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19-00050

May 15, 2019

Victoria Lawless
Docket Manager
Tennessee Public Utility Commission
502 Deaderick Street, Fourth Floor
Nashville, TN 37243

VIA E-MAIL AND HAND DELIVERY
tpuc.docketroom@tn.gov

RE: Atmos Energy Corporation – Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts

Dear Ms. Lawless:

Enclosed are the original and four copies of Atmos Energy Corporation's Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts along with a proposed Protective Order and the filing fee of $25.00.

Also enclosed is the **Confidential** Direct Testimony of Rebecca M. Buchanan with exhibits as follows:

Exhibit A	**Confidential;**
Exhibit B	Non-Confidential;
Exhibits C1 – C2	Non-Confidential
Exhibits D1 – D4	**Confidential; and**
Exhibit E	**Confidential.**

The confidential portion of this filing is being provided under seal and is not to be uploaded to the website. We are providing under seal a thumb drive containing the complete filing.

Best regards.

Sincerely,

A. Scott Ross

ASR:prd

Enclosure

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

IN RE:	**)**	
	)	
REQUEST OF ATMOS ENERGY	**)**	**Docket No.** 19-00050
CORPORATION FOR APPROVAL	**)**	
OF CONRACT(S) REGARDING GAS	**)**	
COMMODITY REQUIREMENTS AND	**)**	
MANAGEMENT OF TRANSPORTATION/	**)**	
STORAGE CONTRACTS	**)**	
	)	

PETITION FOR APPROVAL OF CONTRACT REGARDING GAS COMMODITY REQUIREMENTS AND MANAGEMENT OF TRANSPORTATION/STORAGE CONTRACTS

Atmos Energy Corporation ("Atmos Energy" or "Company") respectfully requests that the Tennessee Public Utility Commission approve its contract with CenterPoint Energy Services, LLC ("CenterPoint") (hereinafter referred to as the "Asset Management Agreement" or "AMA") regarding the Company's gas commodity requirements and management of its transportation and storage contracts.

Atmos Energy has complied fully with the bidding procedures in its approved Tariff. The AMA provides significant benefit to Atmos Energy's customers, including discount to index pricing, the Tennessee allocated portion of which will directly benefit Tennessee ratepayers. Atmos Energy respectfully requests that the AMA be approved so that gas commodity and asset management services may continue under the new AMA, which has an effective date of April 1, 2019.

In support of this Petition, Atmos Energy respectfully submits the following:

1. Full name and address of the principal place of business of the company are:

Atmos Energy Corporation
5430 LBJ Freeway S 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Mark A. Martin
Vice President - Rates & Regulatory Affairs
Kentucky/Mid-States Division
Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303-7835
mark.martin@atmosenergy.com

A. Scott Ross, Esq.
Neal & Harwell, PLC
1201 Demonbreun Street, Suite 1000
Nashville, TN 37203
sross@nealharwell.com

3. Atmos Energy's Tariff includes a section entitled RFP Procedures for Selection of Asset Manager and/or Gas Provider, specifying RFP and bidding procedures, and requiring that the Company file a Petition by December 1 seeking Commission approval of the Company's compliance with the RFP procedures. *See* Atmos Energy Tariff Sheets 45.5 and 45.6.

4. The procedures require Atmos Energy to develop a written RFP defining the Atmos Energy assets to be managed, detailing the Company's minimum service requirements, and describing the required content of bid proposals. The RFP is required to be advertised twice in a thirty-day period as part of a systematic notification process. The procedures also specify criteria to be used in evaluating the bids, including: the total value of the bid proposal; the bidder's ability to perform the RFP requirement; the bidder's asset management qualifications and experience; and the bidder's financial stability and strength.

4. The new AMA replaces the current asset management agreement approved by Order dated May 12, 2015, in Docket No. 16-00008. That agreement expired March 31, 2019. In anticipation of its expiration, Atmos Energy developed an RFP for asset management and gas commodity requirement services. The RFP was issued through the Atmos Energy RFP website on January 2, 2019. In accordance with the RFP procedures, bids were due 30 days later, on February 1, 2019.

5. The RFP called for a three-year agreement beginning April 1, 2019, to supply gas commodity requirements and manage the Company's transportation and storage contracts. In recognition of the fact that the Atmos Energy system overlaps the Tennessee / Virginia state line in Bristol, and that a number of the transportation and storage assets benefit customers in both states, the agreement was to cover not only Tennessee, but also Virginia.

6. In compliance with the RFP procedures set-forth in its Tariff, Atmos Energy took several steps to disseminate and advertise its RFP. Atmos Energy provided electronic notification of its Request for Proposal through the Company's website found at www.AtmosEnergy.com/cs/gassupply/, and sent automatic email notifications to 160 registered users. In addition, Atmos Energy advertised the RFP twice in *Platt's Gas Daily,* on January 9, 2019, and January 16, 2019. Atmos Energy ultimately received four proposals from three different suppliers.

7. In accordance with the RFP procedures set forth in its Tariff, Atmos Energy evaluated the bids received, and determined that the discount-to-index bid submitted by CenterPoint Energy Services would provide the highest overall value to consumers, and that the contract should be awarded to CenterPoint. In making this evaluation, Atmos Energy applied the criteria set forth in its RFP Tariff provisions. The Company's analysis of the qualifying bids

received and the bases for awarding the Contract to AEM are detailed in bid analysis documents submitted with the testimony of Rebecca M. Buchanan.

8. The AMA will result in significant savings to Atmos Energy sales customers. The winning bid was the highest value bid received, the result of a competitive bidding process conducted in accordance with the approved RFP procedures.

9. In support of this Petition, Atmos Energy has submitted the direct testimony of Rebecca M. Buchanan and the exhibits thereto.

WHEREFORE, Atmos Energy respectfully prays:

1. That the April 1, 2019 AMA be approved.

2. That Atmos Energy be granted such other relief as may be warranted.

Respectfully submitted,

NEAL & HARWELL, PLC

By: ______________________

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Nashville, TN 37203
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(615) 726-0573 – Facsimile
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Counsel for Atmos Energy Corporation

EXHIBIT B

ATMOS ENERGY CORPORATION
GAS SUPPLY REQUEST FOR PROPOSAL ("RFP")
FOR NATURAL GAS SUPPLY AND ASSET MANAGEMENT
TENNESSEE/VIRGINIA SERVICE AREAS
JANUARY 2, 2019

1. RFP Overview

Atmos Energy Corporation ("Atmos") is seeking proposals from qualified suppliers to provide firm natural gas commodity requirements and asset management of its transportation and storage contracts for its West Tennessee/Middle Tennessee service area ("Area I") and its East Tennessee/Virginia service area ("Area II"). Proposals should be submitted for the combined service areas, and in order to be considered must provide the full firm system supply requirements for both Area I and Area II. Proposals should be submitted on the attached **Bid Form, Attachment A**. The term of the agreement will commence on April 1, 2019 and continue for a period of three years through March 31, 2022.

