

SPIRE INC
 Form 10-Q
 August 02, 2017
Table of Contents

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 June 30, 2017

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	Laclede Gas Company 700 Market Street St. Louis, MO 63101 314-342-0500	Missouri	43-0368139
2-38960	Alabama Gas Corporation 2101 6th Avenue North Birmingham, AL 35203 205-326-8100	Alabama	63-0022000

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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
 Laclede Gas Company Yes No
 Alabama Gas Corporation Yes No

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Spire Inc. Yes No
 Laclede Gas Company Yes No
 Alabama Gas Corporation Yes No

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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				
Laclede Gas Company			X		
Alabama Gas Corporation			X		

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

Spire Inc.	<input type="checkbox"/>
Laclede Gas Company	<input type="checkbox"/>
Alabama Gas Corporation	<input type="checkbox"/>

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

Spire Inc.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Laclede Gas Company	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Alabama Gas Corporation	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

The number of shares outstanding of each registrant’s common stock as of July 31, 2017 was as follows:

Spire Inc.	Common Stock, par value \$1.00 per share	48,262,027
Laclede Gas Company	Common Stock, par value \$1.00 per share (all owned by Spire Inc.)	24,577
Alabama Gas Corporation	Common Stock, par value \$0.01 per share (all owned by Spire Inc.)	1,972,052

Laclede Gas Company and Alabama Gas Corporation 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., Laclede Gas Company and Alabama Gas Corporation. 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 Laclede Gas Company and Alabama Gas Corporation are also attributed to Spire Inc.

Table of Contents

TABLE OF CONTENTS Page No.

GLOSSARY 2PART I. FINANCIAL INFORMATIONItem 1 Financial Statements(Unaudited):

Spire Inc.

Condensed
Consolidated
Statements of 4
IncomeCondensed
Consolidated
Statements of 5
Comprehensive
IncomeCondensed
Consolidated 6
Balance SheetsCondensed
Consolidated
Statements of 8
Common
Shareholders'
EquityCondensed
Consolidated 9
Statements of
Cash FlowsLaclede Gas
CompanyCondensed
Statements of 10
IncomeCondensed
Statements of 11
Comprehensive
IncomeCondensed 12
Balance SheetsCondensed
Statements of 14
Common
Shareholder's
EquityCondensed 15
Statements of

<u>Cash Flows</u>	
Alabama Gas Corporation	
<u>Condensed Statements of Income</u>	<u>16</u>
<u>Condensed Balance Sheets</u>	<u>17</u>
<u>Condensed Statements of Common Shareholder's Equity</u>	<u>19</u>
<u>Condensed Statements of Cash Flows</u>	<u>20</u>
Notes to Financial Statements	
<u>Note 1. Summary of Significant Accounting Policies</u>	<u>21</u>
<u>Note 2. Earnings Per Common Share</u>	<u>25</u>
<u>Note 3. Regulatory Matters</u>	<u>26</u>
<u>Note 4. Financing Arrangements and Long-term Debt</u>	<u>29</u>
<u>Note 5. Fair Value of Financial Instruments</u>	<u>30</u>
<u>Note 6. Fair Value Measurements</u>	<u>31</u>
<u>Note 7. Concentrations of Credit Risk</u>	<u>35</u>
<u>Note 8. Pension Plans and Other Postretirement Benefits</u>	<u>35</u>
<u>Note 9. Information by Operating</u>	<u>38</u>

	<u>Segment</u>	
	<u>Note 10.</u>	
	<u>Commitments</u>	<u>41</u>
	<u>and</u>	
	<u>Contingencies</u>	
<u>Item 2</u>	<u>Management's Discussion</u>	
	<u>and Analysis of Financial</u>	<u>44</u>
	<u>Condition and Results of</u>	
	<u>Operations</u>	
<u>Item 3</u>	<u>Quantitative and</u>	
	<u>Qualitative Disclosures</u>	<u>63</u>
	<u>About Market Risk</u>	
<u>Item 4</u>	<u>Controls and Procedures</u>	<u>64</u>
 <u>PART II. OTHER</u>		
<u>INFORMATION</u>		
<u>Item 1</u>	<u>Legal Proceedings</u>	<u>65</u>
<u>Item 2</u>	<u>Unregistered Sales of</u>	
	<u>Equity Securities and</u>	<u>65</u>
	<u>Use of Proceeds</u>	
<u>Item 6</u>	<u>Exhibits</u>	<u>65</u>
<u>SIGNATURES</u>		<u>66</u>
<u>EXHIBIT INDEX</u>		<u>67</u>

Table of Contents

GLOSSARY OF KEY TERMS AND ABBREVIATIONS

Alabama Utilities	Alagasco and Mobile Gas, the utilities serving the Alabama region	Laclede Gas	Laclede Gas Company, or Missouri Utilities
Alagasco	Alabama Gas Corporation	MDNR	Missouri Department of Natural Resources
AOCI	Accumulated other comprehensive income or loss	MGE	Missouri Gas Energy
APSC	Alabama Public Service Commission	MGP	Manufactured gas plant
ASC	Accounting Standards Codification	Missouri Utilities	Laclede Gas Company (including MGE), the utilities serving the Missouri region
ASU	Accounting Standards Update	MMBtu	Million British thermal units
Bcf	Billion cubic feet	Mobile Gas	Mobile Gas Service Corporation
BVCP	Brownfields/Voluntary Cleanup Program	MoPSC	Missouri Public Service Commission
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980	MSPSC	Mississippi Public Service Commission
CCM	Cost Control Mechanism	NYMEX	New York Mercantile Exchange, Inc.
Degree days	The average of a day's high and low temperature below 65, subtracted from 65, multiplied by the number of days impacted	NYSE	New York Stock Exchange
EnergySouth	EnergySouth, Inc.	O&M	Operation and maintenance expense
EPA	US Environmental Protection Agency	OPC	Missouri Office of the Public Counsel
EPS	Earnings per share	OTCBB	Over-the-Counter Bulletin Board
FASB	Financial Accounting Standards Board	PGA	Purchased Gas Adjustment
FERC	Federal Energy Regulatory Commission	PRP	Potentially responsible party
GAAP	Accounting principles generally accepted in the United States of America	RSE	Rate Stabilization and Equalization
Gas Marketing	Operating segment including Spire Marketing, which is engaged in the non-regulated marketing of natural gas and related activities	SEC	US Securities and Exchange Commission
Gas Utility	Segment including the regulated operations of the Utilities	Spire Marketing	Spire Marketing Inc. (formerly known as Laclede Energy Resources, Inc., or LER)
GSA	Gas Supply Adjustment	US	United States
ICE	Intercontinental Exchange	Utilities	Laclede Gas, Alagasco, and the subsidiaries of EnergySouth
ISRS	Infrastructure System Replacement Surcharge	Willmut Gas	Willmut Gas & Oil Company

