



Spire Inc.  
605 Richard Arrington, Jr. Blvd  
Birmingham, AL 35203

January 30, 2026

Mr. Walter Thomas  
Secretary  
Alabama Public Service Commission  
RSA Union Building  
100 North Union Street, Suite 950  
Montgomery, AL 36130

Dear Mr. Thomas:

Audited financial statements for Spire Gulf Inc. for the year ended 9/30/2025 are attached.

Sincerely,

A handwritten signature in blue ink that reads "Brittany Mathis".

Brittany Mathis  
Controller & Assistant Corporate Secretary,  
Spire Gulf

BM:llm

Attachments

# Spire Gulf Inc.

Financial Statements as of and for the  
Years Ended September 30, 2025 and 2024, and  
Independent Auditor's Report

**SPIRE GULF INC.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Spire Gulf Inc.

### **Opinion**

We have audited the financial statements of Spire Gulf Inc. (the "Company"), which comprise the balance sheets as of September 30, 2025 and 2024, and the related statements of income, changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Deloitte + Touche LP*

December 18, 2025

**SPIRE GULF INC.**

**BALANCE SHEETS**

(In thousands)	<b>September 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net of allowance for credit losses	7,325	7,644
Accounts receivable from associated companies	1,000	1,208
Reimbursement receivable from associated company	1,199	1,093
Materials, supplies, and merchandise (at average cost)	2,643	2,695
Gas stored underground for current use (at average cost)	3,341	3,257
Regulatory assets	13,003	11,860
Prepayments and other	2,573	3,270
Total Current Assets	<u>31,084</u>	<u>31,027</u>
<b>Property, Plant, and Equipment</b>	467,703	449,613
Less: Accumulated depreciation	132,036	124,020
Property, Plant, and Equipment, Net	<u>335,667</u>	<u>325,593</u>
Construction work in progress	12,735	3,041
Total Property, Plant, and Equipment	<u>348,402</u>	<u>328,634</u>
<b>Other Assets</b>		
Regulatory assets	2,508	3,747
Reimbursement receivable from associated company	842	1,983
Prepaid postretirement benefit costs	6,844	5,874
Prepaid pension costs	1,167	-
Deferred charges and other	1,410	4,051
Total Other Assets	<u>12,771</u>	<u>15,655</u>
<b>TOTAL</b>	<u>\$ 392,257</u>	<u>\$ 375,316</u>

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**SPIRE GULF INC.****BALANCE SHEETS (Continued)**

(In thousands, except shares and per share data)	<u>September 30,</u>	
	<u>2025</u>	<u>2024</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,575	\$ 3,047
Accounts payable to associated companies	158	67
Notes payable to associated companies	13,303	6,928
Taxes accrued	5,129	4,944
Regulatory liabilities	4,053	3,821
Customer deposits	2,649	2,407
Environmental and litigation liabilities	1,200	1,093
Other	4,133	4,114
Total Current Liabilities	<u>35,200</u>	<u>26,421</u>
<b>Other Liabilities</b>		
Regulatory liabilities	65,884	62,256
Deferred income taxes	37,927	32,278
Income taxes accrued	18,488	18,488
Accrued pension and postretirement benefit costs	-	7,712
Asset retirement obligations	8,381	6,568
Environmental and litigation liabilities	842	1,983
Other	420	1,425
Total Other Liabilities	<u>131,942</u>	<u>130,710</u>
Commitments and Contingencies (Note 7)		
<b>Capitalization</b>		
Long-term debt, net	<u>111,142</u>	<u>111,048</u>
Stockholder's equity:		
Common stock and paid-in capital	-	-
(\$0.01 par value per share, 100 shares outstanding)		
Retained earnings	<u>113,973</u>	<u>107,137</u>
Total Stockholder's Equity	<u>113,973</u>	<u>107,137</u>
Total Capitalization	<u>225,115</u>	<u>218,185</u>
<b>TOTAL</b>	<u>\$ 392,257</u>	<u>\$ 375,316</u>

See the accompanying Notes to Financial Statements.

**SPIRE GULF INC.**  
**STATEMENTS OF INCOME**

(In thousands)	<b>Years Ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating Revenues</b>	\$ 92,263	\$ 94,727
<b>Operating Expenses</b>		
Cost of gas	19,988	21,655
Operation and maintenance	22,465	22,822
Depreciation	15,774	15,113
Taxes, other than income taxes	8,361	8,454
Total Operating Expenses	<u>66,588</u>	<u>68,044</u>
<b>Operating Income</b>	<u>25,675</u>	<u>26,683</u>
<b>Other (Expenses) Income</b>		
Interest expense	(5,734)	(5,854)
Other income and deductions, net	1,068	897
Total Other Expenses, Net	<u>(4,666)</u>	<u>(4,957)</u>
<b>Income Before Income Taxes</b>	21,009	21,726
<b>Income Taxes</b>	<u>4,674</u>	<u>4,907</u>
<b>Net Income</b>	<u>\$ 16,335</u>	<u>\$ 16,819</u>

See the accompanying Notes to Financial Statements.

**SPIRE GULF INC.**

**STATEMENTS OF CHANGES IN RETAINED EARNINGS**

(In thousands)	<b>Years Ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Balance at Beginning of Year</b>	\$ 107,137	\$ 97,018
Net income	16,335	16,819
Dividends declared	(9,499)	(6,700)
<b>Balance at End of Year</b>	<u>\$ 113,973</u>	<u>\$ 107,137</u>

See the accompanying Notes to Financial Statements.

