

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

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

**MOTION TO STRIKE OR IN THE ALTERNATIVE TO RESET THE PROCEDURAL
SCHEDULE IN THIS DOCKET OR SEVER THE COMPANY’S PROPOSED CHANGE
IN METHODOLOGY**

The Consumer Advocate Division of the Office of the Attorney General (“Consumer Advocate”), requests the Administrative Judge to strike the Rebuttal Testimony of Jeff Petrea filed on July 14, 2026, by Chattanooga Gas Company (“CGC” or the “Company”) in support of the *Chattanooga Gas Company Petition for Approval of Its 2025 Annual Rate Review Filing* (“*Petition*”). In the alternative, the Consumer Advocate requests a reset of the 120-day deadline to account for the changes in the Company’s *Petition* to accommodate discovery and the filing of additional testimony.

The Company’s Injection of New Testimony and Evidence Is Untimely

Since the Company’s ARM was first approved, CGC has consistently excluded 100% of the CGC Government Affairs O&M costs from rate recovery based on the understanding that some of the department’s activities might be construed to be associated with lobbying-related functions.¹ The Company acknowledges this is a 100% exclusion that is required by the Company’s most

1 *Direct Testimony of Tiffani Weems* at 11:9 – 12:9 (April 20, 2026).

recent rate case order.² The *Petition* included testimony in which the Company indicated it sought to change the exclusion from 100% to 25% of “External Affairs” but elected to do so without any supporting detail, workpapers, or underlying documents in the *Petition*. The Company’s filing contained conclusory statements which fail to bridge a gap of nearly \$300,000.00 between CGC and the Consumer Advocate.³

With the filing of a new rebuttal witness with never-before-seen analysis, but lacking in workpapers and documents, the Company has doubled-downed on a commitment to revisit the past. To be clear, the Company disclosed to the Consumer Advocate that CGC intended to file rebuttal testimony of this nature; unfortunately, it has raised more questions than answers and lacks basic supporting documentation or definition. In addition to being unsupported by factual evidence, the proposals in CGC’s Rebuttal Testimony raise new questions about how CGC distinguishes between lobbying and non-lobbying activities. For example, Mr. Petrea’s Rebuttal Testimony claims that community and economic development activities should be treated as non-lobbying and, therefore, charged to ratepayers.⁴

However, in a case involving Tennessee American Water Company, TPUC has ruled that expenses related to “economic development” as referred to in Tenn. Code Ann. § 65-5 103(d)(3)(A) are not recoverable if they are for “new services”, in addition to two other categories:⁵

Regarding TAWC's proposed EDI investment in infrastructure related to provisioning service to new customers, the panel voted unanimously that these expenses be disallowed for three reasons. First, the panel found that TAWC's proposed recovery of its EDI investment for new services is inconsistent with the plain language of its own EDI tariff, wherein it states "EDI allows the Company to recover outside of a rate case its qualifying incremental non-revenue producing plant infrastructure investment and expenses." ⁶⁷

2 *Id.* at 10:16, Table: Rate Making Adjustments.

3 *Direct Testimony of William H. Novak* at 8:4 – 10:3 (June 15, 2026).

4 *Rebuttal Testimony Of Jeff Petrea* at 13:19-14:2, TPUC Docket No. 26-00032 (July 7, 2026).

5 *Order Granting, In Part, And Denying, In Part, Petition* at 13-14, TRA Docket No. 14-00121 (February 1, 2026).

Second, the panel found that TAWC's proposed EDI investment for new services is not related to expansion of economic development as required by statute and, therefore, does not meet the statutory requirements for recovery. Third, the panel found that allowing recovery of infrastructure for provisioning service to new customers under the EDI Rider could result in double recovery of investment and related expenses - expenses which are also recovered by TAWC's revenues generated under its tariff rates established in the Company's most recent rate case.

In the present CGC case, there has been no showing whether the “community and economic development” is related to “new services” or services otherwise excluded.

As a result, this necessitates a motion to strike. First and foremost, if CGC intended to change the methodology in an annual rate review, the *Petition* should have had a foundational evidentiary basis. A mere paragraph in direct testimony is not sufficient to tee up a fundamental change of a rate case determination and methodology without any supporting evidence or workpapers. Allowing new evidence at the tail end of a procedural schedule for which there is no discovery or chance for rebuttal offends the basic principles of due process. Moreover, there is no good faith explanation why such information was not provided with the filing of the *Petition* in the first place.