Table of Contents

PART I. FINANCIAL INFORMATION

The interim financial statements included herein have been prepared by three separate registrants — Spire Inc. (Spire or the Company), Laclede Gas Company (Laclede Gas or Missouri Utilities) and Alabama Gas Corporation (Alagasco) — without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). These financial statements should be read in conjunction with the financial statements and the notes thereto included in each registrant’s respective Form 10-K for the fiscal year ended September 30, 2016.

The Financial Information in this Part I includes separate financial statements (i.e., balance sheets, statements of income and comprehensive income, statements of common shareholders’ equity and statements of cash flows) for Spire, Laclede Gas and Alagasco. 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, Laclede Gas and Alagasco.

3

Table of Contents

Item 1. Financial Statements

SPIRE INC.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (UNAUDITED)

(In millions, except per share amounts)	Three Months		Nine Months Ended	
	Ended June 30, 2017	2016	June 30, 2017	2016
Operating Revenues:				
Gas Utility	\$305.1	\$253.2	\$1,419.1	\$1,263.5
Gas Marketing and other	18.4	(3.9)	62.9	(5.5)
Total Operating Revenues	323.5	249.3	1,482.0	1,258.0
Operating Expenses:				
Gas Utility				
Natural and propane gas	76.7	54.1	524.8	463.7
Operation and maintenance	100.8	91.8	298.6	277.7
Depreciation and amortization	38.4	34.2	114.0	101.5
Taxes, other than income taxes	30.5	27.4	112.2	99.5
Total Gas Utility Operating Expenses	246.4	207.5	1,049.6	942.4
Gas Marketing and other	26.8	6.5	112.6	25.6
Total Operating Expenses	273.2	214.0	1,162.2	968.0
Operating Income	50.3	35.3	319.8	290.0
Other Income	1.5	1.6	5.6	3.8
Interest Charges:				
Interest on long-term debt	19.0	16.6	57.3	50.2
Other interest charges	2.4	2.8	8.9	7.5
Total Interest Charges	21.4	19.4	66.2	57.7
Income Before Income Taxes	30.4	17.5	259.2	236.1
Income Tax Expense	8.7	6.8	84.3	77.7
Net Income	\$21.7	\$10.7	\$174.9	\$158.4
Weighted Average Number of Common Shares Outstanding:				
Basic	48.1	44.4	46.4	43.6
Diluted	48.2	44.6	46.6	43.8
Basic Earnings Per Share of Common Stock	\$0.45	\$0.24	\$3.76	\$3.62
Diluted Earnings Per Share of Common Stock	\$0.45	\$0.24	\$3.75	\$3.60
Dividends Declared Per Share of Common Stock	\$0.53	\$0.49	\$1.58	\$1.47

See the accompanying Notes to Financial Statements.

Table of Contents

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

(In millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Net Income	\$21.7	\$10.7	\$174.9	\$158.4
Other Comprehensive (Loss) Income, Before Tax:				
Cash flow hedging derivative instruments:				
Net hedging (losses) gains arising during the period	(1.0)	(4.3)	11.5	(5.6)
Reclassification adjustment for (gains) losses included in net income	—	(1.5)	0.1	0.2
Net unrealized (losses) gains on cash flow hedging derivative instruments	(1.0)	(5.8)	11.6	(5.4)
Net gains on defined benefit pension and other postretirement plans	0.1	—	0.2	0.1
Net unrealized losses on available for sale securities	—	—	(0.1)	—
Other Comprehensive (Loss) Income, Before Tax	(0.9)	(5.8)	11.7	(5.3)
Income Tax (Benefit) Expense Related to Items of Other Comprehensive Income	(0.4)	(2.2)	4.3	(2.0)
Other Comprehensive (Loss) Income, Net of Tax	(0.5)	(3.6)	7.4	(3.3)
Comprehensive Income	\$21.2	\$7.1	\$182.3	\$155.1

See the accompanying Notes to Financial Statements.

Table of Contents

SPIRE INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)

	June 30, 2017	September 30, 2016	June 30, 2016
(Dollars in millions, except per share amounts)			
ASSETS			
Utility Plant	\$5,071.4	\$4,793.6	\$4,339.5
Less: Accumulated depreciation and amortization	1,609.6	1,506.4	1,311.5
Net Utility Plant	3,461.8	3,287.2	3,028.0
Non-utility Property (net of accumulated depreciation and amortization of \$8.4, \$8.1 and \$7.9 at June 30, 2017, September 30, 2016, and June 30, 2016, respectively)	39.9	13.7	13.8
Goodwill	1,163.9	1,164.9	946.0
Other Investments	63.8	62.1	62.4
Total Other Property and Investments	1,267.6	1,240.7	1,022.2
Current Assets:			
Cash and cash equivalents	8.3	5.2	4.9
Accounts receivable:			
Utility	141.9	127.8	133.1
Other	124.0	113.4	82.7
Allowance for doubtful accounts	(17.7)	(20.5)	(20.2)
Delayed customer billings	7.0	1.6	3.5
Inventories:			
Natural gas	144.4	174.0	116.6
Propane gas	12.0	12.0	12.0
Materials and supplies	18.4	16.3	15.3
Natural gas receivable	6.5	9.7	17.5
Derivative instrument assets	7.3	11.4	9.0
Unamortized purchased gas adjustments	73.9	49.7	5.4
Other regulatory assets	70.7	44.2	37.5
Prepayments and other	32.4	24.8	36.1
Total Current Assets	629.1	569.6	453.4
Deferred Charges:			
Regulatory assets	840.5	838.0	730.7
Other	99.2	128.9	64.7
Total Deferred Charges	939.7	966.9	795.4
Total Assets	\$6,298.2	\$6,064.4	\$5,299.0

