

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

January 13, 2026

IN RE:

**APPLICATION OF PIEDMONT NATURAL GAS
COMPANY, INC. AND SPIRE TENNESSEE 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**

**ORDER DENYING IN PART AND DEFERRING IN PART THE CONSUMER
ADVOCATE'S PRELIMINARY MOTION TO ADDRESS THE TRANSFERABILITY OF
PIEDMONT NATURAL GAS COMPANY'S ALTERNATIVE REVIEW MECHANISM
UNDER TENN. CODE ANN. § 65-5-103(D)(6)**

This matter is before the Administrative Judge of the Tennessee Public Utility Commission (the “Commission” or “TPUC”), on the *Preliminary Motion to Address the Transferability of Piedmont Natural Gas Company’s Alternative Review Mechanism Under Tenn. Code Ann. § 65-5-103(d)(6)* (“*Motion on ARM Transferability*”) filed by the Consumer Advocate Division of the Office of the Tennessee Attorney General (“Consumer Advocate”) on December 23, 2025. On December 30, 2025, Piedmont Natural Gas Company, Inc. (“Piedmont”) and Spire Tennessee Inc. (“Spire Tennessee”) (collectively “Joint Applicants”) filed the *Response of Applicants Piedmont Natural Gas Company, Inc. and Spire Tennessee Inc. to Consumer Advocate Motion for Preliminary Determination on the Transferability of Piedmont’s Annual Review Mechanism* (“*Joint Applicant’s Response*”). Neither Party requested oral argument in their pleadings.

I. CONSUMER ADVOCATE’S MOTION ON ARM TRANSFERABILITY

In its *Motion on ARM Transferability*, the Consumer Advocate requests that the “Commission should, as a threshold matter, find that the transfer of Piedmont’s alternative ratemaking mechanism

is improper under Tenn. Code Ann. § 65-5-103(d)(6) and direct the Joint Applicants to file supplemental information to support the transaction’s financing absent the transfer of Piedmont’s ARM to Spire [Tennessee].”¹ The Consumer Advocate presents four legal arguments in favor of its argument that Piedmont’s alternative ratemaking mechanism (“ARM”) is not eligible for transfer to Spire Tennessee as part of the proposed transaction to transfer Piedmont’s authority to provide utility services in Tennessee to Spire Tennessee.

A. STATUTORY INTERPRETATION OF TENN. CODE ANN. § 65-4-113

The Consumer Advocate argues that the Joint Applicants misinterpret the plain language of Tenn. Code Ann. § 65-4-113 (the “Transfer Statute”) to include the Commission’s “existing approvals” that set the parameters by which Spire Tennessee shall provide service to customers.² The Consumer Advocate states that the plain language of Tenn. Code Ann. § 65-4-113(a) provides for the transfer of any part of public utility’s authority to provide service, which serves as recognition that not every current Commission approval from the transferor utility is necessary for the transferee to provide utility service.³ Piedmont’s approvals are the result of years of regulation by the Commission “crafted and honed to serve the public interest after years of regulatory scrutiny by Piedmont itself, intervenors, the Commission and Staff of Piedmont’s operations.”⁴ Spire Tennessee has not been subject to any regulatory process in Tennessee to arrive at a similar position, and therefore, cannot step into the shoes of Piedmont with regard to the implementation of certain regulatory mechanisms, and to allow such a transfer is detrimental to Tennessee consumers without determining whether Spire possesses the required capabilities to operate a public utility within the state.⁵ The Consumer Advocate further argues that Spire Tennessee has not met the statutory qualifications established in

¹ *Motion on ARM Transferability*, p. 1 (December 23, 2025).

² *Id.* at 1-2.

³ *Id.* at 2.

⁴ *Id.*

⁵ *Id.* at 3.

Tenn. Code Ann. § 65-5-103(d) (the “ARM Statute”) or otherwise sought a waiver of such qualifications. Allowing a transfer of Piedmont’s ARM to Spire Tennessee under the provisions of the Transfer Statute would “allow Spire [Tennessee] to gain a regulatory benefit without assuming any of the obligations to undergo similar regulatory scrutiny.”⁶ The Consumer Advocate urges that such a transfer would be against the public interest.⁷

