

SPIRE INC
 Form 10-Q
 May 03, 2017
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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
 OF 1934

For the quarterly period ended March 31, 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, Alabama 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 April 28, 2017 was as follows:

Spire Inc.	Common Stock, par value \$1.00 per share	48,258,599
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 Utilities	Alagasco and Mobile Gas, the utilities serving the Alabama region	MDNR	Missouri Department of Natural Resources
Alagasco	Alabama Gas Corporation	MGE	Missouri Gas Energy
AOCI	Accumulated other comprehensive income or loss	MGP	Manufactured gas plant
APSC	Alabama Public Service Commission	Missouri Utilities	Laclede Gas Company (including MGE), the utilities serving the Missouri region
ASC	Accounting Standards Codification	MMBtu	Million British thermal units
ASU	Accounting Standards Update	Mobile Gas	Mobile Gas Service Corporation
Bcf	Billion cubic feet	MoPSC	Missouri Public Service Commission
BVCP	Brownfields/Voluntary Cleanup Program	MSPSC	Mississippi Public Service Commission
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980	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
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) — 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.

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Item 1. Financial Statements

SPIRE INC.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (UNAUDITED)

(In millions, except per share amounts)	Three Months Ended		Six Months Ended	
	March 31,	March 31,	March 31,	March 31,
	2017	2016	2017	2016
Operating Revenues:				
Gas Utility	\$641.1	\$611.5	\$1,113.4	\$1,010.3
Gas Marketing and other	22.3	(2.2)	45.1	(1.6)
Total Operating Revenues	663.4	609.3	1,158.5	1,008.7
Operating Expenses:				
Gas Utility				
Natural and propane gas	254.3	261.1	448.1	409.6
Operation and maintenance	98.4	94.3	197.8	185.9
Depreciation and amortization	37.9	33.8	75.6	67.3
Taxes, other than income taxes	48.3	43.9	81.7	72.1
Total Gas Utility Operating Expenses	438.9	433.1	803.2	734.9
Gas Marketing and other	44.1	8.5	85.8	19.1
Total Operating Expenses	483.0	441.6	889.0	754.0
Operating Income	180.4	167.7	269.5	254.7
Other Income	3.6	0.8	4.1	2.2
Interest Charges:				
Interest on long-term debt	19.2	16.7	38.3	33.6
Other interest charges	3.5	2.6	6.5	4.7
Total Interest Charges	22.7	19.3	44.8	38.3
Income Before Income Taxes	161.3	149.2	228.8	218.6
Income Tax Expense	53.3	48.4	75.6	70.9
Net Income	\$108.0	\$100.8	\$153.2	\$147.7
Weighted Average Number of Common Shares Outstanding:				
Basic	45.6	43.3	45.6	43.3
Diluted	45.7	43.5	45.7	43.5
Basic Earnings Per Share of Common Stock	\$2.36	\$2.32	\$3.35	\$3.40
Diluted Earnings Per Share of Common Stock	\$2.36	\$2.31	\$3.34	\$3.39
Dividends Declared Per Share of Common Stock	\$0.53	\$0.49	\$1.05	\$0.98

See the accompanying Notes to Financial Statements.

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

(In millions)	Three Months		Six Months	
	Ended March 31, 2017	2016	Ended March 31, 2017	2016
Net Income	\$108.0	\$100.8	\$153.2	\$147.7
Other Comprehensive Income, Before Tax:				
Cash flow hedging derivative instruments:				
Net hedging gains (losses) arising during the period	1.0	(0.6)	12.5	(1.3)
Reclassification adjustment for (gains) losses included in net income	(0.1)	0.5	0.1	1.7
Net unrealized gains (losses) on cash flow hedging derivative instruments	0.9	(0.1)	12.6	0.4
Net gains on defined benefit pension and other postretirement plans	—	—	0.1	0.1
Net unrealized losses (gains) on available for sale securities	—	0.1	(0.1)	—
Other Comprehensive Income, Before Tax	0.9	—	12.6	0.5
Income Tax Expense Related to Items of Other Comprehensive Income	0.4	—	4.7	0.2
Other Comprehensive Income, Net of Tax	0.5	—	7.9	0.3
Comprehensive Income	\$108.5	\$100.8	\$161.1	\$148.0

See the accompanying Notes to Financial Statements.

