

**IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE**

IN RE:)	Electronically Filed in TPUC Docket
)	Room on October 24, 2025 at 1:41 p.m.
APPLICATION OF PIEDMONT)	
NATURAL GAS COMPANY, INC. AND)	
SPIRE TENNESSEE INC. FOR)	
APPROVAL OF A TRANSFER OF)	DOCKET NO. 25-00074
AUTHORITY TO PROVIDE UTILITY)	
SERVICES PURSUANT TO T.C.A. § 65-4-)	
113 AND RELATED AUTHORIZATIONS)	

**CONSUMER ADVOCATE’S SECOND SET OF DISCOVERY REQUESTS
TO SPIRE**

Pursuant to Rules 26, 33, 34, and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-01-02-.11, the Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”), by and through counsel, propounds the following discovery requests to Spire (“Spire” or the “Company”).

The Company shall serve full and complete responses in accordance with the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate Division, John Sevier Building, 500 Dr. Martin L. King Jr. Blvd., Nashville, Tennessee 37243, c/o Victoria Glover, on or before 2:00pm (Central Time), November 10, 2025.

PRELIMINARY MATTERS AND DEFINITIONS

The Preliminary Matters and Definitions set forth in the Consumer Advocate’s First Set of Discovery Requests are hereby incorporated by reference as if fully restated herein.

SECOND SET OF DISCOVERY REQUESTS

- 2-1. Integration. Refer to Spire’s Response to Consumer Advocate DR No. 1-69 in this Docket. Provide a comprehensive explanation of the role played by Spire’s Chief Administrative Officer and its Chief Customer and Information Officer in the integration efforts of Spire’s acquisition of (a) Alagasco and (b) Missouri Gas Energy.

RESPONSE:

- 2-2. Integration. Provide a copy of any contracts entered between Spire and third parties to assist in any way with the effort to integrate Piedmont into the Spire organization. Provide a copy of all status updates, and initial summaries provided by the integration vendor(s) received to date.

RESPONSE:

- 2-3. Accounting. Confirm that Spire intends to maximize the tax deduction known as the “Repair Deduction” under Section 168 of the IRS tax code. If this is not confirmed, identify the factors the Company will utilize to optimize this tax deduction.

RESPONSE:

- 2-4. Due Diligence. Refer to Spire’s Response to Consumer Advocate DR No. 1-1 and CONFIDENTIAL Response to DR No. 1-62. Provide the evidence Spire relied upon to assure itself of the independence of outside parties hired by Duke to provide an analysis of the Piedmont system in support of its sale of Tennessee properties in making its bid for Piedmont.

RESPONSE:

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2-5. Due Diligence. Refer to Spire's Response to Consumer Advocate DR No. 1-1. Provide a clarifying explanation of to what extent the BMO model referenced in this response relied upon the model initially prepared by Duke. Confirm the Duke model referenced within the response is the same as that Confidential model provided in Piedmont Response to Consumer Advocate DR No. 1-7.

RESPONSE:

2-6. Capital Expenditures. Reconcile the capital expenditure budget provided in Spire's CONFIDENTIAL Response to Consumer Advocate DR No. 1-62, with the Piedmont Capital Budget provided in Piedmont's Response to Consumer Advocate DR No. 1-2. For this response, provide the following:

- a. Overview of the types of projects that Spire anticipates completing that are not envisioned in the Piedmont capital budget;
- b. What metrics or evaluation criteria should regulators use to assess the reasonableness and necessity of capital expenditure levels that exceed those set out in Piedmont's Response to Consumer Advocate DR No. 1-2;
- c. Provide the number values for each capital expenditure category represented in the graph contained in Spire's Confidential Response to Consumer Advocate DR No. 1-62;
- d. Regarding the forecasted spending for new business, provide the justification for the level of forecasted spending considering the historic level of customer growth; and
- e. Considering the level of capital expenditures forecasted, as necessary, to serve new business, should the Commission consider modification to the Contribution in Aid of Construction tariff provisions to protect the affordability of service to legacy customers?

RESPONSE:

2-7. New Business. Refer to Piedmont's Response to Consumer Advocate DR No. 1-8. Considering this response, provide an overview of any plans or concepts that Spire has to

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expand the footprint of natural gas beyond the normal organic customer growth inside the existing Piedmont service territory.

RESPONSE:

- 2-8.** Accounting. Refer to Spire’s Response to Consumer Advocate DR No. 1-13 and respond to the following:
- a. How would the hypothetical “other efficiencies gained in the interim” be quantified?
 - b. Specifically, how would the Company intend to calculate the benefit of the step-up in tax basis? What baseline level of ADIT would be suggested to determine the purported ADIT implications of the transaction?

RESPONSE:

- 2-9.** Employee. Refer to Spire’s Response to Consumer Advocate DR No. 1-37. Provide a copy of any information provided to Piedmont employees at the referenced October 9, 2025 meeting.