ALL PROPOSALS MUST BE PREPARED IN ACCORDANCE WITH RFP REQUIREMENTS AND MUST BE RECEIVED IN WRITTEN FORM ON OR BEFORE FRIDAY, FEBRUARY 1, 2019 BY 4:00 PM CENTRAL TIME.

2. RFP Communication

Atmos RFPs are issued electronically via the Atmos Energy RFP website. Potential bidders should register to view and receive electronic notification of Atmos' RFPs through the Atmos Energy website at https://www.atmosenergy.com/cs/gassupply/ and click on "Click here to Register."

Any requests for additional information not contained in this RFP are required in writing. Requests should be submitted via the Atmos RFP website. Responses to reasonable requests that add clarity and are deemed, at Atmos' sole discretion, necessary to properly respond to the RFP, will be available for viewing by all registered parties via the Atmos RFP website. The identity of the party requesting additional information will be kept confidential. In order to submit a question, please click on the "Questions and Answers for this Activity" link corresponding with this RFP and type in the question. Questions should be submitted no later than Wednesday, January 23, 2019. Responses will be posted on the Atmos RFP website as soon as possible, but no later than Friday, January 25, 2019. Interested parties are encouraged to visit the website periodically throughout the RFP open period for updated postings.

3.0 Background

Atmos' regulated natural gas utility customers in Tennessee and Virginia are located in three geographic regions: West TN, Middle TN and East TN/Virginia. For purposes of gas supply and asset management, the West TN and Middle TN supply requirements are grouped as Area I and the East TN/Virginia supply requirements are grouped as Area II. Proposals must be submitted for both service areas, and must provide for the full firm system supply requirements of both Area I and Area II.

The capacity and transportation agreements that will be managed by the Asset Manager are listed in **Attachment B, Asset Portfolio** (Assets Under Release) and **Attachment B-1, Non-Released Asset Portfolio** (Assets Under Agency), attached to the RFP. To the extent allowed by applicable pipeline tariffs and regulations and subject to the terms of any applicable service agreements, Atmos will release on a recallable basis its transportation and storage capacity at a zero rate release, and will transfer its storage inventory to the Asset Manager subject to the Asset Manager's obligation to provide Atmos' full requirements, up to Atmos' transportation and storage contractual entitlements, to Atmos' distribution systems. If the capacity under a transportation or storage agreement cannot be released to the Asset Manager, Manager shall function solely as Atmos' agent for purposes of nominations, scheduling and other customary services incidental to the management of non-releasable capacity. Demand charges associated with the zero rate capacity releases will be billed directly to Atmos by the pipeline. Demand charges associated with assets under an agency will be passed through to Atmos from the Asset Manager. The Asset Manager will bill Atmos for fuel and transportation commodity charges associated with providing deliveries to Atmos' city gates for Atmos' requirements using the least cost receipt and delivery points per the contracts (see **Attachments B and B-1, Asset Portfolio**).

In order to protect Atmos' rights to demand credits from our pipeline counterparties, such as in the instance of a scheduled pipeline maintenance outage, Atmos may recall any discounted rate capacity from the Asset Manager and re-release the capacity to the Asset Manager at Atmos' contract demand rate for the duration of the outage. During the outage, the Asset Manager will receive demand credits from the pipeline which it shall apply to the pipeline reservation charges incurred as a result of the recall and re-release. Once the pipeline outage is resolved, Atmos will reinstate the discounted rate capacity release to the Asset Manager.

To the extent allowed by the applicable pipeline tariffs and regulations, and subject to the terms of any applicable service agreements, Atmos will transfer its physical storage inventories to the Asset Manager at zero cost. The physical storage inventory balances at commencement will establish the beginning values in Atmos' billable paper storage inventory accounts tracked by the Asset Manager. At the conclusion of the Asset Management term, March 31, 2022, the Asset Manager shall have the physical storage inventory balances in close agreement with Atmos' billable paper storage inventory levels, which will be approximately 5% of the MSQ for most storage accounts. This will facilitate the zero cost storage inventory transfer back to Atmos. Any difference between an ending physical inventory and an ending paper inventory shall be minimal and will be settled via cash out between the Asset Manager and Atmos. Each service area's storage balancing guidelines are described later in this RFP under the paragraphs titled Storage and Balancing.

All of Atmos' commodity natural gas requirements will be supplied by the Asset Manager and shall be delivered on a firm basis. Projected purchase volumes are provided to assist you in the preparation of your proposal (see **Attachment C1, West TN Winter/Summer Gas Supply Plan, Attachment C2, Middle TN Winter/Summer Gas Supply Plan** and **Attachment C3, ETN/VA Winter/Summer Gas Supply Plan**). These volumes are informational only and may or may not be indicative of future requirements.

During the term of the agreement, Atmos will provide the Gas Supply Plan with substantially similar information to that in **Attachments C1, C2, and C3**. Atmos may make changes to the plan on a month-ahead basis by providing changes to the Asset Manager five (5) business days before the beginning of the month (see Section 6, Performance and Supply Requirements).

Atmos may accept deliveries from the Asset Manager in exchange for equivalent volumes from the original pipeline locations or pools (as purchased by Atmos) if operationally feasible. The pipelines currently delivering into our service areas as well as local sources of gas are all available to substitute for one another if operationally feasible. In all cases, the Asset Manager will invoice Atmos the pipeline commodity charges that Atmos would have paid had the gas flowed on the contracts outlined on **Attachment B, Asset Portfolio** (Assets Under Release), per the original pipeline location or pool. The Asset Manager will be required to get Atmos' consent prior to using this mechanism.

To assist the Asset Manager in understanding how Atmos' capacity may be used to provide for the peak day requirements in Area II, please see **Chart 1 – Peak Day Example** for ETNG. This is for informational purposes only. The example represents how Atmos designed the ETNG capacity to be supplied on a peak day; Atmos realizes an Asset Manager has flexibility with storage/LNG withdrawals and alternate receipt supply options within Atmos' primary path to effectuate firm reliable service to meet peak day conditions.