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SPIRE INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)

	March 31, 2017	September 30, 2016	March 31, 2016
(Dollars in millions, except per share amounts)			
ASSETS			
Utility Plant	\$4,978.8	\$4,793.6	\$4,271.3
Less: Accumulated depreciation and amortization	1,585.9	1,506.4	1,286.1
Net Utility Plant	3,392.9	3,287.2	2,985.2
Non-utility Property (net of accumulated depreciation and amortization of \$8.3, \$8.1 and \$7.8 at March 31, 2017, September 30, 2016, and March 31, 2016, respectively)	26.6	13.7	13.8
Goodwill	1,163.9	1,164.9	946.0
Other Investments	63.2	62.1	61.1
Total Other Property and Investments	1,253.7	1,240.7	1,020.9
Current Assets:			
Cash and cash equivalents	19.6	5.2	8.7
Accounts receivable:			
Utility	238.5	127.8	217.1
Other	127.9	113.4	66.8
Allowance for doubtful accounts	(20.8)	(20.5)	(18.9)
Delayed customer billings	11.6	1.6	10.1
Inventories:			
Natural gas	117.6	174.0	97.5
Propane gas	12.0	12.0	12.0
Materials and supplies	16.8	16.3	14.5
Natural gas receivable	7.8	9.7	19.5
Derivative instrument assets	8.2	11.4	7.6
Unamortized purchased gas adjustments	61.0	49.7	8.9
Other regulatory assets	64.8	44.2	32.4
Prepayments and other	19.3	24.8	27.6
Total Current Assets	684.3	569.6	503.8
Deferred Charges:			
Regulatory assets	827.7	838.0	732.6
Other	98.1	128.9	65.0
Total Deferred Charges	925.8	966.9	797.6
Total Assets	\$6,256.7	\$6,064.4	\$5,307.5

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

	March 31, 2017	September 30, 2016	March 31, 2016
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Common stock (par value \$1.00 per share; 70.0 million shares authorized; 45.7 million, 45.6 million, and 43.4 million shares issued and outstanding at March 31, 2017, September 30, 2016 and March 31, 2016, respectively)	\$ 45.7	\$ 45.6	\$ 43.4
Paid-in capital	1,177.7	1,175.9	1,040.3
Retained earnings	655.9	550.9	599.4
Accumulated other comprehensive income (loss)	3.7	(4.2)	(1.7)
Total Common Stock Equity	1,883.0	1,768.2	1,681.4
Long-term debt (less current portion)	1,925.3	1,820.7	1,839.3
Total Capitalization	3,808.3	3,588.9	3,520.7
Current Liabilities:			
Current portion of long-term debt	—	250.0	—
Notes payable	567.4	398.7	253.6
Accounts payable	218.6	210.9	127.1
Advance customer billings	14.5	70.2	31.7
Wages and compensation accrued	29.0	39.8	26.6
Dividends payable	24.9	23.5	22.1
Customer deposits	35.7	34.9	33.0
Interest accrued	15.3	14.8	14.3
Taxes accrued	46.7	55.2	36.8
Unamortized purchased gas adjustments	1.6	1.7	4.3
Other regulatory liabilities	29.7	28.9	33.8
Other	31.9	32.7	35.5
Total Current Liabilities	1,015.3	1,161.3	618.8
Deferred Credits and Other Liabilities:			
Deferred income taxes	690.6	607.3	564.2
Pension and postretirement benefit costs	308.1	303.7	254.8
Asset retirement obligations	212.4	206.4	162.8
Regulatory liabilities	144.1	130.7	110.7
Other	77.9	66.1	75.5
Total Deferred Credits and Other Liabilities	1,433.1	1,314.2	1,168.0
Commitments and Contingencies (<u>Note 10</u>)			
Total Capitalization and Liabilities	\$ 6,256.7	\$ 6,064.4	\$ 5,307.5

See the accompanying Notes to Financial Statements.

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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	—	—	—	147.7	—	147.7
Dividend reinvestment plan	12,704	—	0.7	—	—	0.7
Stock-based compensation costs	—	—	2.7	—	—	2.7
Stock issued under stock-based compensation plans	127,496	0.1	0.5	—	—	0.6
Employee's tax withholding for stock-based compensation	(29,227)) —	(1.7)) —	—	(1.7)
Dividends declared	—	—	—	(42.5)) —	(42.5)
Other comprehensive income, net of tax	—	—	—	—	0.3	0.3
Balance at March 31, 2016	43,445,985	\$ 43.4	\$1,040.3	\$ 599.4	\$(1.7)	\$1,681.4
Balance at September 30, 2016	45,650,642	\$ 45.6	\$1,175.9	\$ 550.9	\$(4.2)	\$1,768.2
Net income	—	—	—	153.2	—	153.2
Dividend reinvestment plan	11,820	—	0.8	—	—	0.8
Stock-based compensation costs	—	—	3.3	—	—	3.3
Stock issued under stock-based compensation plans	122,094	0.1	(0.1)) —	—	—
Employee's tax withholding for stock-based compensation	(34,589)) —	(2.2)) —	—	(2.2)
Dividends declared	—	—	—	(48.2)) —	(48.2)
Other comprehensive income, net of tax	—	—	—	—	7.9	7.9
Balance at March 31, 2017	45,749,967	\$ 45.7	\$1,177.7	\$ 655.9	\$ 3.7	\$1,883.0

* Accumulated other comprehensive income (loss)

See the accompanying Notes to Financial Statements.

