

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

**IN RE: )  
)  
APPLICATION OF PIEDMONT )  
NATURAL GAS COMPANY, INC. AND )  
SPIRE TENNESSE INC. FOR )  
APPROVAL OF A TRANSFER OF )  
AUTHORITY TO PROVIDE UTILITY )  
SERVICES PURSUANT TO T.C.A. 65-4- )  
113 AND RELATED AUTHORIZATIONS )**

**DOCKET NO. 25-00074**

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**DIRECT TESTIMONY  
OF  
BRADLEY O. DIXON**

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**ON BEHALF OF  
THE CONSUMER ADVOCATE DIVISION  
OF THE  
OFFICE OF THE TENNESSEE ATTORNEY GENERAL**

**DECEMBER 1, 2025**

1 **Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION FOR**  
2 **THE RECORD.**

3 A1. My name is Bradley O. Dixon. My business address is Harlan Sage LLC, 4149 W 151<sup>st</sup>  
4 Ter, Leawood, KS 66224. I am a Consultant contracted with the Consumer Advocate  
5 Division of the Office of the Tennessee Attorney General (“Consumer Advocate”).

6 **Q2. PLEASE PROVIDE A SUMMARY OF YOUR BACKGROUND AND**  
7 **PROFESSIONAL EXPERIENCE.**

8 A2. I received a Bachelor of Business Administration Degree from Washburn University of  
9 Topeka, Kansas in 1975. I am an Accredited Business Intermediary by the American  
10 Business Brokers of America, and a member of M&A Source, an organization for  
11 individuals involved in lower middle market business transactions. I was previously  
12 employed by ONE Gas and its predecessor companies in Kansas, Missouri, and Oklahoma  
13 for approximately 34 years. During that time, I held various positions including the  
14 following: Manager of Accounting; Manager of Office Operations for the Kansas City  
15 Metro Region, including parts of Missouri; Director of Customer Billing; Director of Gas  
16 Supply; and Vice President of Operations for the Southern Region, including properties in  
17 Oklahoma and Kansas. My final 10 years with the Company, I was the President of Kansas  
18 Gas Service, guiding an organization of nearly 1,000 employees providing natural gas  
19 service to over 600,000 customers.

20 During my time in the accounting role, in addition to day-to-day accounting and reporting  
21 activities, I had responsibilities for compiling data and preparing financial exhibits for  
22 General Rate Cases before the Kansas Corporation Commission and the Federal Energy

1 Regulatory Commission. I was also involved in the preparation of filings with the  
2 Securities and Exchange Commission.

3 At various times throughout my tenure in Gas Supply and Region Vice President, I had  
4 general overview responsibilities for gas supply, transmission and hedging programs for  
5 all the ONE Gas distribution properties.

6 During my role as Vice President and President, I was the lead negotiator for union contract  
7 negotiations with multiple unions that represented field service and customer service  
8 employees. Also, while I was in those positions, I had varying levels of responsibility for  
9 Capital Expenditure budgets and oversight of actual capital expenditure projects.

10 At various times during my employment with Kansas Gas Service, I testified before the  
11 Kansas Corporation Commission in General Rate Filing matters, Cost of Gas filings,  
12 financial hedging, gas supply plans, and the Gas System Reliability Surcharge.  
13 Additionally, during my career, I assisted due diligence teams on an acquisition, a  
14 divestiture and another transaction as part of a Division that was being acquired. As such,  
15 I was involved with the transition and integration of operations for my areas of  
16 responsibility at the time of those transactions. In summary, I have had direct responsibility  
17 and experience in many key areas of natural gas operations and management.

18 Since my retirement from ONE Gas, I have testified in a human resource related case in  
19 Federal Court, provided general guidance to entities related to gas supply operations, and  
20 provided consulting services to businesses who are interested in buying or selling a  
21 business. In this arena, I provide extensive financial and operational analysis to determine  
22 value and potential for the future of these businesses.

1 **Q3. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE**  
2 **TENNESSEE PUBLIC UTILITY COMMISSION (“TPUC” OR THE**  
3 **“COMMISSION”)?**

4 A3. No, I have not, but as mentioned above, I have testified multiple times before the Kansas  
5 Corporation Commission.