B. JOINT APPLICANT’S USAGE OF INAPPLICABLE CORPORATE LAW TERMINOLOGY

The Consumer Advocate also argues that Spire Tennessee proposes to “step into the shoes” of Piedmont by virtue of the Commission’s approval of the transfer of authority, using the terminology of a doctrine borrowed from corporate law addressing complete mergers that denotes “taking on the whole of a business, including all assets and liabilities.”⁸ Citing precedent that confirms a corporation purchasing assets is not liable for the seller’s debts and obligations, the Consumer Advocate asserts that because the transfer of the authority to operate a public utility is subject to regulatory approval, the proposed transaction includes an obligation to serve that Spire Tennessee seeks to avoid by remaining silent with regard to requirements to obtain Piedmont’s ARM. The Consumer Advocate urges that Spire Tennessee must fulfill the independent statutory requirements of the ARM Statute to be eligible for and obtain an ARM rather than obtaining the ARM through transfer from Piedmont.⁹

C. SPIRE MUST MEET THE STATUTORY REQUIREMENTS TO ASSUME PIEDMONT’S ARM

The Consumer Advocate states that the eligibility of Spire Tennessee for an ARM must be determined through the review accomplished in a general rate case, unless waived by the Commission, under the plain language of the Tenn. Code Ann. § 65-5-103(d).¹⁰ The Consumer

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 4-5.

⁹ *Id.* at 5.

¹⁰ *Id.*

Advocate argues that in the filing seeking approval of the transfer of authority Spire Tennessee failed to request to continue Piedmont's ARM through a waiver of the ARM Statute requirement, seek approval of its own ARM under Tenn. Code Ann. § 65-5-103(d)(6), or seek approval of a different ARM under a different provision of Section -103(d).¹¹ The statutory provisions under which Piedmont's ARM was approved requires a rate case and then approval of an ARM. The Consumer urges that since Spire Tennessee has not been party to a general rate case proceeding and has not sought waiver of the rate case requirement, it is against public interest to aware Spire Tennessee "this regulatory privilege without first having earned it."¹²

D. THE PROPOSED TRANSACTION IS DISSIMILAR TO DUKE ENERGY'S ACQUISITION OF PIEDMONT

The Consumer Advocate also argues that Duke Energy's acquisition of Piedmont in Docket No. 16-00006 is not similar to the acquisition proposed in the current docket. In Docket No. 16-00006 ("Duke Acquisition Docket"), the transaction proposed was a merger and common stock buyout that saw the holder of a valid CCN to provide utility services, remain as the surviving entity and provider of services. However, the proposed transaction in this proceeding is an asset purchase that will see Piedmont cease to exist and the CCN to operate the public utility transferred or issued to a new entity, Spire Tennessee.¹³ Inasmuch as the two dockets are different and dissimilar transactions, the Consumer Advocate's decision not to intervene or issue discovery in the Duke Acquisition Docket is not to be construed to mean that the Consumer Advocate takes the position that the dockets are related, have the same issues and considerations, or should have similar outcomes.¹⁴

¹¹ *Id.* at 6.

¹² *Id.* at 7-8.

¹³ *Id.* at 8-9.

¹⁴ *Id.* at 9.

II. **JOINT APPLICANT'S RESPONSE**

The Joint Applicants argue that the Consumer Advocate's *Motion on ARM Transferability* presents two separate issues for determination: whether statutory authority permits the Commission to approve a transfer of Piedmont's regulatory authorizations, including its ARM; and whether the Commission, in its discretion, should determine that it is in the public interest to transfer Piedmont's ARM to Spire Tennessee as part of the proposed transaction. The first of these questions is a question of law appropriate for preliminary determination while the second question requires a fact examination and is not ripe for determination.¹⁵ The Joint Applicants present four responsive arguments to the Consumer Advocate's *Motion on ARM Transferability*.

A. THE TRANSFER STATUTE UNAMBIGUOUSLY AUTHORIZES THE TRANSFER OF FULL AUTHORITY TO PROVIDE UTILITY SERVICES

The Joint Applicants cite a number of Tennessee cases that outline the principles of statutory construction. These principles require statutes to effectuate the intention and purpose of the legislature, ascertain the statute's purpose from the plain and ordinary meaning of the language without forcing an interpretation or construction where no contradiction or ambiguity exists, and to presume that the legislature says in a statute what it meant to say.¹⁶ Applying these principles of statutory construction, the Joint Applicants assert that the plain language of Tenn. Code Ann. § 65-4-113 is unambiguous and requires no interpretation. Rather, the Joint Applicants state that the statute permits a utility to seek Commission authority to transfer all or part of its authority to provide utility services derived from its certificate of public convenience and necessity ("CCN") and that upon such approval, the transferee is granted full authority to provide transferred services subject to the continuing regulation of the Commission.¹⁷ Nothing in this section limits the Commission's authority

¹⁵ *Joint Applicant's Response*, pp. 1-2 (December 30, 2025).

¹⁶ *Id.* at 6-7.