**SPIRE GULF INC.**

**STATEMENTS OF CASH FLOWS**

(In thousands)	<b>Years Ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating Activities</b>		
Net income	\$ 16,335	\$ 16,819
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	15,774	15,113
Deferred income taxes	4,882	4,533
Changes in operating assets and liabilities:		
Receivables	319	(1,819)
Accounts receivable/payable - associated companies	299	(1,215)
Reimbursement receivable from associated company	1,035	2,303
Inventories	(32)	947
Regulatory assets and liabilities	1,370	(1,056)
Prepaid taxes and taxes accrued	827	368
Accounts payable	(950)	(643)
Environmental and litigation liabilities	(1,034)	(2,303)
Pension and postretirement benefits	(9,849)	(1,126)
Other	1,673	(1,928)
Net Cash Provided by Operating Activities	<u>30,649</u>	<u>29,993</u>
<b>Investing Activities</b>		
Capital expenditures	(27,625)	(21,343)
Other	100	145
Net Cash Used in Investing Activities	<u>(27,525)</u>	<u>(21,198)</u>
<b>Financing Activities</b>		
Borrowings/(repayments) of notes payable to associated companies, net	6,375	(2,357)
Payment of dividends	(9,499)	(6,700)
Net Cash Used in Financing Activities	<u>(3,124)</u>	<u>(9,057)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	-	(262)
Cash and Cash Equivalents at Beginning of Year	-	262
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest, net of interest capitalized of \$162 in 2025 and \$339 in 2024	\$ 5,350	\$ 7,243
Cash (received) paid for income taxes, net of refunds received	(200)	358

See the accompanying Notes to Financial Statements.

## SPIRE GULF INC.

### NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended September 30, 2025 and 2024

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Business**—Spire Gulf Inc. (“Spire Gulf”) is engaged in the distribution and transportation of natural gas to residential, commercial, and industrial customers in southwest Alabama. Spire Gulf (formerly Mobile Gas Service Corporation) is a utility regulated by the Alabama Public Service Commission (APSC) and follows Financial Accounting Standards Board Accounting Standards Codification (ASC 980), *Regulated Operations*. Spire EnergySouth Inc. (“EnergySouth”) is a holding company for Spire Gulf and Spire Mississippi Inc., a natural gas distribution company based in Hattiesburg, Mississippi. Spire Inc. (“Spire”) acquired the stock of EnergySouth from Sempra Global, a subsidiary of Sempra Energy, on September 12, 2016.

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include the carrying value and recoverability of property, plant, and equipment, valuation of pension plan and postretirement trust assets, pension and postretirement benefit obligations, recoverability of regulatory assets, allowance for doubtful accounts, unbilled revenue, income taxes, environmental liabilities, and asset retirement obligations.

**Cash Equivalents**—Spire Gulf considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Concentration of Credit Risk**—Spire Gulf has a relatively low concentration of customer credit risk due to its large number of customers, none of which is singularly large as a percentage of Spire Gulf’s total customer base. During the fiscal years ended September 30, 2025 and 2024, Spire Gulf served approximately 83,000 customers, of which nearly 95% are residential customers.

**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. 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. Activity in the allowance for credit losses is shown in the following table (in thousands).

	2025	2024
Allowance at beginning of year	\$ 854	\$ 582
Provision for expected credit losses	784	848
Write-offs, net of recoveries	(789)	(576)
Allowance at end of year	<u>\$ 849</u>	<u>\$ 854</u>

**Property, Plant, and Equipment**—The cost of additions to property, plant, and equipment includes direct labor and materials, allocable administrative and general costs, pension costs, payroll taxes, and allowance for borrowed funds used during construction. Accrued capital expenditures, which are excluded from capital expenditures in the statements of cash flows until paid, were \$3,420,000 and \$919,000 as of September 30, 2025 and 2024, respectively. The cost of depreciable property retired, less salvage, is charged to accumulated depreciation over the useful life of the asset.

Estimated interest cost associated with property under construction, based upon weighted-average interest rates for short-term and long-term debt and, if applicable, the actual interest rate on borrowings for specific projects, is capitalized as an allowance for borrowed funds used during construction. Maintenance, repairs, and minor renewals and betterment of property are charged to operating expenses as incurred.

Depreciation is computed on a straight-line basis for financial statement purposes and on an accelerated basis for income tax purposes. Depreciation for financial statement purposes is provided over the estimated useful lives of the utility property at rates approved by the APSC. Approved depreciation rates averaged approximately 3.6% of depreciable property for the years ended September 30, 2025 and 2024.

Included in property, plant, and equipment are acquisition adjustments which were amortized to depreciation expense over the lives of the assets acquired and recovered through rates approved by the APSC. The acquisition adjustments were fully amortized as of September 30, 2025 and 2024.

Dismantling costs collected from ratepayers that are not a legal obligation as defined by ASC 410, *Asset Retirement and Environmental Obligations*, which are a component of Spire Gulf's depreciation rates, are accounted for under the provisions of ASC 980, *Regulated Operations*, and recorded in accrued dismantling costs, which is classified as part of regulatory liabilities.

**Regulatory Assets and Liabilities**—Spire Gulf meets the criteria for application of ASC 980. Regulatory assets represent probable future revenues associated with certain costs that are expected to be recovered from customers through the ratemaking process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be credited to customers through the ratemaking process.

The regulatory assets and liabilities as of September 30, 2025 and 2024 were as follows (in thousands):

	2025		2024	
	Current	Noncurrent	Current	Noncurrent
Regulatory assets:				
Weather normalization adjustment	\$ 9,486	\$ -	\$ 9,630	\$ -
Deferred purchased gas adjustment	1,754	-	832	-
Cost control measure (CCM) benefit	1,054	-	849	-
Cast iron replacement	559	-	379	-
Pension and postretirement benefit plans	-	1,741	-	2,701
Unamortized make-whole premium	-	767	-	1,046
Other	150	-	170	-
Total regulatory assets	\$ 13,003	\$ 2,508	\$ 11,860	\$ 3,747
Regulatory liabilities:				
Rate stabilization and equalization				
(RSE) adjustments	\$ 1,515	\$ -	\$ 1,515	\$ -
Enhanced stability reserve (ESR)	2,000	-	2,000	-
Gross receipts tax	538	-	306	-
Accrued dismantling costs	-	42,179	-	39,133
Income tax due to customers	-	10,167	-	10,935
Pension and postretirement benefit plans	-	12,195	-	11,039
Economic development fund (EDF) reserve	-	1,343	-	1,149
Total regulatory liabilities	\$ 4,053	\$ 65,884	\$ 3,821	\$ 62,256

See "Gas Revenues and Cost of Gas" below for discussion of the deferred purchased gas adjustment. See Note 3 for additional discussion of the RSE adjustments, the EDF, the ESR, and the weather normalization adjustment. Regulatory assets and liabilities related to unamortized make-whole premium, pension and postretirement benefit plans, and accrued/deferred dismantling costs are discussed in Notes 5, 10, and 11, respectively.