6 **Q4. ON WHOSE BEHALF ARE YOU TESTIFYING?**

7 A4. I am testifying on behalf of the Consumer Advocate Division, Office of the Tennessee  
8 Attorney General.

9 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A5. The purpose of my testimony is to identify the uncertainty surrounding Transition and  
11 Integration costs and the implications on the customers of Spire Tennessee (“Spire TN”).  
12 I will also address Transition and Integration issues related to various operational functions  
13 of the company, and potential issues surrounding Capital Expenditures arising from the  
14 proposed transaction during the due diligence period and immediately following the close  
15 of the transaction which could have an impact under an ARM rate review and under a  
16 traditional rate case review.

17 **Q6. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS PROCEEDING.**

18 A6. My first set of recommendations are related to the Transition and Integration Process, or as  
19 the Spire TN has titled it “”<sup>1</sup> 

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<sup>1</sup>  Spire Tennessee Response to Consumer Advocate DR No. 2-2, CONFIDENTIAL Attachment –10.16

1 [REDACTED]

2 [REDACTED]

3 My first recommendation is that the Commission require Spire TN to provide quarterly  
4 reports on the status of the transition and integration of the systems.

- 5 1. This report should detail the following:
- 6 a. All workstreams included in the [REDACTED] progress  
7 made towards full integration;
  - 8 b. Activities completed towards full integration;
  - 9 c. Expected remaining action items to complete full integration;
  - 10 d. Original budget for each workstream activity;
  - 11 e. Actual costs incurred to date;
  - 12 f. Expected remaining costs to implement full integration; and
  - 13 g. The expected completion date for full integration of each  
14 workstream.

15 The report should also identify impediments and issues that have occurred,  
16 expected solutions to those issues, and updated timelines for full integration.

17 Budgeted costs, incurred costs, and expected remaining costs should be split  
18 between operations and maintenance expenses, and capital projects as well  
19 as projected future costs towards completion of the integration into the Spire  
20 TN system.

21 **Q7. DO YOU HAVE OTHER RECOMMENDATIONS?**

22 A7. Yes. The [REDACTED] also states that [REDACTED]

23 [REDACTED]

24 [REDACTED]<sup>2</sup> The development of IT Systems could take significant time and costs.

25 Additionally, this process should not be financially detrimental to customers. Accordingly,  
26 my second and third recommendations are as follows:

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<sup>2</sup> *Id.* at 10 (emphasis added).

- 1 2. I recommend that these costs be captured for review in a future full rate case  
2 proceeding. This review would ensure that the costs were reasonably incurred  
3 and appropriate for recovery from customers.
- 4 3. I also recommend that the Commission establish a date, 24 months following  
5 the close of the transaction, that requires all transition and integration activities  
6 to be completed. Customers should not be exposed to potential costs associated  
7 with a prolonged integration process that far exceeds any anticipated timelines.

8 **Q8. DO YOU HAVE ANY RECOMMENDATIONS REGARDING THE CAPITAL**  
9 **EXPENDITURE BUDGETS?**

10 A8. Yes. [REDACTED]  
11 [REDACTED]

12 [REDACTED].<sup>3</sup> Therefore, my fourth and fifth recommendations are:

- 13 4. In the event the Commission believes Spire is not legally prohibited from  
14 having an ARM prior to a base rate filing, I recommend that the Commission  
15 not allow Spire TN to utilize the ARM process until such time as they have  
16 gained additional insight into the system and [REDACTED]  
17 [REDACTED].
- 18 5. I recommend that the Commission require the tracking of all costs of “testing”  
19 for IT and other operational activities. This testing is done to determine if the  
20 systems and processes used by Spire TN generate the same or similar results as  
21 the Piedmont/Duke system generates.<sup>4</sup> The review of these costs should be  
22 completed in a base rate case filing and not through the ARM process. The  
23 review of these costs would be a major undertaking and could not be completed  
24 within the significant time constraints and discovery limitations of a typical  
25 ARM review.