¹⁷ *Id.* at 7.

to convey the Piedmont’s tariffs, riders, and Commission-approved rate mechanisms to Spire Tennessee as part of the Commission’s consideration of the proposed transaction. The Joint Applicants argue that the statute explicitly states that an applicant has the right to request such transfer and authorizes the Commission to grant such request.¹⁸ The Joint Applicants further argue that Piedmont provides utility services utilizing tariffs, riders, and regulatory mechanisms that the Commission has approved and that its authority to provide such services derives from the CCN that the Commission issued to Piedmont. The Joint Applicants state that the plain and ordinary meaning of “all authority,” as used the Transfer Statute, “should encompass the bundle of Commission-approved authorizations that allow a certificated utility to serve customers,” including the totality of such bundle of authorizations.¹⁹

B. THE TRANSFER STATUTE AND THE ARM STATUTE MUST BE CONSTRUED TOGETHER

The Joint Applicants assert that if the terms of Tenn. Code Ann. § 65-4-113 are found to have ambiguity, then principles of statutory construction require that the Transfer Statute and the ARM Statute must be construed together, with the construction of one statute aided by consideration of the words and legislative intent of the other, if necessary.²⁰ The ARM Statute, enacted subsequent to the Transfer Statute, is presumed to be in agreement with the policy advanced in the Transfer Statute. Hence, since the ARM Statute does not include a repeal or amendment to the transfer authority granted to the Commission in the Transfer Statute, both statutes favor the transferability of the Piedmont ARM.²¹ Reading these statutes in harmony permits the Commission to approve transfer of all of Piedmont’s existing regulatory authorizations, including its ARM, to ensure a seamless transition from the existing owner to the new owner. The Commission retains its regulatory oversight

¹⁸ *Id.* at 7-8.

¹⁹ *Id.* at 8.

²⁰ *Id.* at 9-10.

²¹ *Id.* at 11-12.

regarding the review of annual filings, modification or termination of the ARM, and other requirements of the ARM Statute.²²

C. NON-TRANSFERABILITY OF PIEDMONT’S ARM IS INCONSISTENT AND UNSOUND POLICY

The Joint Applicants state that the Consumer Advocate objects to the transfer of Piedmont’s ARM but does not object to the transfer of other of Piedmont’s mechanisms, such as the Performance Incentive Plan and the Weather Normalization Adjustment. The Joint Applicants argue that such selective objection is inconsistent and is not outside of the policy of the Transfer Statute, which would authorize the transfer of all such mechanisms.²³

D. THE EVIDENCE PRESENTED TO DATE IS SUPPORTIVE OF THE PUBLIC INTEREST FAVORING TRANSFERABILITY OF PIEDMONT’S ARM

The Joint Applicants state that preservation of the Piedmont ARM on an interim basis until Spire Tennessee files its first general rate case, “advances the public interest by maintaining stable, consistent terms and conditions of service during the transition, while leaving the Commission’s full supervisory tools intact.”²⁴ At the time of the filing of the *Joint Applicant’s Response*, not all testimony had been filed and the Joint Applicants expected that their Rebuttal Testimony would directly address the public interest in transferring the ARM from Piedmont to Spire Tennessee.²⁵ The Joint Applicants assert that despite the incomplete evidentiary record, the evidence favors the public interest in that the utility’s customers will continue to receive stable and consistent utility service pending future proceedings involving Spire Tennessee.²⁶

²² *Id.* at 13.

²³ *Id.* at 14-15.

²⁴ *Id.* at 16.

²⁵ *Id.* at 2.

²⁶ *Id.* at 17.

III. FINDINGS AND CONCLUSIONS

The Consumer Advocate’s *Motion on ARM Transferability*, requests that the Administrative Judge determine, as a preliminary, threshold issue, whether Piedmont’s ARM is improper under Tenn. Code Ann. § 65-5-103(d)(6). The Joint Applicants urge consideration of Tenn. Code Ann. § 65-4-113 as the primary source of Commission authority concerning the transfer of authority to provide utility services.

In addition, the Consumer Advocate asserts that the *Application of Piedmont Natural Gas Company, Inc. and Spire Tennessee for Approval of a Transfer of Authority to Provide Utility Services Pursuant to T.C.A. § 65-4-113 and Related Authorizations* (“*Joint Application*”) does not contain express language seeking the transfer of Piedmont’s ARM to Spire Tennessee. In general, Tennessee follows a liberal notice pleading standard in which the primary purpose of pleadings is to provide notice of the issues presented to the opposing party and court.²⁷ Paragraph 13 of the *Joint Application*, seeks Commission authorization for “Spire Tennessee to adopt, on an interim basis, the existing approved Piedmont tariffs, rates, and regulatory mechanisms in effect as of the date of closing....”²⁸ The Administrative Judge finds that this language is sufficient to put the Commission and all interested parties on notice that the Joint Applicants intend to transfer Piedmont’s regulatory mechanisms, albeit on an interim basis, which includes Piedmont’s ARM.