RESPONSE:

- 2-10.** ARM. Regarding Spire’s request to continue operating unabated with Piedmont’s ARM filing, would any Piedmont services be required to assemble and complete the necessary filings in 2026? Would the work involved in preparing such a filing involve Duke employees whose costs would be incurred by Spire-Tennessee under the Transition Services Agreement?

RESPONSE:

- 2-11.** Operating Expenses. Throughout the discovery responses Spire has taken the position that the underlying operational costs resulting from this transaction should not be assessed until

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some future regulatory proceeding and it has indicated that the prudence can be evaluated at that time. Respond to the following:

- a. Hypothetically, is it possible that a cost could be prudently incurred, but be higher than what otherwise would occur absent this transaction?
- b. Is it the Company's position that, to the extent costs increase because of this transaction, such increases may be quantified in future regulatory proceedings?
 - i. If this is the Company's position, provide the specific benchmarks and criteria that should be in place to quantify such increased costs from this transaction.

RESPONSE:

2-12. Gas Supply. Will all Piedmont gas supply personnel be transferred to Spire Shared Services?

RESPONSE:

2-13. Gas Supply. Has Spire determined if the contracts that will be transferred are adequate to meet current and future demand? If not, provide a list of issues that need to be addressed.

RESPONSE:

2-14. Gas Supply. Provide a breakdown of the capital expenditure forecast by the new business categories of: New Services; Commercial New Services; Pool Revenue Producing; Pool Revenue Producing – Off-Cycle; LNG Projects; RNG Projects; and Total of Other Specific Projects. Also explain what would be included in both pool revenue producing categories.

RESPONSE:

2-15. Gas Supply. Does Spire have a Gas Supply Plan for post-acquisition? If so, provide a copy of such Gas Supply Plan.

RESPONSE:

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2-16. Union. Has Spire identified any changes to Union agreements that will need to be negotiated post-transaction, or will they assume existing contracts?

RESPONSE:

2-17. Union. Depending on the structure and conditions within the agreements, will all personnel maintain their existing seniority levels for their existing obligations under the agreements?

RESPONSE:

2-18. Transition. Are existing systems and software that Spire utilizes for shared service adequate to add Spire-Tennessee properties/data and maintain that information adequately to accommodate appropriate jurisdictional documentation for Tennessee data? Identify any such systems that have been determined not to be compatible with Spire systems. Identify any such systems where compatibility has yet to be determined.

RESPONSE:

2-19. Transition. During the process of transferring data from Piedmont to Spire-Tennessee, which would not be considered on-going operational activities, how will these costs be identified and recorded to ensure these are available for regulatory review prior to any potential recovery from customers? Identify all accounting documentation in place describing how such costs will be identified.

RESPONSE:

2-20. Shared Services. Has Spire identified whether there are any legacy systems for shared services that will be inadequate and need to be replaced by Spire to accommodate the transition of Piedmont data to Spire, and, if so, how will costs be allocated between Spire's multiple jurisdictions that benefit from these new systems?

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RESPONSE:

2-21. Gas Supply. Will all Tennessee gas supply/gas operations and engineering be physically relocated to Spire? Where will the personnel performing these duties be located?

RESPONSE:

2-22. Gas Supply. Indicate the specific gas supply and transportation contracts to be transferred from Piedmont to Spire. Include the expiration date of each contract, purchase volumes, and transportation volumes under each agreement.

RESPONSE:

2-23. Cost of Debt. Refer to the Petition at page 7. Provide the interest rate that Spire expects for the bridge loan and include the underlying assumptions supporting the forecasted rate.

RESPONSE:

2-24. Cost of permanent financing. Provide the expected interest rate for the permanent debt financing for Spire-Tennessee and include the underlying assumptions supporting the forecasted rate.

RESPONSE:

2-25. Cost of Debt. Refer to Spire's Response to Consumer Advocate DR No. 1-22 and respond to the following:

- a. Provide the expected interest rate for Equity Linked securities and the underlying assumptions supporting the forecasted rate.
 - i. When will the Equity Linked securities be converted to equity?
 - ii. Will Spire record the Equity Linked securities as debt or equity on its books?
 - iii. If the Equity Linked securities are recorded as equity, provide all relevant accounting support that supports this conclusion.

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- b. Provide the expected interest rate for the Hybrid securities and the underlying assumptions supporting the forecasted rate.
 - i. Explain how Spire will be recording the Hybrid securities on its books.
 - ii. If the hybrid securities are recorded as equity, provide all relevant accounting support that supports this conclusion.
- c. What percentage of Spire financing will be represented by the Equity Linked and Hybrid securities on the books of:
 - i. Spire consolidated; and
 - ii. Spire-Tennessee?

RESPONSE:

2-26. Capital Structure. Confirm that during the period that the bridge loan is being utilized, the purchase will be financed with debt. If this is not accurate, explain the financing in detail.

