

SPIRE INC
Form 424B3
February 22, 2017
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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-213759**

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 22, 2017

PROSPECTUS SUPPLEMENT

(to Prospectus dated September 23, 2016)

\$150,000,000

Spire Inc.

% Senior Notes due 2024

This is an offering of \$150,000,000 aggregate principal amount of % Senior Notes due 2024 (the Notes) of Spire Inc. The selling securityholders listed under the heading Selling Securityholders are offering to sell \$143,750,000 principal amount of the Notes and we are offering to sell \$6,250,000 principal amount of the Notes.

The Notes will bear interest at the rate of %. Interest on the Notes will be payable semi-annually on February 27 and August 27 of each year, commencing on August 27, 2017, and at maturity, as further described in this prospectus supplement. The Notes will mature on February 27, 2024, unless redeemed on an earlier date. We may redeem some or all of the Notes from time to time on or after April 1, 2019 and prior to their maturity at the applicable redemption prices more fully described under the heading Description of the Notes Optional Redemption of the Notes; No Sinking Fund in this prospectus supplement. The Notes will be issued in registered form and available for purchase in the authorized denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Per Note	Price to Public(1)		Underwriting Discount		Proceeds, Before Expenses, to Spire Inc.		Proceeds, Before Expenses, to Selling Securityholders	
	\$	%	\$	%	\$	%	\$	%
Total	\$		\$		\$		\$	

(1) Plus accrued interest, if any, from the date of issuance, which is expected to be on or about February , 2017. The selling securityholders have agreed to purchase \$143,750,000 principal amount of our 2014 Series A 2.00% remarketable junior subordinated notes due 2022 (the Junior Notes) in connection with the remarketing of the Junior Notes pursuant to the Purchase Contract and Pledge Agreement, dated as of June 11, 2014, between us and U.S. Bank National Association, as purchase contract agent, attorney-in-fact of the holders of certain purchase contracts, collateral agent, custodial agent and securities intermediary (the Purchase Contract and Pledge Agreement) and will sell the Junior Notes to us on or about February , 2017 in exchange for the Notes offered by them hereby and a cash payment. The sum of the amount received by the selling securityholders for the Notes offered by them hereby and the amount of cash the selling securityholders receive from us in the foregoing exchange will equal the purchase price of the Junior Notes that the selling securityholders are purchasing in the remarketing.

Investing in the Notes involves certain risks. See Risk Factors on page S-10 of this prospectus supplement and page 2 of the accompanying prospectus.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Notes in book-entry form only through the facilities of The Depository Trust Company on or about February , 2017.

Credit Suisse

Wells Fargo Securities

(Sole Structuring Advisor)

RBC Capital Markets

Regions Securities LLC

Stifel

Ramirez & Co., Inc.

The date of this prospectus supplement is _____, 2017.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we, the selling securityholders nor the underwriters have authorized anyone to provide you with different or additional information. We are not, the selling securityholders are not, and the underwriters are not, making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate on any date other than the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. This document contains two parts. The first part consists of this prospectus supplement, which provides you with specific information about the Notes that we and the selling securityholders are selling in this offering and about this offering itself. The second part is the accompanying prospectus, which provides more general information, some of which does not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus or any related free writing prospectus, you should rely on the information contained in this prospectus supplement.

Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us, our securities and other information you should know before investing in the Notes. Before purchasing any Notes, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading **Where You Can Find More Information**.

The terms **we**, **our**, **us**, **the Company** and **Spire** refer to Spire Inc. and its subsidiaries unless the context suggests otherwise. The term **you** refers to a prospective investor.

