that were only partly offset by lower bad debt expense. Depreciation and amortization expenses were up \$1.5, the result of continued investment in infrastructure upgrades.

For the quarter ended December 31, 2021, resulting net income decreased \$1.5 versus the prior-year quarter.

As measured in degree days, temperatures in Spire Alabama's service area during the three months ended December 31, 2021, were 10.5% warmer than normal but 6.1% colder than a year ago. Spire Alabama's total system therms sold and transported were 257.8 million for the three months ended December 31, 2021, compared with 244.4 million for the same period in the prior year. Total off-system therms sold and transported were 0.1 million for the quarter, compared with 13.6 million a year ago.

LIQUIDITY AND CAPITAL RESOURCES

Recent Cash Flows

Cash Flow Summary	Three Months Ended December 31,	
	2021	2020
Net cash (used in) provided by operating activities	\$ (229.9)	\$ 7.6
Net cash used in investing activities	(143.1)	(163.6)
Net cash provided by financing activities	376.9	155.4

For the three months ended December 31, 2021, net cash from operating activities decreased \$237.5 from the corresponding period of fiscal 2021. In addition to the decline in net income of \$33.2, the change was due principally to regulatory timing and fluctuations in working capital items, as discussed below in the Future Cash Requirements section. Those typical variance drivers have been impacted by Spire Missouri's Operational Flow Order and Filing Adjustment Factor put into place last year, as discussed in [Note 4](#), Regulatory Matters, of the Notes to Financial Statements in Item 1.

For the three months ended December 31, 2021, net cash used in investing activities was \$20.5 less than for the same period in the prior year, primarily driven by a \$17.9 decrease in capital expenditures. The primary drivers of the lower capital expenditures were a \$9.0 decline related to Spire Storage and Spire STL Pipeline, and a \$8.2 spending decline at Gas Utility.

Lastly, for the three months ended December 31, 2021, net cash provided by financing activities was up \$221.5 versus net cash provided for the three months ended December 31, 2020. Current year long-term debt issuances were \$300.0, or \$150.0 higher than a year ago, and net short-term debt issuances rose \$125.9 in the current period. Partially offsetting these fluctuations was a \$50.4 increase in long-term debt repayments during the first quarter of fiscal 2022 versus the same prior year period.

Future Cash Requirements

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.

Spire's material cash requirements as of December 31, 2021, are related to capital expenditures, principal and interest payments on long-term debt, natural gas purchase obligations, and dividends. Except for Spire Missouri's December 2021 issuance of \$300.0 of floating rate bonds due in December 2024, there were no material changes outside the ordinary course of business from the future cash requirements discussed in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2021. Total Company capital expenditures are planned to be \$570 for fiscal 2022.

Source of Funds

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 requirements. Their debt is rated by two rating agencies: Standard & Poor's Corporation ("S&P") and Moody's Investors Service ("Moody's"). As of December 31, 2021, the debt ratings of the Company, Spire Missouri and Spire Alabama (shown in the following table) remain at investment grade with a stable outlook (other than Moody's negative outlook for Spire Missouri debt).

	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

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, 2021.

Short-term Debt

The Company's short-term cash requirements can be met through the sale of up to \$975.0 of commercial paper or through the use of Spire's \$975.0 revolving credit facility. For information about short-term borrowings, see [Note 5](#) of the Notes to Financial Statements in Item 1.

Long-term Debt and Equity

At December 31, 2021, including the current portion but excluding unamortized discounts and debt issuance costs, Spire had long-term debt totaling \$3,258.9, of which \$1,648.0 was issued by Spire Missouri, \$575.0 was issued by Spire Alabama, and \$205.9 was issued by other subsidiaries. For information about long-term debt issued this fiscal year, 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 \$660.0 for financings placed any time before September 30, 2023. As of December 31, 2021, \$55.0 remained available under this authorization, and Spire Missouri has applied for a new \$800.0 authorization over three years. Spire Alabama has no standing authority to issue long-term debt and must petition the APSC for each planned issuance.

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 176,456 and 170,904 shares at December 31, 2021 and January 28, 2022, 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, 2021, 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 consisted of 45% equity at December 31, 2021, and 47% equity at September 30, 2021.

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, 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, 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.

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.

ACCOUNTING PRONOUNCEMENTS

The Company, Spire Missouri and Spire Alabama have evaluated or are in the process of evaluating the effects that recently issued accounting standards will have on the companies’ financial position or results of operations upon adoption, but none are currently expected to have a significant impact.

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, which 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 Spire, Spire Missouri, and Spire Alabama's combined Annual Report on Form 10-K for the fiscal year ended September 30, 2021, and include regulatory accounting, employee benefits and postretirement obligations, impairment of long-lived assets, and income taxes. There were no significant changes to critical accounting estimates during the three months ended December 31, 2021.