Tenn. Code Ann. § 65-4-113(a) requires Commission approval for a public utility to “transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity....”²⁹ The Commission “shall consider all relevant factors,” including the transferee’s suitability, financial responsibility, efficient operational capabilities, in its determination

²⁷ *Webb v. Nashville Area Habitat for Humanity, Inc.* 346 S.W.3d 422 (Tenn. 2011).

²⁸ *Joint Application*, p. 9 (September 8, 2025).

²⁹ Tenn. Code Ann. § 65-4-113(a) (2022).

on whether a transfer furthers the public interest.³⁰ Subsection (c) states that upon Commission approval, the transferee “shall be granted full authority to provide the transferred services subject to the continuing regulation of the commission,” and that the transferor has no remaining authority with respect to the transferred services.³¹

Tenn. Code Ann. § 65-5-103(d) establishes alternative regulatory methods for public utility rate review and cost recovery.³² The provisions describe mechanisms to recover capital costs and/or operational expenses related to specific purposes.³³ The Commission approved the Piedmont ARM under the provisions of Tenn. Code Ann. § 65-5-103(d)(6), which allows for “an annual review of its rates based upon the methodology adopted in its most recent rate case”³⁴ In order to be eligible to opt into an annual rate review, the public utility must have engaged in a general rate case within the five years preceding the petition seeking approval. The Commission may waive the requirement or increase the preceding rate case time period upon finding that it is in the public interest to do so.³⁵ An annual rate review plan may be terminated by the public utility by the filing of a general rate case, or by the Commission by the filing of a show cause proceeding. The Commission or the public utility may propose a modification to the annual rate review plan, which may be approved by the Commission upon finding that such modification is in the public interest.³⁶

The Commission is charged with the “general supervisory and regulatory power, jurisdiction, and control over all public utilities, and also over their property, property rights, facilities, and franchises, so far as may be necessary for the purpose of carrying out the provisions of this chapter.”³⁷

³⁰ Tenn. Code Ann. § 65-4-113(b) (2022).

³¹ Tenn. Code Ann. § 65-4-113(c) (2022).

³² Tenn. Code Ann. § 65-5-103(d) (2022).

³³ *Id.*

³⁴ Tenn. Code Ann. § 65-5-103(d)(6)(A) (2022). *See also In re: Petition of Piedmont Natural Gas Company, Inc. to Adopt an Annual Review of Rates Mechanism Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 21-00135, *Order Approving Amended Annual Review of Rates Mechanism* (November 1, 2022).

³⁵ Tenn. Code Ann. § 65-5-103(d)(6)(B) (2022).

³⁶ Tenn. Code Ann. § 65-5-103(d)(6)(D) (2022).

³⁷ Tenn. Code Ann. § 65-4-104(a) (2022).

The General Assembly further described the Commission’s authority in Tenn. Code Ann. § 65-4-106, as follows:

This chapter shall not be construed as being in derogation of the common law, but shall be given a liberal construction, and any doubt as to the existence or extent of a power conferred on the commission by this chapter or chapters 1, 3 and 5 of this title shall be resolved in favor of the existence of the power, to the end that the commission may effectively govern and control the public utilities placed under its jurisdiction by this chapter.

Tennessee Courts have long described the Commission’s authority over utilities within its jurisdiction as “practically plenary.”³⁸

The Tennessee Supreme Court has discussed the principles of statutory construction with regard to the statutory provisions concerning the authority of the Tennessee Regulatory Authority (“TRA”), predecessor to the Commission, in *Consumer Advocate Div. v. Greer*.³⁹ In this case, the Supreme Court examined whether the TRA is required by statute to convene a contested case hearing in every docket in which a written complaint is filed.⁴⁰ In its consideration of the issues before it, the Supreme Court stated:

In resolving the issues in this appeal, we are guided by the following general rules of statutory construction. The role of this Court in construing statutes is to ascertain and give effect to legislative intent. *Cronin v. Howe*, 906 S.W.2d 910, 912 (Tenn. 1995). Whenever possible, legislative intent is to be ascertained from the natural and ordinary meaning of the language used, without forced or subtle construction that would limit or extend the meaning of the language. *Id.* We must avoid strained constructions which would render portions of the statute inoperative or void. *State v. Turner*, 913 S.W.2d 158, 160 (Tenn.1995). Instead, we must apply a reasonable construction in light of the purposes and objectives of the statutory provision. *Id.*⁴¹

³⁸ *Tenn. Cable Television Ass’n v. Tenn. Pub. Serv. Comm’n*, 844 S.W.2d 151, 159 (Tenn. Ct. App. 1992).