**Contingencies**—Spire Gulf accrues losses for the estimated impacts of various conditions, situations, or circumstances involving uncertain outcomes. For loss contingencies, the loss is accrued if an event has occurred on or before the balance sheet date and (i) information available through the date the financial statements are available to be issued indicates it is probable that a loss has been incurred given the likelihood of uncertain future events and (ii) the amount of the loss can be reasonably estimated.

**Legal Proceedings**—Spire Gulf accrues losses for legal proceedings when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the uncertainties inherent in legal proceedings make it difficult to estimate with reasonable certainty the costs and effects of resolving these matters. Accordingly, actual costs incurred may differ materially from amounts accrued, may exceed applicable insurance coverage and could materially adversely affect the business, cash flow, results of operations, financial condition, and prospects. Unless otherwise indicated, Spire Gulf is unable to estimate reasonably possible losses in excess of any amounts accrued.

**Legal Fees**—Legal fees that are associated with a past event for which a liability has been recorded are accrued when it is probable that fees also will be incurred and such fees can be reasonably estimated.

**Environmental**—Spire Gulf is subject to federal, state, and local environmental laws and subject to regulations related to hazardous wastes, air and water quality, land use, solid waste disposal, and the protection of wildlife.

Spire Gulf records environmental liabilities at undiscounted amounts when the liability is probable and the costs can be reasonably estimated. In many cases, however, investigations are not yet at a stage where Spire Gulf can determine whether Spire Gulf is liable, if the liability is probable, to reasonably estimate the amount or range of amounts of the costs. Estimates of the liability are further subject to uncertainties, such as the nature and extent of site contamination, evolving cleanup standards, and imprecise engineering evaluations. Spire Gulf reviews the accruals periodically as investigations and cleanup proceed and makes adjustments as necessary.

**Income Taxes**—Spire Gulf accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and the respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. The effects on deferred tax assets and liabilities of a change in enacted tax rates is recognized in income or loss for non-regulated operations, and in a regulatory asset or regulatory liability for regulated operations. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Spire Gulf applies the provisions of ASC 740, *Income Taxes*, for the accounting for uncertainty in income taxes. This authoritative guidance addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Spire Gulf may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained upon examination by the taxing authority, based on the technical merits of the position. Tax related interest and penalties, if any, are classified as a liability on the balance sheets.

**Fair Value Measurements**—Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U. S. GAAP establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

**Level 1**—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2**—Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies that consider various assumptions, including:

- quoted forward prices for commodities
- time value
- current market and contractual prices for the underlying instruments
- volatility factors
- other relevant economic measures

Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

**Level 3**—Pricing inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value from the perspective of a market participant.

**Gas Revenues and Cost of Gas**—Gas revenues are recorded when gas is delivered to customers or when distribution and transportation services are provided to customers. Those revenues are based on rates or contracts approved by the APSC. Spire Gulf reads meters on a monthly cycle basis and records revenues based upon estimated consumption through the end of the month for all customers regardless of the meter reading date. For more information about revenues, see Note 2.

The cost of gas and certain other costs are passed through to customers in accordance with the provisions in Spire Gulf’s rate tariffs. Any over or under recoveries of these costs are charged or credited to cost of gas and included in the deferred purchased gas adjustment, which is classified as part of regulatory assets or liabilities.

**New Accounting Pronouncements**— In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”). This ASU enhances the transparency of income tax disclosures related to rate reconciliation and income taxes. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. Spire Gulf is currently evaluating the impact of this ASU on their respective financial statements.

Management believes that all other recently adopted and recently issued accounting standards that are not yet effective will not have a material impact on Spire Gulf’s financial position, results of operations or cash flows upon adoption.

## 2. REVENUE

The following table shows revenue disaggregated by source and customer type for the years ended September 30, 2025 and 2024 (in thousands):

	<b>2025</b>	<b>2024</b>
Residential	\$ 55,015	\$ 54,154
Commercial & industrial	23,030	22,815
Transportation	10,402	10,699
Other customer revenue	3,960	6,652
Total revenue from contracts with customers	92,407	94,320
Change in accrued revenue under alternative revenue programs	(144)	407
Total operating revenues	<u>\$ 92,263</u>	<u>\$ 94,727</u>

Spire Gulf sells natural gas to residential, commercial and industrial customers. The sale of natural gas is governed by the APSC, which sets rates, charges, and terms and conditions of service, collectively included in a “tariff.” The performance obligation, which relates to the promise to provide natural gas, is satisfied over time as the customer simultaneously receives and consumes the natural gas, and revenue is recognized accordingly.

Transportation revenue relates to the promise to transport the specified quantities of natural gas at tariff rates. This performance obligation is satisfied over time as the gas is transported, and revenue is recognized as invoiced monthly.

Spire Gulf has alternative revenue programs (ARPs), which represent an agreement between the utility and its regulator, currently consisting of decoupling mechanisms (also known as weather normalization adjustments) and incentive programs (cost control measure). When the criteria to recognize additional (or reduced) revenue from ARPs have been met, Spire Gulf establishes a regulatory asset (or liability). When amounts previously recognized for ARPs are billed, Spire Gulf reduces the regulatory asset (or liability) and increases (or decreases) accounts receivable. Billed amounts, which are part of the overall tariff paid by customers, are included in revenue from contracts with customers, while the change in the related regulatory asset or liability is presented as revenue from ARPs. Depending on whether the beginning accrued ARP balance was a regulatory asset or liability and depending on the size and direction of the current period accrual, the amount presented as revenue from ARPs could be negative.

Spire Gulf reads meters and bills customers on monthly cycles. Spire Gulf records gas utility revenues from gas sales and transportation services on an accrual basis that includes estimated amounts for gas delivered but not yet billed. The accruals for unbilled revenues are reversed in the subsequent accounting period when meters are actually read and customers are billed.

Payments are generally required within 30 days of billing, and contracts generally do not have a significant financing component. Revenues are not subject to significant returns, refunds, or warranty obligations.

Spire Gulf has elected to apply a “right to invoice” practical expedient, recognizing revenue for volumes delivered for which it has a right to invoice, as long as that amount corresponds with the value to the customer. Disclosures about remaining performance obligations are not required because either contracts have an original expected duration of one year or less, or revenue is recognized under the right to invoice practical expedient, or both.

Sales taxes imposed on applicable Spire Gulf sales are billed to customers. These amounts are not recorded in the statements of income but are recorded as tax collections payable and included in the “Other” line of the Current Liabilities section of the balance sheets.