Atmos has discounted reservation rates for one or more contracts. The Asset Manager will bill Atmos based on the discounted receipt and delivery points. If the Asset Manager's action forfeits the discount, for example by nominating outside of the discounted path, the Asset Manager will be responsible for reimbursing Atmos for the discount forfeiture. **Please note, when referring to Attachment B Asset Portfolio, for contract numbers TETCO #911193-MTN, TETCO #911193-ETN, CGT #142156, and TGP #92725: nominations within the primary path are allowed, but nominations outside the primary path are strictly prohibited.**

3.1 Area I – West TN / Middle TN

West Tennessee (Union City) is served by Texas Gas Transmission ("TGT") with a Small Customer General Transportation Service (SGT) contract, which includes No-Notice Storage ("NNS"), and a Short-Term Firm Transportation Service (STF) contract. The SGT contract is non-releasable; therefore the Asset Manager will be assigned as agent. Atmos holds firm storage capacity in the Barnsley Storage facility which provides gas to Area I for both West TN and Middle TN. The Barnsley contract will not be released, and the Asset Manager will be assigned as agent. The Asset Manager must effectuate deliveries to West TN from Barnsley through an Exchange Agreement as described below in **Services to be Provided to Atmos – Area I**. The Asset Manager will sell TGT priced baseload and incremental supply up to the applicable firm TGT transportation entitlements for its flowing gas requirements to the city gates in West TN. Atmos' West TN weather normalized annual purchase requirements are approximately 440,000 Dth for system supply. Atmos' West TN annual thru-put on TGT is approximately 1.5 Bcf, of which 69% is attributable to third party transportation customers.

Middle Tennessee (Columbia, Franklin, Murfreesboro, and Nolensville area) is served by three pipelines in this contiguous area: 1) East Tennessee Natural Gas ("ETNG"), 2) Columbia Gulf Transmission ("CGT"), and 3) Texas Eastern Transmission ("TETCO"). ETNG only serves a small portion of the peak day load for this area, approximately 8,000 Dth/day, specifically for Atmos' ETNG delivery meters 59026 and 59055. To be clear, all of Atmos' ETNG transportation capacity, regardless of geographical area served, is included in **Attachment B, Asset Portfolio** (Assets Under Release) within the **Service Area II** section for ETNG.

The Asset Manager will sell CGT, TETCO and Dominion Energy Transmission, Inc. (DETI) priced baseload and incremental supply gas to Atmos for Atmos' flowing gas requirements (up to Atmos' applicable firm CGT and/or TETCO transportation entitlements) to serve Atmos' city gates in Middle Tennessee. CGT contract #142156 includes the primary receipt point of Gulf-Leach. It is anticipated that Seller will utilize the CGT Mainline pool for supply on this contract.

Atmos' Middle TN weather normalized annual purchase requirements are approximately 8.3 Bcf for system supply. Atmos' Middle TN annual thru-put on CGT/TETCO is approximately 12 Bcf, of which 31% is attributable to third party transportation customers.

Storage – Area I

Atmos will provide the Asset Manager with the seasonal gas supply plans (see **Attachment C1, West TN Supply Plan,** and **C2, Middle TN Supply Plan**, as examples), which will include planned storage injection and withdrawal quantities. This plan will be adjusted five (5) business days before the beginning of any month to accommodate Atmos' operational needs. At Atmos' sole discretion, Atmos has the right to utilize the full contractual storage injections or withdrawals on any day. When storage withdrawals are adjusted, Atmos will make a best efforts basis to balance back to the monthly billable plan volume or adjust the following month's plan.

Storage services are provided through DETI, Barnsley Storage, TETCO, Jefferson Island Storage & Hub (JISH) and Monroe Gas Storage. The DTI storage, which is served by TETCO, and the Barnsley Storage served by TGT each require a delivered supply service to effectuate storage injections which the Asset Manager will provide. Additionally, Barnsley Storage will require a delivered exchange service to effectuate storage withdrawals (See **Services to be Provided to Atmos – Area I**, below). The JISH and Monroe Gas Storage will serve both Middle Tennessee customers in Area I and East Tennessee/Virginia customers in Area II.

Barnsley Storage

The Barnsley Storage facility is located in Hopkins County, Kentucky, outside of Area I. The Barnsley contract will not be released, and the Asset Manager will be assigned as agent. Atmos has 1,300,000 Dth of contract storage capacity in Barnsley to serve Area I with a maximum daily withdrawal of 27,000 Dth/day and a maximum daily injection of 12,250 Dth/day. Operational ratchets are provided in **Attachment B-1, Non-Released Asset Portfolio** (Assets Under Agency). Due to the location of the Barnsley Storage facility, the Asset Manager must provide injections and withdrawals physically in Zone 3 of Texas Gas Transmission ("TGT"). The Asset Manager will be responsible for providing a delivered service to effectuate injections into Barnsley Storage as Atmos does not hold TGT capacity with Zone 3 delivery entitlements. The Asset Manager will also be required to provide an Exchange Service to effectuate withdrawals delivered to Atmos' city gates in Area I, in both West and Middle TN. This is further described below in **Services to be Provided to Atmos – Area I**. The Barnsley storage contract is included in the assets available for the Asset Manager to optimize; however, the integrity of the facility will remain a priority. Atmos, in its sole discretion, may limit storage withdrawals or injections at any time to protect the integrity of the storage field.

Jefferson Island Storage & Hub

The total Jefferson Island storage capacity is 250,000 Dth with an MDWQ of 25,000 Dth/day and an MDIQ of 9,000 Dth/day. The JISH contracts will not be released, and the Asset Manager will be assigned as agent. Operational ratchets are provided in **Attachment B-1, Non-Released Asset Portfolio** (Assets Under Agency). The storage facility will be utilized by both Area I – Middle TN and Area II – East TN/Virginia; both areas having access to the MSQ, MDWQ and MDIQ, not to exceed the contractual limits in aggregate. In this regard, there will be two contracts provided: an Interstate contract and an Intrastate contract. In combination, these contracts provide up to 50,000 Dth/day of withdrawals; however, the Asset Manager's withdrawal entitlements shall never exceed 25,000 Dth/day in aggregate. Specifically within the Intrastate contract, both Atmos and the Asset Manager will be required to represent and warrant to Jefferson Island that all gas delivered to JISH is not committed or dedicated to interstate commerce and was produced and will be consumed entirely within the state of Louisiana. The Asset Manager must accept liability for potential actions taken by Jefferson Island against Atmos if the Asset Manager improperly uses the JISH Intrastate Agreement. Atmos holds capacity on TGP and CGT that can facilitate JISH injections and withdraws (see **Attachment B – Asset Portfolio**).

