

April 20, 2026

26-00032

Chairman David Jones
ATTN: Ectory Lawless, Docket Clerk
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: *Chattanooga Gas Company's Petition for Approval of Its 2025 Annual Rate Review Filing Pursuant to T.C.A. § 65-5-103(d)(6)*

Dear Chairman Jones:

Enclosed is Chattanooga Gas Company's Petition for Approval of its 2025 Annual Rate Review filing pursuant to T.C.A. § 65-5-103(d)(6).

Attached please find the following documents for filing:

- Petition
- Petition Verification of Paul Leath (Exhibit A to the Petition)
- Proposed Procedural Schedule (Exhibit B to the Petition) and agreed upon by the Consumer Advocate
- Direct Testimony and exhibits of three witnesses:
 - Paul Leath (no Exhibits)
 - Tiffani Weems (2 Exhibits)
 - Ashley Vette (3 Exhibits)
- Prescribed ARM Schedules presented electronically on two OneDrive links, one containing confidential documents and the other containing the non-confidential public documents (please note that some of the Schedules are also part of the ARM Model that is separately filed as Weems Exhibit TW-1)
- Confidentiality Statement

All documents and workpapers required by the Settlement Agreement Orders in Docket Nos. 19-0047, 20-00049, 21-00048, 22-00032, 23-00029, 24-00024 and 25-00028 are provided in this filing, with the exception of the filing of the Historic Base Period FERC Form II, listed as Schedule 31, which will be filed on or before May 1, 2025.

Please also note that there are a few documents which contain confidential information provided in accordance with TPUC practice and subject to a pending Protective Order to be issued by the Administrative Judge. CGC requests that the Administrative Judge enter the same Protective Order issued in last year's Docket No. 25-00028. The confidential documents are clearly marked and found at Schedules 23, 27, 32, 34, 35.14, 35.15, 35.16 and 35.24.

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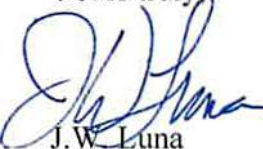
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In addition to this electronic filing, we will deliver hard copies of the petition, testimonies, and a check for the filing fee in this matter, along with two flash drives containing the electronic documents in .pdf and/or Excel format, one flash drive with public documents and one with confidential documents.

A courtesy copy of this filing is being provided to the Consumer Advocate.

Yours truly,



J.W. Luna

/cb
Enclosures

cc: Karen Stachowski, Consumer Advocate Division

100435800.v1

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

April 20, 2026

IN RE:)	
CHATTANOOGA GAS COMPANY)	Docket No.
PETITION FOR APPROVAL OF ITS)	
2025 ANNUAL RATE REVIEW)	<u>26-00032</u>
FILING PURSUANT TO)	
TENN. CODE ANN. § 65-5-103(d)(6))	

**CHATTANOOGA GAS COMPANY’S
PETITION FOR APPROVAL OF ITS 2025 ANNUAL RATE REVIEW FILING**

Chattanooga Gas Company (“CGC” or “Company”), pursuant to Tennessee Code Annotated § 65-5-103(d)(6) and the Rules and Orders of the Tennessee Public Utility Commission (“TPUC” or “Commission”), hereby files its Petition for Approval of its 2025 Annual Rate Review Filing (“Petition”) pursuant to its Annual Review Mechanism (“ARM”) approved in Docket No. 19-00047. In support of this Petition, CGC states as follows:

I. INTRODUCTION

1. CGC is incorporated under the laws of the State of Tennessee and is engaged in the business of transporting, distributing, and selling natural gas in the greater Chattanooga and Cleveland, Tennessee areas within Hamilton and Bradley counties. CGC is a public utility pursuant to the laws of the State of Tennessee, and its public utility operations, including its rates, terms, and conditions of service, are subject to the jurisdiction of this Commission.

2. CGC is a wholly owned subsidiary of Southern Company Gas, a natural gas holding company that is the parent company operating regulated natural gas utilities in Georgia, Illinois,

and Virginia in addition to CGC in Tennessee. Southern Company Gas, formerly known as AGL Resources, was acquired by Southern Company in 2016.

