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Room on August 18, 2026 at 1:41 p.m.

IN THE TENNESSEE PUBLIC UTILITY COMMISSION
AT NASHVILLE, TENNESSEE

IN RE:	)	
	)	
PETITION OF SPIRE TENNESSEE INC.	)	
FOR APPROVAL OF ITS 2026 ANNUAL	)	**DOCKET NO. 26-00042**
REVIEW OF RATES MECHANISM	)	
PURSUANT TO TENN. CODE ANN. § 65-5-	)	
103(d)(6)	)	

CONSUMER ADVOCATE'S RESPONSE TO
SPIRE'S FIRST SET OF DISCOVERY REQUESTS

Jonathan Skrmetti, Attorney General and Reporter for the State of Tennessee, by and through the Consumer Advocate Division of the Office of the Tennessee Attorney General ("Consumer Advocate"), pursuant to Rules 26, 33, and 34 of the Tennessee Rules of Civil Procedure, Tennessee Public Utility Commission ("TPUC" or "Commission") Rule 1220-01-02-.11, and the Agreed Procedural Schedule entered by the Hearing Officer in this Docket, hereby submits its responses to the *Spire Tennessee's First Discovery Request to the Consumer Advocate* filed on August 11, 2026.

GENERAL OBJECTIONS

All of the General Objections made herein are applicable to and are hereby incorporated into each and every response herein, and each response herein is made subject to and without waiver of these General Objections.

A. The Consumer Advocate objects to each of the Company's requests on the grounds that each is overly broad, unduly burdensome, and oppressive.

B. The Consumer Advocate objects to the Company's discovery requests to the extent that they purport to impose the obligations upon the Consumer Advocate beyond those contemplated by the Tennessee Rules of Civil Procedure, TPUC Rules, and Tennessee law.

C. The Consumer Advocate objects to each of the Company's requests to the extent that each purports to call for information and/or documents prepared in anticipation of litigation, and/or information and/or documents protected by the attorney-client privilege, the work product doctrine, the common-interest doctrine, or any other applicable protection or privilege.

D. The Consumer Advocate objects to each of the Company's requests to the extent that they are not applicable in the context of a proceeding before the TPUC, cite an incorrect legal conclusion, or mischaracterize or improperly summarize statements made by the Consumer Advocate's expert witnesses in their pre-filed direct testimonies.

E. By providing the objections contained herein, the Consumer Advocate does not waive or intend to waive, but rather, intends to preserve, all objections with regard to competence, relevance, materiality, and admissibility of the discovery information or documents in any subsequent proceeding on the related subject matter. Moreover, the Consumer Advocate intends by this set of responses to preserve all objections to vagueness, ambiguity, and undue burden in connection with requests to produce documents, including those that are not in the Consumer Advocate's possession, custody, or control.

F. The responses made herein are made to the best of Consumer Advocate's present knowledge after a reasonably diligent search for responsive information. The Consumer Advocate will supplement its responses in line with the requirements of the Tennessee Rules of Civil Procedure as well as TPUC Rules and expressly reserves its right to supplement or amend its answers, if and as appropriate, including with respect to objections that may arise at a later time than this filing.

Without waiving these General Objections as they apply to each individual request, the Consumer Advocate presents the following responses:

CONSUMER ADVOCATE'S RESPONSES

1-1. To the extent not already provided, please identify and provide copies of all Documents and workpapers (including all related Excel files with working formulae and links intact) supporting and/or underlying all testimony, exhibits (including initial, revised, additional, supplemental, updated, rebuttal, etc.) filed by the Consumer Advocate in this Proceeding. Please consider this request ongoing.

RESPONSE:

Please see the attached Spreadsheet, which was previously provided informally on August 7, 2026.

1-2. Please reconcile Mr. Dittemore's definition of base rates, as used in his testimony at page 8, line 24 through page 9, line 8, with the definition of "Base Rates" found in Spire Tennessee Inc.'s Annual Review Mechanism ("ARM") tariff, Service Schedule No. 318, Section I, Paragraph R, which governs the present ARM filing and states: "Base Rates refer to those base rates per therm shown in Columns <1>, <2> and <3> of the Company's Tariff Sheet No. 1."

