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August 21, 2026

VIA ELECTRONIC MAIL
and U.S. Mail

Mr. David F. Jones, Chairman
c/o Ectory Lawless
Tennessee Public Utility Commission
502 Deaderick Street, Fourth Floor
Nashville, Tennessee 37243

Re: Petition of Spire Tennessee Inc. For Approval of its 2026 Annual Review of Rates Mechanism Pursuant to Tenn. Code Ann. § 65-5-103(d)(6)
Docket No. 26-00042

Dear Chairman Jones:

Pursuant to the Joint Procedural Schedule, enclosed please find for filing the original and four copies of Spire Tennessee Inc.'s ("Spire"):

- Rebuttal Testimony and Exhibits of Joe Hampton
- Rebuttal Testimony of David Yonce
- Rebuttal Testimony and Exhibit of Eddie Davidson
- Rebuttal Testimony and Exhibit of Eric Bouselli
- Rebuttal Testimony of Jay Neal
- Rebuttal Testimony of John D. Taylor

Some of the materials provided are confidential and proprietary trade secrets of Spire Tennessee. Therefore, Spire Tennessee respectfully requests that the Tennessee Public Utility Commission treat those materials in a manner consistent with that designation.

A PDF of the public testimony is also being filed today by way of email to the Tennessee Public Utility Commission docket manager, Ectory Lawless. Please file the original and provide a "filed" stamped copy of the same via our office courier.

If you have any questions regarding this letter, you may reach me at the number shown above.

Very truly yours,

Paul S. Davidson

PSD:jv
Enclosure

cc: Kelly Cashman-Grams
Michelle Mairs
Chris Eaton
Karen Stachowski
Vance L. Broemel
Shilina B. Brown
David A. Yonce
Matt Aplington
Eric Bouselli
Antonio Arias
James H. Jeffries IV
Brian L. Franklin
Charlotte A. Mitchell
Alexandra B. Breazeale
Adelaide E. Heigel

Before the
Tennessee Public Utility Commission

Docket No. 26-00042

2026 Annual ARM Filing

Rebuttal Testimony
of
David Yonce

On Behalf Of
Spire Tennessee Inc.

August 21, 2026

Q. Please state your name and business address.

A. My name is David Yonce. My business address is 700 Market Street St. Louis, MO 63101.

Q. By whom and in what capacity are you employed?

A. I am Vice President, Regulatory for Spire Missouri Inc. ("Spire Missouri"), filing rebuttal testimony on behalf of Spire Tennessee Inc. ("Spire Tennessee" or the "Company").

Q. Did you file direct testimony in this proceeding?

A. Yes. I filed direct testimony on May 20, 2026, in support of Spire Tennessee's 2026 Annual ARM Filing.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to first respond to the recommendation of the Consumer Advocate Division ("Consumer Advocate") regarding application of the 4% cap in Spire Tennessee's 2026 Annual Review Mechanism ("ARM") filing. Specifically, I address the Consumer Advocate's position that the 4% cap should be applied to a narrowed revenue base that excludes Purchased Gas Adjustment ("PGA") revenues, even though the ARM tariff expressly defines Base Rates to include both Base Margin Rates and Base PGA Rates. My testimony provides a high-level regulatory policy response in support of the more detailed calculation and tariff analysis provided by Company witness Eric Bouselli. I will then address the Consumer

Advocate's requests for clarification, as well as the insertion of issues not appropriate for this proceeding.