Gross receipts taxes are imposed on Spire Gulf and billed to its customers. The expense amounts (\$4,613,000 and \$4,801,000 in the years ended September 30, 2025 and 2024, respectively) are reported gross in the “Taxes, other than income taxes” line in the statements of income, and corresponding revenues are reported in “Operating Revenues.”

### 3. RATES AND REGULATIONS

Spire Gulf has utilized the APSC's formula rate-setting mechanism referred to as Rate Stabilization and Equalization Factors since October 1, 2002. RSE is a ratemaking methodology also used by the APSC to regulate certain other Alabama utilities. By an APSC order dated September 30, 2021, the RSE was extended through September 30, 2025. In October 2025, Spire Gulf submitted its annual RSE filing for fiscal year 2026 to APSC, indicating that the RSE framework will continue beyond September 30, 2026.

For fiscal 2022 through fiscal 2026, Spire Gulf's rates, as established under RSE, are allowed a return on average equity (ROE) within a range of 9.70% to 10.30% with an adjusting point of 9.95%. Spire Gulf is allowed to earn a return on all of its assets with no exclusions. Increases are allowed only once each fiscal year and cannot exceed 4% of prior-year revenues. On October 26, 2023, Spire Gulf made its annual RSE filing (based on its budget for fiscal 2024), which was reviewed by the APSC and AGO resulting in an amended RSE filing made on December 12, 2023 reflecting an increase to annual revenues of \$2,698,000 effective December 13, 2023. Spire Gulf made its annual RSE filing for fiscal 2025 on October 25, 2024. An amended RSE annual filing reflecting the review by the APSC and AGO was made on December 2, 2024 that adjusted rates effective December 4, 2024 designed to increase annual revenues by \$1,334,000. On October 23, 2025, Spire Gulf made its annual RSE filing (based on its budget for fiscal 2026) reflecting an increase in annual revenue of \$3,538,000, effective December 1, 2025.

Spire Gulf's equity upon which it is allowed to earn a return is limited to 55.5% of its total capitalization. The equity shown on the financial statements is net of approximately \$41,545,000 of unregulated equity reductions, including \$42,431,000 related to the Assignment and Assumption Agreement discussed in Note 7 and \$886,000 of effects from the Tax Cuts and Jobs Act of 2017.

RSE provides for certain cost control measures designed to monitor Spire Gulf's operations and maintenance ("O&M") expense. The O&M measurement is O&M expense, net of pension and bad debt costs, on a per customer basis. The O&M expense change from the base year is compared to the change in the Consumer Price Index for All Urban Consumers ("CPI-U") for the same period with a threshold band of plus or minus 1.50% ("Index Range"). If the O&M expense change is within the Index Range, no adjustment is required. If it falls above or below the Index Range, a CCM penalty or benefit is recorded, respectively, and subsequent customer rates are adjusted accordingly. For fiscal 2022, the base year was fiscal 2021, and a CCM benefit of \$1,582,000 was recorded, along with \$90,000 of related gross receipts taxes, to a regulatory asset. In accordance with Spire Gulf's 2021 RSE extension order, this benefit was recorded to a regulatory liability representing a fund that can be used for expenditures for economic development purposes, subject to APSC approval. Since a CCM benefit was recorded in fiscal 2022, the base year O&M index for fiscal 2023 through fiscal 2025 was the 2022 O&M level. Spire Gulf's O&M for fiscal 2024 was within the O&M per customer inflation adjusted band while a benefit of \$205,000 was recorded for fiscal 2025.

In conjunction with the initial approval of RSE, the APSC approved an Enhanced Stability Reserve to which Spire Gulf may charge the full amount of (i) extraordinary O&M expenses resulting from force majeure events, such as storms, severe weather, and outages, when one such event results in more than \$100,000 of additional O&M expense or a combination of two or more such events results in more than \$150,000 of additional O&M expense during a fiscal year or (ii) losses of revenue from any individual industrial or commercial customer in excess of \$100,000 during the fiscal year, if such losses cause Spire Gulf's return on equity to fall below the lower end of the equity return range. The allowed maximum ESR balance is \$2,000,000 and the ESR included in regulatory liabilities was \$2,000,000 as of September 30, 2025 and 2024. Subject to APSC approval, additional funding, up to a maximum reserve balance of \$2,000,000, may be provided from any future nonrecurring revenue should such revenue cause Spire Gulf's return on equity for the fiscal year to exceed the maximum of the range. Following a year in which a charge against the ESR is made, the APSC allows for accruals to the ESR of no more than \$15,000 monthly until the maximum funding level is achieved.

Spire Gulf's rates contain a Weather Impact Normalization Factor (WINF) designed to offset the impact on Spire Gulf's operating margins of temperature variances from normal. The WINF applies to substantially all residential and small commercial customers. The adjustment is calculated monthly for the period November through April, is accumulated and then is billed or credited to customers in subsequent periods. This mechanism reduces the variability of both customers' bills and Spire Gulf's earnings due to fluctuations from normal temperatures as used in the design of rates pursuant to the RSE tariff provisions.

Spire Gulf has a Cast Iron Main Replacement factor that provides an enhanced return on the pro-rata costs associated with cast iron main replacement exceeding 10 miles per year based on a 75% weighting for the equity content. No plant additions are included beyond September 30, 2019, although recovery of costs of service associated with cast iron main replacement through September 30, 2019, continues in current rates. Spire Gulf's tariff provisions also allow an Environmental Cost Recovery Factor to recover 90% of prudently incurred costs for compliance with environmental laws, rules and regulations.

