Holland & Knight

Electronically Filed in TPUC Docket Room on August 21, 2026 at 12:18 p.m.

Symphony Place | 150 Third Avenue South, Suite 2800 | Nashville, Tennessee 37201 | T +1.615.244.6380 | F +1.615.244.6804 Holland & Knight LLP | www.hklaw.com

Paul S. Davidson
+1 615-850-8942
Paul.Davidson@hklaw.com

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

PUBLIC VERSION

Before the
Tennessee Public Utility Commission

Docket No. 26-00042

2026 ARM Filing

Rebuttal Testimony
of
Eddie Davidson

On Behalf Of
Spire Tennessee Inc.

August 21, 2026

I. Introduction and Qualifications

Q. Please state your name and business address.

A. My name is Eddie Davidson. My business address is 83 Century Boulevard, Nashville, Tennessee 37214.

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

A. I am employed by Spire Tennessee Inc. ("Spire Tennessee" or the "Company") as Vice President of External Affairs. In that capacity, I oversee the Company's external relations strategy, including business development, regulatory strategy, government affairs, community engagement, and stakeholder communications for Spire Tennessee.

Q. Did you file direct testimony in this proceeding?

A. No, I did not.

Q. Please summarize your professional background.

A. Before joining Spire Tennessee, I spent more than seventeen years with Piedmont Natural Gas Company, Inc. ("Piedmont") in Tennessee in government affairs, community relations, regulatory support, franchise, and stakeholder-facing leadership roles. My responsibilities included managing state and local government affairs, supporting regulatory matters before the Tennessee Public Utility Commission[1] ("Commission"), responding to constituent concerns, and directing Tennessee philanthropic and community engagement efforts. Before my utility career, I served in several roles with

[1] Tennessee Regulatory Authority prior to 2017.

the Metropolitan Government of Nashville and Davidson County and with the Tennessee House of Representatives. I earned a Bachelor of Science degree in Political Science and Government from Middle Tennessee State University.

Q. Do you have any exhibits to your rebuttal testimony?

A. Yes. I have included Davidson Rebuttal Exhibit 1, which is the Company's confidential response to the Consumer Advocate Division's ("Consumer Advocate") DR2-03 in this proceeding.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to the Consumer Advocate's positions concerning new business construction expenditures, plant placed in service before all anticipated customers have attached, Contributions in Aid of Construction ("CIAC"), residential line extension allowances, and the allegation that new business growth improperly burdens legacy customers. I respond principally to the direct testimony of Bradley O. Dixon and corrected direct testimony of David N. Dittemore, and I address those issues from the perspective of customer growth, community development, utility service obligations, stakeholder impacts, and the practical timing of development activity in Spire Tennessee's service territory.

Q. Please summarize your rebuttal conclusions.

A. In summary, I conclude the following:

1. The Commission should reject Mr. Dixon's proposed $16,983,540 reduction to new business plant expenditures. The recommendation treats the ordinary timing of development and customer attachment as a basis for disallowance, even though natural gas infrastructure must often be installed, tested, and available before every anticipated customer begins taking service. Mr. Dixon acknowledges the method of accounting applied by the Company is not "non-compliant."[2]
2. The Consumer Advocate's new-business analysis is too narrow because it emphasizes short-term cost timing while giving insufficient weight to long-term customer growth, fixed-cost spreading, service availability, and economic-development benefits.
3. The record does not support a mandatory upfront CIAC requirement. Mr. Dixon acknowledges that he has not identified a violation of the tariff, and Spire Tennessee's development agreements and economic review processes already provide mechanisms to evaluate and allocate development risk.[3]
4. The Commission should reject the Consumer Advocate's proposed residential line-extension policy changes in this ARM docket. Mr. Dixon identifies no tariff violation, no single industry standard, and no project-specific showing that Spire Tennessee's residential footage allowance is unreasonable; the allowance supports service availability

---

[2] Consumer Advocate Direct Testimony of Bradley O. Dixon at 4 (Aug. 6, 2026).

[3] *Id.* at 10.

while requiring customer contributions where an extension exceeds the applicable allowance.

5. Spire Tennessee remains committed to prudent growth, safe and reliable service, and constructive engagement with developers, customers, Commission Staff, and the Consumer Advocate, but the requested disallowance and mandatory policy changes are not justified in this proceeding.