Q. Please summarize your rebuttal conclusions.

A. In summary, I conclude that the Consumer Advocate's proposed application of the 4% cap is inconsistent with the ARM tariff, inconsistent with the Order Approving Transfer of Authority to Provide Utility Services and Related Authorizations in Docket No. 25-00074 ("Transfer Approval Order"), and unnecessarily punitive. The Tennessee Public Utility Commission ("Commission") explicitly approved the transfer of the ARM tariff effective for Piedmont Natural Gas Company, Inc. ("Piedmont") from Spire Tennessee, and subsequently approved the tariffs filed by Spire Tennessee. Following the ARM tariff's clear and unambiguous framework, the Company applied the 4% cap. By contrast, the Consumer Advocate proposes to depart from the established framework and narrow the denominator used for the cap after the fact by excluding PGA revenues, notwithstanding the explicit tariff language applicable to this ARM proceeding and approved by this Commission. The Consumer Advocate's approach would reduce Spire Tennessee's authorized annual recovery by approximately $5.0 million more than the approximately $4.0 million reduction the Company has already reflected through application of the 4% cap. I do not believe the Commission intended to impose this level of financial harm, which, under the Consumer Advocate's recommendation, would result in Spire Tennessee recovering approximately 50% of the increase that Piedmont would recover, absent the acquisition. In fact, discussed further below, the Commission intended this to be a customer protection, not a Company penalty.

Q. What is the core issue presented by the Consumer Advocate's recommendation?

A. The core issue is not whether the Company's full ARM revenue requirement exceeded the Commission's 4% cap. It did. The Company calculated the full ARM revenue increase and then proposed recovery consistent with the cap. The dispute concerns the revenue base to which the 4% cap should be applied. The Company applied the cap using the revenue base calculated pursuant to its Commission-approved ARM tariff. The Consumer Advocate, however, excludes PGA revenues and certain other revenues from that base which directly conflicts with the Commission-approved tariff and past ARM methodologies. As Mr. Bouselli explains, that change reduces the capped increase from $13,966,022 to $8,928,893, a difference of $5,037,129.

Q. Why do you disagree with the Consumer Advocate's proposed application of the cap?

A. I disagree with the Consumer Advocate's recommendation because it conflicts with the specific tariff that governs this proceeding. This is an ARM proceeding, and the ARM tariff contains the operative language for determining the ARM methodology and the base revenues to which the 4% cap should be applied. That tariff is very prescriptive and spells this out clearly. Service Schedule No. 318 defines “Base Rates” as the base rates per therm shown in Columns <1>, <2>, and <3> of Tariff Sheet No. 1, and the ARM tariff further describes the components of Base Rates as Base Margin Rates and Base PGA Rates. In other words, for purposes of the ARM, the applicable tariff clearly defines Base Rates to include the PGA component:[1].

> R. **Base Rates** refer to those base rates per therm shown in Columns <1>, <2> and <3> of the Company's Tariff Sheet No. 1.
>
> i. **Base Margin Rates** refer to those base rates per therm shown in Column <1> of the Company's Tariff Sheet No. 1. The Base Margin Rates will be adjusted each year on the Effective Date of ARM Rates in accordance with the approved Annual Base Rate Reset Revenue Requirement Deficiency (Sufficiency).
>
> ii. **Base PGA Rates** refer to those base rates per therm shown in Columns <2> and <3> of the Company's Tariff Sheet No. 1, which are subject to adjustment caused by changes in the cost of purchased gas in accordance with Service Schedule No. 311, “Purchased Gas Adjustment (PGA) Rider”.

Q. How does the Consumer Advocate attempt to justify its interpretation?

A. In response to Spire Tennessee’s first discovery requests, Mr. Dittemore acknowledged that Service Schedule No. 318 includes “Base PGA Rates” within the paragraph titled “Base Rates” and that, within that context, the Company’s calculation is consistent with the definition of Base Rates used in Schedule No. 318. He nevertheless asserted that Spire Tennessee’s tariffs are not internally consistent because PGA rates are not incorporated as a component of “Base Rates” elsewhere on Sheet

[1] *See* Bouselli Rebuttal Exhibit 1, 4 (Global Definition R).

No. 1, and he further stated that PGA rates are not commonly considered base rates in the natural gas industry. He also pointed to the broader tariff structure, including references to PGA rates as a rider, to support his position.