#### 4. PROPERTY, PLANT, AND EQUIPMENT

The functional classification for the cost of property, plant, and equipment as of September 30, 2025 and 2024 was as follows (in thousands):

	<b>2025</b>	<b>2024</b>
Distribution plant (useful lives range from 25 to 70 years)	\$ 424,960	\$ 407,541
General plant (useful lives range from 5 to 40 years)	42,558	41,887
Acquisition adjustments (fully depreciated)	185	185
Total	<u>\$ 467,703</u>	<u>\$ 449,613</u>

#### 5. LONG-TERM DEBT

Long-term debt as of September 30, 2025 and 2024 was as follows (in thousands):

	<b>2025</b>	<b>2024</b>
First mortgage bonds:		
5.00% series, due September 30, 2031	\$ 42,000	\$ 42,000
5.61% series, due October 15, 2037	30,000	30,000
3.52% series, due September 30, 2049	40,000	40,000
Total principal of long-term debt	112,000	112,000
Less: unamortized debt issuance costs	(858)	(952)
Total long-term debt, net	<u>\$ 111,142</u>	<u>\$ 111,048</u>

On September 30, 2011 and 2019, Spire Gulf issued \$62,000,000 and \$40,000,000, respectively, in first mortgage bonds under its Amended and Restated Indenture of Mortgage dated September 1, 2011. In September 2021, \$20,000,000 matured and was repaid. There are no sinking fund requirements with the first mortgage bonds. Substantially all of the property of Spire Gulf is pledged as collateral for its long-term debt.

Approximately \$5,511,000 was incurred in 2011 for debt issuance costs and a make-whole premium paid to the bondholders for the early redemption of previously held first mortgage bonds. These costs were deferred and are being amortized to earnings over the average life of the 2011 first mortgage bonds in accordance with an order by the APSC dated June 14, 2011. Debt issuance costs recorded in fiscal 2019 and 2020 for the 2019 first mortgage bonds totaled \$501,000. The unamortized debt issuance costs are presented as a reduction from the carrying amount of the debt, as shown above, and the unamortized make-whole premium is included in regulatory assets, as shown in Note 1.

On October 13, 2022, Spire Gulf issued \$30,000,000 of first mortgage bonds due October 15, 2037, bearing interest at 5.61% payable semi-annually. The bonds rank equal in right to payment with the other first mortgage bonds issued by Spire Gulf. The bonds were issued under a supplemental indenture with collateral fall away provisions whereby, under certain conditions, Spire Gulf may elect to exchange the bonds, which are secured, for unsecured notes.

The long-term debt agreements contain customary financial covenants and default provisions. As of September 30, 2025 and 2024, there were no events of default under these financial covenants.

## 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts for cash and cash equivalents, accounts receivable, accounts payable, notes payable, and other current liabilities approximate fair value. The fair value of long-term debt is estimated based on interest rates available to Spire Gulf at the end of each respective year for the issuance of debt with similar terms and remaining maturities (Level 2 as described in Note 1). The carrying amount of long-term debt was \$111,142,000 and \$111,048,000 as of September 30, 2025 and 2024, respectively, and the corresponding estimated fair values were \$104,574,000 and \$106,655,000, respectively.

## 7. COMMITMENTS AND CONTINGENCIES

Spire Gulf has third-party contracts, which expire at various dates through 2028, for the storage, transportation, and supply of natural gas. Minimum payments required under the contracts in place at September 30, 2025 are estimated at \$17,046,000. Spire Gulf mitigates the price risk associated with purchases of natural gas by using a combination of natural gas storage services, fixed-price contracts, and spot market purchases. As part of Spire Gulf's gas supply strategy, it has adopted a policy under which management is authorized to commit to future gas purchases at fixed prices up to a specified percentage of the normalized degree-day usage for any corresponding month as outlined within the policy. All such commitments for future gas purchases at fixed prices qualify and are designated as purchases in the normal course of business, so they are not subject to derivative accounting treatment pursuant to ASC 815, *Derivatives and Hedging*. If Spire Gulf had entered into derivative instruments that did not qualify or were not designated as normal purchases, any cost incurred or benefit received from the derivative or other hedging arrangements would be recoverable or refunded through the purchased gas adjustment mechanism, as the APSC currently allows for full recovery of all costs associated with natural gas purchases; therefore, costs or income associated with the forward purchases of natural gas would be passed through to customers when realized and would not affect future earnings.

In 2008, a release of tert-butyl mercaptan occurred on property belonging to Gulf South Pipeline in Eight Mile, Alabama, where Gulf South's interstate transmission lines interconnect with distribution lines owned and operated by Spire Gulf. The area was remediated in 2008 with no known odors or other impacts until 2012 when mercaptan began surfacing in a natural spring near the original release site. Under supervision from the Alabama Department of Environmental Management (ADEM), Spire Gulf promptly began mitigating odor and investigating the groundwater mercaptan impacts. From 2012 through present day, Spire Gulf has continued to mitigate odor, investigate groundwater, and install treatment systems targeted at first to control odor, then to remove mercaptan from groundwater, and more recently, surrounding soil. Spire Gulf continues to sample ground and surface water and report the results to ADEM.

In February 2017, Spire Gulf assigned its rights to insurance recoveries related to the claims to Spire, while Spire assumed all risk of non-recovery from insurance and agreed to reimburse Spire Gulf for future costs or expenses actually incurred due to the claims up to an aggregate \$85 million (the "Assignment and Assumption Agreement"). Amounts of reimbursement due from Spire are shown as "reimbursement receivable from associated company" on the balance sheets. These amounts offset the related liabilities shown as "environmental and litigation liabilities."

At present, Spire Gulf does not anticipate the costs or expenses to exceed an aggregate \$85 million. Nevertheless, changes in environmental laws or regulations or new or revised governmental oversight may require material expenditures for the continued evaluation and remediation of the odorant release. Spire Gulf cannot predict an estimate of such costs, nor any portion for which Spire Gulf may be held liable.

Spire Gulf is from time to time involved in legal proceedings arising in the ordinary course of business. A liability is recorded for litigation if an unfavorable outcome is probable and the amount of loss can be reasonably estimated. For proceedings where a range of loss is determined, a best estimate of loss within the range is recorded. When legal proceedings are material, the nature of the litigation and, to the extent possible, the estimate of loss or range of loss is disclosed. In the opinion of management, after consultation with legal counsel and considering insurance coverage where applicable, the outcome of current legal proceedings both individually and in the aggregate will not have a material impact on Spire Gulf's financial condition, results of operations, or cash flows. Unless otherwise indicated, Spire Gulf is unable to estimate reasonably possible losses in excess of any amounts accrued.

## 8. RELATED-PARTY TRANSACTIONS

Certain corporate costs were incurred and paid by Spire or its affiliated companies and allocated to Spire Gulf. For fiscal years 2025 and 2024, costs allocated to Spire Gulf by affiliated companies totaled \$11,064,000 and \$11,120,000, respectively.