FORWARD-LOOKING STATEMENTS

Certain matters contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus, excluding historical information, include forward-looking statements. Certain words, such as **may**, **anticipate**, **believe**, **estimate**, **expect**, **intend**, **plan**, **seek**, and similar words and expressions identify forward-looking statements that involve uncertainties and risks. Future developments may not be in accordance with our current expectations or beliefs and the effect of future developments may not be those anticipated. Among the factors that may cause results to differ materially from those contemplated in any forward-looking statement are:

Weather conditions and catastrophic events, particularly severe weather in the natural gas producing areas of the country;

Volatility in gas prices, particularly sudden and sustained changes in natural gas prices, including the related impact on margin deposits associated with the use of natural gas derivative instruments;

The impact of changes and volatility in natural gas prices on our competitive position in relation to suppliers of alternative heating sources, such as electricity;

Changes in gas supply and pipeline availability, including decisions by natural gas producers to reduce production or shut in producing natural gas wells, expiration of existing supply and transportation arrangements that are not replaced with contracts with similar terms and pricing, as well as other changes that impact supply for and access to the markets in which our subsidiaries transact business;

Acquisitions may not achieve their intended results, including anticipated cost savings;

Legislative, regulatory and judicial mandates and decisions, some of which may be retroactive, including those affecting

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The availability of, and access to, in general, funds to meet our debt obligations prior to or when they become due and to fund our operations and necessary capital expenditures, either through (i) cash on hand, (ii) operating cash flow, or (iii) access to the capital or credit markets;

Retention of, ability to attract, ability to collect from, and conservation efforts of, customers;

Our ability to comply with all covenants in our indentures and credit facilities any violations of which, if not cured in a timely manner, could trigger a default of our obligation;

Capital and energy commodity market conditions, including the ability to obtain funds with reasonable terms for necessary capital expenditures and general operations and the terms and conditions imposed for obtaining sufficient gas supply;

Discovery of material weakness in internal controls; and

Employee workforce issues, including but not limited to labor disputes and future wage and employee benefit costs including changes in discount rates and returns on benefit plan assets.

You are urged to consider the risks, uncertainties, and other factors that could affect our business as described in this prospectus supplement and the accompanying prospectus and the information incorporated by reference therein. All forward-looking statements made or incorporated by reference in this prospectus supplement and the accompanying prospectus rely upon the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. We do not, by including this statement, assume any obligation to review or revise any particular forward-looking statement in light of future events.

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PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights certain information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. As a result, this summary is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read the following summary in conjunction with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, which are described under *Where You Can Find More Information* in this prospectus supplement. This prospectus supplement and the accompanying prospectus contain or incorporate forward-looking statements. Forward-looking statements should be read with the cautionary statements and important factors included under *Risk Factors* and *Forward-Looking Statements* in this prospectus supplement as well as the *Risk Factors* section in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016.*

Spire Inc.

Spire Inc. (formerly The Laclede Group, Inc.), headquartered in St. Louis, Missouri, is a public utility holding company whose primary business is the safe and reliable delivery of natural gas service to nearly 1.7 million residential, commercial and industrial customers across Alabama, Mississippi, and Missouri. We have two key business segments: Gas Utility and Gas Marketing. The Gas Utility segment consists of five natural gas utilities (Utilities): Laclede Gas (serving St. Louis and eastern Missouri), Missouri Gas Energy (MGE) (serving Kansas City and western Missouri), Alabama Gas Corporation (Alagasco) (serving central and northern Alabama, including Birmingham and Montgomery), Mobile Gas Service Corporation (Mobile Gas) (serving southwestern Alabama, including Mobile) and Willmut Gas and Oil Company (Willmut Gas) (serving south-central Mississippi, including Hattiesburg). Spire's subsidiary, Laclede Gas Company (LGC), comprises the Laclede Gas and MGE utilities. Mobile Gas and Willmut Gas are wholly owned subsidiaries of EnergySouth, Inc. (EnergySouth). Spire purchased 100% of the common shares of EnergySouth from Sempra U.S. Gas & Power, LLC, a subsidiary of Sempra Global (Sempra), on September 12, 2016. Spire's non-utility operations include Spire Marketing, which provides natural gas marketing and related services.

Our Strategy

Spire is committed to transforming its business and pursuing growth by:

growing our Gas Utility business;

acquiring and integrating gas utilities;

modernizing our gas assets; and

investing in innovation.