Q. Why is that justification unpersuasive in this proceeding?

A. It is unpersuasive because it asks the Commission to import concepts from other portions of the Company's tariffs into an ARM calculation that is fully governed by the ARM tariff authorized and approved by the Commission. This is an ARM proceeding. The ARM tariff is what applies to this proceeding. The existence of PGA provisions elsewhere in the tariffs does not override the specific definition of Base Rates contained in Service Schedule No. 318, which includes both Base Margin Rates and Base PGA Rates.[2] Nor does a generalized view of how PGA revenues may be described in other contexts justify disregarding the ARM-specific language approved by the Commission. This case is not a general rate case, a PGA proceeding, or a broader tariff interpretation docket. Again, this is an ARM proceeding, and the ARM tariff controls the calculation at issue.

The Consumer Advocate's recommendation would also have the Commission depart from the utility regulation framework found in

[2] *See* Consumer Advocate's Response to Spire Tennessee Discovery Request No. 1-2, https://tpucdockets.tn.gov/filings/2026/2600042ab.pdf (filed Aug. 11, 2026).

every state across the country. Utility commissions are given authority to regulate utilities, creating rules and regulations and approving tariffs.[3] It is well established that when the Commission does create rules and regulations and approve tariffs, these carry the force of law.[4] In approving the ARM tariff and transferring the tariff to Spire Tennessee, the Commission has explicitly directed how the ARM calculations shall be made. The Consumer Advocate's recommendation asks the Commission to go against the tariff, and in turn, the law.

Q. Has the language defining base rates in Service Schedule No. 318 changed since the Commission originally approved the ARM tariff for Piedmont?

A. No, and that is another concern I have with the Consumer Advocate's position on the 4% cap. The definition of Base Rates has been clearly and unambiguously defined since the ARM tariff was approved for Piedmont. As part of the Transfer Approval Order, the ARM tariff was transferred and approved for Spire Tennessee to use on an interim basis, with no changes to the tariff language itself. This is the same tariff the Commission approved in a separate docket and that governed

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[3] In Tennessee, the Commission was created by statute. TN Code Section 65-1-101 (2025). The legislature gave the Commission the authority to "fix just and reasonable individual rates, joint rates, tolls, fares, charges or **schedules**." (TN Code Section 65-5-101 (2025) (emphasis added)).

[4] *Consumer Advocate & Protection Div. of Office of Atty. Gen. of Tennessee v. Tennessee Regulatory Authority*, 2012 WL 1964593 at *15 (Tenn. Ct. App. 2012); *GBM Communications, Inc. v. United Inter-Mountain Telephone Co.*, 723 S.W.2d 109, 112 (Tenn. Ct. App. 1986) ("The published tariffs of a common carrier are binding upon the carrier and its customers and have the effect of law.").

Piedmont's prior three ARM docket proceedings in which the Consumer Advocate had, and exercised, the opportunity to be heard. To my knowledge, however, the Consumer Advocate has not attempted to diverge from this specific tariff language in an ARM filing until now.

Q. How does the Transfer Approval Order inform your position?

A. The Transfer Approval Order authorized the temporary transfer of the ARM mechanism to Spire Tennessee and established the 4% cap as part of that transition. The Order states, "[t]he average annual base rate increase shall not exceed 4% for any of the individual temporary Annual Rate Review Mechanism filings.[5] The Order did not direct Spire Tennessee to create a new, narrower cap denominator. It did not state that PGA revenues must be excluded for purposes of applying the cap. And it did not modify the ARM tariff definition of Base Rates. The most reasonable reading is that the Commission intended the cap to operate within the ARM framework that was being transferred and continued, not as a new limitation divorced from the tariff language governing the ARM which the Commission authorized to transfer on an interim basis as is.

[5] Transfer Approval Order at 45 (Ordering Paragraph No. 3(b)(iv)).

