

Tennessee's gas systems are changing hands and adding customers at the same time. Your capital plan is where that lands.

The Nashville-area LDC just moved from Duke to Spire, residential gas connections keep climbing, and nearly every therm still arrives on an out-of-state pipeline into a winter-peaking system. Each of those forces reshuffles the projects on your list. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision to the commission or the board.

1.25M¹	\$2.5B²	313,000³	\$4.2B⁴
Residential natural gas customers in Tennessee (2024), up from about 1.22M in 2022.	Proceeds Duke Energy booked selling its Piedmont / Nashville Gas Tennessee business to Spire in 2026.	MLGW natural gas customers — one of the largest municipal gas systems in the U.S.	Atmos Energy's FY2026 company-wide capital plan — 85%+ for safety and reliability — across eight states including Tennessee.

THE TENNESSEE LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

SAFETY — AGING PIPE & INTEGRITY

Leak-prone pipe still sets the replacement clock

Tennessee's LDCs and municipal systems all run under PHMSA's Distribution Integrity Management Program, which obliges operators to find and prioritize replacement of leak-prone bare steel and cast-iron main.⁵

The scale is visible in how gas capital now flows: Atmos Energy, one of Tennessee's LDCs, is directing more than 85% of a roughly \$4.2 billion FY2026 budget to system safety and reliability rather than growth.⁴ Many of Tennessee's mid-century municipal systems carry their own bare-steel backlogs on top of that.

DEMAND — GROWTH VS. THE LONG HORIZON

Growing today, hedging for tomorrow

Unlike coastal states pursuing building electrification, Tennessee's gas load is still expanding — residential customers rose from about 1.22 million in 2022 to roughly 1.25 million in 2024.¹

The pressure here is long-horizon and largely federal: methane rules, the economics of RNG and hydrogen blending, and the stranded-asset risk that reshapes a 20–30 year replacement plan even where near-term throughput keeps climbing. Every main you install today is a bet on demand decades out.

SUPPLY — PIPELINE-DEPENDENT & PEAKY

Almost every therm arrives on someone else's pipeline

Tennessee produces almost no gas of its own — about 2,667 MMcf in 2024⁶ against roughly 403,000 MMcf delivered to consumers that year⁷ — so effectively all supply rides interstate pipelines into a winter-peaking system.

That exposure lands on bills: the residential price ran from \$8.97 per Mcf in 2020 to \$12.45 in 2022 through the Winter Storm Uri and Elliott period, eased to \$10.75 in 2024, then climbed back toward \$11.84 in 2025.⁸ Design-day and capacity planning is capital planning.

RECOVERY — RATE MECHANISMS & OWNERSHIP

New owner, same regulator, same defensibility test

Tennessee's investor-owned LDCs answer to the TPUC,⁹ which just presided over the largest change to the state's gas map in years: Duke Energy's sale of its Piedmont / Nashville Gas Tennessee business to Spire, closed March 31, 2026 and rebranded that June.¹⁰

Duke booked \$2,501 million of proceeds and a \$368 million gain on the deal.² Whether recovery runs through an annual rate mechanism or a full case, every dollar of main replacement and growth still has to be justified to the commission.

WHO DELIVERS TENNESSEE'S GAS

Three investor-owned LDCs and one of the country's deepest municipal gas sectors

Tennessee splits between TPUC-regulated investor-owned utilities and a long bench of city- and district-owned gas systems — including one of the largest municipal gas utilities in the United States.