Monroe Gas Storage

The total Monroe Gas storage capacity is 350,000 Dth with an MDWQ of 10,360 Dth/day and an MDIQ of 9,800 Dth/day. The storage facility will be utilized by both Area I – Middle TN and Area II – East TN/Virginia; both areas having access to the MSQ, MDWQ and MDIQ, not to exceed the contractual limits in aggregate. Atmos holds capacity on TGP and Tetco that can facilitate Monroe injections and withdraws (see **Attachment B – Asset Portfolio**).

<u>Services to be Provided to Atmos – Area I</u>:

Barnsley Delivered Supply (Storage Injection)

The Asset Manager will provide a TGT priced delivered gas service to supply Barnsley injections, predominantly an April through October service, at Texas Gas meter #9404, of up to 12,250 Dth/day for plan storage injections via TGT. Plan injections are approximately 90 Dth/day for West TN and 5,500 Dth/day for Middle TN. While not anticipated, if operationally needed Atmos may call on this delivered service for injections into Barnsley Storage during the winter months of November through March. If bidder wishes to propose different prices for summer versus winter Barnsley injections, please add corresponding line items to the **Bid Form, Attachment A**.

Barnsley Supply Exchange (Winter Delivered Service)

This service will effectuate Atmos' plan withdrawal quantities from Barnsley storage in TGT Zone 3 for the months of November through March. The Asset Manager may take deliveries from Barnsley storage at TGT meter #9405. Atmos does not hold transportation capacity for delivery of storage withdrawals from Barnsley to its Area I city gates. Therefore, the Asset Manager will provide an Exchange Delivered Service from Barnsley storage withdrawal to Atmos' city gates in Area I or to the Columbia Gulf Transmission ("CGT") mainline pool, at Atmos' discretion. The pipes serving Area I are TGT (West Tennessee) and CGT and/or TETCO (Middle Tennessee). On each Day, Atmos will have the option to call upon a quantity up to 1,000 Dth/day at its TGT city gates, up to 10,000 Dth/day at its TETCO city gates, up to 27,000 Dth/day at its CGT city gates, and up to 27,000 Dth/day at the CGT Mainline Pool, not to exceed 27,000 Dth in the aggregate for all the foregoing points on any given day. The total estimated quantity to be exchanged is 1,300,000 Dth. Delivered exchange quantities can range from zero to 27,000 Dth/day. To the extent the Barnsley Storage field deliverability is less than the exchange quantity called upon by Atmos, the Asset Manager will provide a TGT, CGT or Tetco priced winter delivered supply to Atmos' Area I city gates for the difference, up to the delivered exchange service contractual parameters stated herein.

Dominion Delivered Supply (Summer Storage Injection – Middle TN)

The Asset Manager will provide a DETI priced delivered gas supply of up to 2,288 Dth/day to Dominion GSS storage at Oakford for aggregate baseload plan storage injections per the terms of the Plan Requirements. This service shall be provided April through October. Deliveries of DETI storage withdrawal quantities may be effectuated via Atmos' firm transport on TETCO.

Incremental CGT/TETCO Delivered Supply (Winter Service - Middle TN)

The Asset Manager will provide a firm delivered gas supply in Middle TN for the months December through February, up to 23,000 Dth/day in aggregate at Atmos' city gates interconnected with CGT or TETCO at Atmos' sole discretion. The applicable pricing basis will be selected by Atmos per the terms of the Plan Requirements prior to the timely Gas Daily nomination deadline.

Balancing West Tennessee

The difference between Atmos' TGT FOM baseload purchases plus incremental quantities less sellbacks and the Company's actual usage will be balanced on paper by the Asset Manager utilizing the TGT SGT NNS contract. Regardless of how the Asset Manager physically balances the system, the NNS contract takes the swing on a billable paper inventory account. The transportation customers are kept whole to their nominations and are balanced on Atmos' NNS storage. Following the winter withdrawal season, it will be the Asset Manager's responsibility to pay back TGT for the borrowed SGT withdrawals with like gas the following summer. At commencement of the agreement, Atmos will notify the Asset Manager of the SGT storage summer payback volume, which will be shown on Atmos' billable plan as SGT injections. On the billable paper inventory, the Asset Manager shall show the SGT account as if it is a traditional storage service. The billable paper inventory account for the other storage in this area, Barnsley Storage, shall have injections and withdrawals according to the monthly Plan provided to the Asset Manager five business days prior to the beginning of the flow month. At Atmos' sole discretion, Atmos has the right to utilize the full contractual storage withdrawals on any day. When storage withdrawals are adjusted, Atmos will make a best efforts basis to balance back to the monthly billable plan volume or adjust the following month's plan. The Asset Manager shall track and report the paper and physical inventory balances as further described in **Attachment D, General Items** for Tennessee and Virginia Service Areas.

Balancing Middle Tennessee

The difference between Atmos' Middle TN FOM baseload purchases plus incremental quantities less sellbacks and the Company's actual usage in aggregate for all Middle TN pipes will be balanced each month utilizing a cash out, priced per the CGT tariff. Columbia Gulf issues a monthly non-critical notice with the Cash in/Cash out tier pricing. Atmos Energy will only pay the 0-5% tolerance tier price for monthly cash out sells or buys irrespective of the actual balance. Regardless of how the Asset Manager physically balances the system, Atmos will settle its imbalance with the Asset Manager with a billable CGT cash out. The other storages in this area, Barnsley, DETI, TETCO, JISH and Monroe shall have injections and withdrawals according to the monthly Plan provided to the Asset Manager five business days prior to the beginning of the flow month. At Atmos' sole discretion, Atmos has the right to utilize the full contractual storage withdrawals on any day. When storage withdrawals are adjusted, Atmos will make a best efforts basis to balance back to the monthly billable plan volume or adjust the following month's plan. The transportation customers are kept whole to their nominations and are balanced on the CGT cash out. The Asset Manager shall track and report the paper and physical inventory balances as further described in **Attachment D, General Items** for Tennessee and Virginia Service Areas.

3.2 Area II – East TN / Virginia

The pipeline serving Area II is ETNG. The Asset Manager is required to deliver up to the full contractual MDQ to Atmos' ETNG delivery meters along the entire ETNG primary path. Upstream of the service area, Atmos holds firm transportation capacity on Tennessee Gas Pipeline ("TGP"), TETCO, Southern Natural ("SNG") and CGT. Atmos holds storage capacity in ETNG's LNGS storage facility, Saltville Gas Storage, JISH, Monroe Gas Storage and TGP FS-MA and FS-PA. The JISH and Monroe Gas Storage will serve both Middle Tennessee customers in Area I and East Tennessee/Virginia customers in Area II. The Asset Manager will manage the pipeline storage contracts, as well as pipeline transportation contracts, including but not limited to nominations, scheduling and imbalance management. Atmos' Area II weather normalized annual purchase requirements are approximately 10.8 Bcf for system supply. Atmos' East TN/VA annual thru-put on ETNG is approximately 23 Bcf, of which 53% is attributable to third party transportation customers.