Growing our Gas Utility Business

In our Gas Utility segment, we continue to focus on organic growth. We are driving increased revenues and margins by growing customers and improving retention, increasing penetration, achieving operating efficiencies, and making prudent investments in infrastructure upgrades. We invested \$291.7 million in capital expenditures for fiscal 2016 as compared to \$284.4 million for fiscal 2015, with a particular emphasis on upgrading our distribution mains and services. Regulatory recovery mechanisms in Missouri (infrastructure system replacement surcharge), Alabama (rate stabilization and equalization) and Mississippi (rate stabilization adjustment) enabled approximately 77% of our fiscal year 2016 Gas Utility investments to be recovered with minimal regulatory lag.

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Gas Utility capital expenditures are expected to be approximately \$370 million in fiscal year 2017. The increase in investment for Gas Utilities in 2017 reflects the continued ramp-up of infrastructure upgrades across both Missouri and Alabama, and the addition of capital expenditures to support EnergySouth.

Acquiring and Integrating Gas Utilities

We utilize a well-defined, disciplined process based on appropriate returns on invested capital to identify and evaluate acquisition opportunities in the natural gas industry, particularly local distribution companies. Further, we have internal teams that assist in the evaluation of a prospective acquisition to identify:

the potential benefits it can deliver to our customers, communities, employees and investors;

how it supports our targeted long-term earnings per share growth target of 4% to 6% and our strong and growing dividend;

its fit with our largely regulated business mix; and

its impact on cash flow and capital structure.

We began execution on this strategy in fiscal 2013. Effective September 1, 2013, Laclede Gas acquired from Southern Union Company (now Panhandle Eastern Pipe Line, L.P.) substantially all of the assets and liabilities of MGE for a purchase price of approximately \$940 million, including post-closing adjustments. We funded the acquisition through a combination of the issuance of 10.0 million shares of common stock (May 29, 2013), the issuance of \$450 million principal amount of LGC first mortgage bonds (August 13, 2013), short-term borrowings and available cash.

Effective August 31, 2014, Spire completed the purchase from Energen Corporation of 100% of the outstanding common stock of Alagasco for \$1,590 million (including assumed debt of \$265 million). We funded the purchase price with a combination of the issuance of approximately 10.4 million shares of common stock and approximately 2.9 million equity units (June 11, 2014), the issuance of \$625 million principal amount of our senior notes (August 19, 2014), short-term borrowings and available cash.

Effective September 12, 2016, Spire completed the purchase of 100% of the common shares of EnergySouth from Sempra U.S. Gas & Power, LLC, a subsidiary of Sempra Global (Sempra), for \$344 million (including assumed debt of \$67 million, but excluding a working capital adjustment). We funded the purchase price with a combination of the issuance of approximately 2.2 million shares of common stock (May 17, 2016), the issuance of \$165 million aggregate principal amount of senior notes (September 9, 2016), and available cash.

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After giving effect to the acquisitions described above, our organizational structure is as shown below:

Modernizing our Gas Assets

Our strategy to optimize our gas transportation, storage and supply assets includes a focus on achieving a more diverse supply portfolio, improving our reliability and resiliency, and accessing lower cost shale gas for the benefit of our customers in eastern Missouri. In our Gas Marketing segment, we continue to invest in contractual pipeline and storage assets and experienced personnel necessary to provide a competitive alternative for reliable natural gas supply to wholesale and other large commercial and industrial users of natural gas located in the central U.S. In fiscal year 2016, our Gas Marketing segment utilized 30 interstate and intrastate pipelines and more than 125 suppliers to market natural gas to more than 200 retail and 120 wholesale customers.

