

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

January 8, 2015

IN RE:

REQUEST OF CHATTANOOGA GAS COMPANY  
FOR APPROVAL OF REQUEST FOR PROPOSAL  
FOR ASSET MANAGEMENT AND AGENCY  
AGREEMENT AND GAS PURCHASE AND SALE  
AGREEMENT

DOCKET NO.  
14-00101

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ORDER APPROVING REQUEST FOR PROPOSAL

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This matter came before Chairman Herbert H. Hilliard, Director Kenneth C. Hill, and Director Robin Bennett of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on October 10, 2014 for consideration of the Request for Proposal for an Asset Management Agreement and a Gas Purchase and Sales Agreement (“RFP”) filed by Chattanooga Gas Company (“CGC” or “Company”) on October 1, 2014.

**BACKGROUND**

The TRA first ordered CGC to file its Asset Management Agreement (“AMA”) for Authority approval in Docket No. 03-00516.<sup>1</sup> In approving the AMA in that docket, the Authority found that CGC had acted in good faith and required CGC to file with the Authority any subsequent AMA for approval in advance of the commencement date of that AMA.<sup>2</sup> On January 14, 2008, CGC filed an AMA for consideration by the Authority in Docket No. 08-00012.<sup>3</sup> In that docket, the Authority

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<sup>1</sup> See *In re: Tennessee Regulatory Authority's Audit Of Chattanooga Gas Company's Actual Cost Adjustment Filing (ACA) for the Period Ending June 30, 2003*, Docket No. 03-00516, *Order Adopting, In Part, ACA Audit Report of Tennessee Regulatory Authority's Energy and Water Division* (May 6, 2005).

<sup>2</sup> See *In re: Tennessee Regulatory Authority's Audit of Chattanooga Gas Company's Actual Cost Adjustment Filing (ACA) for the Period Ending June 30, 2003*, Docket No. 03-00516, *Order Adopting, In Part, ACA Audit Report of Tennessee Regulatory Authority's Energy and Water Division*, p. 10 (May 6, 2005).

<sup>3</sup> See *In re: Request of Chattanooga Gas Company for Approval of Asset Management Agreement*, Docket No. 08-00012, *Chattanooga Gas Company's Filing of Its Asset Management Agreement with the Tennessee Regulatory Authority for Approval* (January 14, 2008).

considered and ruled on a number of issues raised by the parties pertaining to the bidding process and the terms of the AMA itself. The Authority approved the AMA between CGC and Sequent Energy Management, L.P. filed in Docket No. 08-00012 and ordered that CGC file a notice with the Authority, one year prior to the expiration of the initial three-year term of the AMA, as to CGC's intent to exercise its option to extend the AMA.<sup>4</sup> In Docket No. 07-00224, the RFP process and other asset management activities were opened for further review, and the TRA concluded that CGC must submit all future asset management RFPs to the Authority for prior approval before issuing the RFPs.<sup>5</sup>

CGC's current AMA was awarded and approved by the Authority in Docket No. 10-00049.<sup>6</sup> The original AMA approved in Docket No. 10-00049 expired on March 31, 2014. The Authority approved a one-year extension of the contract to March 31, 2015, until the independent consultant completed a review of the asset management activities and related sharing incentives and issued the final report in July of 2014.<sup>7</sup>

#### **NOTICE OF FILING REQUEST FOR PROPOSAL**

CGC filed an RFP on October 1, 2014 for approval by the Authority.<sup>8</sup> The purpose of the RFP is to obtain a new Asset Manager of the Company's assets and supplier of natural gas, when the current Asset Management and Agency Agreement and Gas Purchase and Sale Agreement expires March 31, 2015.<sup>9</sup>

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<sup>4</sup> See *In re: Request of Chattanooga Gas Company for Approval of Asset Management Agreement*, Docket No. 08-00012, *Order Approving Asset Management and Agency Agreement* (July 15, 2008).

<sup>5</sup> See *In re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Docket No. 07-00224, *Order*, p. 6 (September 23, 2009).

<sup>6</sup> See *In re: Request of Chattanooga Gas Company for Approval of an RFP for an Asset Management Agreement and a Gas Purchase and Sales Agreement*, Docket No. 10-00049, *Order Approving Asset Management Agreement* (December 15, 2010).

<sup>7</sup> See *In re: Request of Chattanooga Gas Company for Approval of an RFP for an Asset Management Agreement and a Gas Purchase and Sales Agreement*, Docket No. 10-00049, *Order Approving Request to Extend Asset Management Agreement* (May 20, 2013).

<sup>8</sup> See *Notice of Filing Request for Proposal* (October 1, 2014).

<sup>9</sup> *Id.* at 1.

**FINDINGS AND CONCLUSIONS**

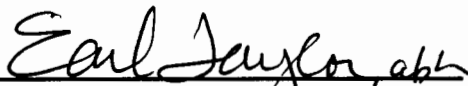
At the regularly scheduled Authority Conference held on October 10, 2014, the panel considered the RFP. Based on the entire record and the review of the confidential exhibits filed by CGC, the panel voted unanimously to approve the RFP submitted by CGC on October 1, 2014.

**IT IS THEREFORE ORDERED THAT:**

The Request for Proposal filed in this docket on October 1, 2014 is approved for issuance by Chattanooga Gas Company.

**Chairman Herbert H. Hilliard, Director Kenneth C. Hill and Director Robin Bennett concur.**

**ATTEST:**

  
**Earl R. Taylor, Executive Director**