RESPONSE:

2-27. Customer Bill. Provide a sample bill for an actual customer for the month of January 2025, with all personal information redacted: name, address, and account number. Subsequent to the integration of Spire-Tennessee billing information into the existing billing system of Spire, will the bill presented to Spire-Tennessee customers contain the same billing components as is currently provided to existing Spire customers, notwithstanding differing rates?

RESPONSE:

2-28. Capital Budget. Provide the final capital budgets by year for the period 2020 – 2025 for the following jurisdictions:

- a. Spire Missouri West;
- b. Spire Missouri East;
- c. Spire Alabama; and

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d. Spire Mississippi.

The Consumer Advocate is using the term “final capital budget” to mean that budget adopted prior to the beginning of the year in question, and not the one updated as the year unfolds.

RESPONSE:

2-29. Capital Expenditures. Provide the actual capital expenditures by year for the period 2020 – 2025 for the following jurisdictions:

- a. Spire Missouri West;
- b. Spire Missouri East;
- c. Spire Alabama; and
- d. Spire Mississippi.

RESPONSE:

2-30. PHMSA Report. Refer to Spire’s Response to Consumer Advocate DR No. 1-10. Confirm that the PHMSA report provided is the Missouri – East report. Provide a copy of the 2024 report for Spire-Missouri West.

RESPONSE:

2-31. Corporate Costs. Refer to the *Direct Testimony of David Yonce*, Exhibit <25-00074_D. YONCE EXHIBIT 3 [CONFIDENTIAL]> and specifically, pdf page 36 and respond to the following:

- a. Is the data under the caption [REDACTED] total costs reflective of twelve months’ data? Stated differently, is Spire’s fiscal year the twelve months ended September. If so, provide the portion of the total costs that were eventually capitalized.
- b. If part (a) is not confirmed, provide data in the format shown for the twelve-month period ending September 2024.

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c. Provide data in this format for the twelve months ended June 30, 2025. Further identify the portion of those costs that were eventually capitalized.

d. 

RESPONSE:

2-32. Operations. Identify third-party vendors providing operational services to Piedmont-Tennessee. This would include, but not be limited to vendors providing locate services and construction. For each vendor indicate whether Spire will be able to assume the related contract, or will a new contract be required to be negotiated.

RESPONSE:

2-33. Operations. Has Spire identified any services that are currently being performed by third-party contractors that may be transitioned to Spire-Tennessee employees? If so, identify any such potential services that will be reviewed for such a transition.

RESPONSE:

2-34. Corporate Costs. Refer to Spire’s Response to Consumer Advocate DR No. 1-20. How will incremental transition costs associated with Information Technology (“IT”) (or any other operating, management or financial system) be accounted for in the interim period prior to implementation. For example, assume because of the Spire-Tennessee transaction that a specific IT platform currently used by other Spire business units will require an upgrade and that such an upgrade will be completed on December 31, 2026. Under this scenario, respond to the following for each system identified to-date:

a. Would the incremental upgrade costs be direct charged to Spire-Tennessee?

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- b. If part (a) is confirmed, how will such incremental costs be determined?
- c. What accounts will be used to account for the IT upgrades and will such costs reside at the corporate level of Spire?

RESPONSE:

2-35. Transition Costs. Refer to Spire's Response to Consumer Advocate DR No 1-17. Specifically, exhibit <CAD DR 1.17 CONFIDENTIAL Attachment - IT System Integration Timeline>. Provide a comprehensive explanation of the [REDACTED]. Within the response, respond to the following:

- a. Why is this [REDACTED] necessary?
- b. What benefits will be derived from the [REDACTED]
- c. Will [REDACTED] benefit all business units of Spire, or is this [REDACTED] unique to the Piedmont-Tennessee acquisition?
- d. Will [REDACTED] costs be allocated among Spire business units, or will they be direct charged to a particular business unit and if so, which one(s)?

RESPONSE:

2-36. Operations. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].

RESPONSE:

2-37. Due Diligence. Confirm that Spire did not modify the model prepared by Piedmont, and provided in Piedmont's Response to Consumer Advocate DR No. 1-7, in its due diligence prior to making a bid for Piedmont-Tennessee. If this is not confirmed, provide variations of the initial model, including the assumptions Spire used to create alternative scenarios.

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RESPONSE:

2-38. Transaction Costs. Has BMO acted as Spire's investment advisor in this transaction?

RESPONSE:

2-39. Transaction Costs. Provide the rationale for recovery of transaction costs incurred by Piedmont in 2025 associated with this transaction in a future regulatory proceeding.

RESPONSE:

RESPECTFULLY SUBMITTED,



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TPUC Docket No. 25-00074

CA's 2ND DR to Spire

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via electronic mail upon:

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This the 24th day of October, 2025.



VICTORIA B. GLOVER
Assistant Attorney General