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 Spire, Spire Missouri, and Spire Alabama's combined Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

MARKET RISK

There were no material changes in the Company's commodity price risk or counterparty credit risk as of December 31, 2021, relative to the corresponding information provided in the Company's Annual Report on Form 10-K as of September 30, 2021. In the second fiscal quarter of 2020, the Company entered into multiple ten-year interest rate swaps with fixed interest rates ranging from 0.934% to 1.2975% for a total notional amount of \$75.0 to protect itself against adverse movements in interest rates on future interest rate payments. The Company recorded a \$1.2 mark-to-market loss in accumulated other comprehensive income on these swaps for the three months ended December 31, 2021. In the third quarter of 2021 the Company entered into multiple ten-year interest rate swaps with fixed interest rates ranging from 2.008% to 2.1075% 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 \$2.1 mark-to-market loss in accumulated other comprehensive income on these swaps for the three months ended December 31, 2021.

In the fourth quarter of 2021, the Company entered into two swap contracts. Both contracts are ten-year interest rate swaps; the first swap has a notional amount of \$50.0 with a fixed interest rate of 1.597%, while the second swap has a notional amount of \$50.0 with a fixed interest rate of 1.821%. The Company recorded a \$1.9 mark-to-market loss to accumulated other comprehensive income on these swaps for the three months ended December 31, 2021.

In the first quarter of fiscal 2022, the Company entered into a ten-year interest rate swap contract with a notional amount of \$50.0 with a fixed interest rate of 1.4918%. The Company recorded a \$0.3 mark-to-market gain to accumulated other comprehensive income on this swap for the three months ended December 31, 2021.

As of December 31, 2021, the Company has recorded through accumulated other comprehensive income a cumulative mark-to-market net asset of \$2.1 on open swaps.

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, 2021, 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, 2021, 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, 2021, 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 1A. Risk Factors

There were no material changes in the Company's risk factors from those disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2021.

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) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
October 1, 2021 – October 31, 2021	94	\$ 62.09	—	—
November 1, 2021 – November 30, 2021	26,171	62.81	—	—
December 1, 2021 – December 31, 2021	346	61.54	—	—
Total	26,611	62.80	—	—

Spire Missouri's outstanding first mortgage bonds contain restrictions on its ability to pay cash dividends on its common stock. As of December 31, 2021, 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

Submission of Matters to a Vote of Security Holders

(disclosed in accordance with Item 5.07 of the Current Report on Form 8-K)

The Company's annual meeting of shareholders was held virtually on January 27, 2022. A total of 46,154,720 common shares, constituting 89.20% of the shares entitled to vote, were present or represented by proxy at the meeting. At the meeting, the shareholders cast their votes as follows:

Proposal 1 – Election of Directors

The first three listed nominees for director, each to serve for a three-year term expiring at the annual meeting in 2025, and the last-listed nominee for director, to serve for a one-year term expiring at the annual meeting in 2023, received the following vote:

	Number of Votes		
	For	Withheld	Broker Non-Votes
Carrie J. Hightman	40,618,824	293,664	5,242,232
Brenda D. Newberry	38,956,819	1,955,669	5,242,232
Suzanne Sitherwood	40,007,229	905,259	5,242,232
Mary Ann Van Lokeren	39,499,011	1,413,477	5,242,232

Proposal 2 – Advisory Vote on Executive Compensation

Advisory vote to approve the compensation of the Company's named executive officers received the following vote:

Number of Votes			
For	Against	Abstain	Broker Non-Votes
39,495,515	1,282,721	134,252	5,242,232

Proposal 3 – Ratification of the Selection of Independent Registered Public Accounting Firm

The ratification of Deloitte & Touche LLP to serve as independent registered public accountants for fiscal year 2022 received the following vote:

Number of Votes		
For	Against	Abstain
45,271,318	807,347	76,055

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
4.1*	<u>Thirty-Sixth Supplemental Indenture, dated as of December 7, 2021, between Spire Missouri and UMB Bank & Trust, N.A., as trustee; filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on December 7, 2021.</u>
4.2*	<u>Form of First Mortgage Bond, Floating Rate Series due 2024; included in Exhibit 4.1 to the Company's Current Report on Form 8-K on December 7, 2021.</u>
31.1	<u>CEO and CFO Certifications under Exchange Act Rule 13a-14(a) of Spire Inc.</u>
31.2	<u>CEO and CFO Certifications under Exchange Act Rule 13a-14(a) of Spire Missouri Inc.</u>
31.3	<u>CEO and CFO Certifications under Exchange Act Rule 13a-14(a) of Spire Alabama Inc.</u>
32.1	<u>CEO and CFO Section 1350 Certifications of Spire Inc.</u>
32.2	<u>CEO and CFO Section 1350 Certifications of Spire Missouri Inc.</u>
32.3	<u>CEO and CFO Section 1350 Certifications of Spire Alabama Inc.</u>
101	Interactive Data Files including the following information from the Quarterly Report on Form 10-Q for the period ended December 31, 2021, 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 Inc. File No. 1-16681. Spire Missouri Inc. File No. 1-1822.

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 2, 2022

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 2, 2022

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

Spire Alabama Inc.

Date: February 2, 2022

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