³⁹ *Consumer Advocate Div. v. Greer*, 967 S.W.2d 759 (Tenn. 1998).

⁴⁰ *Id.* at 760.

⁴¹ *Id.* at 761.

Applying the statutory construction principles established in Tenn. Code Ann. § 65-4-106 and the *Greer* case to the Tenn. Code Ann. § 65-5-103(d), the plain language of the statute sets forth types of alternative regulatory methods, the process by which such alternative regulatory methods may be considered, and, in the case of an annual rate review mechanism established in subdivision (d)(6), the process by which the alternative regulatory method may be terminated.⁴² The authority to terminate an annual rate review mechanism requires a contested case proceeding – a general rate case, show cause proceeding, or petition to modify.⁴³ Absent from the ARM Statute is any language expressly permitting or prohibiting the transfer of an existing alternative regulatory method from one public utility to another public utility in accordance with the provisions of Tenn. Code Ann. § 65-4-113 or any other statutory provision. Tenn. Code Ann. § 65-4-106 requires that a question as to the existence of a power conferred within chapter 5 to be resolved in favor of the existence of the power. Hence, the Administrative Judge finds that absent express prohibition to transfer an alternative regulatory method, the Commission possesses the power to order the transfer an alternative regulatory method established under Tenn. Code Ann. § 65-5-103(d).

The power to transfer such alternative regulatory methods is subject to the review process established in Tenn. Code Ann. § 65-4-113. The Commission is required to review all relevant factors to determine whether a proposed transfer of authority to provide utility services furthers the public interest. It is only upon finding that the proposed transfer is in the public interest that the Commission is authorized to approve such proposed transfer.⁴⁴ Reading the ARM Statute and the Transfer Statute together, the Administrative Judge finds that while the Commission possesses the authority to transfer an alternative regulatory method, that authority is subject to the Commission finding that the transfer of such alternative regulatory method is in the public interest.

⁴² Tenn. Code Ann. § 65-5-103(d) (2022).

⁴³ Tenn. Code Ann. § 65-5-103(d)(6)(D) (2022).

⁴⁴ Tenn. Code Ann. § 65-4-113(b) (2022).

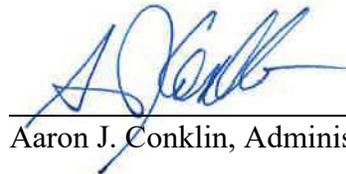
The *Motion on ARM Transferability* seeks preliminary determination as to whether transfer of Piedmont’s ARM is improper or is otherwise not authorized. The authority of the Administrative Judge is limited by the parameters of the Commission’s Administrative Notice of Administrative Procedure. This delegation of authority allows the Administrative Judge to prepare a contested case proceeding for a hearing before the assigned panel of Commissioners. In such contested case proceedings, the Administrative Judge “is authorized to address all preliminary matters, including, but not limited to, a determination of jurisdiction, a determination on the issuance of a show cause order, dispositive motions, consideration of request for protective orders, intervention, discovery matters, and to establish a procedural schedule.”⁴⁵ The question concerning whether the ARM Statute and/or the Transfer Statute permits or prohibits the transfer of Piedmont’s ARM to Spire Tennessee is a preliminary matter to determine whether the Commission has the power to authorize such a transfer. However, the question as to whether to transfer Piedmont’s ARM to Spire Tennessee is an evidentiary issue that goes to the consideration of all relevant factors to determine whether a transfer of the authority to provide utility services furthers the public interest. The Administrative Judge finds that this question is beyond the purview of the Commission’s delegated authority and must be determined by the Commission in the hearing on the *Joint Application*. Therefore, upon the arguments of the Parties in their respective filings and the record, the Administrative Judge finds that the Consumer Advocates *Motion on ARM Transferability* is denied, in part, and deferred for consideration by the Commission, in part.

⁴⁵ *Amended Notice of Administrative Procedure* (October 15, 2024).

IT IS THEREFORE ORDERED THAT:

1. The *Preliminary Motion to Address the Transferability of Piedmont Natural Gas Company's Alternative Review Mechanism Under Tenn. Code Ann. § 65-5-103(d)(6)* is denied, in part, and deferred, in part.

2. Any party aggrieved by the Administrative Judge's decision in this matter may file a Petition for Reconsideration with the Commission within 15 days from the date of this Order.



Aaron J. Conklin, Administrative Judge