II. Consumer Advocate's New Business Recommendations

Q. What new business recommendations does the Consumer Advocate make?

A. Mr. Dixon recommends that the Commission reduce New Business/Growth Construction Expenditures by $12,351,684 for residential growth and $4,631,856 for commercial and industrial growth, for a total reduction of $16,983,540. He states that those amounts represent plant placed in service during 2025 that, in his view, was not yet serving customers as of his review.[4] He also recommends that the Commission direct the Company to review its CIAC practices and residential line extension allowance policy.[5] Mr. Dittemore incorporates Mr. Dixon's proposed plant adjustment into the Consumer Advocate's revenue requirement schedules and separately

---

[4] Consumer Advocate Witness Dixon at 6-8 (Aug. 6, 2026).

[5] *Id.* at 11, 13.

presents an analysis that he describes as showing a burden of new business on legacy customers.[6]

Q. What is your overarching response to those recommendations?

A. The recommendations should be rejected in this ARM docket. New business investment is how a natural gas utility keeps pace with community growth, housing construction, commercial development, and customer requests for service. Gas facilities frequently must be designed, permitted, constructed, inspected, tested, and made available before every expected home or business is physically attached and consuming gas. That timing sequence is normal for utility service extensions, not evidence that the investment is imprudent or should be removed from rate base.

The Consumer Advocate's approach also gives too little weight to the benefits of customer growth. New customers bring incremental margin, help spread fixed costs over a larger customer base, improve utilization of existing infrastructure, and support economic development in the communities Spire Tennessee serves. A policy that treats normal growth-related investment as suspect unless every customer is attached immediately would discourage investment and timely service availability while undermining the utility's obligation to serve growing communities.

[6] Consumer Advocate Corrected Direct Testimony of David N. Dittemore at 11, 14-23 (Aug. 20, 2026).

Q. Is the level of new business investment in 2025 unusual?

A. No. New business construction expenditures during the Historic Base Period totaled approximately [redacted] which is consistent with the levels experienced in 2023 and 2024 under Piedmont's ownership. The continued level of investment reflects growth in the Nashville-area service territory and the need to extend facilities in advance of customer attachments so service is available when homes and businesses are ready to connect.

III. New Business Growth and Plant In Service

Q. Do you agree with Mr. Dixon's proposed disallowance for plant that he says is not yet serving customers?

A. No. Mr. Dixon's proposed disallowance would penalize the Company for the ordinary and prudent sequencing of development-related utility construction. As I understand the Company's accounting, plant is recorded as in service when the asset is ready for use, used and useful, or begins generating revenue. From a customer and community-development standpoint, that makes sense: a subdivision main, commercial extension, or related facility must be available before the final group of customers can attach and begin taking service.

Q. Why does that sequencing matter for customers and communities?

A. Developers, builders, local governments, and future customers need utility service to be coordinated with roads, grading, water, sewer, electric, communications, and inspection timelines. If the Company waited until each end-use customer was ready to take service before placing the necessary gas facilities, the result would be construction inefficiency, delayed occupancy, and reduced reliability of service availability. Prudent service extension requires the Company to build for customers who are reasonably expected to attach over the development period, not only for customers already behind the meter on a single review date.

This is particularly important in a growing service territory. Spire Tennessee serves communities in the greater Nashville metropolitan area, where residential and commercial development creates ongoing demand for safe and reliable natural gas service. New business construction is, therefore, part of meeting customer demand and local growth, not a separate or speculative activity divorced from the Company's utility service obligation.

The Consumer Advocate's "snapshot" approach to long-term utility planning also does not establish that the facilities will not serve customers over their useful lives. It identifies projects at a single point in the attachment cycle, while development activity necessarily includes a period between installing facilities and connecting all anticipated customers. That timing evidence does not prove imprudence, lack of used-and-useful status, or customer harm, and it is not a sufficient basis to disallow plant in this ARM filing.

Q. Should the Commission use Mr. Dixon's customer-attachment analysis to remove $16,983,540 from rate base in this ARM docket?

A. No. The requested adjustment would convert a timing observation into a disallowance. Mr. Dixon identifies expected customers, actual customers to date, and an estimated cost of plant not yet serving customers, but that analysis does not demonstrate that the projects will fail, that developer protections will be ineffective, that customers will not attach, or that the investment is imprudent. Removing the plant in this ARM docket would therefore be premature and unsupported.

Mr. Dixon also acknowledges that many development agreements include reimbursement provisions if anticipated customer levels are not attained, but he has not shown in this ARM record that those provisions have failed to protect customers. That acknowledgement supports rejecting the proposed disallowance: the Consumer Advocate has not demonstrated project failure, ineffective developer protections, or unreasonable cost shifting.