Table of Contents

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

	June 30, 2017	September 30, 2016	June 30, 2016
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Common stock (par value \$1.00 per share; 70.0 million shares authorized; 48.3 million, 45.6 million and 45.6 million shares issued and outstanding at June 30, 2017, September 30, 2016 and June 30, 2016, respectively)	\$48.2	\$45.6	\$45.6
Paid-in capital	1,323.7	1,175.9	1,173.5
Retained earnings	653.1	550.9	588.6
Accumulated other comprehensive income (loss)	3.2	(4.2)	(5.3)
Total Common Stock Equity	2,028.2	1,768.2	1,802.4
Long-term debt (less current portion)	1,925.3	1,820.7	1,839.8
Total Capitalization	3,953.5	3,588.9	3,642.2
Current Liabilities:			
Current portion of long-term debt	—	250.0	—
Notes payable	450.7	398.7	97.6
Accounts payable	206.4	210.9	135.8
Advance customer billings	15.9	70.2	53.0
Wages and compensation accrued	38.9	39.8	36.5
Dividends payable	26.3	23.5	22.3
Customer deposits	35.0	34.9	31.9
Interest accrued	24.2	14.8	19.7
Taxes accrued	55.6	55.2	41.4
Unamortized purchased gas adjustments	1.0	1.7	—
Other regulatory liabilities	24.9	28.9	22.4
Other	30.9	32.7	31.2
Total Current Liabilities	909.8	1,161.3	491.8
Deferred Credits and Other Liabilities:			
Deferred income taxes	705.3	607.3	574.1
Pension and postretirement benefit costs	300.4	303.7	246.9
Asset retirement obligations	214.7	206.4	164.6
Regulatory liabilities	139.8	130.7	105.7
Other	74.7	66.1	73.7
Total Deferred Credits and Other Liabilities	1,434.9	1,314.2	1,165.0
Commitments and Contingencies (<u>Note 10</u>)			
Total Capitalization and Liabilities	\$6,298.2	\$6,064.4	\$5,299.0

See the accompanying Notes to Financial Statements.

Table of Contents

SPIRE INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY
(UNAUDITED)

(Dollars in millions)	Common Stock Outstanding		Paid-in Capital	Retained Earnings	AOCI*	Total
	Shares	Amount				
Balance at September 30, 2015	43,335,012	\$ 43.3	\$1,038.1	\$ 494.2	\$(2.0)	\$1,573.6
Net income	—	—	—	158.4	—	158.4
Common stock offering	2,185,000	2.2	131.0	—	—	133.2
Dividend reinvestment plan	17,454	—	1.0	—	—	1.0
Stock-based compensation costs	—	—	4.6	—	—	4.6
Stock issued under stock-based compensation plans	127,489	0.1	0.5	—	—	0.6
Employee's tax withholding for stock-based compensation	(29,227)	—	(1.7)	—	—	(1.7)
Dividends declared	—	—	—	(64.0)	—	(64.0)
Other comprehensive loss, net of tax	—	—	—	—	(3.3)	(3.3)
Balance at June 30, 2016	45,635,728	\$ 45.6	\$1,173.5	\$ 588.6	\$(5.3)	\$1,802.4
Balance at September 30, 2016	45,650,642	\$ 45.6	\$1,175.9	\$ 550.9	\$(4.2)	\$1,768.2
Net income	—	—	—	174.9	—	174.9
Common stock offering	2,504,684	2.5	143.0	—	—	145.5
Dividend reinvestment plan	18,025	—	1.2	—	—	1.2
Stock-based compensation costs	—	—	5.9	0.9	—	6.8
Stock issued under stock-based compensation plans	119,660	0.1	(0.1)	—	—	—
Employee's tax withholding for stock-based compensation	(35,167)	—	(2.2)	—	—	(2.2)
Dividends declared	—	—	—	(73.6)	—	(73.6)
Other comprehensive income, net of tax	—	—	—	—	7.4	7.4
Balance at June 30, 2017	48,257,844	\$ 48.2	\$1,323.7	\$ 653.1	\$ 3.2	\$2,028.2

* Accumulated other comprehensive income (loss)

See the accompanying Notes to Financial Statements.

Table of Contents

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

(In millions)	Nine Months Ended June 30,	
	2017	2016
Operating Activities:		
Net Income	\$ 174.9	\$ 158.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and accretion	114.4	102.0
Deferred income taxes and investment tax credits	84.1	77.7
Changes in assets and liabilities:		
Accounts receivable	(33.1)	6.7
Unamortized purchased gas adjustments	(26.1)	(11.3)
Accounts payable	14.8	(6.4)
Delayed/advance customer billings – net	(59.7)	7.8
Taxes accrued	(4.8)	(10.9)
Inventories	27.5	71.5
Other assets and liabilities	24.2	(38.5)
Other	4.5	(0.1)
Net cash provided by operating activities	320.7	356.9
Investing Activities:		
Capital expenditures	(298.6)	(195.3)
Settlement for acquisition of EnergySouth	3.8	—
Other	1.1	(1.5)
Net cash used in investing activities	(293.7)	(196.8)
Financing Activities:		
Issuance of long-term debt	250.0	80.0
Repayment of long-term debt	(393.8)	(80.0)
Issuance (repayment) of short-term debt - net	52.0	(240.4)
Issuance of common stock	146.4	136.1
Dividends paid	(70.9)	(62.9)
Other	(7.6)	(1.8)
Net cash used in financing activities	(23.9)	(169.0)
Net Increase (Decrease) in Cash and Cash Equivalents	3.1	(8.9)
Cash and Cash Equivalents at Beginning of Period	5.2	13.8
Cash and Cash Equivalents at End of Period	\$ 8.3	\$ 4.9
Supplemental disclosure of cash (paid) refunded for:		
Interest	\$(54.5)	\$(48.2)
Income taxes	(0.7)	3.9

See the accompanying Notes to Financial Statements.