On September 19, 2016, Spire Gulf entered into an intercompany revolving credit agreement with Spire that allows Spire Gulf to borrow from Spire when necessary to meet working capital needs. The agreement was amended and restated on September 13, 2022. The interest rate payable under the amended and restated intercompany revolving credit agreement is based on the lower of (a) the rate paid by Spire for a swingline loan under its bank line (generally, the 30-day average secured overnight financing rate plus a relevant credit spread) or (b) the interest cost incurred by Spire under its commercial paper program or other short-term borrowing facilities. Interest is charged on the daily balance and paid on a monthly basis in arrears. Spire Gulf had notes payable to Spire of \$13,303,000 and \$6,928,000 as of September 30, 2025 and 2024, respectively. Related interest expense was \$140,000 in fiscal 2025 and \$448,000 in fiscal 2024.

## 9. INCOME TAXES

The components of income tax expense for the years ended September 30, 2025 and 2024, were as follows (in thousands):

	<b>2025</b>	<b>2024</b>
Current taxes:		
Federal	\$ -	\$ 299
State	-	75
Total current tax (benefit) expense	<u>-</u>	<u>374</u>
Deferred taxes:		
Federal	3,739	3,626
State	935	907
Total deferred tax expense	<u>4,674</u>	<u>4,533</u>
Total income tax expense	<u>\$ 4,674</u>	<u>\$ 4,907</u>

The principal difference in the reported income tax expense versus the amount determined by applying the federal and state statutory rates to income before taxes is the return of excess deferred taxes to customers, which began in fiscal 2024, as well as tax credits recognized in fiscal 2024.

The significant components of Spire Gulf's net deferred tax liability as of September 30, 2025 and 2024 were as follows (in thousands):

	<b>2025</b>	<b>2024</b>
Deferred tax liabilities:		
Difference between book and tax basis of property	\$ 51,280	\$ 48,159
Pension and postretirement benefits	859	-
Purchased gas adjustment	2,989	2,765
Other regulatory assets	1,478	1,424
Prepaid insurance	195	359
Other	479	402
Total deferred tax liabilities	<u>57,280</u>	<u>53,109</u>
Deferred tax assets:		
Regulatory pension and postretirement benefits	429	1,565
Regulatory amount due to customers	2,553	2,746
Other regulatory liabilities	1,541	1,541
Operating loss	12,457	12,922
Tax credits	715	665
Other	1,658	1,392
Total deferred tax assets	<u>19,353</u>	<u>20,831</u>
Net deferred tax liability	<u>\$ 37,927</u>	<u>\$ 32,278</u>

ASC Topic 740, *Income Taxes*, requires that the effects of changes in tax laws be recognized in the period in which the new law is enacted. It also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. Changes in deferred taxes related to the regulated operations are recorded as either an offset to or creation of a regulatory asset or liability and may be subject to collection from or refund to customers in future periods. Changes in deferred taxes that are not associated with ratemaking are recorded as adjustments to tax expense or benefit. ASC Topic 980, *Regulated Operations*, requires that reductions in deferred income tax balances due to the reduction in the corporate income tax rate will result in amounts previously collected from utility customers for these deferred taxes to be refundable to such customers, generally through reductions in future rates. The Tax Cuts and Jobs Act of 2017 includes provisions that stipulate how these excess deferred taxes are to be passed back to customers for certain accelerated tax depreciation benefits. Potential refunds or collections of other deferred taxes will be determined by state regulators. Beginning in fiscal 2023, Spire Gulf began returning the excess deferred taxes to customers.

Spire Gulf is included in the consolidated federal tax return of Spire Inc. The tax expense associated with consolidated operating results is allocated by the respective parent company to their respective subsidiaries in a manner that approximates the separate company method. Spire Gulf files its own state income tax return in Alabama.

As of September 30, 2025, Spire Gulf had \$51.6 million in net operating loss carryforwards. The loss carryforwards begin to expire in fiscal 2039 for state purposes. The loss carryforwards do not have an expiration date for federal purposes.

Spire Gulf recognizes the tax benefit from a tax position only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Spire Gulf recorded an unrecognized tax benefit of \$0 as of September 30, 2025 and had \$108,000 unrecognized tax benefit as of September 30, 2024. For the years ended September 30, 2025 and 2024, Spire Gulf did not recognize income tax-related interest or penalties in the statements of income. Spire Gulf would classify interest and penalties recognized on the liability for unrecognized tax benefits as interest expense and other income tax deductions, respectively. Spire Gulf is no longer subject to examination for fiscal periods prior to 2022.

## 10. PENSION AND POSTRETIREMENT BENEFIT PLANS

EnergySouth had a noncontributory, defined benefit retirement plan (“EnergySouth Pension Plan”) covering substantially all its employees, including employees of Spire Gulf. Benefits were based on years of service and compensation during the term of employment or, if greater for persons employed before December 1, 1999, years of service, and average compensation during the last five years of employment. Effective December 31, 2017, the EnergySouth Pension Plan was frozen, and the assets and liabilities of the EnergySouth Pension Plan were transferred to the Spire Retirement Income Plan (“Spire Plan” or “Pension Plan”). Effective January 1, 2018, EnergySouth Pension Plan participants and all other Spire Gulf employees began accruing benefits under a cash balance formula under the Spire Plan.

Spire Gulf also provides certain health insurance benefits for retired employees under a pre-age-65 plan administered by another subsidiary of Spire, Spire Services Inc. (“Postretirement Plan”). Employees are eligible for retiree health insurance benefits if they attain age 55 with at least ten years of service. Spire Gulf accrues the cost of such benefits over the expected service period of the employees. The projected unit credit actuarial method is used to determine service cost and projected benefit obligation. In determining the projected benefit obligation for the Postretirement Plan, mandatory coverage for adult children, changes to the Prescription Drug Plan and Medicare Advantage programs, and availability of health care exchanges were taken into consideration in the development of future claims costs and health care trend rates as of September 30, 2025 and 2024.

Pension and postretirement benefit costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include:

- discount rates
- expected return on plan assets
- health care cost trend rates
- mortality rates
- compensation increase rates
- termination and retirement rates
- utilization of postretirement welfare benefits
- payout elections (lump-sum or annuity)

These assumptions are reviewed on an annual basis prior to the beginning of each year and updated as appropriate. Current market conditions, including interest rates, are considered in making these assumptions. The September 30, 2025 and 2024 obligations and the fiscal 2025 and 2024 benefit costs were determined using the Society of Actuaries (SOA) base tables projected using a modified version of the SOA mortality improvement scale.