In February 2016, we announced our intent to build, own, operate and maintain an approximately 70-mile pipeline with capacity of 400 million cubic feet per day that is anticipated to cost \$190 million to \$210 million. This pipeline project, which is planned by Spire STL Pipeline LLC, our wholly owned subsidiary, will connect the Rockies Express pipeline to our service area in eastern Missouri and achieve a more diverse supply portfolio by providing direct access to the Eastern Marcellus producing basin, improving reliability and resiliency and allowing our customers access to lower-cost shale gas. As an interstate project, the Spire STL Pipeline will be reviewed for siting and permitting by the Federal Energy Regulatory Commission (FERC), which will be the lead agency for other federal, state, and local permitting authorities. A precedent agreement between Spire STL Pipeline and Laclede Gas was executed on January 25, 2017 under which Laclede Gas will be a foundation shipper with a commitment of 350 million cubic feet per day. Thereafter, on January 26, 2017, Spire STL Pipeline filed an application with FERC requesting issuance of a certificate of convenience and necessity authorizing it to construct, own, and operate an interstate pipeline. Assuming FERC approval, we expect the in-service date to occur in fiscal 2019.

Investing in Innovation

Our strategy of investing in innovation includes opportunities in natural gas vehicle (NGV) fueling stations, other natural gas-related energy applications, and identifying other technology and innovations that could be developed in our company to benefit our customers or to support our overall growth.

Remarketing of Junior Notes

The selling securityholders have agreed to purchase \$143,750,000 principal amount of our Junior Notes in connection with the remarketing of the Junior Notes pursuant to the Purchase Contract and Pledge Agreement,

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and will sell the Junior Notes to us on or about February 1, 2017 in exchange for the Notes offered by them hereby and a cash payment. Upon our purchase of the Junior Notes, they will be cancelled. The sum of the amount received by the selling securityholders for the Notes offered by them hereby and the amount of cash the selling securityholders receive from us in the foregoing exchange will equal the purchase price of the Junior Notes that the selling securityholders are purchasing in the remarketing.

Redemption of Floating Rate Notes

On February 8, 2017, we provided notice to the holders of our Floating Rate Senior Notes due 2017 (the Floating Rate Notes) of our intent to redeem all of the Floating Rate Notes on March 10, 2017. As of the date of this offering, \$250.0 million in aggregate principal amount of Floating Rate Notes was outstanding. We intend to use short-term debt to fund the redemption. Subject to market conditions, we expect to refinance such short-term debt with additional long-term debt in the future.

The Floating Rate Notes are redeemable, in whole or in part, at a redemption price equal to 100% of the principal amount of the Floating Rate Notes being redeemed on such date, plus accrued and unpaid interest on the Floating Rate Notes being redeemed to, but excluding the redemption date. This prospectus supplement is not an offer to purchase, or a solicitation of an offer to sell, the Floating Rate Notes.

Other Information

Our principal executive offices are located at 700 Market Street, St. Louis, Missouri 63101 and our telephone number is 314-342-0500. We maintain a website at SpireEnergy.com where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement or the accompanying prospectus. For additional information regarding our business, we refer you to our filings with the SEC incorporated into this prospectus supplement by reference. Please read [Where You Can Find More Information](#).

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Issuer	Spire Inc., a Missouri corporation
Securities offered by us	\$6,250,000 aggregate principal amount of % Senior Notes due 2024.
Securities offered by the selling securityholders	\$143,750,000 aggregate principal amount of % Senior Notes due 2024.
Original issue date	February , 2017.
Maturity date	The Notes will mature on February 27, 2024.
Interest rate	% per annum.
Interest payment dates	Interest on the Notes will accrue from and including February , 2017, and is payable on February 27 and August 27 of each year, beginning on August 27, 2017.
Optional redemption	The Notes will be redeemable, in whole or in part, at our option, at any time and from time to time on or after April 1, 2019 and prior to the date that is two months prior to maturity for the Notes at a make-whole redemption price as described under Description of the Notes Optional Redemption of the Notes; No Sinking Fund in this prospectus supplement. At any time on or after December 27, 2023, the Notes will be redeemable in whole at par.
Ranking	The Notes will be direct unsecured general obligations of Spire and will rank equally with all other unsecured and unsubordinated indebtedness of Spire from time to time outstanding. As of December 31, 2016, Spire, excluding its subsidiaries, had approximately \$815.0 million of unsecured and unsubordinated indebtedness and \$143.8 million of subordinated indebtedness. Because we are a holding company, our obligations under the Notes will be effectively subordinated to all existing and future liabilities of our subsidiaries. As of December 31, 2016, our current primary operating

subsidiaries, LGC, Alagasco and Mobile Gas, had approximately \$810.0 million, \$250.0 million and \$62.0 million, respectively, principal amount of outstanding long-term debt (including securities due within one year), which would be senior to our rights as sole shareholder and, as applicable, creditor of those companies.