26 **Q9. DO YOU HAVE ANY ADDITIONAL RECOMMENDATIONS?**

27 A9. Yes, I do. Finally, my sixth recommendation is:

- 28 6. To the extent that cost increases occur specifically related to the transition, and  
29 integration of operations are over and above reasonable and normal costs that the

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<sup>3</sup> CONFIDENTIAL Spire Response to Consumer Advocate DR No. 1-62.  
<sup>4</sup> See generally Direct Testimony of Brittany Mathis at 5:14-18, TPUC Docket No. 25-00074 (September 8, 2025).

1 customers bore under Duke's ownership, Spire's shareholders should bear those costs,  
2 not the customers. Mr. Dittmore also addresses this topic in his testimony.

3 **Q10. ARE THERE IMPORTANT ASSETS THAT ARE NOT TRANSITIONING TO**  
4 **SPIRE ACCORDING TO THE SALES AGREEMENT?**

5 A10. The area that would be a primary concern is the IT applications, cybersecurity, and  
6 infrastructure services, which will remain with Piedmont/Duke.<sup>5</sup> The utilization of these  
7 systems will be governed by a Transition Services Agreement ("TSA"). [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED] Spire Inc. does have systems in place to operate their  
11 other utility operations, but it is still a complex process to migrate information from one  
12 unique system to another unique system. This is an area that should be included as a  
13 workstream in the quarterly update report provided to the Commission that I have  
14 recommended and outlined above.

15 **Q11. GIVEN THAT PIEDMONT/DUKE IS RETAINING THE TECHNOLOGY**  
16 **ASSOCIATED WITH ITS EXISTING OPERATING SYSTEMS, HOW DO THE**  
17 **PARTIES INTEND TO TRANSITION OPERATIONAL CONTROL FROM**  
18 **PIEDMONT TO SPIRE?**

19 A11. For every workstream identified in the [REDACTED] Piedmont/Duke will  
20 continue to provide IT or Operational support to Spire TN. These services will be  
21 contractually identified in the TSA. This agreement between Duke and Spire TN identifies  
22 the specific areas of operation and support that Duke will be providing. [REDACTED]

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<sup>5</sup> Direct Testimony of Brittany Mathis at 5:14-18.

1 [REDACTED]

2 [REDACTED] This is discussed in the

3 Joint Application. In Exhibit A of the Application, in the Appendices and Exhibits section

4 is an Exhibit A titled “Form of Transition Services Agreement.” Attached to that Exhibit

5 is a list of expected Transition Services. In Spire’s CONFIDENTIAL Response to

6 Consumer Advocate DR No. 1-52, it states that [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED] The status of these TSAs would be a part of the quarterly report

12 I have previously recommended that the Commission require of Spire TN.

13 **Q12. HAVE THE APPLICANTS PROVIDED A PLAN TO TRANSITION AND**  
14 **INTEGRATE THE ROLES OF VARIOUS FUNCTIONS FROM PIEDMONT TO**  
15 **SPIRE AND IF SO, HAVE YOU REVIEWED THEIR PLAN?**

16 A12. The Applicants have provided a “[REDACTED]” which is like a Transition and  
17 Integration Plan. It was provided by Spire as an attachment in CONFIDENTIAL Response  
18 to Consumer Advocate DR No. 2-2 on November 10, 2025. The plan document we  
19 received was updated on October 16, 2025. The plan notes that there will be routine  
20 updates to the document; however, I have not received or reviewed any updates. Therefore,  
21 my opinion is based on the information provided in the October 16<sup>th</sup> document.

1 **Q13. WHAT IS YOUR OPINION REGARDING THE STATUS OF THE PLAN ON THAT**  
2 **DATE AND THE ABILITY OF THE APPLICANTS TO TRANSFER OR**  
3 **CONTINUE PROVIDING SAFE AND RELIABLE SERVICE AT THE DATE OF**  
4 **CLOSING OF THE TRANSACTION?**

5 A13. The document is a high-level review of the issues to be addressed for “Day 1” operations  
6 and provides a status of the transition and integration of the operations of Piedmont into  
7 Spire TN. The plan appears to be well thought out, and the Applicants have identified and  
8 documented the critical activities and functions, which should enable them to transition the  
9 Piedmont/Duke system into Spire TN. It also identifies roles that will be provided by  
10 Piedmont/Duke through the TSAs. Based on the information provided, if the plan is  
11 effectively executed, Spire TN, with the extensive assistance of Piedmont, will be able to  
12 provide safe and reliable natural gas service on Day 1 and during the transition process.