3. CGC's principal office and place of business is located at 2207 Olan Mills Drive, Chattanooga, Tennessee, 37421.

4. All correspondence and communication with respect to this Petition should be sent to the following on behalf of CGC:

J. W. Luna, Esq.
John Dollarhide, Esq.
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Elizabeth Wade, Esq.
Chief Regulatory Counsel
Southern Company Gas
725 W. Peachtree Street NW
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Jeff Petrea
Director, External Affairs
Chattanooga Gas Company
2207 Olan Mills Drive
Chattanooga, TN 37421
Telephone: (678) 938-8558
Email: japetrea@southernco.com

5. In Docket No. 19-00047, the Company requested approval to opt into an alternative regulatory method as authorized by Tennessee Code Annotated Section 65-5-103(d)(1)(a). Specifically, CGC sought an annual review of rates process as authorized by Tennessee Code Annotated Section 65-5-103(d)(6), with CGC's specific annual rate review mechanism referred to therein as the CGC "Annual Review Mechanism" or "ARM." The parties to the docket—the

Consumer Advocate, the Chattanooga Regional Manufacturers' Association, Party Staff, and CGC—ultimately negotiated a Settlement Agreement that modified CGC's ARM. After conducting an evidentiary proceeding, the Commission approved the Stipulation and Settlement Agreement by its Order Approving Settlement Agreement dated October 7, 2019 ("2019 ARM Order"). Among other things, the approved CGC ARM contemplates a multiyear process with annual compliance filings on or before April 20 of each year reflecting the Company's prior calendar year or Historic Base Period

6. CGC's 2019 ARM recovery was processed in Docket 20-00049. By order dated October 27, 2020 ("2020 ARM Order"), the Commission approved CGC's 2019 recovery as modified by certain pleadings in that docket. In approving the modified recovery, the Commission allowed for the accelerated recovery of certain tax credits and benefits, approved CGC's rate design, approved a new Schedule 39 for Outside Legal Services, and acknowledged that the Company and Consumer Advocate reserved their rights to take, and advocate, positions regarding: COVID-19 impacts, CGC's Allowance for Funds Used During Construction ("AFUDC")/Capital Works in Progress ("CWIP"), and the treatment of CGC's legal expenses.

7. CGC's 2020 ARM recovery was processed in Docket No. 21-00048. Through its *Order Approving Settlement Agreement on Chattanooga Gas Company's 2020 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, dated November 1, 2021 ("2021 ARM Order"), the Commission approved CGC's 2020 recovery, including agreed-upon provisions set forth in a Settlement Agreement with the Consumer Advocate. These provisions included, *inter alia*, a \$6.8 million annual rate cap and associated rate design for four years; the inclusion of any unrecovered revenue in ARM Schedule 29; the use of a 1.4% depreciation rate for Steel Transmission Mains; the restriction of paying interest only on customer deposits held more than

six months; the applicability of the prime lending rate to customer deposits; clarification changes made to the T-3 Rate Schedule for Low Volume Transport customers; and exclusion of Special Contract customers from the rate increase. The Commission approved a revenue deficiency of \$11,545,439, subject to an annual rate cap of \$6.8 million due to the voluntary rate cap, with the balance of revenues carried forward to the 2022 CGC ARM Docket.

8. CGC's 2021 ARM recovery was processed in Docket No. 22-00032. Through its *Order Approving Chattanooga Gas Company's Revised 2021 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, dated October 28, 2022 ("2022 ARM Order"), the Commission approved CGC's 2021 recovery following a hearing on August 8, 2022. The 2022 ARM Order approved a revenue deficiency of \$7,911,764, subject to an annual rate cap of \$6.8 million due to the voluntary rate cap, with the balance of revenues carried forward to the 2023 CGC ARM Docket; approved customer notification improvements agreed upon by the parties; and CGC's proposed rate design.

9. CGC's 2022 ARM recovery was processed in Docket No. 23-00029. Through its *Order Approving Settlement Agreement Revising Chattanooga Gas Company's 2022 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, dated October 6, 2023 ("2023 ARM Order"), the Commission approved CGC's 2022 recovery following a hearing on August 14, 2023. The 2023 ARM Order approved a revenue deficiency of \$11,936,563, subject to an annual rate cap of \$6.8 million due to the voluntary rate cap, with the balance of revenues carried forward to the 2024 CGC ARM Docket; and directed the parties to collaborate and evaluate the exhibits, schedules, workpapers, and other documentation to be provided by CGC in support of its annual filing.

10. CGC’s 2023 ARM recovery was processed in Docket No. 24-00024. Through its *Order Approving Settlement Agreement Revising Chattanooga Gas Company’s 2023 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, dated January 16, 2025 (“2024 ARM Order”), the Commission approved CGC’s 2023 recovery following a hearing on August 12, 2024. The 2024 ARM Order approved a total rate adjustment of \$8,777,776, subject to an annual rate cap of \$6.8 million in the final year of the four-year voluntary rate cap, with the balance of revenues carried forward to the 2025 CGC ARM Docket.

11. CGC’s 2024 ARM recovery was processed in Docket No. 25-00028. Through its *Order Approving Settlement Agreement Revising Chattanooga Gas Company’s 2024 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, dated September 29, 2025 (“2025 ARM Order”), the Commission approved CGC’s 2024 recovery following a hearing on August 18, 2025. The 2025 ARM Order approved a total rate adjustment of \$3,835,191.