Table of Contents

LACLEDE GAS COMPANY
 CONDENSED STATEMENTS OF INCOME
 (UNAUDITED)

(In millions)	Three Months		Nine Months	
	Ended June 30, 2017	2016	Ended June 30, 2017	2016
Operating Revenues:				
Utility	\$198.5	\$179.3	\$1,009.3	\$943.2
Total Operating Revenues	198.5	179.3	1,009.3	943.2
Operating Expenses:				
Utility				
Natural and propane gas	61.9	48.0	494.4	440.6
Operation and maintenance	61.2	58.4	179.2	178.7
Depreciation and amortization	23.2	22.3	68.9	66.0
Taxes, other than income taxes	21.7	21.2	81.6	76.4
Total Operating Expenses	168.0	149.9	824.1	761.7
Operating Income	30.5	29.4	185.2	181.5
Other Income	0.7	1.0	2.7	2.2
Interest Charges:				
Interest on long-term debt	8.0	8.1	24.5	24.7
Other interest charges	1.5	1.0	4.4	3.2
Total Interest Charges	9.5	9.1	28.9	27.9
Income Before Income Taxes	21.7	21.3	159.0	155.8
Income Tax Expense	6.2	7.4	48.5	48.2
Net Income	\$15.5	\$13.9	\$110.5	\$107.6

See the accompanying Notes to Financial Statements.

Table of Contents

LACLEDE GAS COMPANY
 CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
 (UNAUDITED)

	Three		Nine Months	
	Months	Ended	Ended	June 30,
(In millions)	2017	2016	2017	2016
Net Income	\$15.5	\$13.9	\$110.5	\$107.6
Other Comprehensive Income, Net of Tax	—	0.1	—	0.3
Comprehensive Income	\$15.5	\$14.0	\$110.5	\$107.9

See the accompanying Notes to Financial Statements.

Table of Contents

LACLEDE GAS COMPANY
 CONDENSED BALANCE SHEETS
 (UNAUDITED)

	June 30, 2017	September 30, 2016	June 30, 2016
(Dollars in millions, except per share amounts)			
ASSETS			
Utility Plant	\$2,914.1	\$2,718.5	\$2,659.7
Less: Accumulated depreciation and amortization	670.3	604.5	595.4
Net Utility Plant	2,243.8	2,114.0	2,064.3
Goodwill	210.2	210.2	210.2
Other Property and Investments	58.9	57.3	56.5
Total Other Property and Investments	269.1	267.5	266.7
Current Assets:			
Cash and cash equivalents	2.6	2.1	1.5
Accounts receivable:			
Utility	94.4	87.9	101.0
Associated companies	1.7	2.2	1.3
Other	13.8	11.4	10.5
Allowance for doubtful accounts	(13.4)	(16.1)	(16.5)
Delayed customer billings	7.0	1.6	3.5
Inventories:			
Natural gas	93.6	127.3	78.2
Propane gas	12.0	12.0	12.0
Materials and supplies	11.3	9.2	9.2
Derivative instrument assets	0.7	4.9	5.1
Unamortized purchased gas adjustments	29.0	43.1	0.6
Other regulatory assets	38.2	23.9	23.7
Prepayments and other	21.3	14.5	20.4
Total Current Assets	312.2	324.0	250.5
Deferred Charges:			
Regulatory assets	583.4	589.8	562.6
Other	3.1	1.1	5.0
Total Deferred Charges	586.5	590.9	567.6
Total Assets	\$3,411.6	\$3,296.4	\$3,149.1

Table of Contents

LACLEDE GAS COMPANY
 CONDENSED BALANCE SHEETS (Continued)
 (UNAUDITED)

	June 30, 2017	September 30, 2016	June 30, 2016
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Paid-in capital and common stock (par value \$1.00 per share; 50,000 authorized; 24,577 shares issued and outstanding)	\$755.3	\$752.0	\$750.9
Retained earnings	414.0	318.3	333.9
Accumulated other comprehensive loss	(1.8) (1.8) (1.4
Total Common Stock Equity	1,167.5	1,068.5	1,083.4
Long-term debt	804.5	804.1	803.9
Total Capitalization	1,972.0	1,872.6	1,887.3
Current Liabilities:			
Notes payable	—	243.7	97.6
Notes payable – associated companies	260.2	—	38.8
Accounts payable	54.0	67.6	49.7
Accounts payable – associated companies	5.4	5.4	4.1
Advance customer billings	0.7	49.1	35.2
Wages and compensation accrued	29.4	29.9	28.7
Dividends payable	—	14.0	22.4
Customer deposits	13.2	13.5	13.3
Interest accrued	9.5	7.7	9.4
Taxes accrued	28.3	29.1	21.0
Regulatory liabilities	2.7	1.3	1.3
Other	7.5	9.9	9.1
Total Current Liabilities	410.9	471.2	330.6
Deferred Credits and Other Liabilities:			
Deferred income taxes	620.9	556.9	548.8
Pension and postretirement benefit costs	204.2	211.8	191.9
Asset retirement obligations	77.9	75.2	75.0
Regulatory liabilities	83.6	67.3	65.7
Other	42.1	41.4	49.8
Total Deferred Credits and Other Liabilities	1,028.7	952.6	931.2
Commitments and Contingencies (Note 10)			
Total Capitalization and Liabilities	\$3,411.6	\$3,296.4	\$3,149.1

See the accompanying Notes to Financial Statements.

Table of Contents

LACLEDE GAS COMPANY
 CONDENSED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
 (UNAUDITED)

(Dollars in millions)	Common Stock		Paid-in Capital	Retained Earnings	AOCI*	Total
	Outstanding Shares	Amount				
Balance at September 30, 2015	24,577	\$ 0.1	\$ 748.2	\$ 291.2	\$(1.7)	\$1,037.8
Net income	—	—	—	107.6	—	107.6
Stock-based compensation costs	—	—	2.6	—	—	2.6
Dividends declared	—	—	—	(64.9)	—	(64.9)
Other comprehensive income, net of tax	—	—	—	—	0.3	0.3
Balance at June 30, 2016	24,577	\$ 0.1	\$ 750.8	\$ 333.9	\$(1.4)	\$1,083.4
Balance at September 30, 2016	24,577	\$ 0.1	\$ 751.9	\$ 318.3	\$(1.8)	\$1,068.5
Net income	—	—	—	110.5	—	110.5
Stock-based compensation costs	—	—	3.3	—	—	3.3
Dividends declared	—	—	—	(14.8)	—	(14.8)
Balance at June 30, 2017	24,577	\$ 0.1	\$ 755.2	\$ 414.0	\$(1.8)	\$1,167.5

* Accumulated other comprehensive income
 (loss)

See the accompanying Notes to Financial
 Statements.

