

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**April 18, 2016**

<b>IN RE:</b>	)	
	)	
<b>ATMOS ENERGY CORPORATION'S PETITION</b>	)	<b>DOCKET NO.</b>
<b>FOR APPROVAL OF CONTRACT(S) REGARDING</b>	)	<b>16-00008</b>
<b>GAS COMMODITY REQUIREMENTS AND</b>	)	
<b>MANAGEMENT OF TRANSPORTATION/</b>	)	
<b>STORAGE CONTRACTS</b>	)	

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**ORDER APPROVING CONTRACT REGARDING  
GAS COMMODITY REQUIREMENTS AND MANAGEMENT OF  
TRANSPORTATION/STORAGE CONTRACTS**

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This matter came before Vice Chairman David F. Jones, Director Kenneth C. Hill and Director Robin Morrison of the Tennessee Regulatory Authority ("Authority" or "TRA") on March 14, 2016 for consideration of the *Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts* ("Petition") filed on January 20, 2016 by Atmos Energy Corporation ("Atmos" or "Company").

**BACKGROUND**

In Docket No. 05-00253,<sup>1</sup> the TRA approved Request for Proposal ("RFP") procedures for Atmos' selection of an asset manager. Atmos has followed these tariff procedures in the selection of its asset manager in 2008 in TRA Docket No. 08-00024, in 2011 in Docket No. 11-00034, in 2014 in Docket No. 14-00009 and in 2015 in Docket No. 15-00009. In all of the previous dockets, the TRA found that Atmos had correctly followed its RFP procedures and had selected the asset manager providing the most consumer benefit. In all instances, the contract was awarded to Atmos' affiliate, Atmos Energy Marketing, LLC ("AEM").

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<sup>1</sup> *In re: Atmos Energy Corporation's Annual Cost Adjustment (ACA) for the Twelve Months Ended June 30, 2005*, Docket No. 05-00253, *Order Approving Tariff* (December 6, 2007).

## **PETITION AND TARIFF REQUIREMENTS**

Atmos filed its *Petition* requesting approval of its Asset Management Agreement (“AMA”) with its affiliate, AEM, on January 20, 2016. The AMA covers the Company’s gas commodity requirements and management of its transportation and storage contracts. The term of the asset management agreement is one year, effective April 1, 2016. Due to the fact that the Atmos system overlaps the Tennessee-Virginia state line in Bristol, accruing benefits to customers in both states, the contract covers both Tennessee and Virginia and is filed with each state commission for approval.<sup>2</sup>

Atmos contends that it has complied with the bidding procedures outlined in its approved tariff and requests that the contract be approved so that gas commodity and asset management services may commence under the new agreement effective April 1, 2016.<sup>3</sup>

### **RFP Process**

Atmos’ tariff requires that AMAs be placed out for bid using an RFP. The RFP must be written, define the Company’s assets to be managed, detail the Company’s minimum service requirements, describe the content requirements of the bid proposals, include procedures for submission and evaluation of the bid proposals, and be open for a minimum period of thirty days.<sup>4</sup> The Company is required to send the RFP to potential asset managers.<sup>5</sup> Atmos advertised the RFP in a trade journal on October 26, 2015 and November 4, 2015.<sup>6</sup>

Atmos states it took reasonable steps to disseminate and advertise its RFP in accordance with the RFP procedures.<sup>7</sup> According to Atmos, it evaluated the bids received and determined

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<sup>2</sup> *Petition*, p. 3 (January 20, 2016).

<sup>3</sup> *Id.* at 1.

<sup>4</sup> *Id.* at 2-3.

<sup>5</sup> *Id.* at 3.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

that AEM submitted the bid providing the highest overall value to customers.<sup>8</sup> Atmos also asserts that the AMA provides significant benefits and savings to its customers.<sup>9</sup>

#### **FINDINGS AND CONCLUSIONS**

At the regularly scheduled Authority Conference held on March 14, 2016, the panel considered the *Petition*. After considering the record as a whole, the panel found that Atmos had complied with its tariff procedures in issuing its RFP for selection of an asset manager. Further, the panel found that AEM is an appropriate choice to perform the asset management function because it is qualified, and its bid was the highest value bid and will provide significant savings to Atmos customers. Thereafter, the panel voted unanimously to approve the *Petition*.

#### **IT IS THEREFORE ORDERED THAT:**

The *Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts* filed by Atmos Energy Corporation on January 20, 2016 is approved.

**Vice Chairman David F. Jones, Director Kenneth C. Hill, and Director Robin Morrison concur.**

**ATTEST:**



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**Earl R. Taylor, Executive Director**

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<sup>8</sup> *Id.* at 3-4.

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