12. Pursuant to the 2019, 2020, 2021, 2022, 2023, 2024, and 2025 ARM Orders, CGC is requesting that the Commission conduct this annual rate review of CGC’s 2025 Historic Base Period revenues and expenses. Pursuant to such review, CGC is requesting that this Commission approve the Company’s revenue deficiency and rate rebalancing, approve the proposed normalization for the recovery of the deficiency and rebalancing, and approve new rates and the corresponding tariff sheets effective September 1, 2026, all as set forth in further detail herein.

II. CGC’S HISTORIC BASE PERIOD REQUEST

13. CGC continues to experience significant growth in step with the communities it serves. Demand for service from CGC increased in 2025, with over 1,000 new residential and commercial customers connecting to the system resulting in a 1.1% year-over-year increase. Notably, CGC is the fastest-growing utility in all of Southern Company Gas.

14. In order to continue to safely and reliably meet the region's growing needs and those of its approximately 72,720 total customers, CGC made enhancements to its infrastructure that strengthened the safety and reliability of the region's pipeline infrastructure; supported increasing supply and demand growth from residential customers, especially on the coldest days of the year, and provided greater system capacity to high-growth residential, commercial, and industrial areas, supporting the growth and economic prosperity of the area.

15. As will be presented more fully in its case in chief, the total ARM deficiency with adjustment for the 2025 Historic Base Period is \$8,506,471, which when combined with the rate reset and normalizations, results in a total rate adjustment of \$3,747,890, which is the amount CGC is seeking approval of in this case. See Exhibit TW-1, Schedule 1 for the detailed analysis.

16. The primary drivers of the rate adjustment are capital investment and a notable increase in taxes other than income. The capital expenditures included approved PRP spending, system-wide pressure and reliability improvements, and other capital investment needed to serve significant new business and customer growth. Regarding tax expense, as discussed in the testimony of Tiffani Weems, reconciling adjustments were recorded in 2025 that increased taxes other than income beyond the normal annual trend.

17. Also noteworthy for the Historic Base Period is that CGC filed its Petition for Extension of Its Pipeline Replacement Program ("PRP") in Docket No. 25-00021. There, the Commission approved CGC's request to extend its PRP by three years, while expressly recognizing that recovery of PRP costs would be addressed through the Company's annual ARM filings. Consistent with the Commission's Order, CGC includes its 2025 PRP cost recovery request here for the Commission's review based on actual costs and the supporting schedules filed in this ARM proceeding.

18. CGC's recommended rate design proposes that the rate increase generally be applied on an equal percentage basis to all rate classes, except for certain special contracts, as detailed and supported by the testimony and exhibits provided herein, consistent with our past recommendations as approved by the Commission.

19. In support of this Petition and the approval of CGC's ARM filing, CGC has attached the following direct testimony and accompanying exhibits, which are incorporated herein by reference:

- a. **Direct Testimony of Witness Paul Leath, Regional Director of Operations, Chattanooga Gas Company.** Mr. Leath testifies that CGC's 2025 ARM filing supports an approximate \$3.75 million rate adjustment driven by significant capital investment, PRP work, system reliability upgrades, inflationary cost pressures, and continued customer growth. He explains CGC's annual ARM process, summarizes 2025 operations and infrastructure spending, and states the requested recovery will help the Company continue providing safe, reliable, and affordable natural gas service.
- b. **Direct Testimony and Exhibits of Witness Tiffani Weems, Manager of Regulatory Reporting, Southern Company Gas.** Ms. Weems testifies that, as Manager of Regulatory Reporting for Southern Company Gas, she supports CGC's ARM filing by presenting the 2025 annual reconciliation balance, the rate reset, and the supporting ARM model and schedules. She explains that CGC's 2025 revenue deficiency of \$8,506,471 and that when combined with the rate reset revenue sufficiency of (\$5,348,415), CGC seeks a net rate increase of \$3,747,890. She also describes the required ratemaking and normalization adjustments and

states that the filing complies with the Commission's prior ARM orders and stipulations. Ms. Weems supports all schedules except those sponsored by Mr. Leath or Ms. Vette.

- c. **Direct Testimony and Exhibits of Witness Ashley Vette, Manager of Rates and Tariff Administration, Southern Company Gas.** Ms. Vette testifies that, as Manager of Rates and Tariff Administration for Southern Company Gas, she supports CGC's 2025 annual rate review filing by explaining the proposed rate adjustments, related revenue normalization schedules, and revised tariff sheets. She sponsors key ARM revenue schedules and states that the filing seeks a \$3,747,890 increase, or about 5.2% on average for tariff-rate customers, with an average residential bill impact of \$2.25 per month effective September 1, 2026.
- d. **Petition Verification of Paul Leath, Regional Director of Operations, Chattanooga Gas Company.** Mr. Leath provides in Exhibit A to the Petition a verification of the Petition and its supporting testimony, exhibits, and schedules being filed in support of this case.
- e. A request for issuance of a standard protective order such as the one issued in CGC's 2025 ARM Docket to govern the production of confidential information to the Commission and Commission Staff, the Consumer Advocate, and any other party who may be granted intervention.
- f. A request for the issuance of a scheduling order. CGC and the Consumer Advocate have agreed to a proposed procedural schedule attached hereto as Exhibit B that is premised upon the same approximate due dates used in CGC's 2025 ARM Docket.