Table of Contents

LACLEDE GAS COMPANY
 CONDENSED STATEMENTS OF CASH FLOWS
 (UNAUDITED)

(In millions)	Nine Months Ended June 30,	
	2017	2016
Operating Activities:		
Net Income	\$ 110.5	\$ 107.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	68.9	66.0
Deferred income taxes and investment tax credits	48.5	48.2
Changes in assets and liabilities:		
Accounts receivable	(11.0)	24.6
Unamortized purchased gas adjustments	12.8	21.7
Accounts payable	(6.2)	(7.3)
Delayed/advance customer billings – net	(53.8)	9.1
Taxes accrued	(0.7)	(4.5)
Inventories	31.6	60.1
Other assets and liabilities	0.5	(29.4)
Other	1.4	0.7
Net cash provided by operating activities	202.5	296.8
Investing Activities:		
Capital expenditures	(189.5)	(138.8)
Other	0.7	0.9
Net cash used in investing activities	(188.8)	(137.9)
Financing Activities:		
Repayment of short-term debt - net	(243.7)	(135.4)
Borrowings from Spire - net	260.2	38.8
Dividends paid	(28.7)	(62.5)
Other	(1.0)	—
Net cash used in financing activities	(13.2)	(159.1)
Net Increase (Decrease) in Cash and Cash Equivalents	0.5	(0.2)
Cash and Cash Equivalents at Beginning of Period	2.1	1.7
Cash and Cash Equivalents at End of Period	\$ 2.6	\$ 1.5
Supplemental disclosure of cash (paid) refunded for:		
Interest	\$(26.9)	\$(22.1)
Income taxes	—	2.1

See the accompanying Notes to Financial Statements.

Table of ContentsALABAMA GAS CORPORATION
CONDENSED STATEMENTS OF INCOME
(UNAUDITED)

	Three		Nine Months	
	Months	Months	Months	Months
	Ended	Ended	Ended	Ended
	June 30,	June 30,	June 30,	June 30,
(In millions)	2017	2016	2017	2016
Operating Revenues:				
Utility	\$90.5	\$74.0	\$336.0	\$322.3
Total Operating Revenues	90.5	74.0	336.0	322.3
Operating Expenses:				
Utility				
Natural gas	22.5	13.1	65.1	55.4
Operation and maintenance	32.9	33.5	95.6	99.7
Depreciation and amortization	12.6	11.9	37.2	35.5
Taxes, other than income taxes	7.0	6.2	23.9	23.1
Total Operating Expenses	75.0	64.7	221.8	213.7
Operating Income	15.5	9.3	114.2	108.6
Other Income	0.6	0.5	2.1	1.5
Interest Charges:				
Interest on long-term debt	2.8	2.8	8.4	8.5
Other interest charges	0.8	0.6	2.3	1.9
Total Interest Charges	3.6	3.4	10.7	10.4
Income Before Income Taxes	12.5	6.4	105.6	99.7
Income Tax Expense	5.1	2.4	40.3	37.7
Net Income	\$7.4	\$4.0	\$65.3	\$62.0

See the accompanying Notes to Financial Statements.

Table of ContentsALABAMA GAS CORPORATION
CONDENSED BALANCE SHEETS
(UNAUDITED)

	June 30,	September	June 30,
(Dollars in millions, except per share amounts)	2017	30, 2016	2016
ASSETS			
Utility Plant	\$1,809.0	\$1,729.6	\$1,679.8
Less: Accumulated depreciation and amortization	791.2	756.6	716.1
Net Utility Plant	1,017.8	973.0	963.7
Current Assets:			
Cash and cash equivalents	0.1	—	—
Accounts receivable:			
Utility	40.6	34.0	32.2
Associated companies	0.2	—	—
Other	5.8	7.2	5.3
Allowance for doubtful accounts	(2.2)	(3.3)	(3.7)
Inventories:			
Natural gas	29.0	34.6	28.3
Materials and supplies	5.9	5.9	6.0
Deferred income taxes	—	—	5.0
Unamortized purchased gas adjustments	44.9	5.6	4.8
Other regulatory assets	17.3	14.9	13.8
Prepayments and other	6.6	5.1	6.1
Total Current Assets	148.2	104.0	97.8
Deferred Charges:			
Regulatory assets	228.7	230.7	167.5
Deferred income taxes	181.1	221.4	211.0
Other	63.2	60.8	57.7
Total Deferred Charges	473.0	512.9	436.2
Total Assets	\$1,639.0	\$1,589.9	\$1,497.7

Table of ContentsALABAMA GAS CORPORATION
CONDENSED BALANCE SHEETS (Continued)
(UNAUDITED)

	June 30, 2017	September 30, 2016	June 30, 2016
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)	\$420.9	\$451.9	\$451.9
Retained earnings	463.5	415.4	432.2
Total Common Stock Equity	884.4	867.3	884.1
Long-term debt	247.7	247.6	247.6
Total Capitalization	1,132.1	1,114.9	1,131.7
Current Liabilities:			
Notes payable	—	82.0	—
Notes payable – associated companies	114.9	—	37.8
Accounts payable	45.1	34.3	26.6
Accounts payable – associated companies	1.4	0.4	1.3
Advance customer billings	15.2	21.1	17.8
Wages and compensation accrued	7.5	7.8	7.8
Customer deposits	18.1	18.2	18.6
Interest accrued	3.5	3.3	3.6
Taxes accrued	20.5	21.6	19.8
Regulatory liabilities	17.8	22.7	21.1
Other	3.4	6.3	5.1
Total Current Liabilities	247.4	217.7	159.5
Deferred Credits and Other Liabilities:			
Pension and postretirement benefit costs	77.9	74.3	55.0
Asset retirement obligations	125.4	120.1	89.4
Regulatory liabilities	34.4	41.7	40.0
Other	21.8	21.2	22.1
Total Deferred Credits and Other Liabilities	259.5	257.3	206.5
Commitments and Contingencies (<u>Note 10</u>)			
Total Capitalization and Liabilities	\$1,639.0	\$1,589.9	\$1,497.7

See the accompanying Notes to Financial Statements.