13 However, because there are areas of concern and the fact that the transition and integration  
14 will be ongoing [REDACTED], it is my recommendation that the  
15 Commission require quarterly reporting related to the status of the plan and include all  
16 workstreams’ transition status, with costs incurred to date split between operations and  
17 maintenance expenses, and capital projects as well as projected future costs to completion  
18 of the integration into the Spire TN system. The full details of this recommended report  
19 are detailed above.

20 **Q14. DO YOU HAVE ANY CONCERNS WITH THE TRANSITION PLAN?**

21 A14. Yes. I do have two areas that should be mentioned as an overall concern. First, the plan  
22 states that [REDACTED]

23 [REDACTED]

1 [REDACTED]

2 [REDACTED] This is a critical concern that should be monitored as it could take  
3 significant time and incur costs that should be reviewed in a future rate proceeding. This  
4 review would ensure that the costs were reasonable and appropriate prior to recovery from  
5 customers. This review would be included in the quarterly report outlined above.

6 **Q15. PLEASE CONTINUE WITH AN EXPLANATION OF YOUR SECOND**  
7 **CONCERN.**

8 A15. My second concern is similar as it relates to IT issues but is specific to the Finance &  
9 Accounting workstream. The plan states that [REDACTED]

10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]

14 Again, this is a concern that should be monitored as it could take significant time and the  
15 company could incur costs that the Commission should review and approve before they  
16 can be included in rates to be charged to customers. This review should be included in the  
17 quarterly report outlined above.

18 **Q16. PLEASE CONTINUE WITH AN EXPLANATION OF EXECUTING THE**  
19 **TRANSITION PLAN.**

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<sup>6</sup> Spire Tennessee Response to Consumer Advocate DR No. 2-2, CONFIDENTIAL Attachment –10.16  
Day 1 Op Model Readout, at 10 (emphasis added).  
<sup>7</sup> *Id.* at 11 (emphasis added).

1 **A16.** The next question to be addressed is the ability to timely and effectively execute the plan,  
2 as well as the cost to execute the plan. While there is no guarantee that the Applicants can  
3 timely execute the plan, with the monitoring and reporting that is built into their plan and  
4 with the one that I have recommended the Commission require, they should be able to  
5 implement the plan over time. Undoubtedly there will be issues that cause delays in the  
6 implementation of the integration plan. This is expected and should be remedied by the  
7 Applicants as the issues are encountered. Additionally, Spire's experience in integrating  
8 other utilities into their organization should be a benefit to the process. However, I believe  
9 the Commission should require quarterly reports detailing the status of the transition and  
10 integration, impediments that have occurred, and expected solutions to those issues, with  
11 updated timelines, to ensure the Applicants are proceeding towards full integration into the  
12 Spire organization as expected. This review would hold the Applicants to a more objective  
13 metric to complete integration, rather than rely on subjective standards susceptible to  
14 fluctuating timelines and needs. This item should be included in the quarterly report  
15 outlined in my recommendations above.

16 There also is no guarantee that the transition and integration plan can be implemented at a  
17 reasonable cost that does not exceed what customers should typically bear if the transaction  
18 did not occur. To address this concern, a budget of transition and integration costs should  
19 have been prepared that detail the expected on-going and one-time costs associated with  
20 the transaction. However, no budget or other estimate has been provided at this point.  
21 Therefore, I recommend that the Commission establish a date certain that requires all  
22 transition and integration activities to be completed. My recommended deadline based on  
23 my past experience with transition implementation is 24 months after the close of the

1 transaction. This would ensure that customers are not bearing costs associated with a  
2 prolonged integration process that far exceeds anticipated timelines. This item is also  
3 outlined in my recommendations above. This recommendation supplements the  
4 recommendation of Mr. Dittmore supporting the method by which future Spire costs  
5 should be measured with those of Piedmont's current operations.