Further issuances

We may, without the consent of the holders of the Notes, issue additional notes having the same ranking and the same interest rate, maturity and other terms as the Notes (except for the original issue

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date, the public offering price and, if applicable, the initial interest payment date). Any such additional notes will be fungible for U.S. federal income tax purposes with the Notes.

Denomination

We will issue the Notes in denominations of \$2,000 and in integral multiples of \$1,000 in excess of \$2,000.

Trading

The Notes will not be listed on any securities exchange or be quoted on any automated dealer quotation system.

Trustee

UMB Bank & Trust, N.A.

Conflicts of interest

Certain of the underwriters will receive 5% or more of the proceeds of this offering. Accordingly, this offering is being conducted in compliance with the provisions of FINRA Rule 5121. Such entities are not permitted to sell the Notes in this offering to an account over which they exercise discretionary authority without prior specific written approval of the customer to which the account relates. See Underwriting Conflicts of Interest.

Risk factors

An investment in the Notes involves various risks. Prospective investors should carefully consider the matters described under the caption entitled Risk Factors beginning on page S-9 of this prospectus supplement, as well as the additional risk factors referred to therein and described in Item 1A of Part I of our Annual Report on Form 10-K for the year ended September 30, 2016.

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The following tables set forth certain historical financial information for us.

Our Summary Historical Financial Information

The following tables set forth, for the periods and at the dates indicated, our summary consolidated financial information. We have derived the summary consolidated income statement information for each of the three years in the period ended September 30, 2016, and the summary consolidated balance sheet information at September 30, 2016 and 2015, from our audited consolidated financial statements incorporated by reference in this prospectus supplement. We have derived the summary consolidated income information and the other financial information for the three months ended December 31, 2016 and December 31, 2015, and the summary consolidated balance sheet information at December 31, 2016 and December 31, 2015, from our unaudited consolidated financial statements incorporated by reference in this prospectus supplement. Historical results are not indicative of the results to be expected in the future. In addition, our results for the three months ended December 31, 2016 are not necessarily indicative of results expected for the full year ending September 30, 2017. This summary consolidated financial information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 and our Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, which are incorporated by reference in this prospectus supplement. As described in Note 1 to the financial statements in that Quarterly Report, certain prior period balance sheet information has been retrospectively adjusted to conform to the current presentation reflecting our adoption of accounting standards update number 2015-03, Simplifying the Presentation of Debt Issuance Costs.

	Years Ended September 30,			Three Months Ended	
	2016(1)	2015	2014(2)	December 31, 2016(1)	2015
(Millions)					
Income Statement Information:					
Total operating revenues	\$ 1,537.3	\$ 1,976.4	\$ 1,627.2	\$ 495.1	\$ 399.4
Total operating expenses	1,255.0	1,703.9	1,460.8	406.0	312.4
Operating income	282.3	272.5	166.4	89.1	87.0
Net income	144.2	136.9	84.6	45.2	46.9
Other Financial Information:					
Depreciation and amortization	137.5	130.8	83.3	37.8	33.7
Net economic earnings(3)	149.1	138.3	100.1	47.5	45.1
EBITDA(3)	428.4	404.5	246.4	127.4	122.1

	At September 30,		At December 31,	
	2016	2015	2016	2015
(Millions)				
Balance Sheet Information:				
Assets				
Current assets:				
Cash and cash equivalents	\$ 5.2	\$ 13.8	\$ 10.6	\$ 4.6

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Total current assets	569.6	530.1	815.6	636.0
Net utility plant	3,287.2	2,927.5	3,331.8	2,953.3
Total assets	6,064.4	5,277.6	6,310.1	5,398.8