Table of Contents

ALABAMA GAS CORPORATION
 CONDENSED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
 (UNAUDITED)

(Dollars in millions)	Common Stock		Paid-in Capital	Retained Earnings	Total
	Outstanding Shares	Amount			
Balance at September 30, 2015	1,972,052	\$	—\$480.9	\$ 393.7	\$874.6
Net income	—	—	—	62.0	62.0
Return of capital to Spire	—	—	(29.0)	—	(29.0)
Dividends declared	—	—	—	(23.5)	(23.5)
Balance at June 30, 2016	1,972,052	\$	—\$451.9	\$ 432.2	\$884.1
Balance at September 30, 2016	1,972,052	\$	—\$451.9	\$ 415.4	\$867.3
Net income	—	—	—	65.3	65.3
Return of capital to Spire	—	—	(31.0)	—	(31.0)
Dividends declared	—	—	—	(17.2)	(17.2)
Balance at June 30, 2017	1,972,052	\$	—\$420.9	\$ 463.5	\$884.4

See the accompanying Notes to Financial Statements.

Table of ContentsALABAMA GAS CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended June 30,	
(In millions)	2017	2016
Operating Activities:		
Net Income	\$65.3	\$62.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37.2	35.5
Deferred income taxes and investment tax credits	40.3	37.7
Changes in assets and liabilities:		
Accounts receivable	(12.4)	(6.4)
Unamortized purchased gas adjustments	(39.3)	(33.0)
Accounts payable	10.7	4.3
Advance customer billings	(5.9)	(1.3)
Taxes accrued	(1.1)	(6.2)
Inventories	5.6	11.5
Other assets and liabilities	(4.1)	(7.0)
Other	(0.3)	(0.7)
Net cash provided by operating activities	96.0	96.4
Investing Activities:		
Capital expenditures	(80.2)	(56.1)
Other	—	(1.8)
Net cash used in investing activities	(80.2)	(57.9)
Financing Activities:		
Issuance of long-term debt	—	80.0
Redemption and maturity of long-term debt	—	(80.0)
Repayment of short-term debt - net	(82.0)	(31.0)
Borrowings from Spire - net	114.9	37.8
Return of capital to Spire	(31.0)	(29.0)
Dividends paid	(17.2)	(23.5)
Other	(0.4)	—
Net cash used in financing activities	(15.7)	(45.7)
Net Increase (Decrease) in Cash and Cash Equivalents	0.1	(7.2)
Cash and Cash Equivalents at Beginning of Period	—	7.2
Cash and Cash Equivalents at End of Period	\$0.1	\$—
Supplemental disclosure of cash (paid) refunded for:		
Interest	\$(9.3)	\$(9.2)
Income taxes	—	0.8

See the accompanying Notes to Financial Statements.

Table of Contents

SPIRE INC., LACLEDE GAS COMPANY AND ALABAMA GAS CORPORATION
 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), as well as Laclede Gas Company (Laclede Gas or the Missouri Utilities) and Alabama Gas Corporation (Alagasco). Laclede Gas, which includes the operations of Missouri Gas Energy (MGE), and Alagasco are wholly owned subsidiaries of the Company. Laclede Gas, Alagasco and the subsidiaries of EnergySouth, Inc. (EnergySouth) are collectively referred to as the Utilities. The subsidiaries of EnergySouth are Mobile Gas Service Corporation (Mobile Gas) and Willmut Gas & Oil Company (Willmut Gas).

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 of the disclosures required for complete financial statements. In the opinion of management, the accompanying unaudited financial statements include all adjustments (consisting of only normal recurring adjustments) necessary for the fair presentation of the results of operations for the periods presented. This Form 10-Q should be read in conjunction with the Notes to Financial Statements contained in Spire's, Laclede Gas', and Alagasco's Annual Reports on Form 10-K for the fiscal year ended September 30, 2016.

The consolidated financial position, results of operations, and cash flows of Spire are primarily derived from the financial position, results of operations, and cash flows of the Utilities. In compliance with GAAP, transactions between Laclede Gas and Alagasco and their affiliates, as well as intercompany balances on their balance sheets, have not been eliminated from their separate financial statements. Results of operations of EnergySouth are included in Spire's results of operations since the September 12, 2016 acquisition and impact the comparability of financial statement periods presented for the Company.

NATURE OF OPERATIONS – Spire Inc. (NYSE: SR), headquartered in St. Louis, Missouri, is a public utility holding company. The Company 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 generation. The Gas Utility segment is comprised of the operations of: the Missouri Utilities, serving St. Louis and eastern Missouri, Kansas City and western Missouri (through MGE); Alagasco, serving central and northern Alabama; and the subsidiaries of EnergySouth, serving southern Alabama and south-central Mississippi. Spire's primary non-utility business, Spire Marketing Inc. (Spire Marketing) was formerly known as Laclede Energy Resources, Inc., which changed its name on December 12, 2016. Spire Marketing is included in the Gas Marketing segment and provides non-regulated natural gas services. The activities of other subsidiaries are described in Note 9, Information by Operating Segment, and are reported as Other. Laclede Gas and Alagasco each have a single reportable segment.

The Company's earnings are primarily derived from its Gas Utility segment. Due to the seasonal nature of the Utilities' business, 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, Laclede Gas and Alagasco are not necessarily indicative of annual results or representative of succeeding quarters of the fiscal year.

GOODWILL – Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred over the amount of acquisition-date identifiable assets acquired net of assumed liabilities. The changes in the carrying amount of goodwill by reportable segment are shown below, reflecting the effect of a \$3.8 cash payment to Spire related to the EnergySouth acquisition, offset by net adjustments to acquired insurance receivable and prepaid assets.

	Gas Utility	Gas Marketing	Other	Total
Balance as of September 30, 2016	\$210.2	\$	—\$954.7	\$1,164.9
Adjustments related to the acquisition of EnergySouth	—	—	(1.0)	(1.0)

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Balance as of June 30, 2017	\$210.2	\$	—\$953.7	\$1,163.9
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21

Table of Contents

REVENUE RECOGNITION – The Utilities read meters and bill customers on monthly cycles. The Missouri Utilities record their 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. The amounts of accrued unbilled revenues for Laclede Gas at June 30, 2017, September 30, 2016, and June 30, 2016 were \$31.9, \$26.1, and \$28.5, respectively. Alagasco records natural gas distribution revenues in accordance with the tariff established by the Alabama Public Service Commission (APSC). Unbilled revenues for Alagasco, which are not recorded as revenue until billed, at June 30, 2017, September 30, 2016, and June 30, 2016 were \$6.0, \$5.9, and \$6.4, respectively.