Q. What else from the Transfer Approval Order informs your position?

A. Absent the acquisition by Spire, Piedmont's ARM request would have been approximately $18.0 million. Because of the 4% cap, Spire Tennessee reduced that revenue increase to approximately $14.0 million. The Consumer Advocate's proposal would reduce the allowed increase to approximately $9.0 million, or roughly 50% of the increase that Piedmont otherwise would have requested had the transaction not occurred. Given the ARM tariff's clear definition of Base Rates and the purpose stated in the Transfer Approval Order, I do not believe the Commission intended to impose this level of financial harm on Spire Tennessee, particularly where this ARM proceeding is based entirely on operations during Piedmont's ownership. As the Commission stated, "The panel agreed with the Consumer Advocate's concern that customers should not be required to pay more for gas service during the integration period under Spire's ownership than they would have had to pay if Piedmont retained ownership."[6]

Nothing presented in this ARM proceeding was caused by Spire Tennessee. The filing is based entirely on calendar year 2025, when the Tennessee system remained under Piedmont's ownership. In light of that fact and the language of the Transfer Approval Order, I do not

[6] Transfer Approval Order at 30.

believe the Commission intended to penalize Spire Tennessee for the transaction. Rather, the Order was intended to ensure that customers would not pay more under Spire Tennessee's ownership than they otherwise would have paid under Piedmont's ownership. The 4% cap achieves that goal by limiting Spire Tennessee's request to approximately $14.0 million. The Consumer Advocate's additional proposed reduction to approximately $9.0 million is unnecessary and punitive.

Q. What regulatory policy concerns would arise if the Consumer Advocate's recommendation was adopted?

A. Adopting the recommendation would create uncertainty for the remainder of the transition period and undermine the regulatory stability the Commission sought to provide through the Transfer Approval Order. Spire Tennessee entered the transition period subject to a defined ARM tariff and a defined cap. Changing the denominator now would make the cap significantly more restrictive than reflected in the approval Order and tariff. It would also undermine Commission-approved transition commitments by allowing a party to unilaterally recast an ordered limitation into a broader disallowance after the approval Order has been issued.

Q. What is your recommendation for the Commission?

A. The Commission should reject the Consumer Advocate's proposed application of the 4% cap. Spire Tennessee applied the cap consistently with the ARM tariff and the Transfer Approval Order. The Consumer Advocate's interpretation depends on disregarding the ARM tariff's specific and unambiguous definition of Base Rates and substituting a narrower interpretation drawn from other tariff provisions and an asserted general industry definition that is not accurate as described in more detail by Company witness John Taylor. The Consumer Advocate's position is not appropriate in this ARM proceeding. The Commission should apply the 4% cap within the ARM framework and approve Spire Tennessee's capped ABRR calculation as filed.

Q. You mentioned that the Consumer Advocate has made requests for clarifications in its testimony. Please explain.

A. The Consumer Advocate has requested that the Commission clarify its Transfer Approval Order, specifically around the 4% cap and the regulatory assets of Piedmont that it directed Spire Tennessee to write off at closing.

Q. Do you believe that these requests are appropriate?

A. No, for two reasons. First, the requests are made within the context of this ARM filing, which is a very specific docket opened annually for the purpose of calculating the Company's historic base period deficiency or sufficiency and calculating what the Company's rates shall be going forward. This is not the forum for clarifying a separate docket's final order. Second, my understanding of the well-established regulatory framework is that after the Commission enters its final order, there is a process and a period of time in which a party to the case could request rehearing or clarification. I do not believe that this is the time or the place for such a request.

Q. You mentioned the purpose of this docket. Do you believe the Consumer Advocate's recommendations are all appropriate for this docket?

A. No. While Spire Tennessee's witnesses will address all issues introduced by the Consumer Advocate, the purpose of this docket is again to calculate the historic base period deficiency or sufficiency and calculate what the rates shall be going forward. Spire Tennessee is applying the same policies, processes, and methodologies established and utilized by Piedmont in its last three filings. If the Consumer Advocate has issues with the Company's policies on new business extensions and growth, contributions in aid of construction, and line extensions, the Consumer Advocate may make those recommendations at the appropriate time. This ARM filing is neither the appropriate time nor the appropriate forum for such recommendations.

Q. Does this conclude your rebuttal testimony?

A. Yes.