ARM petitions by a public utility should put the best case forward at the beginning of a docket. The legislative history of the alternative rate-making legislation in 2013 Public Chapter 245, indicates the General Assembly’s belief that annual rate reviews can be concluded quickly, efficiently, and without the expense of litigation.⁶ To accomplish these goals, any proposed change by a public utility should be fully supported and underlying evidence should not be withheld or created until the filing of rebuttal testimony. Tenn. Code Ann. 65-5-103(d)(6)(C) requires annual rate reviews to be concluded within 120 days, a relatively expedited time period

6 Tennessee House Business and Utilities Committee, HB0191, Time at 35:55 of 59:17 (March 6, 2013) (https://tnga.granicus.com/player/clip/7320?view_id=269&redirect=true).

for proceedings that have consistently ended in rate increases of up to \$6.8 million annually under CGC's ARM.⁷ Even if one concludes it is appropriate to revisit the 2018 rate case here, a public utility should not be given a free hand to backfill new evidence and witnesses into rebuttal testimony to buttress a proposed change in methodology when such information and evidence should have been filed in the *Petition*. A utility's best case-in-chief should be provided at the front end of an ARM proceeding and drive the case rather than arrive late trailing the caboose.

In summary, the rebuttal testimony and evidence purporting to support the Company's change in methodology is untimely and prejudicial to the review of the Consumer Advocate and Commission Staff in a proceeding with a strict statutory deadline. Although the rebuttal testimony provides the Company's process for determining the change from 100% to only 25%, it lacks basic supporting documents and workpapers underlying the testimony of the new witness just like the *Petition*'s supporting testimony. As such, the injection of a new testimony after discovery has concluded does not facilitate an efficient hearing before the Commission, but rather adds to the time and expense. Moreover, while purporting not to make legal conclusions, Mr. Petrea opines categorically that the track record of excluding 100% External Affairs expenses over the course of half a dozen ARM filings was not "precedential."⁸ As such, the new witness testimony of Mr. Jeff Petrea submitted in support of the Company's proposed change in methodology should be stricken.

New Evidence and Testimony Requires Additional Time for Discovery and Review

In the alternative, the Consumer Advocate requests a new procedural schedule be instituted. Tenn. Code Ann. 65-5-103(d)(6)(D)(iii) and the settlement agreement creating CGC's ARM in Docket No. 19-00047 contemplate consideration of proposals to change an approved annual rate review plan but allows the Commission to decide about such changes outside of the

⁷ *Petition to Intervene*, pp. 2-4 (May 8, 2026).

⁸ *Rebuttal Testimony of Jeff Petrea* at 12:1-3 (July 14, 2026).

timeframe for an annual rate review. If the Commission accedes to the Company's insistence on shoe-horning new evidence and a new witness into rebuttal testimony and allows the Company to relitigate findings from the rate case in this proceeding, then the Consumer Advocate requests a ruling to restart the 120-day clock from July 14, 2026, the date of the filing of the Company's rebuttal. This will allow the Commission Staff and the Consumer Advocate the time for analysis, discovery, and the opportunity to test the veracity of CGC's new evidence. Resetting the statutory 120-day deadline is not unprecedented when, as here, a filing changes substantially.⁹ The Commission could also sever the issue into a separate docket that is not subject to a statutory deadline.

Exclusion or Limitation of Future Recovery of Associated Regulatory and Legal Expense

In addition, the Consumer Advocate requests that any legal or other related expense incurred by the Company in this docket after the filing of Mr. Novak's Pre-filed Testimony on June 15, 2026, should be excluded from future rate recovery. During the discovery process, the Company has addressed several corrections and agreed with Mr. Novak's adjustments.¹⁰ Although the Rebuttal Testimony of Mrs. Weems indicates disagreement on the rate design for Kordsa, Mr. Novak's position relied upon the Company's proposal in Company Workpaper 35.15 which indicates a 5% increase for Kordsa. In any event, that mathematical issue can be squared away efficiently. The sole remaining issue in dispute in this matter is the Company's attempt to relitigate "lobbying expense." It is important for the Commission to consider what type of incentives and disincentives are necessary for a public utility to bring their best case forward at the beginning of a proceeding so that dockets with statutory deadlines may run efficiently and allow the time needed

⁹ *In re: Petition of Atmos Energy Corporation For Approval Of Its 2022 Annual Rate Review Filing Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)*, Docket No. 22-00010, *Order Granting Motion to Limit Cross-Examination, Acknowledging Filing as New Petition and Setting New Statutory Deadline*, p. 3 (May 31, 2022).

¹⁰ *Rebuttal Testimony of Tiffani Weems* at 1:8 – 2:12 (July 14, 2026).

for review and possible settlement. Under the circumstances in this docket, ratepayers should not bear the burden when a public utility seeks to relitigate a rate case determination and long-standing methodology without the necessary foundational evidence.

WHEREFORE, the Consumer Advocate respectfully requests that the Administrative Judge strike the Rebuttal Testimony of Mr. Jeff Petrea.

RESPECTFULLY SUBMITTED,



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CERTIFICATE OF SERVICE

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This the 17th day of July 2026.



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