To be clear, Company witness Jay Neal addresses the accounting and rate base mechanics in greater detail. My point is complementary: from the perspective of customer growth and community development, a requirement that every extension be excluded until each anticipated customer has already attached would not reflect how utility infrastructure is planned or how communities develop.

Q. How should the Commission evaluate the Consumer Advocate's concerns about legacy customers?

A. The Commission should consider those concerns in a balanced manner. Mr. Dittemore compares new residential revenue with new residential capital expenditures and concludes that legacy customers are subsidizing new customers. But that comparison is a short-term view of a long-lived asset base. Even Mr. Dittemore acknowledges that there is always a lag between the date capital expenditures are incurred and the date corresponding revenue is generated.[7] That lag is inherent in infrastructure development and does not, by itself, prove an unreasonable burden on existing customers.

It is also worth noting that disallowing new business construction would undermine the very customer growth that benefits all ratepayers. New customer additions generate incremental base margin revenue that flows into the ARM calculation, reducing the per-customer rate impact of infrastructure investments. If the Company were discouraged from making new business investments through disallowance of prudent costs, the result would be slower customer growth and a smaller revenue base over which to spread fixed costs, ultimately increasing rates for existing customers rather than decreasing them.

A complete analysis should account for the long-term revenues from customers who attach over time, the contribution of new customers to fixed-

[7] Consumer Advocate Witness Dittemore at 18-19.

cost recovery, the system benefits of growth, and the broader public interest in providing energy choices to developing communities. The Consumer Advocate's analysis does not provide that complete picture, and it should not be used to impose a plant disallowance in this limited proceeding.

IV. CIAC and Development Risk

Q. What concerns does the Consumer Advocate raise regarding CIAC?

A. Mr. Dixon observes that the Company collected approximately [redacted] of CIAC during 2025 relative to approximately [redacted] of new business capital expenditures, including approximately [redacted] associated with residential growth. He recommends that the Commission direct the Company to review its practice of not collecting CIAC upfront for new residential and commercial developments and consider collecting CIAC at the outset of a project with ratable refunds as customers attach to the system.[8] Mr. Dittemore similarly states that CIAC collections do not provide a meaningful offset to the cost of serving new customers.[9]

Q. Do those concerns show that Spire Tennessee's current CIAC practices are improper?

A. No. Mr. Dixon expressly states that he has seen nothing indicating that the Company is violating the terms of its filed tariffs relating to CIAC or line extension policy.[10] Spire Tennessee's discovery responses also explain that,

---

[8] Consumer Advocate Witness Dixon at 9-11.

[9] Consumer Advocate Witness Dittemore at 20.

[10] Consumer Advocate Witness Dixon at 10.

where an advance in aid of construction is required, payment must be received before construction begins.[11] And for the residential projects identified by the Consumer Advocate where no CIAC was collected, the Company explained that each project's internal rate of return exceeded the hurdle rate.

The development agreements include protections if expected customer counts are not met. The Company's response to the Consumer Advocate's second discovery requests states that [redacted][12] For the projects where no CIAC was collected, each project's internal rate of return exceeded the hurdle rate. Those project economics and contractual protections rebut the premise that a mandatory upfront-CIAC structure is necessary or that current practices impose unreasonable development risk on legacy customers.

Q. What is your concern with a mandatory upfront-CIAC requirement?

A. A mandatory upfront-CIAC requirement would not be a neutral change from a growth and community-development perspective. It would shift substantial costs to the front end of projects, could materially increase development costs, delay projects, discourage marginal residential and commercial developments, and place smaller or local developers at a

---

[11] *See* Spire Tennessee's Response to Consumer Advocate Discovery Request No. 1-044, Docket No. 26-00042 (June 24, 2026). https://tpucdockets.tn.gov/filings/2026/2600042r.pdf (filed June 24, 2026).

[12] *See* Spire Tennessee's Response to Consumer Advocate Discovery Request No. 2-03 (Confidential) https://tpucdockets.tn.gov/filings/2026/2600042u.pdf (filed July 16, 2026).

disadvantage, thereby affecting whether otherwise reasonable residential and commercial developments move forward.

Those consequences matter in the greater Nashville area, where housing and commercial development depend on timely utility infrastructure. The Commission should not impose that kind of policy change based on a record that identifies possible risk but does not quantify actual customer harm or demonstrate that existing protections are ineffective.