The assets and liabilities of the pension and postretirement benefit plans are affected by changing market conditions, as well as when the actual plan experience is different than assumed. Such events result in actuarial gains and losses, which are deferred and recognized in pension and postretirement benefit costs over a period of years. Spire uses the asset-smoothing method for its pension and postretirement plans. This method develops an asset value that recognizes realized and unrealized investment gains and losses over a five-year period. This adjusted asset value, known as the market-related value of plan assets, is used in conjunction with an expected long-term rate of return to determine the expected return on assets component of net periodic cost.

The 10% corridor accounting method is used by Spire. Under the corridor accounting method, if, as of the beginning of a year, unrecognized net gain or loss exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets, the excess is amortized over the average remaining service period of active participants. The asset-smoothing and 10% corridor accounting methods help mitigate volatility of net periodic costs from year to year.

Spire Gulf records annual pension and postretirement net periodic benefit cost based on an estimate of the net periodic cost calculated in accordance with U.S. GAAP for pension and other postretirement benefit plans, as authorized by the APSC. Further, the APSC has authorized the deferral and amortization of certain amounts which are reflected as regulatory adjustments, regulatory assets and regulatory liabilities in accordance with U.S. GAAP for regulated entities. In addition to the regulatory liabilities shown in the following table, Spire Gulf has regulatory assets representing deferred costs as of the acquisition of EnergySouth by Spire, which are being amortized into expense over the average future expected service life of the plan participants. See the table of regulatory assets and liabilities in Note 1.

Net periodic benefit cost (income) related to Spire Gulf for the years ended September 30, 2025 and 2024 included the following components (in thousands):

	<b>Pension Plan</b>		<b>Postretirement Plan</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Components of net periodic benefit cost:				
Service cost	\$ 567	\$ 553	\$ 35	\$ 67
Interest cost	2,483	2,607	55	150
Amortization of actuarial gain	-	(449)	(616)	(472)
Amortization of prior service credit	(183)	(183)	-	-
Expected return on plan assets	(2,779)	(2,852)	(415)	(325)
Subtotal	88	(324)	(941)	(580)
Regulatory adjustment	878	893	82	82
Net period benefit expense (income)	<u>\$ 966</u>	<u>\$ 569</u>	<u>\$ (859)</u>	<u>\$ (498)</u>

Pursuant to the provisions of the Pension Plan, 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. During fiscal years 2025 and 2024, there were no lump-sum payments recognized as settlements.

The following table shows the funded status and other information for the plans related to Spire Gulf as of September 30, 2025 and 2024 (in thousands):

	<b>Pension Plan</b>		<b>Postretirement Plan</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Change in benefit obligation:				
Benefit obligation – beginning of year	\$ 49,804	\$ 43,030	\$ 1,070	\$ 2,367
Service cost	567	553	35	67
Interest cost	2,483	2,607	55	150
Benefits paid	(2,820)	(2,586)	(42)	(42)
Actuarial loss (gain)	(2,357)	6,200	(72)	(1,472)
Benefit obligation – end of year	<u>47,677</u>	<u>49,804</u>	<u>1,046</u>	<u>1,070</u>
Change in plan assets:				
Fair value of assets – beginning of year	42,092	36,958	6,944	5,475
Benefits paid	(2,820)	(2,586)	(42)	(42)
Employer contributions	8,144	-	-	-
Actual return on plan assets	1,428	7,720	988	1,511
Fair value of assets – end of year	<u>48,844</u>	<u>42,092</u>	<u>7,890</u>	<u>6,944</u>
Prepaid (accrued) benefit costs	<u>\$ 1,167</u>	<u>\$ (7,712)</u>	<u>\$ 6,844</u>	<u>\$ 5,874</u>
Amounts recorded in regulatory liabilities:				
Unrecognized net gain	\$ (753)	\$ (1,045)	\$ (7,140)	\$ (7,113)
Unrecognized prior service credit	(2,052)	(936)	-	-
Total	<u>\$ (2,805)</u>	<u>\$ (1,981)</u>	<u>\$ (7,140)</u>	<u>\$ (7,113)</u>
Accumulated benefit obligation	<u>\$ 47,290</u>	<u>\$ 49,463</u>		

The actuarial gains and losses for fiscal years 2025 and 2024 were primarily due to changes in the discount rate assumption.

The significant assumptions used to determine benefit obligations and net periodic benefit costs were as follows:

	<b>Pension Plan</b>		<b>Postretirement Plan</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Weighted-average assumptions to determine benefit obligations as of September 30:				
Discount rate	5.55%	5.10%	5.05%	5.05%
Cash balance interest crediting rate	4.25%	4.25%	N/A	N/A
Rate of compensation increase	3.50%	3.50%	N/A	N/A
Weighted-average assumptions to determine net periodic benefit cost for the years ended September 30:				
Discount rate	5.10%	6.20%	5.05%	6.30%
Expected long-term rate of return on plan assets	6.75%	6.75%	6.00%	6.00%
Cash balance interest crediting rate	4.25%	4.25%	N/A	N/A
Rate of compensation increase	3.50%	3.00%	N/A	N/A
Assumed healthcare cost trend rates as of September 30:				
Healthcare cost trend rate assumed for next year			6.50%	6.50%
Rate to which the cost trend rate is assumed to decline (the "ultimate trend rate")			5.00%	5.00%
Year the rate reaches the ultimate trend rate			2031	2030

The discount rate is based on long-term, high-quality bond indices at the measurement date. Long-term return on assets is based on the weighted average of the plans' investment allocation as of the measurement date and the expected returns for those asset types.

The Pension Plan assets are held in the Spire Alabama Retirement Income Trust and are funded by cash contributions from Spire Gulf. The Postretirement Plan is funded when required by cash contributions from Spire Gulf and current retirees. The assets of this plan are placed in the Voluntary Employee Beneficiary Association (VEBA) trusts. As of September 30, 2025, the assets in the VEBA trusts were invested 84% in equity funds and 13% in fixed-income funds, with 3% held in cash.

