

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

April 14, 2020

IN RE:)	
)	
REQUEST OF CHATTANOOGA GAS COMPANY)	Docket No. 17-00137
FOR APPROVAL OF ASSET MANAGEMENT AND)	
AGENCY AGREEMENT AND GAS PURCHASE)	
AND SALE AGREEMENT)	

**CHATTANOOGA GAS COMPANY’S REQUEST TO EXTEND ITS
ASSET MANAGEMENT AGREEMENT**

Chattanooga Gas Company (“CGC” or “Company”) is requesting approval from the Tennessee Public Utility Commission (“TPUC” or “Commission”) to extend its current Asset Management and Agency Agreement (“AMA” or “Agreement”) between CGC and Sequent Energy Management, L.P. (“Sequent”) for one year until March 31, 2022. The AMA provides that it will terminate on March 31, 2021 unless CGC and Sequent have mutually agreed to extend the AMA for one (1) year.

Background

On February 6, 2018, the Tennessee Public Utility Commission issued an order approving CGC’s current three-year AMA with Sequent, including the Gas Purchase and Sale Agreement. *See* Order Approving Asset Management and Agency Agreement (Feb. 6, 2018), Docket No. 17-00137. By its terms, the AMA will “... terminate on March 31, 2021 (a term of three years) unless a Party gives the other Party one (1) year notice for an extension of up to one year and such extension is mutually agreed upon by the parties and approved by the TPUC.” *See* Exhibit B, ¶ 12 CGC’s Filing of Its Asset Management Agreement for Approval (Nov. 28, 2017), Docket No.

17-00137. CGC and Sequent have agreed to extend the AMA for one year until March 31, 2022. See Exhibit 1 (attached hereto). CGC is requesting approval of this extension.

Discussion

In support of this request, CGC submits that the current asset manager, Sequent, has fully complied with all of the terms and conditions of the AMA and with the Gas Purchase Agreement. Further, Sequent has provided exemplary services not just throughout the first of two years of the current contract but also throughout the terms of the prior Asset Management Agreements. Through Sequent's prior experiences with management of CGC's assets including knowledge of the market available for utilization of these assets, Sequent has the ability to bring value to CGC and CGC's ratepayers.

CGC also submits that the current COVID-19 pandemic crisis is causing tremendous economic uncertainty. The certainty provided by the one-year extension of the current contract versus the uncertainty in the results of a new bidding process justifies CGC's decision and to extend the contract.

CGC also submits that even before the COVID-19 pandemic, the price of natural gas was extremely low and the natural gas in storage is above the five-year average. These factors are further indicators of an unfavorable market for bidding of asset management contracts at this time.

The consideration paid by Sequent is confidentially filed under seal in this Docket and known by the Consumer Advocate as well as the number of other bidders and their proposed consideration. There is no reason to believe an RFP process initiated this summer would provide a more favorable contract.

For all the foregoing reasons, CGC contends that the certainty of the overall value to CGC and its customers of a one-year extension of the current contract greatly outweighs the uncertainty

of a new bidding process. CGC believes it is in the public interest to extend the contract for one year.

Conclusion

In conclusion, CGC respectfully requests that the TPUC approve CGC's and Sequent's mutual agreement to extend the current AMA for one year until March 31, 2022.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Request to Extend Asset Management Agreement has been forwarded to the parties listed below via electronic mail on this the 14th day April, 2020.

Vance Broemel, Esq.
Assistant Attorney General
Office of the Tennessee Attorney General
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202-0207
vance.broemel@ag.tn.gov



Gregory Becker
Director, Capacity Planning10 Peachtree Place NE
Atlanta, GA 30339

April 8, 2020

Berney Aucoin
Sequent Energy Management, L.P.
1200 Smith Street, Suite 900
Houston, Texas 77002**Re: Extension of Asset Management Agency Agreement**

Dear Berney:

The primary term of the Asset Management and Agency Agreement dated April 1, 2018 (the "Agreement"), between Chattanooga Gas Company ("CGC") and Sequent Energy Management, L.P. ("Sequent") terminates March 31, 2021, pursuant to Section 12 of the Agreement. Section 12 of the Agreement also provides for an extension of the Agreement for one (1) year upon mutual agreement of the Parties and approval by the Tennessee Public Utility Commission ("TPUC")

The purpose of this letter is to confirm the parties' desire to continue the Agreement, with the current terms and conditions, for another one (1) year term. Therefore, the next annual term of the Agreement would continue through March 31, 2022 (the "Extension"), upon approval by the TPUC and acceptance of such approval by both CGC and Sequent. CGC intends to file a pleading on or about April 13, 2020 with the TPUC requesting approval of the Extension.

Please let me know if you have any questions regarding this letter. If not, please acknowledge your receipt hereof and agreement to continue the Agreement through March 31, 2022, upon approval by the TPUC by signing in the space provided below and returning one fully executed copy of the letter to me.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Sherwood".

Tim Sherwood
Vice President, Gas Supply Operations

AGREED AND ACKNOWLEDGED:

DocuSigned by:

A handwritten signature in black ink, appearing to read "Berney Aucoin".

5325E6912A73448...

_____, Vice President, Commercial Operations
Sequent Energy Management, L.P.

DS

A blue square verification mark with the letters "DS" inside.