Middle Tennessee Service Area - As stated in the description of the Middle Tennessee Service Area under Area I above, a small portion of the supply requirement for Area I Middle TN is served by supply on ETNG at delivery meters 59026 and 59055. At Atmos' discretion, the Asset Manager will be required to provide up to 8,000 Dth/day of peak day gas supply into these two Atmos' ETNG delivery points geographically located in Middle TN. The ETNG transportation capacity for all ETNG delivery points including Middle TN is shown in **Attachment B, Asset Portfolio** within the Area II contracts. The pricing proposed for this supply shall be presented on **Attachment A, Bid Form**, within the Area II pricing.

<u>Services to be Provided to Atmos – Area II</u>

Transco into ETNG Winter Delivered Supply

The Asset Manager will provide a Transco priced delivered supply on Transco Zone 5 of up to 1,600 Dth/day into ETNG at Cascade Creek Meter 59304, for aggregate baseload and swing quantities. This service will be provided November through March.

Nora/Jewell Ridge into ETNG Delivered Supply and Scheduling Service

The Asset Manager will provide a TGP priced delivered supply into ETNG at Nora receipt meter #59315 and/or at Jewell Ridge receipt meter #50092. Atmos' ETNG contract numbers 34538 and 30774 have receipts at these meters. The Asset Manager must provide this firm delivered supply every day, as called upon by Atmos, through the duration of the Asset Management Agreement. It is anticipated that this delivered supply will be predominantly at Nora; Atmos will timely communicate with the Asset Manager in this regard. The Asset Manager will be responsible for scheduling the supply on ETNG. On peak days the delivered supply requirement may be up to 16,567 Dth/day at Nora and 10,000 Dth/day at Jewell Ridge. The Asset Manager will be notified in a timely manner of any baseload or incremental requirements at Nora and Jewell Ridge.

<u>Storage – Area II</u>

Atmos will provide the Asset Manager with the seasonal gas supply plan (see **Attachment C3, ETN/VA Supply Plan** as an example), which will include planned storage injection and withdrawal quantities. At Atmos' discretion, this plan will be adjusted five (5) business days before the beginning of any month to accommodate Atmos' operational needs. At Atmos' sole discretion, Atmos has the right to utilize the full contractual storage withdrawals on any day. When storage withdrawals are adjusted, Atmos will make a best efforts basis to balance back to the monthly billable plan volume or adjust the following month's plan.

TGP FS-MA Storage

The total TGP FS-MA storage capacity is 417,837 Dth with an MDWQ of 10,000 Dth/day and an MDIQ of 2,766 Dth/day. The operational characteristics of this storage can be found on the TGP bulletin board under the FS-MA rate schedule. This contract, along with the TGP FSPA contract, is used to balance Service Area II as described in **Balancing Area II** below.

TGP FS-PA Storage

The total TGP FS-PA storage capacity is 417,837 Dth with an MDWQ of 10,000 Dth/day and an MDIQ of 2,766 Dth/day. The operational characteristics of this storage can be found on the TGP bulletin board under the FS-PA rate schedule. This contract, along with the TGP FSMA contract, is used to balance Service Area II as described in **Balancing Area II** below.

Jefferson Island Storage & Hub

The total Jefferson Island storage capacity is 250,000 Dth with an MDWQ of 25,000 Dth/day and an MDIQ of 9,000 Dth/day. The JISH contracts will not be released, and the Asset Manager will be assigned as agent. Operational ratchets are provided in **Attachment B-1, Non-Releasable Asset Portfolio** (Assets Under Agency). The storage facility will be utilized by both Area I – Middle TN and Area II – East TN/Virginia; both areas having access to the MSQ, MDWQ and MDIQ, not to exceed the contractual limits in aggregate. In this regard, there will be two contracts provided: an Interstate contract and an Intrastate contract. In combination, these contracts provide up to 50,000 Dth/day of withdrawals; however, the Asset Manager's withdrawal entitlements shall never exceed 25,000 Dth/day in aggregate. Specifically within the Intrastate contract, both Atmos and the Asset Manager will be required to represent and warrant to Jefferson Island that all gas delivered to JISH is not committed or dedicated to interstate commerce and was produced and will be consumed entirely within the state of Louisiana. The Asset Manager must accept liability for potential actions taken by Jefferson Island against Atmos if the Asset Manager improperly uses the JISH Intrastate Agreement. Atmos holds capacity on TGP and CGT that can facilitate JISH injections and withdraws (see **Attachment B – Asset Portfolio**).

Monroe Gas Storage

The total Monroe Gas storage capacity is 350,000 Dth with an MDWQ of 10,360 Dth/day and an MDIQ of 9,800 Dth/day. The storage facility will be utilized by both Area I – Middle TN and Area II – East TN/Virginia; both areas having access to the MSQ, MDWQ and MDIQ, not to exceed the contractual limits in aggregate. Atmos holds capacity on TGP and Tetco that can facilitate Monroe injections and withdraws (see **Attachment B – Asset Portfolio**).

Saltville Gas Storage off of ETNG

The total Saltville Gas storage capacity is 413,500 Dth which is made up of two FSS contracts, having a combined MDWQ of 42,000 Dth/day and MDIQ of 20,500 Dth/day. Atmos expects to utilize withdrawals to meet colder than normal requirements or when operationally necessary; Atmos does not anticipate base load withdrawals from this facility. The Saltville storage contracts have high deliverability and injection rights to facilitate Atmos' operational needs. Although Atmos' Plan only cycles the storage once per year, operational conditions may require Atmos to adjust its Plan to include injections in the winter to ensure reliability. To adequately meet peak day conditions the Asset Manager must maintain a minimum inventory through February 15th of 126,000 Dth, or less if mutually agreed upon by Atmos and the Asset Manager.

ETNG LNGS Storage

The total ETNG LNGS storage capacity is 339,900 Dth with an MDWQ of 52,633 Dth/day and an MDIQ of 52,633 Dth/day. Atmos expects to utilize withdrawals to meet colder than normal requirements or when operationally necessary; Atmos does not anticipate base load withdrawals from this facility. Atmos' planned withdrawals will utilize this contract strictly as a peaking service. Atmos' ETNG FT-A firm transportation contract 30777-R4 may be utilized for withdrawals from LNGS, however Atmos' FT-A primary receipt entitlement at this point is limited to 36,633 Dth/day. Injections are made via in-path deliveries and may be operationally limited to 2,026 Dth/day. The physical inventory balance for the LNGS Storage contract must be at least at Atmos' plan levels on October 31 of each year to ensure reliability. To adequately meet peak day conditions the Asset Manager must maintain a minimum inventory through February 15th of 157,899 Dth, or less if mutually agreed upon by Atmos and the Asset Manager.