The subsidiaries of EnergySouth record natural gas revenues in accordance with tariffs established by the APSC and the Mississippi Public Service Commission (MSPSC). Their unbilled revenues are accrued as described for Laclede Gas above.

Spire’s other subsidiaries, including Spire Marketing, record revenues when earned, either when the product is delivered or when services are performed.

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

GROSS RECEIPTS TAXES – Gross receipts taxes associated with the Company’s natural gas utility services are imposed on the Utilities and billed to their customers. The revenue and expense amounts are recorded gross in the “Operating Revenues” and “Taxes, other than income taxes” lines, respectively, in the statements of income. The following table presents gross receipts taxes recorded as revenues.

	Three Months Ended June 30, 2017		Nine Months Ended June 30, 2016	
Spire	\$18.0	\$14.8	\$71.7	\$65.0
Laclede Gas	12.4	11.1	52.0	49.7
Alagasco	4.2	3.7	16.1	15.3

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

As authorized by the Missouri Public Service Commission (MoPSC), MSPSC and 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 rider are

both labeled Unamortized Purchased Gas Adjustments herein. See additional information about regulatory assets and liabilities in Note 3, Regulatory Matters.

22

Table of Contents

TRANSACTIONS WITH AFFILIATES – Transactions between affiliates of the Company have been eliminated from the consolidated financial statements of Spire. Laclede Gas and Alagasco borrowed funds from the Company and incurred related interest, as reflected in their separate financial statements, and participated in normal intercompany shared services transactions. Laclede Gas' and Alagasco's other transactions with affiliates included:

	Three Months Ended June 30, 2017		Nine Months Ended June 30, 2016	
Laclede Gas				
Purchases of natural gas from Spire Marketing	\$11.8	\$6.7	\$53.3	\$31.5
Sales of natural gas to Spire Marketing	1.5	—	7.8	1.7
Insurance services received from Laclede Insurance Risk Services	0.5	0.2	1.6	0.7
Transportation services received from Laclede Pipeline Company	0.3	0.3	0.8	0.8
Alagasco				
Insurance services received from Laclede Insurance Risk Services	0.5	—	1.5	—

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

	June 30, 2017	September 30, 2016	June 30, 2016
Spire	\$ 26.5	\$ 21.6	\$ 9.9
Laclede Gas	16.5	14.8	5.3
Alagasco	7.9	6.8	4.6

RECLASSIFICATIONS – Certain prior period amounts have been reclassified to conform to the current period presentation. Net income and total equity were not affected by these reclassifications.

NEW ACCOUNTING PRONOUNCEMENTS – In April 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-03, Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs. Under prior GAAP, debt issuance costs were recorded as a deferred charge (asset), while debt discount and debt premium costs were recorded as a liability adjustment. This amendment requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Spire, Laclede Gas and Alagasco adopted this ASU as of December 31, 2016.

Retrospective adjustments have been made to the previous year balance sheets as of September 30, 2016 and June 30, 2016. The amounts reclassified from other deferred charges to reduce long-term debt are shown in the following table. The ASU does not address the presentation of debt issuance costs related to line-of-credit arrangements, and those continue to be reported as deferred charges.

	June 30, 2017	September 30, 2016	June 30, 2016
Spire	\$ 14.9	\$ 13.0	\$11.9
Laclede Gas	4.0	4.2	4.4
Alagasco	2.3	2.4	2.4

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting. The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. Spire, Laclede Gas and Alagasco adopted this ASU in the interim quarterly reporting period ended June 30, 2017. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, and forfeitures were applied using a modified retrospective transition method by means of a cumulative-effect adjustment to retained earnings as of October 1, 2016, and amendments requiring

recognition of excess tax benefits and tax deficiencies in the income statement were applied prospectively as of that date. Amendments related to the presentation of excess tax benefits on the statement of cash flows and the presentation of employee taxes paid on the statement of cash flows when an employer withholds shares to meet the minimum statutory withholding requirement were applied retrospectively. There were no material impacts on the financial statements of the Company, Laclede Gas, or Alagasco, all of which adopted a policy of accounting for forfeitures when they occur.