RESPONSE:

Mr. Dittemore acknowledges that Spires' Service Schedule 318 includes the phrase 'Base PGA Rates' as a sub-heading within the paragraph titled 'Base Rates'. Within this context, the Company's calculation is consistent with its definition of Base Rates as used in Schedule 318. However, Spire's tariff is not internally consistent as PGA rates are not incorporated as a component of 'Base Rates' within its Sheet 1 within its tariff. Further, PGA rates are not commonly considered 'Base Rates' as used in the natural gas industry.

The tariff goes on to refer to 'Base PGA Rates as a Rider. Further, it is important to note that 'Base PGA Rates' do not change because of an ARM proceeding and are thus distinct from the 'Base Margin Rates'.

1-3. Please reconcile the following two statements in Mr. Dittemore's testimony: (a) At page 3, line 19, Mr. Dittemore recommends that the Commission "[c]larify that the 4% cap as applying to Base Rate Revenue and not Total Operating Revenue," which implies that the Commission's Order in Docket No. 25-00074 is ambiguous on this point; and (b) at page 8, lines 8–10, Mr. Dittemore states that "the Commission's Order is clear that the 4% cap should be applied to base rate revenue, excluding the items identified above." Please explain whether the Consumer Advocate's position is that the Commission's Order is clear or ambiguous with respect to the application of the 4% cap.

RESPONSE:

Mr. Dittemore believes the Commission's *Order* is clear regarding the level of revenue that is subject to the 4% cap. However, he also recognizes that Spire is not in agreement with him on this point and thus seeks the Commission to confirm the meaning of the 4% cap.

1-4. Please provide the applicable Tennessee statute, regulation, Tennessee Public Utility Commission precedent, or accounting principle that supports Mr. Dixon's recommendation[1] to reduce Residential and Commercial New Business/Growth Construction Expenditures.

RESPONSE:

The recommendation to reduce the CY 2025 Residential and Commercial New Business/Growth Construction Expenditures included in rate base, as set forth on pages 4–5 and 13 of his Direct Testimony, is supported by the accounting matching principle and cost-causation principle discussed below.

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[1] *Direct Testimony of Bradley O. Dixon*, pp. 4–5, 13 (August 6, 2026).

1) The accounting matching principle. Tennessee gas utilities, including Spire, follow the FERC/NARUC Uniform System of Accounts. Under that system, the cost of a project under construction is recorded in Account 107 (Construction Work in Progress) and is transferred to Account 101 (Gas Plant in Service) once the project is physically complete and available to render service. However, completion and classification in the Company's accounting records does not, by itself, establish that the plant is used and useful for ratemaking purposes with respect to the specific group of anticipated customers for whom it was constructed. The matching principle - a foundational accounting principle requiring that costs be recognized against, and recovered from, the party or period that receives the corresponding benefit - requires that the cost of New Business/Growth plant be matched against and recovered from the new customers (through revenues or CIAC) whose attachment justified the investment, as and when that attachment occurs. The adjustment applies this principle by removing from rate base the portion of New Business/Growth plant that, as of the Company's discovery responses, is not yet matched by any corresponding customer or revenue stream.

2) Cost causation and equity. It is a fundamental ratemaking principle that the costs of utility investment should be borne by the customers who cause those costs to be incurred and who benefit from them. Legacy customers did not request, and do not currently benefit from, the portion of CY 2025 New Business/Growth plant that is not yet serving any customer. This concern is

heightened by the fact that Spire collects little or no CIAC upfront for these developments - approximately $324,000 in CY 2025 against $62.7 million of New Business capital expenditures - meaning legacy customers, rather than the developer or the new customers ultimately served, currently bear the full carrying cost and the full risk that anticipated customers will not materialize. The recommended reduction is the direct application of this principle: absent upfront CIAC or another mechanism that shifts this risk away from legacy customers, the plant should not be included in rate base, and legacy customers should not fund a return on it, until it is actually used and useful in serving the customers for whom it was constructed.

1-5. Please identify and describe the differences, if any, between Spire Tennessee Inc.'s methodology in proposing Residential and Commercial New Business/Growth Construction Expenditures for inclusion in rate base in this proceeding and the methodology utilized and approved in Piedmont Natural Gas Company Inc.'s ARM filings since the ARM tariff (Service Schedule No. 318) was originally approved in TPUC Docket No. 21-00135.

RESPONSE:

It appears that they are similar.

RESPECTFULLY SUBMITTED,

Shilina B. Brown

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via electronic mail upon:

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This the 18th day of August, 2026.

Shilina B. Brown

SHILINA B. BROWN
Senior Assistant Attorney General