Balancing Area II

The difference between Atmos' Area II FOM baseload purchases plus incremental quantities less sellbacks and the Company's actual usage will be balanced on paper utilizing the TGP FSMA and FSPA storage contracts. Regardless of how the Asset Manager physically balances the system, the FSMA and FSPA contracts take the swing on a billable paper inventory account. Therefore, the Area II balancing service provided by the Asset Manager will not reduce the Company's TGP upstream transportation capacity.

At Atmos' sole discretion, Atmos has the right to utilize the full contractual storage withdrawals on any day. When storage withdrawals are adjusted, Atmos will make a best efforts basis to balance back to the monthly billable plan volume or adjust the following month's plan. The transportation customers are kept whole to their nominations and are balanced on Atmos' FSMA and FSPA storage. The other storages in this area, Saltville(2), JISH, and Monroe Gas Storage, shall have injections and withdrawals according to the revised monthly Plan provided to the Asset Manager five days prior to the beginning of the flow month. As previously stated, Atmos expects to utilize the ETNG LNGS storage withdrawals to meet colder than normal requirements or when operationally necessary; Atmos does not anticipate base load withdrawals from this facility. The Asset Manager shall track and report the paper and physical inventory balances as further described in **Attachment D**.

4. Form of Agreement

The agreement will be on the standard 2006 form of Base Contract for the Sale and Purchase of Natural Gas published by the North American Energy Standards Board (NAESB), revised April 4, 2016. The NAESB will also include Atmos' special provisions (see **Attachment E**), additional special provisions that may be mutually agreed upon, and a transaction confirmation addendum specifically incorporating the terms and conditions herein specified (or as otherwise set forth in a successful proposal) and pricing contained in the successful proposal. Existing suppliers who already have an executed base contract may continue under the existing contract.

5. Asset Management

The transaction with the Asset Manager is intended to qualify as an "Asset Management Arrangement" as defined in the Federal Energy Regulatory Commission's ("Commission") Order No. 712 and its regulations, as amended, set out in 18 CFR §284.8. All releases of FERC jurisdictional transportation and storage capacity under the Agreement shall conform to FERC's definition of an Asset Management Agreement, including the required conditions and delivery obligations, shall be non-biddable, pre-arranged releases and shall be made in a manner consistent with (a) the FERC's capacity release regulations, and (b) applicable pipeline tariffs. The capacity released will be for the term of this agreement, or if shorter, the term of the associated contracts as detailed on **Attachment B, Asset Portfolio** and will be fully recallable. The final transaction confirmation will include the following language:

> **"The capacity may be recalled immediately upon (i) a breach that leads to the termination of the Asset Management Arrangement; (ii) failure by Asset Manager to fulfill its delivery obligations subject to the terms and conditions of the Asset Management Arrangement; or (iii) the mutual agreement of the parties."**

The Asset Manager will be obligated to provide all firm system supply requirements on any and every day of the term up to the applicable daily contract demand of Atmos' released capacity, agencied capacity, and exchange and delivered supply services. Furthermore, the selected Asset Manager will be responsible for the management of pipeline capacity and storage contracts, in accordance with gas supply plans provided by Atmos. The Asset Manager will be responsible for making all nominations to the pipeline for flowing gas. Management of pipeline imbalances and contract imbalances is included in this asset management service.

The Asset Manager will have the right to deliver quantities to Atmos utilizing transportation and/or storage service other than the managed capacity provided that (i) there will be no reduction in service, quantity or reliability to Atmos, and (ii) there will be no pricing change for the service delivered by the Asset Manager. The Asset Manager will invoice and pass through commodity and fuel costs to Atmos pursuant to the transportation routes and storage activity using the quantities and transportation/storage capacity specified in Atmos' gas supply plans and the pricing set forth in the agreement between Atmos and the Asset Manager regardless and separate from the actual transportation and physical storage activity. Exception: When the company calls on the delivered supply and exchange services specified in the AMA, the price for such services will be assumed to be all inclusive and have no associated transportation commodity and fuel costs **unless specifically outlined** on the bid form and indicated in the Asset Management Agreement.

The Asset Manager selected is responsible for any penalties or incremental costs associated with non-compliance with any rule, regulation, tariff provision of any Federal, State, or local governing entities including the Asset Manager's election to deviate from the company provided planned flowing and storage gas injections and/or withdrawal requirements. In addition, the Asset Manager will be responsible for any penalties or incremental costs incurred by Atmos when the Asset Manager does not comply with tariff provisions and/or operational flow orders issued, either by the transportation service provider or by Atmos as defined in the final contract.

6. Performance and Supply Requirements

All gas supply is to be firm, assuring that natural gas supply services will meet all contractual obligations without fail. Additionally, notwithstanding any Force Majeure provisions in the Base NAESB or Special Provisions, the winning bidder must be willing to incorporate the following Force Majeure provisions or alternative language of equivalent effect acceptable at Atmos' sole discretion:

- "If on any Day a Force Majeure event partially restrains a Party's ability to perform (i) its Firm obligations to the other Party for any transaction(s) at a Receipt or Delivery Point and (ii) it has Firm obligations to other counterparties under transaction(s) at the same Receipt or Delivery Point, then all Firm obligations of the restrained Party at the Receipt or Delivery Point shall be reduced *pro rata*, without regard to the price paid or received for Gas.

- "If on any Day the Asset Manager declares a Force Majeure event that results in the curtailment of Gas to be supplied to Atmos, then Atmos shall have the day-ahead and intra-day rights to direct Asset Manager to schedule and nominate incremental transportation capacity quantity equivalent to the amount of Gas supply of which was subject to Force Majeure."

When reasonable grounds for insecurity of performance arise, Atmos may demand adequate assurance of performance. Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by Atmos, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to Atmos, a performance bond or a guarantee by a creditworthy entity. Atmos may, from time to time, request such credit information as may reasonably be required to determine the creditworthiness of the Asset Manager.

The Asset Manager may use any alternate receipt points on the applicable pipeline(s) to supply gas, but the Asset Manager is responsible for incremental transport charges as a result of alternate points. **Also, the Asset Manager must provide gas at primary receipt points when secondary points are curtailed.**

The Asset Manager shall invoice Atmos for gas using the least cost supply first (including variable transportation and fuel costs), acting in the best interest of Atmos at all times. Atmos may request documentation substantiating these costs and may have to provide such documentation in response to regulatory requests. In bidding on this RFP, the prospective Asset Manager indicates understanding and acceptance of this requirement.

