

July 27, 2026

VIA ELECTRONIC FILING

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Room on July 27, 2026 at 1:58 p.m

Vice-Chairman Clay Good
c/o Ectory Lawless, Docket Room Manager
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) ("Petition")
Docket No. 26-00032**

Dear Vice Chairman Good,

Following Chattanooga Gas Company's ("CGC") submission of the Petition in the above-referenced docket on April 20, 2026, CGC, and the Consumer Advocate Division in the Office of the Tennessee Attorney General ("Consumer Advocate") have had several settlement discussions. I am pleased to report, jointly on behalf of the parties, that CGC and the Consumer Advocate have resolved all outstanding contested issues and that a settlement agreement will be filed upon execution by the parties.

In addition to the forthcoming settlement agreement, Pre-filed Supplemental Testimony of CGC witnesses Tiffani Weems and Ashley Vette setting forth the agreed-upon adjustments and recommendations and attaching the updated ARM model is being filed today. The settlement will also resolve the Consumer Advocate's pending motions.

Accordingly, this matter is ripe for consideration on the merits by the Tennessee Public Utility Commission ("TPUC" or the "Commission"). At this time, there remain no outstanding disputes between the parties with respect to this docket, as clarified by and through discovery, the parties' communications, and pre-filed testimony. As reflected in the Supplemental Testimonies of Ms. Weems and Ms. Vette, which summarize the resolution of the issues by the parties, there are no contested issues between the parties on the merits of the Petition, and it is the position of the parties that this matter should be resolved in favor of the positions set forth in the Supplemental Testimony. We note that the parties jointly recommend the rate design explained in Ms. Vette's Supplemental Testimony for the Commission's consideration and final determination.

Regarding CGC's originally proposed reduction of the exclusion of Government Affairs O&M expense from 100% to 25%, the parties have agreed, for this docket only and reserving all rights and arguments, for CGC to exclude 50% of the 2025 Historic Base Period Government Affairs O&M expense from recovery through rates. CGC and the Consumer Advocate have agreed

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to meet and confer prior to CGC's next ARM filing to discuss this issue, including attempting to resolve any future dispute about the level of documentary support that would be sufficient for the Consumer Advocate. Additionally, CGC has agreed to file specific testimony and any agreed-upon documentary support regarding any proposed change in the 100% exclusion with its initial petition filing in 2027.

Finally, regarding the Korda special contract rate issue identified in Mr. Novak's pre-filed testimony, the parties have agreed to recommend to the Commission that Kordsa pay the same rate increase as other standard customer classes up to 5.00%, rather than a 5.00% increase.

Consistent with agency practice, the parties hereby jointly request that the entire official record in this docket, including discovery, be made a part of the evidentiary record. Unless otherwise requested by the Commissioners or Commission Staff, the parties hereby waive opening statements, the live presentation of testimony, and cross-examination of witnesses by the parties. CGC Witnesses Weems, Vette, Leath, and Petrea and Consumer Advocate Witness William H. Novak will be available for questions from the Commissioners or Staff.

Should you have any questions concerning this filing or require additional information, please do not hesitate to contact me.

Sincerely

BUTLER SNOW LLP



John H. Dollarhide

JHD:cb