

SPIRE INC
Form 10-Q
August 03, 2016

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

FORM 10-Q

QUARTERLY REPORT

For the Quarterly Period Ended June 30, 2016

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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
[X] OF 1934

For the Quarter Ended June 30, 2016

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	Registrant, Address and Telephone Number	State of Incorporation	I.R.S. Employer Identification Number
1-16681	Spire Inc. 700 Market Street St. Louis, MO 63101 Telephone Number 314-342-0500	Missouri	74-2976504
1-1822	Laclede Gas Company 700 Market Street St. Louis, MO 63101 Telephone Number 314-342-0500	Missouri	43-0368139
2-38960	Alabama Gas Corporation 2101 6th Avenue North Birmingham, Alabama 35203 Telephone Number 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 [X] No []
Laclede Gas Company Yes [X] No []
Alabama Gas Corporation Yes [X] 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 [X] No []
Laclede Gas Company Yes [X] No []
Alabama Gas Corporation Yes [X] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non- accelerated filer	Smaller reporting company
Spire Inc.	X			
Laclede Gas Company			X	
Alabama Gas Corporation			X	

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

Spire Inc. Yes [] No [X]
 Laclede Gas Company Yes [] No [X]
 Alabama Gas Corporation Yes [] No [X]

The number of shares outstanding of each registrant’s common stock as of July 29, 2016 was as follows:

Spire Inc.	Common Stock, par value \$1.00 per share	45,640,580
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.

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GLOSSARY OF KEY TERMS AND ABBREVIATIONS

Alabama Utility	Alabama Gas Corporation or Alagasco; the utility serving the Alabama region	LER	Laclede Energy Resources, Inc.
Alagasco	Alabama Gas Corporation or Alabama Utility	MDNR	Missouri Department of Natural Resources
AOC	Administrative Order on Consent	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	MoPSC	Missouri Public Service Commission
BVCP	Brownfields/Voluntary Cleanup Program	MSPSC	Mississippi Public Service Commission
CCM	Cost Control Mechanism	NSR	Negative Salvage Rebalancing
CERCLA	Comprehensive Environment Response, Compensation and Liability Act	NTSB	National Transportation Safety Board
EPA	US Environmental Protection Agency	NYMEX	New York Mercantile Exchange, Inc.
EPS	Earnings per share	O&M	Operations and Maintenance
FASB	Financial Accounting Standards Board	OPC	Missouri Office of the Public Counsel
FERC	Federal Energy Regulatory Commission	OTCBB	Over-the-Counter Bulletin Board
FOIA	Freedom of Information Act	PGA	Purchased Gas Adjustment
GAAP	Accounting principles generally accepted in the United States of America	PRP	Potential Responsible Party
Gas Marketing	Operating segment including LER, a subsidiary engaged in the non-regulated marketing of natural gas and related activities	RSE	Rate Stabilization and Equalization
Gas Utility	Operating segment including the regulated operations of Laclede Gas Company and Alabama Gas Corporation	SEC	US Securities and Exchange Commission
GRT	Gross receipts taxes	Staff	Missouri Public Service Commission Staff
GSA	Gas Supply Adjustment	US	United States
ICE	Intercontinental Exchange	Utilities	Collective operations of Laclede Gas Company and Alabama Gas Corporation
ISRS	Infrastructure System Replacement Surcharge	VEBA	Voluntary Employees' Beneficiary Association
Laclede Gas	Laclede Gas Company or Missouri Utilities		

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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 or Alabama Utility) — 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, 2015.

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.

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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, 2016	2015	June 30, 2016	2015
Operating Revenues:				
Gas Utility	\$253.2	\$260.2	\$1,263.5	\$1,688.6
Gas Marketing and other	(3.9)	15.0	(5.5)	83.6
Total Operating Revenues	249.3	275.2	1,258.0	1,772.2
Operating Expenses:				
Gas Utility				
Natural and propane gas	54.1	57.7	463.7	844.8
Other operation and maintenance expenses	91.8	90.6	277.7	291.5
Depreciation and amortization	34.2	32.5	101.5	96.7
Taxes, other than income taxes	27.4	26.2	99.5	119.9
Total Gas Utility Operating Expenses	207.5	207.0	942.4	1,352.9
Gas Marketing and other	6.5	32.2	25.6	138.3
Total Operating Expenses	214.0	239.2	968.0	1,491.2
Operating Income	35.3	36.0	290.0	281.0
Other Income	1.6	0.5	3.8	2.6
Interest Charges:				
Interest on long-term debt	16.6	16.3	50.2	50.0
Other interest charges	2.8	1.5	7.5	6.1
Total Interest Charges	19.4	17.8	57.7	56.1
Income Before Income Taxes	17.5	18.7	236.1	227.5
Income Tax Expense	6.8	4.6	77.7	71.9
Net Income	\$10.7	\$14.1	\$158.4	\$155.6
Weighted Average Number of Common Shares Outstanding:				
Basic	44.4	43.2	43.6	43.1
Diluted	44.6	43.3	43.8	43.2
Basic Earnings Per Share of Common Stock	\$0.24	\$0.32	\$3.62	\$3.59
Diluted Earnings Per Share of Common Stock	\$0.24	\$0.32	\$3.60	\$3.59
Dividends Declared Per Share of Common Stock	\$0.49	\$0.46	\$1.47	\$1.38

See the accompanying Notes to Financial Statements.

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SPIRE INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In Millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Net Income	\$10.7	\$14.1	\$158.4	\$155.6
Other Comprehensive (Loss) Income, Before Tax:				
Cash flow hedging derivative instruments:				
Net hedging (losses) gains arising during the period	(4.3)	0.3	(5.6)	(6.2)
Reclassification adjustment for (gains) losses included in net income	(1.5)	1.3	0.2	3.5
Net unrealized (losses) gains on cash flow hedging derivative instruments	(5.8)	1.6	(5.4)	(2.7)
Net defined benefit pension and other postretirement plans	—	0.1	0.1	0.3
Other Comprehensive (Loss) Income, Before Tax	(5.8)	1.7	(5.3)	(2.4)
Income Tax (Benefit) Expense Related to Items of Other Comprehensive Income	(2.2)	0.7	(2.0)	(0.9)
Other Comprehensive (Loss) Income, Net of Tax	(3.6)	1.0	(3.3)	