6 **Q17. PLEASE PROVIDE AN EXPLANATION OF COSTS THAT SHOULD NOT BE**  
7 **BORNE BY CUSTOMERS.**

8 A17. Most transactions, such as this one, are entered into to create value for shareholders. If  
9 customers receive better value or quality of service from a new owner that certainly is a  
10 benefit for the customer; however, this customer benefit is not the primary reason that  
11 companies make acquisition decisions. Customer interests are not represented at the  
12 bargaining table when a transaction such as the present one is negotiated. Shareholders, as  
13 the owners of the company, should bear the financial risks and rewards of business  
14 decisions. For example, the decision to upgrade a system is an internal business decision  
15 aimed at improving efficiency and future profitability. The associated costs, including the  
16 expense of running old and new systems simultaneously for testing and migration, are  
17 considered part of the company's internal operations and investment in its infrastructure.

18 In accounting, these costs are generally treated as a business expense or capitalized as part  
19 of the asset's acquisition, which impacts the profit and loss statement and balance sheet,  
20 ultimately affecting shareholder value and returns. For regulatory purposes, these costs  
21 should not be directly passed through to customers. Once the system is in place and fully  
22 functional, if these costs are determined to be reasonable through rate review process,  
23 including a high-level comparison of Spire operating costs with those of Piedmont, the

1 approved ongoing operational costs of providing the service from the new system would  
2 be appropriately charged to customers.

3 **Q18. ARE YOU CONCERNED WITH THE POTENTIAL DUPLICATION OF COSTS**  
4 **DURING THIS TRANSITION PHASE?**

5 A18. Yes. In several of the operating areas such as Gas Supply, Gas Operations, Customer  
6 Service and Billing, Engineering, Service Scheduling and Dispatch, during the transition  
7 period, there will likely be parallel processing or “mirroring” of activities to ensure that the  
8 Spire TN systems accurately process data and obtain a result similar to what was done by  
9 Piedmont/Duke. Almost every workstream in the organization will likely need this parallel  
10 process during the transition. These “mirroring” activities are costs that should not be  
11 borne by the customers. All testing or dual processing of this or a similar manner, should  
12 be borne by the shareholders of the Company. Therefore, it is imperative that these costs  
13 be tracked and accounted for appropriately. Spire TN stated its in Response to Consumer  
14 Advocate DR No. 1-18, “[a]ny technology costs required through integration will be  
15 evaluated and audited during a future proceeding if Spire seeks recovery of such costs.”  
16 Also, in response to several DRs, Spire stated “Spire may seek recovery of these costs  
17 [certain transition and integration costs] in a future rate proceeding.”<sup>8</sup> For these reasons, it  
18 is imperative that the Commission order the tracking of these costs. I recommend that the  
19 Commission require the tracking of all costs of “testing.” In addition, it is my  
20 recommendation that the review of these costs be completed in a regular rate filing and not  
21 through the ARM process. The review of these costs would be a major undertaking and

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<sup>8</sup> See Spire Response to Consumer Advocate DR 1-27(b).

1 could not be completed within the time parameters and discovery limitations within an  
2 ARM review. This item is also included in my recommendations above.

3 **Q19. WHAT ARE YOU RECOMMENDING REGARDING THE RECOVERY OF**  
4 **TRANSACTION COSTS?**

5 A19. It is my opinion that customer costs should not increase because of any transaction costs.  
6 Costs that are normally incurred to provide the required service to customers on a day-to-  
7 day basis and do not exceed the costs of the former Piedmont ownership, should be paid  
8 by customers. However, to the extent that cost increases occur specifically related to the  
9 transaction, transition, and integration of operations that are over and above normal  
10 operations, Spire’s shareholders should bear those costs. The customers should not bear  
11 those costs. This proposal is outlined above.