Investor-owned LDCs

Rates & capital recovery regulated by the TPUC

Spire (formerly Nashville Gas / Piedmont) Nashville & middle Tennessee · acquired from Duke, rebranded 2026¹⁰; Spire serves ~2M customers across four states¹¹

Atmos Energy Tennessee communities · part of a ~3.4M-customer, 8-state gas-only LDC⁴

Chattanooga Gas ~69,000 customers · Hamilton & Bradley counties · a Southern Company Gas utility¹²

The Nashville-area system was Piedmont Natural Gas, a Duke Energy company serving more than a million customers across the Carolinas and Tennessee, until Spire's 2026 acquisition.¹³

Municipal & utility-district systems

Governed by city boards & commissions, not TPUC rates

Memphis Light, Gas & Water (MLGW) ~313,000 gas customers · largest three-service municipal utility in the U.S.³

Knoxville Utilities Board (KUB) Natural gas alongside electric, water, wastewater & fiber · Knoxville / East Tennessee¹⁴

Clarksville, Jackson, Morristown & dozens more Tennessee's municipal & utility-district gas systems¹⁵

Municipal systems set their own rates, but they face the same PHMSA safety mandates⁵ and the same interstate-supply exposure as the investor-owned LDCs.

Every capital dollar has to be defensible

Whether you file with the TPUC or answer to a municipal board, the question is the same: why this project, why now, why at this cost?

Tennessee Public Utility Commission (TPUC) — created in 1996, it sets rates and service standards for the state's investor-owned gas utilities and runs the Gas Pipeline Safety Division⁹

The Duke-to-Spire handover — TPUC oversight framed the transfer of the Nashville-area LDC from Duke Energy to Spire (closed March 31, 2026, rebranded June 1, 2026); Duke recorded \$2,501 million in proceeds and a \$368 million gain¹⁰

Annual rate mechanisms — Tennessee's larger LDCs recover ongoing infrastructure investment through TPUC-approved annual review / rate mechanisms that true up rates between full cases, the state's functional equivalent of an infrastructure surcharge⁹

Chattanooga Gas, a Southern Company Gas utility serving roughly 69,000 customers in southeast Tennessee, sets its rates through TPUC proceedings.¹²

Where the capital comes from

Tennessee gas capital is recovered mostly through rates, not federal grants — which puts the weight on getting the plan, and its sequencing, right.

Rate-based recovery via the TPUC — annual rate mechanisms let Tennessee's investor-owned LDCs recover main replacement and growth capital between full rate cases⁹

Atmos Energy: ~\$4.2B FY2026 capital more than 85% directed to system safety and reliability across its eight-state footprint, Tennessee included.⁴

\$2.5B in transaction capital — Spire's 2026 purchase of the Nashville-area LDC (Duke booked \$2,501 million of proceeds and a \$368 million gain) resets who owns that system's capital program^{2 10}

PHMSA safety programs — the federal Natural Gas Distribution Infrastructure Safety & Modernization grant program and PHMSA's integrity-management framework both fund and mandate leak-prone-pipe replacement, a route especially relevant to Tennessee's municipal systems.⁵

TENNESSEE'S GAS, IN BRIEF

Questions Tennessee gas leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How many natural gas customers does Tennessee have?

About 1.25 million residential and roughly 141,000 commercial customers as of 2024 — on the order of 1.4 million total across the state.

Who delivers natural gas in Tennessee?

Investor-owned Spire (the former Piedmont / Nashville Gas), Atmos Energy, and Chattanooga Gas, plus a large municipal sector led by Memphis Light, Gas & Water.¹⁰³

What happened to Piedmont / Nashville Gas?

Duke Energy sold its Piedmont Natural Gas Tennessee business to Spire, closing March 31, 2026 and rebranding customers June 1, 2026; Duke recorded \$2,501 million of proceeds.¹⁰²

Where does Tennessee's natural gas come from?

Almost entirely interstate pipelines. Tennessee produced only about 2,667 MMcf in 2024 against roughly 403,000 MMcf delivered to consumers, so in-state production covers well under 1% of demand.⁶⁷

Who regulates gas rates in Tennessee?

The TPUC regulates the investor-owned LDCs; municipal systems such as MLGW and the Knoxville Utilities Board set their rates through their own boards and commissions.⁹¹⁴

How does Invizion help Tennessee gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a change of ownership, a supply-cost spike, or an accelerated main-replacement mandate reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the TPUC or your municipal board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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15. Tennessee Gas Association — statewide association of Tennessee's natural gas distribution systems, including investor-owned, municipal and utility-district members. www.tngas.org

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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