Table of Contents

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. Under the new standard, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies may need to use more judgment and make more estimates than under current guidance. ASU No. 2014-09 also requires disclosures that will enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Entities have the option of using either a full retrospective or modified retrospective approach to adopting this guidance. In August 2015, the FASB issued ASU No. 2015-14, which made the guidance in ASU No. 2014-09 effective for fiscal years beginning after December 15, 2017 and interim periods within those years. In 2016, the FASB issued related ASU Nos. 2016-08, 2016-10, 2016-11, 2016-12, and 2016-20 which further modified the standards for accounting for revenue. The Company, Laclede Gas and Alagasco are currently evaluating their sources of revenue and related contracts, the available transition methods, and the potential impacts of the updates. The conclusions of these assessments are contingent, in part, upon the completion of deliberations currently in progress by the power and utilities industry, notably in connection with efforts to produce an accounting guide being developed by the American Institute of Certified Public Accountants (AICPA). In association with this undertaking, the AICPA formed a number of industry task forces, including a Power & Utilities Task Force. Industry representatives and organizations, the largest auditing firms, the AICPA's Revenue Recognition Working Group and its Financial Reporting Executive Committee have undertaken, and continue to undertake, consideration of several items relevant to our industry as further discussed below. Where applicable or necessary, the FASB's Transition Resource Group is also participating. Currently, the industry is working to finalize conclusions in several areas including 1) the accounting for funds received from third parties to partially or fully reimburse the cost of construction of an asset, 2) determination of stand-alone selling price for commodities, and 3) the accounting for alternative revenue programs, such as performance-based ratemaking. Existing alternative revenue program guidance, though excluded by the FASB in updating specific guidance associated with revenue from contracts with customers, was relocated without substantial modification to accounting guidance for rate-regulated entities. It will require separate presentation of such revenues (subject to the above-noted deliberations) in the statement of income. Pending the completion of the industry deliberations and internal assessments later this year, the Company, Laclede Gas and Alagasco are currently unable to determine the effect the new guidance will have on their financial position, results of operations, cash flows, and business processes or the transition method they will utilize to adopt the new guidance in the first quarter of fiscal year 2019 (or earlier). In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities, which provides revised guidance concerning certain matters involving the recognition, measurement, and disclosure of financial instruments. It is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Unrealized gains and losses on equity securities previously classified as available-for-sale will be recognized immediately in earnings rather than recorded in other comprehensive income. Entities will record a cumulative-effect adjustment as of the beginning of the fiscal year in which the guidance is adopted, which requires amounts reported in accumulated other comprehensive income for such equity securities to be reclassified to retained earnings. Based on an assessment of their current financial instruments, the Company, Laclede Gas and Alagasco expect to adopt this standard in the first quarter of fiscal year 2019 with no significant impact. In February 2016, the FASB issued ASU No. 2016-02, Leases. The new standard requires lessees to recognize a right-of-use asset and lease liability for almost all lease contracts based on the present value of lease payments. There is an exemption for short-term leases. The ASU provides new guidelines for identifying and classifying a lease, and classification affects the pattern and income statement line item for the related expense. This update will be applied using a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company, Laclede Gas and Alagasco are currently assessing the timing and impacts of adopting this standard, which must be adopted by the first quarter of fiscal year 2020.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments. The standard introduces new guidance for the accounting for credit losses on instruments within its scope, including trade receivables. It is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and may be adopted a year earlier. The new guidance will be initially applied through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company, Laclede Gas and Alagasco are currently assessing the timing and impacts of adopting this standard, which must be adopted by the first quarter of fiscal year 2021.

Table of Contents

In March 2017, the FASB issued ASU No. 2017-07, Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. The amended guidance requires that the service cost component of pension and postretirement benefit costs be presented within the same line item in the income statement as other compensation costs (except for the amount being capitalized), while other components are to be presented outside the subtotal of operating income and are no longer eligible for capitalization. The ASU is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. The amended guidance will be applied retrospectively for income statement presentation and prospectively for capitalization. The Company, Laclede Gas and Alagasco are currently assessing the regulatory and other impacts of adopting this standard, which must be adopted by the first quarter of fiscal year 2019.

2. EARNINGS PER COMMON SHARE

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Basic EPS:				
Net Income	\$21.7	\$10.7	\$174.9	\$158.4
Less: Income allocated to participating securities	0.1	—	0.4	0.5
Net Income Available to Common Shareholders	\$21.6	\$10.7	\$174.5	\$157.9
Weighted Average Shares Outstanding (in millions)	48.1	44.4	46.4	43.6
Basic Earnings Per Share of Common Stock	\$0.45	\$0.24	\$3.76	\$3.62
Diluted EPS:				
Net Income	\$21.7	\$10.7	\$174.9	\$158.4
Less: Income allocated to participating securities	0.1	—	0.4	0.5
Net Income Available to Common Shareholders	\$21.6	\$10.7	\$174.5	\$157.9
Weighted Average Shares Outstanding (in millions)	48.1	44.4	46.4	43.6
Dilutive Effect of Restricted Stock, Restricted Stock Units, and Stock Options (in millions)*	0.1	0.2	0.2	0.2
Weighted Average Diluted Shares (in millions)	48.2	44.6	46.6	43.8
Diluted Earnings Per Share of Common Stock	\$0.45	\$0.24	\$3.75	\$3.60

* Calculation excludes certain outstanding 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

Spire's 2.875 million equity units issued in June 2014 were anti-dilutive for the three and nine months ended June 30, 2016; accordingly, they were excluded from the calculation of weighted average diluted shares for those periods. On April 3, 2017, Spire settled the purchase contracts underlying those equity units, by issuing approximately 2.5 million shares of its common stock.

Table of Contents

3. REGULATORY MATTERS

As explained in Note 1, Summary of Significant Accounting Policies, Laclede Gas and Alagasco account for regulated operations in accordance with FASB ASC Topic 980, "Regulated Operations." The following regulatory assets and regulatory liabilities, including purchased gas adjustments, were reflected in the balance sheets of the Company and the Utilities as of June 30, 2017, September 30, 2016 and June 30, 2016.

	June 30, 2017	September 30, 2016	June 30, 2016
Spire			
Regulatory Assets:			
Current:			
Pension and postretirement benefit costs	\$ 41.7	\$ 27.0	\$26.9
Unamortized purchased gas adjustments	73.9	49.7	5.4
Other	29.0	17.2	10.6
Total Regulatory Assets (current)	144.6	93.9	42.9
Non-current:			
Future income taxes due from customers	166.6	151.3	146.4
Pension and postretirement benefit costs	453.4	487.9	434.4
Cost of removal	135.4	130.6	81.2
Unamortized purchased gas adjustments	13.9	12.6	14.7
Energy efficiency	27.8	25.5	24.4
Other	43.4	30.1	29.6
Total Regulatory Assets (non-current)	840.5	838.0	730.7
Total Regulatory Assets	\$ 985.1	\$ 931.9	\$773.6
Regulatory Liabilities:			
Current:			
Rate Stabilization and Equalization (RSE) adjustment	\$ 1.2	\$ 7.5	\$2.9
Unbilled service margin	6.0	5.9	6.4
Refundable negative salvage	8.2	9.3	9.3
Unamortized purchased gas adjustments	1.0	1.7	—
Other	9.5	6.2	3.8
Total Regulatory Liabilities (current)	25.9	30.6	22.4
Non-current:			
Pension and postretirement benefit costs	27.0	28.9	27.2
Refundable negative salvage	4.1	9.4	9.3
Accrued cost of removal	74.6	74.8	55.4
Other	34.1	17.6	13.8
Total Regulatory Liabilities (non-current)	139.8	130.7	105.7
Total Regulatory Liabilities	\$ 165.7	\$ 161.3	\$128.1

Table of Contents

	June 30,	September 30,	June 30,
Laclede Gas	2017	2016	2016
Regulatory Assets:			
Current:			
Pension and postretirement benefit cost			