12 **Q20. HAVE YOU REVIEWED THE PLAN AS IT RELATES TO GAS OPERATIONS**  
13 **AND ENGINEERING ISSUES?**

14 A20. Yes, I have. Generally, for Gas Operations, the plan appears to be appropriate. [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED] However, the plan states that these activities will be covered through TSAs.

20 [REDACTED] Transmission Integrity

21 Management Program (“TIMP”) Plan and the Distribution Integrity Management Program

22 (“DIMP”) Plan [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 **Q21. ARE THERE ANY ISSUES OR CONCERNS RELATED TO THE GAS SUPPLY OR**  
6 **GAS CONTROL FUNCTIONS OF SPIRE TENNESSEE AND THEIR ABILITY TO**  
7 **ENSURE THE CONTINUED PROVISION OF SAFE AND RELIABLE SERVICE**  
8 **TO THEIR CUSTOMERS?**

9 A21. My review of the Transition Plan for Gas Supply and Gas Control was again based on  
10 documents provided on November 10, 2025, or earlier. The information available at that  
11 time suggested that it is a well-thought-out plan, which if timely and effectively  
12 implemented, would result in a successful integration.

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED] This will be more easily facilitated as Spire appears to function in a similar manner  
21 to Piedmont in these operational areas.

1 I would again encourage the Commission to require quarterly updates during the transition  
2 process to ensure that the integration is proceeding as projected. The contents of this update  
3 have been addressed earlier in my testimony. This review would be included in the  
4 quarterly report outlined above.

5 **Q22. ARE THERE CONCERNS WITH THE CUSTOMER EXPERIENCE?**

6 A22. I do not have concerns in this area. This area will continue to function, and customers will  
7 continue to receive accurate bills. I would note that the plan states:

8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]

15 This is not an unusual process for an acquisition such as this. However, it is a concern that  
16 should be monitored as it could take significant time, and the company may incur costs that  
17 the Commission should review and approve before they can be included in rates to be  
18 charged to customers. This review would be included in the quarterly report outlined  
19 above.

20 **Q23. WHAT IS THE IMPACT OF THIS ACQUISITION ON THE EMPLOYEES WHO**  
21 **ARE AND WOULD CONTINUE TO BE REPRESENTED BY BARGAINING**  
22 **UNITS?**

23 A23. According to Spire’s Response to Consumer Advocate DR No. 2-16, and the Transition  
24 Plan provided in CONFIDENTIAL Response to Consumer Advocate DR No. 2-2, Spire

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<sup>9</sup> [REDACTED] Spire Response to Consumer Advocate DR No. 2-2, CONFIDENTIAL Attachment –10.16 [REDACTED]  
[REDACTED], at 34 (emphasis added).

1 will be assuming the existing collective bargaining agreement, but will work to mutually  
2 resolve through negotiation any items in the agreement that must be updated due to the  
3 change in ownership (e.g., replacing names of policies to reflect Spire policies versus  
4 Piedmont/Duke policies, updating references to Piedmont/Duke systems, updating  
5 references to benefits to reflect Spire benefits, etc.). They plan to begin bargaining prior  
6 to the close of the transaction to ensure a smooth transition. Assuming they can timely  
7 accomplish the negotiation, there should be minimal negative impact, if any, on the  
8 bargaining unit employees. However, if Spire attempts to make more impactful changes  
9 prior to the end of the current Collective Agreement, my opinion on the impact might be  
10 affected. Spire, as an organization, has worked effectively with bargaining units  
11 throughout their current service territory. This experience should be beneficial as they  
12 assume this new contract.

13 **Q24. WHAT ARE THE ISSUES ASSOCIATED WITH CAPITAL EXPENDITURES**  
14 **THAT COULD HAVE AN IMPACT ON RATES SPECIFIC TO THIS**  
15 **TRANSACTION?**

16 A24. There are multiple potential issues. This is in part because of the timing of the closing of  
17 the transaction, assuming the TPUC approves this Application. For the 2025 ARM, a  
18 review would need to ensure that Piedmont/Duke has not included any transaction or  
19 transition costs in the filing and that those costs are being tracked and reported separately.  
20 If, as proposed by Spire, the ARM process remains in place for Spire TN in 2026, there  
21 will be an issue with the months in 2026 that included operations with Piedmont/Duke as  
22 the owner and then the months following the closing where Spire TN is the owner. This  
23 could result in a filing that includes two unique utilities and requires a more extensive

1 review of costs. For this technical and operational reason, the Commission should consider  
2 not allowing Spire TN to submit an ARM filing for the 2026 period. This proposal is  
3 outlined above.