Atmos will notify the Asset Manager of its first-of-month ("FOM") baseload gas requirements, which are inclusive of planned storage injections or net of planned storage withdrawals ("Billable Plan"), within five (5) business days before the beginning of any month. Monthly purchase volumes will be determined and billed based on Atmos' FOM and daily purchase plans as adjusted. Physical volumes on Atmos' transportation and storage agreements/facilities may vary based on the Asset Manager's utilization of the assets. The Asset Manager shall provide monthly support for billed volumes and measured volumes on transportation and storage agreements. Atmos will be obligated to take the FOM baseload quantity every day of the applicable month unless Atmos provides timely notification of a sell back. The difference between the FOM plan purchases plus incremental quantities plus storage withdrawals and the actual Atmos usage swings on the "paper" inventory tracking account unless otherwise stated.

Atmos will have the right to call for firm incremental quantities on a daily basis, including weekends and holidays, up to the full MDQ by providing the Asset Manager notice by no later than 8:00 A.M. Central Time on the day prior to the day(s) of flow in which gas for that day(s) of flow is traded on the Intercontinental Exchange.

It is the Asset Manager's responsibility to provide Atmos' Gas Control Department with daily written communication on how the firm requirements are being met. The Asset Manager must provide the Gas Control department with a summary nomination worksheet containing the current day nominations plus nominations for the next five days. A sample is provided as **Attachment F, Gas Control Nom Sheet,** containing the current day nominations plus nominations for the next five days. This worksheet shall be provided every weekday (except holidays) regardless, even if there are no changes. Nominations must reach Atmos' Gas Control by 2:00 pm Central Time via email at gcontrol@atmosenergy.com.

7. Proposal Content

The following information may be required to be considered responsive to this RFP unless the proposing entity can clearly demonstrate that such information is not applicable to its circumstance. Any additional information that the supplier considers useful for Atmos to evaluate its proposal will be considered. Atmos may request additional information at a later date to assist in the decision making process.

Respondent Information

- Name and address of supplier
- Name, phone, and email address of contact person for this proposal
- Evidence of supplier's knowledge and experience in providing service proposed
- Evidence of supplier's financial viability to provide the service proposed
- Business References

Respondent Term and Conditions

Respondent must provide any NAESB special provisions, and/or any required changes to Atmos' special provisions. Respondent must provide any special terms required in the transaction confirmation.

Proposals should be structured to provide firm gas supplies up to the maximum contract quantity stated in **Attachment B, Asset Portfolio**, plus any required delivered supply and exchange service requirement indicated herein. Gas may be requested on both a day-ahead and intra-day basis. Proposals should present firm commodity sales based upon the pricing methodology described below:

Commodity Pricing

- Please use the Bid Form provided as **Attachment A**.
- First of the month purchases should be index based pricing using **Inside FERC's Gas Market Report first of month posting, plus (+) a premium, or minus (-) a discount** for the appropriate pipeline and receipt zone indicated on the Bid Form.
- Incremental purchases, in excess of the first of month baseload purchase volumes, should be priced at the Platt's **Gas Daily Daily price survey midpoint index, plus (+) a**

premium, or minus (-) a discount for the appropriate pipeline and receipt zone indicated on the Bid Form.

- Bids shall include pricing for Atmos to sell FOM supply back to the Asset Manager at a price equal to the Platt's **Gas Daily Daily price survey midpoint index, plus (+) a premium, or minus (-) a discount** for the appropriate pipeline and receipt zone.
- All charges upstream of Atmos' pipeline contracts receipt points shall be the sole responsibility of the Asset Manager.
- Bids should specify whether fuel and other variables are included in or are in addition to the bid price.
- Intraday purchases will be at a mutually agreeable price, and confirmed at the time of purchase. If the parties cannot agree on intraday pricing Atmos has the right to purchase intraday gas from other suppliers, and the Asset Manager is responsible for scheduling the alternative supply.

Capacity Utilization Pricing

The Asset Manager will have the opportunity to optimize transportation and storage assets (as applicable), subject to the obligation to utilize these assets to supply Atmos' full system requirements, **and subject to the in-path limitations stated herein at the end of Section 3.0 and stated in Attachment B, Asset Portfolio**. The value for asset optimization should be proposed in the form of a discount to index pricing and/or a fixed upfront or periodic payment/credit. Proposals should specifically identify any fixed payment as a Capacity Release/Capacity Utilization credit on the bid form, **Attachment A**. The value of capacity utilization should be based on all releasable capacity rights that Atmos holds on the associated pipeline, noting any exceptions herein described. The capacity utilization value will not be adjusted due to pipeline OFO's Force Majeure conditions or other general operating limitations. All bids should consider the potential for these operational limitations and adjust the capacity utilization value accordingly.

Bidders are highly encouraged to use the above preferred pricing in their proposal and the bid form provided (**Attachment A**). Atmos may consider proposals having alternate index points and other forms of valuation for asset management activities.

8. Evaluation Criteria

The principal criteria on which proposals will be evaluated are as follows: (1) total delivered cost of gas supply over the term of the contract, (2) reliability of the supply, and (3) the financial viability of the respondent. Atmos has the right to consider any other factors that may be relevant to its gas supply needs.

9. Evaluation Duration

The proposal must be valid for fifteen (15) business days after the submittal deadline.

10. Proprietary Data in Proposal

A proposal may include data which the respondent does not want disclosed to the public or used by Atmos for any purpose other than proposal evaluation. Reasonable care will be exercised so that proposal data is not disclosed or used without the respondent's permission, except to meet regulatory filing requirements. Such data filed for regulatory requests shall be filed as confidential information.

11. Rejections of Proposal

Atmos reserves the right to reject any or all proposals, and to re-solicit for proposals in the event that all proposals are rejected. Any proposal may be modified prior to the submittal deadline by written request of the bidder.

12. Submittal Instructions

Proposals must be received via U.S. Mail, Courier Service or hand delivered in a sealed envelope marked as indicated below, on or before **Friday, February 1, 2019, by 4:00 PM Central Time**. No proposal will be opened prior to the stated deadline. The proposals received after the stated deadline will be returned unopened.

Proposals should be marked externally as **"Proposal for Natural Gas Supply and AMA (TN/VA)"** and delivered to:

Atmos Energy Corporation
377 Riverside Drive, Suite 201
Franklin, TN 37064
Attn: Chris Hunt

RFP Questions & Answers

Atmos Energy Corporation, TN-VA Area AMA, Multiple Pipelines 2019-2022

Ask a Question

Submit <="">

Q: Can u please provide the historical load and storage data support in excel format.