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

(In millions)	Six Months Ended March 31,	
	2017	2016
Operating Activities:		
Net Income	\$153.2	\$147.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization, and accretion	75.8	67.6
Deferred income taxes and investment tax credits	75.4	71.0
Changes in assets and liabilities:		
Accounts receivable	(123.0)	(53.5)
Unamortized purchased gas adjustments	0.2	(11.0)
Accounts payable	28.3	(15.4)
Delayed/advance customer billings – net	(65.7)	(20.1)
Taxes accrued	(13.8)	(14.7)
Inventories	55.9	91.4
Other assets and liabilities	36.7	(19.6)
Other	3.1	(0.4)
Net cash provided by operating activities	226.1	243.0
Investing Activities:		
Capital expenditures	(187.3)	(121.8)
Settlement for acquisition of EnergySouth	3.8	—
Other	0.6	(0.7)
Net cash used in investing activities	(182.9)	(122.5)
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	168.7	(84.4)
Issuance of common stock	0.1	2.1
Dividends paid	(46.8)	(41.6)
Other	(7.0)	(1.7)
Net cash used in financing activities	(28.8)	(125.6)
Net Increase (Decrease) in Cash and Cash Equivalents	14.4	(5.1)
Cash and Cash Equivalents at Beginning of Period	5.2	13.8
Cash and Cash Equivalents at End of Period	\$19.6	\$8.7
Supplemental disclosure of cash paid for:		
Interest	\$(41.8)	\$(36.2)
Income taxes	(0.9)	(0.2)

See the accompanying Notes to Financial Statements.

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LACLEDE GAS COMPANY
 CONDENSED STATEMENTS OF INCOME
 (UNAUDITED)

(In millions)	Three Months		Six Months	
	Ended March 31, 2017	Ended March 31, 2016	Ended March 31, 2017	Ended March 31, 2016
Operating Revenues:				
Utility	\$447.2	\$446.7	\$810.8	\$763.9
Total Operating Revenues	447.2	446.7	810.8	763.9
Operating Expenses:				
Utility				
Natural and propane gas	241.2	242.8	432.5	392.6
Operation and maintenance	57.5	61.5	118.0	120.3
Depreciation and amortization	23.0	21.9	45.7	43.7
Taxes, other than income taxes	35.3	33.5	59.9	55.2
Total Operating Expenses	357.0	359.7	656.1	611.8
Operating Income	90.2	87.0	154.7	152.1
Other Income	1.9	0.4	2.0	1.2
Interest Charges:				
Interest on long-term debt	8.2	8.2	16.5	16.6
Other interest charges	1.5	1.3	2.9	2.2
Total Interest Charges	9.7	9.5	19.4	18.8
Income Before Income Taxes	82.4	77.9	137.3	134.5
Income Tax Expense	25.4	23.6	42.3	40.8
Net Income	\$57.0	\$54.3	\$95.0	\$93.7

See the accompanying Notes to Financial Statements.

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LACLEDE GAS COMPANY
 CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
 (UNAUDITED)

(In millions)	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
Net Income	\$57.0	\$54.3	\$95.0	\$93.7
Other Comprehensive (Loss) Income, Net of Tax	(0.2)	0.1	—	0.2
Comprehensive Income	\$56.8	\$54.4	\$95.0	\$93.9

See the accompanying Notes to Financial Statements.

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LACLEDE GAS COMPANY
 CONDENSED BALANCE SHEETS
 (UNAUDITED)

	March 31, 2017	September 30, 2016	March 31, 2016
(Dollars in millions, except per share amounts)			
ASSETS			
Utility Plant	\$2,855.0	\$2,718.5	\$2,612.5
Less: Accumulated depreciation and amortization	659.6	604.5	580.7
Net Utility Plant	2,195.4	2,114.0	2,031.8
Goodwill	210.2	210.2	210.2
Other Property and Investments	58.3	57.3	56.2
Total Other Property and Investments	268.5	267.5	266.4
Current Assets:			
Cash and cash equivalents	3.7	2.1	3.8
Accounts receivable:			
Utility	166.4	87.9	159.8
Associated companies	22.7	2.2	1.2
Other	12.0	11.4	17.0
Allowance for doubtful accounts	(16.5)	(16.1)	(14.7)
Delayed customer billings	11.6	1.6	10.1
Inventories:			
Natural gas	75.8	127.3	60.1
Propane gas	12.0	12.0	12.0
Materials and supplies	9.9	9.2	8.9
Derivative instrument assets	2.9	4.9	—
Unamortized purchased gas adjustments	17.1	43.1	3.9
Other regulatory assets	38.2	23.9	23.7
Prepayments and other	10.5	14.5	15.3
Total Current Assets	366.3	324.0	301.1
Deferred Charges:			
Regulatory assets	569.4	589.8	563.8
Other	2.6	1.1	5.8
Total Deferred Charges	572.0	590.9	569.6
Total Assets	\$3,402.2	\$3,296.4	\$3,168.9