Q. Would a proposed change to require CIAC upfront impact customer affordability?

A. Yes, in a number of ways. First, as demonstrated in Company witness Joe Hampton's rebuttal testimony, natural gas remains a much more affordable alternative to electricity in Tennessee. Homebuilders typically operate with very thin margins, and increasing the burden to entry for utilization of natural gas could lead builders to decline to utilize natural gas, thus depriving their homeowners of the energy savings delta between electricity and natural gas far into the future. Additionally, existing customers will fail to realize the benefits of spreading fixed costs among a larger rate base and building economies of scale for the provision of natural gas service. Finally, as natural gas networks grow through expansion of existing networks, the failure of a single subdivision to install natural gas would mean that future installations to customers on the other side of the all-electric subdivision will be either more costly, or will be noneconomic altogether, thus depriving future residents of access to the most affordable energy source and stifling future economic development. In summary, a short term change could have long term negative impacts to customer affordability and the community at large.

Q. Does opposing a mandatory upfront-CIAC requirement mean that Spire Tennessee opposes review of CIAC practices?

A. No. As part of the ongoing integration process, Spire Tennessee is currently reviewing all business practices utilized by Piedmont, including all facets of new business development, and will make changes if deemed necessary to streamline processes and benefit customers. Any changes to current business practices ahead of such a review would lack appropriate justification and be premature. The record in this ARM docket supports and merits the conclusion that the Consumer Advocate's proposed mandatory upfront-CIAC requirement is unjustified. Based on the project data, attachment experience, contractual protections, and customer impacts addressed in this record, the proposal would overcorrect for timing risk while undermining prudent growth and service availability.

Q. How should the Commission treat CIAC issues in this proceeding?

A. The Commission should decline to impose a mandatory upfront-CIAC requirement or to use CIAC concerns as support for a plant disallowance in this ARM proceeding. On the merits, the Consumer Advocate has not shown a tariff violation, failed project economics, ineffective developer protections, or actual customer harm sufficient to require upfront CIAC.

Existing development agreements, project internal rate of return review, and reimbursement or penalty provisions provide direct protections against the risk Mr. Dixon identifies.

V. <u>Line Extension Policy</u>

Q. What residential line extension policy does Mr. Dixon discuss?

A. Mr. Dixon describes a residential service-line allowance based on the customer's gas appliances: up to 100 feet for lower-use appliances, up to 150 feet where the customer uses a central heating system or water heater, up to 200 feet where the customer has both central heating and a water heater, and an additional 10 feet for each additional low-use appliance. He also states that commercial projects use a load-calculation method to determine the value of the project and the corresponding allowable extension distance.[13]

Q. Does Mr. Dixon demonstrate that the residential line extension allowance is unreasonable?

A. No. Mr. Dixon states that there is no single industry standard for residential line extension allowances, and he does not provide a project-specific showing that Spire Tennessee's allowance produces unreasonable costs or customer harm.[14] Line extension allowances are a longstanding part of utility service policy. They help implement the utility's obligation to serve, support nondiscriminatory access, and allow infrastructure to expand with

[13] Consumer Advocate Witness Dixon at 12.

[14] *Id.* at 12-13.

communities. The available industry materials describe several accepted approaches, including revenue or margin multipliers, footage allowances, and dollar allowances, and recognize that customers may be required to contribute where costs exceed the applicable allowance. Spire Tennessee's residential footage allowance is therefore not an outlier simply because it provides a defined level of service before requiring a customer contribution. The allowance uses defined footage limits tied to anticipated appliance usage, requires contributions for excess footage, and supports timely, nondiscriminatory access to gas service in growing communities, and should be upheld in this ARM proceeding.

VI. Conclusion

Q. Is there anything else you would like to share with the Commission?

A. Yes. Spire Tennessee's new-business investment supports customer growth, service availability, and economic development in the communities it serves. The Consumer Advocate's recommendations would treat the normal timing of development activity as a basis for rate-base disallowance and would impose mandatory upfront CIAC and revised line-extension practices. They do so despite no demonstration of imprudence, tariff violation, ineffective project protections, or actual customer harm. The Commission should reject the proposed new-business disallowance and should not impose mandatory CIAC or line-extension policy changes in this ARM docket.

Q. Does this conclude your rebuttal testimony?

A. Yes.

CONFIDENTIAL

SPIRE TENNESSEE INC.

DAVIDSON REBUTTAL EXHIBIT 1