4 **Q25. HAVE YOU REVIEWED THE PIPELINE SYSTEM AND DO YOU HAVE ANY**  
5 **COMMENTS RELATED TO THE SYSTEM?**

6 A25. I have not physically reviewed the system. However, I have reviewed Duke’s most recent  
7 Pipeline and Hazardous Materials Safety Administration (“PHMSA”) report for the Year  
8 2024 and 2023 filed with U.S. Department of Transportation provided in Piedmont’s  
9 Response to Consumer Advocate DR 1-4. I have also reviewed Duke’s DIMP Plan, as well  
10 as their TIMP Plan.

11 My review of these reports indicates that their system of nearly 3,698 miles of pipe contains  
12 less than one mile of potentially problematic pipe. Sixty-two percent of the system is  
13 Cathodically protected Coated Steel pipe, and the remainder is plastic. Additionally, 32%  
14 of the system was installed after the year 2000. One area of concern would be 1,850 miles  
15 of main and 472 miles of service lines which have unknown dates of installation.  
16 Unfortunately, for many natural gas utilities, this is not an uncommon issue. Mitigating  
17 the concern is the fact that they know what type of pipe comprises those mains and services.  
18 Based upon this information, and without physical observation, the system does not appear  
19 to have major issues to be addressed. If Spire TN adopts DIMP and TIMP plans like the  
20 Piedmont/Duke plans, system integrity should remain at a reliable level.

21 **Q26. PLEASE DISCUSS YOUR REVIEW OF THE CAPITAL BUDGET FORECAST OF**  
22 **SPIRE TN.**

1 A26. Obviously, Capital Expenditures (“CapEx”) is a major component of the ARM process. I  
2 will focus my comments on the budget provided by Spire in CONFIDENTIAL Response  
3 to Consumer Advocate DR No. 1-62. [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED] The amounts included  
8 in the budget are generally consistent with past expenditures but can vary if new  
9 requirements are imposed. I believe these amounts look reasonable.

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED] I believe  
14 these forecasts look reasonable.

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED] Piedmont states in Response to Consumer  
22 Advocate DR No. 2-19, [REDACTED]

23 [REDACTED]

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[redacted] if

unchecked, could be used to flow capital dollars into rate base without corresponding customers to support the expenditures.

If these are projects that occur in phases and span multiple years, they should be identified as individual projects in the new business category and budgeted as such. This can alleviate some of the questions of how and when these dollars are included in rate base. These projects should only be allowed in rate base when there are physical customers benefiting from the projects.

For the reasons detailed above, I recommend that in the event the Commission finds that Spire is legally permitted to submit an ARM filing, that the Commission deny Spire TN the ability to utilize the ARM process until such time as they have satisfactorily addressed these CapEx concerns. This proposal is outlined above.

**Q27. DOES THIS CONCLUDE YOUR TESTIMONY?**

A27. Yes. However, I reserve the right to supplement and incorporate any new information that may subsequently become available.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION  
AT NASHVILLE, TENNESSEE

IN RE: )  
)  
APPLICATION OF PIEDMONT )  
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65-4-113 AND RELATED )  
AUTHORIZATIONS )

DOCKET NO. 25-00074

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AFFIDAVIT

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I, Bradley Dixon, on behalf of the Consumer Advocate Division of the Attorney General's Office hereby certify that the attached Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

  
BRADLEY DIXON

Sworn to and subscribed before me  
This 24<sup>th</sup> day of November, 2025

  
NOTARY PUBLIC

	JAKE TEETER Notary Public - State of Kansas My Appt. Exp. <u>8/23/28</u>
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My Commission Expires: 8/23/28