III. CONCLUSION

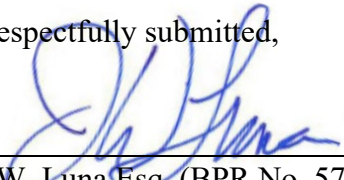
WHEREFORE, CGC respectfully prays that based upon the pleadings and documents submitted by CGC:

1. Notice be issued, and a contested case be set regarding this Petition.
2. The Commission issue a protective order as requested herein.
3. The Commission issue a scheduling order based upon the proposed procedural schedule attached hereto or as the Administrative Judge otherwise finds necessary and appropriate for this proceeding consistent with Tenn. Code Ann. § 65-5-103(d)(1)(B).
4. The Commission find that the Company has provided the necessary schedules and other documentation thus complying with the minimum filing requirements and other applicable terms and obligations of prior ARM Orders.
5. The Commission approve CGC's prescribed total ARM recovery of \$3,747,890, as more particularly detailed in the Schedules and testimony being filed.
6. The Commission authorize CGC in this docket to increase rates by a total of \$3,747,890 utilizing a rate design that generally applies the rate increase on an equal percentage basis to all rate classes as detailed and supported by the testimony and exhibits provided herein, unless the Commission authorizes a different rate design it considers more appropriate in the public interest.
7. The Commission approve the tariff pages for CGC's ARM filing as set forth more particularly in Vette Exhibits AV-2 and AV-3.
8. The Commission find that CGC's ARM allows for timely recovery of reasonable and prudent expenses while limiting more costly rate cases, which the Company might otherwise have to pursue to recover such expenditures.

9. The Commission find that the Company's ARM continues to be in the public interest.

10. CGC be granted such other and/or further relief as may be warranted.

Respectfully submitted,



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Attorneys for Chattanooga Gas Company

VERIFICATION

STATE OF TENNESSEE

COUNTY OF HAMILTON

I, Paul Leath, being duly sworn, state that I am the Regional Director of Operations, Chattanooga Gas Company, the Petitioner, in the subject proceeding; that I am authorized to make this verification on behalf of Chattanooga Gas Company; that I have read the foregoing Petition and exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information, and belief.

Paul C Leath
Paul C. Leath

Sworn to and subscribed before me
this 16th day of April, 2026.

Nicole Chambers
Notary Public

My Commissioner Expires: 8-21-29

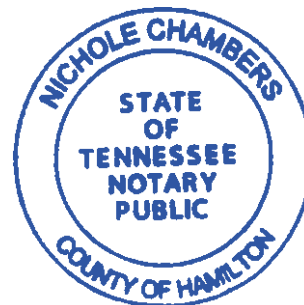


Exhibit B
CGC 2026 ARM
(Proposed) Procedural Schedule
Docket No. 26-_____

Activity	Proposed 2026 Dates
CGC ARM Petition, Testimony, and Exhibits filed at TPUC and served on Consumer Advocate	Monday, April 20, 2026
Informal Discovery Meeting, All Parties and Staff invited (attendance optional)	April 28-29, 2026*
Consumer Advocate & other intervenors serve First Discovery Requests on CGC	Monday, May 4, 2026
CGC responds to Consumer Advocate First Discovery Requests	Monday, May 18, 2026
Informal Discovery Meeting with all intervenors and staff (attendance optional)	Thursday, May 21, 2026*
Consumer Advocate/Intervenors serves second discovery on CGC	Tuesday, May 26, 2026
CGC responds to Consumer Advocate second discovery requests	Tuesday, June 2, 2026
Informal Discovery Meeting (attendance optional)	Monday, June 8, 2026*
Consumer Advocate Testimony	Monday, June 15, 2026
Potential Settlement Meeting of the parties (attendance optional)	June 19, 2026*
CGC discovery to Consumer Advocate on their testimony.	Monday, June 22, 2026
Consumer Advocate respond to CGC discovery	Monday, July 6, 2026
CGC Pre-filed Rebuttal Testimony (or testimony in support of the settlement if one is reached)	Tuesday, July 14, 2026
Prehearing Motions	Tuesday, July 21, 2026*
Settlement Agreement to Be filed	Friday, July 24, 2026
Prehearing Telephone Conference	Thursday, July 30, 2026* (Time TBD)
Hearing	Monday, August 17, 2026

* Dates with an * can be moved by agreement of the parties