Spire employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of pension plan assets with a prudent level of risk. Risk tolerance is established through consideration of plan liabilities, plan funded status, corporate financial condition and market conditions. Spire has developed an investment strategy that focuses on asset allocation, diversification and quality guidelines. The investment goals are to obtain an adequate level of return to meet future obligations of the plan by providing above average risk-adjusted returns with a risk exposure in the mid-range of comparable funds. Spire seeks to maintain an appropriate level of diversification to minimize the risk of large losses in a single asset class. Accordingly, plan assets for the Pension Plan do not have a concentration of assets in a single entity, industry, country, commodity or class of investment fund. The target allocation of investments for 2025 was 75% income-seeking assets and 25% risk-mitigating assets. The actual investment allocation at September 30, 2024 was 71% income-seeking securities and 16% in risk-mitigating assets, with 13% held in cash.

The expected return on assets in the Pension Plan and the Postretirement Plan is based on the weighted average of the plans' investment allocations to specific asset classes as of the measurement date. Spire arrives at an expected return on assets by considering both the historical and forecasted long-term rates of return on those asset classes. Certain trust holding assets for the plans are subject to taxation, which impacts the expected after-tax return on assets in these plans.

The following tables set forth by level, within the fair value hierarchy described under “Fair Value Measurements” in Note 1, a summary of the investments related to Spire Gulf’s portion of the Spire Alabama Retirement Income Trust and postretirement VEBA trusts measured at fair value on a recurring basis as of September 30, 2025 and 2024. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of Pension Plan assets by asset category were as follows (in thousands):

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<b>September 30, 2025</b>			
Cash and cash equivalents	\$ 6,483	\$ -	\$ 6,483
Equity funds – global (including U.S.)	-	21,732	21,732
Real asset funds	-	6,172	6,172
Debt securities:			
U.S. bond funds	5,241	-	5,241
U.S. government index funds	2,739	-	2,739
Global funds (including U.S.)	-	6,477	6,477
Total Pension Plan – investment assets	<u>\$ 14,463</u>	<u>\$ 34,381</u>	<u>\$ 48,844</u>
<b>September 30, 2024</b>			
Cash and cash equivalents	\$ 1,038	\$ -	\$ 1,038
Equity funds – global (including U.S.)	-	18,410	18,410
Real asset funds	-	6,398	6,398
Debt securities:			
U.S. bond funds	6,358	-	6,358
U.S. government index funds	3,153	-	3,153
Global funds (including U.S.)	-	6,735	6,735
Total Pension Plan – investment assets	<u>\$ 10,549</u>	<u>\$ 31,543</u>	<u>\$ 42,092</u>

The fair values of the postretirement benefit plan assets held in trusts for the Postretirement Plan as of September 30, 2025 and 2024, all of which are Level 1, were as follows (in thousands):

	<b>2025</b>	<b>2024</b>
Postretirement Plan – investment assets:		
U.S. stock/bond mutual fund	\$ 5,514	\$ 4,813
International fund	1,374	1,209
Cash and cash equivalents	1,002	922
Total Postretirement Plan – investment assets	<u>\$ 7,890</u>	<u>\$ 6,944</u>

Based upon current regulations and actuarial studies, Spire Gulf expects to make a contribution of approximately \$74,100 to the Pension Plan and does not expect to make contributions to the Postretirement Plan in fiscal 2026.

The benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the following fiscal years (in thousands):

	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031-2035</b>
Pension Plan	\$ 3,690	\$ 3,620	\$ 3,860	\$ 3,650	\$ 3,840	\$ 18,830
Postretirement Plan	60	100	100	100	100	500
Total	<u>\$ 3,750</u>	<u>\$ 3,720</u>	<u>\$ 3,960</u>	<u>\$ 3,750</u>	<u>\$ 3,940</u>	<u>\$ 19,330</u>

Spire Gulf’s eligible employees may participate in the Employee Savings Plan or the Bargaining Unit Employees Savings Plan, both of which are 401(k) plans. Spire Gulf’s contributions to these 401(k) plans for the years ended September 30, 2025 and 2024 were \$572,000 and \$459,000.

## 11. ASSET RETIREMENT OBLIGATIONS

Spire Gulf records asset retirement obligations for the present value of liabilities of future costs expected to be incurred when natural gas transmission and distribution pipelines (mains and services) are retired from service if the retirement process is legally required and if a reasonable estimate of fair value can be made. Spire Gulf also records asset retirement obligations for legal obligations that can be reasonably estimated, even if performance is conditional upon a future event.

Spire Gulf records the estimated retirement cost over the life of the related asset by depreciating the present value of the obligation (measured at the time of the asset's acquisition) and accreting the discount until the liability is settled. Rate-regulated entities that conclude that asset retirement costs are probable of recovery in rates record regulatory assets or liabilities as a result of the timing difference between the recognition of costs in accordance with U.S. GAAP for nonregulated entities and costs recovered through the ratemaking process. Spire Gulf has recorded a net regulatory liability called "accrued dismantling costs" to show that Spire Gulf has collected funds from customers more quickly and for larger amounts than Spire Gulf would recognize depreciation and accretion expense related to its asset retirement cost in accordance with U.S. GAAP.

The following table presents a reconciliation of the beginning and ending balances of asset retirement obligations at September 30 as reported in the balance sheets (in thousands):

	<b>2025</b>	<b>2024</b>
Asset retirement obligations – beginning of year	\$ 6,568	\$ 6,732
Liabilities incurred	503	737
Liabilities settled	(1,407)	(2,394)
Accretion	305	310
Revisions in estimated cash flows	2,412	1,183
Asset retirement obligations – end of year	<u>\$ 8,381</u>	<u>\$ 6,568</u>

## 12. RESTRICTIONS ON RETAINED EARNINGS

Spire Gulf's long-term debt instruments contain restrictions relating to the payment of dividends and other distributions with respect to its capital stock. Under these restrictions, retained earnings in the amounts of \$92,189,000 and \$85,354,000 were unrestricted as of September 30, 2025 and 2024, respectively.

## 13. SUBSEQUENT EVENTS

Spire Gulf has evaluated all events or transactions that occurred after September 30, 2025, through December 18, 2025, the date the accompanying financial statements were available to be issued. During this period, there were no subsequent events requiring adjustment to, or disclosure in, the accompanying financial statements, except for the October and December 2025 RSE rate filings described in Note 3.