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	At September 30,		At December 31,	
	2016	2015	2016	2015
(Millions)				
Liabilities and capitalization				
Current liabilities:				
Notes payable	\$ 398.7	\$ 338.0	\$ 506.4	\$ 377.1
Current portion of long-term debt	250.0	80.0	250.0	
Total current liabilities	1,161.3	853.8	1,342.2	847.5
Capitalization:				
Long-term debt, less current portion	1,820.7	1,758.9	1,821.3	1,838.9
Total common stock equity	1,768.2	1,573.6	1,796.7	1,600.3
Total capitalization	3,588.9	3,332.5	3,618.0	3,439.2
Total liabilities and capitalization	6,064.4	5,277.6	6,310.1	5,398.8

- (1) Effective September 12, 2016, Spire completed the purchase of EnergySouth.
- (2) Effective August 31, 2014, Spire completed the purchase of Alagasco.
- (3) Net economic earnings and EBITDA are defined under Non-GAAP Financial Measures below.

Non-GAAP Financial Measures

The body of accounting principles generally accepted in the United States is commonly referred to as GAAP. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. In this prospectus supplement, we disclose EBITDA and net economic earnings, each of which is a non-GAAP financial measure.

EBITDA is earnings before interest expense, income taxes, depreciation and amortization. We believe EBITDA is an important measure of operating performance because it allows management, investors and others to evaluate and compare our core operating results, including our return on capital and operating efficiencies, from period to period by removing the impact of our capital structure (interest expense from our outstanding debt), asset base (depreciation and amortization), and income tax consequences.

We also use the non-GAAP measure of net economic earnings when internally evaluating results of operations. This non-GAAP measure excludes from net income the after-tax impacts of fair value accounting and timing adjustments associated with energy-related transactions as well as acquisition, divestiture and restructuring activities. These fair value and timing adjustments are made in instances where the accounting treatment differs from the economic substance of the underlying transaction, including the following:

net unrealized gains and losses on energy-related derivatives that are required by GAAP fair value accounting associated with current changes in the fair value of financial and physical transactions prior to their completion and settlement. These unrealized gains and losses result primarily from two sources:

changes in the fair values of physical and/or financial derivatives prior to the period of settlement; and

ineffective portions of accounting hedges, required to be recorded in earnings prior to settlement, due to differences in commodity price changes between the locations of the forecasted physical purchase or sale transactions and the locations of the underlying hedge instruments;

lower of cost or market adjustments to the carrying value of commodity inventories resulting when the market price of the commodity falls below its original cost, to the extent that those commodities are economically hedged; and

realized gains and losses resulting from the settlement of economic hedges prior to the sale of the physical commodity.

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These adjustments eliminate the impact of timing differences and the impact of current changes in the fair value of financial and physical transactions prior to their completion and settlement. Unrealized gains or losses are recorded in each period until being replaced with the actual gains or losses realized when the associated physical transactions occur. While management uses these non-GAAP measures to evaluate the results of operations of both non-utility businesses and the Utilities, the net effect of these adjustments on the Utilities' earnings is minimal because gains or losses on their natural gas derivative instruments are deferred pursuant to state regulation.

Management believes that excluding the earnings volatility caused by recognizing changes in fair value prior to settlement and other timing differences associated with related purchase and sale transactions provides a useful representation of the economic effects of only the actual settled transactions and their effects on results of operations. In addition, management excludes the impact related to unique acquisition, divestiture, and restructuring activities when evaluating on-going performance, and therefore excludes these impacts from net economic earnings. The definition and measurement of net economic earnings provided above is consistent with that used by management and the board of directors in assessing Spire's, LGC's and Alagasco's performance as well as determining performance under Spire's, LGC's and Alagasco's incentive compensation plans. Further, we believe this better enables an investor to view our performance in that period on a basis that would be comparable to prior periods.

Non-GAAP operating metrics should not be considered as alternatives to, or more meaningful than, GAAP measures such as net income. Reconciliations of net economic earnings and EBITDA to our most directly comparable GAAP measure, net income, are provided below.

	Years Ended September 30,		Three Months Ended	
	2016(1)	2015	2014(1)	December 31, 2015
(Millions)				