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

	March 31, 2017	September 30, 2016	March 31, 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)	\$753.9	\$752.0	\$750.0
Retained earnings	398.6	318.3	342.4
Accumulated other comprehensive loss	(1.8)	(1.8)	(1.5)
Total Common Stock Equity	1,150.7	1,068.5	1,090.9
Long-term debt	804.3	804.1	803.7
Total Capitalization	1,955.0	1,872.6	1,894.6
Current Liabilities:			
Notes payable	—	243.7	169.6
Notes payable – associated companies	282.2	—	—
Accounts payable	57.8	67.6	51.0
Accounts payable – associated companies	5.1	5.4	1.9
Advance customer billings	0.2	49.1	16.1
Wages and compensation accrued	21.8	29.9	21.0
Dividends payable	—	14.0	21.3
Customer deposits	13.1	13.5	12.9
Interest accrued	7.9	7.7	7.6
Taxes accrued	23.8	29.1	19.1
Unamortized purchased gas adjustments	—	—	4.3
Other regulatory liabilities	2.7	1.3	1.3
Other	8.7	9.9	16.2
Total Current Liabilities	423.3	471.2	342.3
Deferred Credits and Other Liabilities:			
Deferred income taxes	607.7	556.9	538.0
Pension and postretirement benefit costs	213.5	211.8	200.8
Asset retirement obligations	77.0	75.2	74.1
Regulatory liabilities	84.5	67.3	69.3
Other	41.2	41.4	49.8
Total Deferred Credits and Other Liabilities	1,023.9	952.6	932.0
Commitments and Contingencies (<u>Note 10</u>)			
Total Capitalization and Liabilities	\$3,402.2	\$3,296.4	\$3,168.9

See the accompanying Notes to Financial Statements.

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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	—	—	—	93.7	—	93.7
Stock-based compensation costs	—	—	1.7	—	—	1.7
Dividends declared	—	—	—	(42.5)	—	(42.5)
Other comprehensive income, net of tax	—	—	—	—	0.2	0.2
Balance at March 31, 2016	24,577	\$ 0.1	\$ 749.9	\$ 342.4	\$(1.5)	\$1,090.9
Balance at September 30, 2016	24,577	\$ 0.1	\$ 751.9	\$ 318.3	\$(1.8)	\$1,068.5
Net income	—	—	—	95.0	—	95.0
Stock-based compensation costs	—	—	1.9	—	—	1.9
Dividends declared	—	—	—	(14.7)	—	(14.7)
Balance at March 31, 2017	24,577	\$ 0.1	\$ 753.8	\$ 398.6	\$(1.8)	\$1,150.7

* Accumulated other comprehensive income
 (loss)

See the accompanying Notes to Financial
 Statements.

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LACLEDE GAS COMPANY
 CONDENSED STATEMENTS OF CASH FLOWS
 (UNAUDITED)

	Six Months Ended March 31,	
(In millions)	2017	2016
Operating Activities:		
Net Income	\$95.0	\$93.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	45.7	43.7
Deferred income taxes and investment tax credits	42.3	40.8
Changes in assets and liabilities:		
Accounts receivable	(99.2)	(42.2)
Unamortized purchased gas adjustments	37.5	22.2
Accounts payable	(4.5)	(9.3)
Delayed/advance customer billings – net	(58.9)	(16.6)
Taxes accrued	(5.3)	(6.3)
Inventories	50.8	78.5
Other assets and liabilities	10.3	(12.7)
Other	0.8	0.2
Net cash provided by operating activities	114.5	192.0
Investing Activities:		
Capital expenditures	(122.2)	(85.6)
Other	0.5	0.3
Net cash used in investing activities	(121.7)	(85.3)
Financing Activities:		
Repayment of short-term debt - net	(243.7)	(63.4)
Borrowings from Spire - net	282.2	—
Dividends paid	(28.7)	(41.2)
Other	(1.0)	—
Net cash provided by (used in) financing activities	8.8	(104.6)
Net Increase in Cash and Cash Equivalents	1.6	2.1
Cash and Cash Equivalents at Beginning of Period	2.1	1.7
Cash and Cash Equivalents at End of Period	\$3.7	\$3.8
Supplemental disclosure of cash paid for:		
Interest	\$(19.0)	\$(18.6)
Income taxes	—	—

See the accompanying Notes to Financial Statements.