A: Historical pipeline delivered quantities in Dth/day are provided in Excel format for the period April 2015 through March 2018, for Atmos Firm and Interruptible Sales customers. 3rd party transportation customer usage quantities are shown, but neither Atmos nor the Asset Manager will be responsible for Transportation customer requirements, other than for system balancing.
The system supply requirements are weather sensitive; future requirements may differ from the past.
Also provided in Excel format are the forecasted normal monthly sales requirements in Dth for Atmos Firm and Interruptible Sales customers, by load study area (3rd party Transportation customer requirements are excluded).
Finally, provided in Excel format is the Atmos historical monthly billable storage activity for the period April 2017 through March 2018. As explained in the RFP, billable storage activity differs from physical storage activity. Since the Asset Manager has flexibility in how it manages and optimizes the physical storage accounts (within contractual and tariff operating guidelines), there is no benefit in providing historical physical storage activity in this response.

Prior years' historical city gate delivered quantities are provided for illustrative purposes only to demonstrate to potential bidders prior year supply needs. It should not be assumed that future years' supply needs will be similar to those provided, as past demand does not necessarily correlate with future demand. No representation is made that future utility demand quantities by gas day will be similar to prior years' results. The prior years' historical city gate delivered quantities do not include purchases made for injection into storage but may include withdrawals from storage. For a better indication of the Plan purchase quantities, please refer to the RFP documents, specifically Attachments C1, C2 and C3 which are examples of the summer and winter gas supply purchase and storage plans.
Attachment:

Atmos_TNVA_Billable_Storage_Activity,_Apr17_-_Mar18.xlsx
Atmos_TNVA_Forecast_Normal_Monthly_Sales_Requirements.xlsx
Atmos_TNVA_Historical_Daily_Measurements,_Apr15-Mar18.xlsx

edit [X]

Q: Has Atmos ever requested supply from receipt points that would cause you to exceed your primary receipt entitlements?

A: The nature of the Asset Management Agreement is such that Atmos does not specify where gas is physically received, but requires the supply to be physically delivered to specified points such as our city gate stations where title to the gas transfers from the Asset Manager to Atmos. For example on page 7 of the RFP "The Asset Manager is required to deliver up to the full contractual MDQ to Atmos' ETNG delivery meters along the entire ETNG primary path.

Page 12 of the RFP states: The Asset Manager may use any alternate receipt points on the applicable pipeline(s) to supply gas, but the Asset Manager is responsible for incremental transport charges as a result of alternate points. Also, the Asset Manager must provide gas at primary receipt points when secondary points are curtailed.

If this question is not about physical receipts but rather billable paths, in general Atmos expects to be billed based on the primary paths within the contract entitlements, using the least cost path first. When Atmos submits its seasonal, monthly and daily purchase plans, Atmos and the Asset Manager will discuss any concerns. If Atmos were to request a billable path that exceeds our entitlements, it would most likely be by mistake. The expectation is that the Asset Manager would bring this to our attention so that the plan could be promptly adjusted. Atmos and the Asset Manager will have an active working relationship where the parties frequently confer and decisions are made that are mutually agreed upon. For example, during a pipeline Force Majeure outage, when alternate supply arrangements are required physically, the Asset Manager and Atmos will confer on how the billable plan should be adjusted accordingly.

edit [X]

Q: Can you please provide the attachments in excel format?

A: Yes. Provided in Excel format are attachments A Bid Form, B Asset Portfolio, C Summer and Winter Supply Plans and Chart 1 Peak Day example. **Attachment:**
Attachment_C1_-_WTN_Gas_Supply_Plan_Summer_1.2.19_EXAMPLE.xlsx
Attachment_C1_-_WTN_Gas_Supply_Plan_Winter_1.2.19_EXAMPLE.xlsx
Attachment_C2_-_Mid-TN_Gas_Supply_Plan_Summer_1.2.19_EXAMPLE.xlsx
Attachment_C3_-_ETN-VA_Gas_Supply_Plan_Summer_1.2.19_EXAMPLE.xlsx
Attachment_C3_-_ETN-VA_Gas_Supply_Plan_Winter_1.2.19_EXAMPLE.xlsx

Chart_1_-_Peak_Day_Example,_Final_1-2-2019.xlsx
Attachment_C2_-_Mid-TN_Gas_Supply_Plan_Winter_1.2.19_EXAMPLE.xlsx
Attachment_A_and_B_in_Excel_format_1-10-2019.xlsx

edit [X]

Q: It is stated in the RFP that, at Atmos' sole discretion, it has the right to utilize the full contractual storage injection and withdraw entitlements. Has Atmos exercised this right in the past?

A: The language from the RFP is as follows: At Atmos' sole discretion, Atmos has the right to utilize the full contractual storage withdrawals on any day. When storage withdrawals are adjusted, Atmos will make a best efforts basis to balance back to the monthly billable plan volume or adjust the following month's plan.

To clarify, Atmos' daily supply plan to the Asset Manager relates to the billable plan storage activities (how Atmos is invoiced), not the physical storage activities. The storage contracts are released (or in the case of JISH, Barnsley, and Texas Gas SGT storages, agency rights are given) to the Asset Manager. The Asset Manager determines and is responsible for how the physical storage is utilized and optimized within the operating parameters of the field.

The Gas Supply Plans provided in Attachment C to the RFP are the best available information at this time and reflect Atmos' intended billable storage activity given normal weather requirements. Particularly for the swing and peaking storage, Atmos has in the past, and will likely in the future, call on the full withdraw entitlements for billable purposes. Atmos strives to adhere to the Plan balances each month. The Asset Management Agreement allows the Asset Manager reasonable flexibility to use alternate supply arrangements, paths, contracts, etc. from what is in the Plan. Within certain limits, the Asset Manager is free to provide requested gas from other sources.

For more on this topic, please refer to the RFP Attachment D, page 2, second to last bullet paragraph.

edit [X]

Q: Has Atmos ever request volumes from a point not specified as primary on a transportation agreement?

A: The nature of the Asset Management Agreement is such that Atmos does not specify where gas is physically received, but requires the supply to be physically delivered to specified points such as our city gate stations where title to the gas transfers from the Asset Manager to

Atmos. For example on page 7 of the RFP, The Asset Manager is required to deliver up to the full contractual MDQ to Atmos' ETNG delivery meters along the entire ETNG primary path.

Page 12 of the RFP states: "The Asset Manager may use any alternate receipt points on the applicable pipeline(s) to supply gas, but the Asset Manager is responsible for incremental transport charges as a result of alternate points. Also, the Asset Manager must provide gas at primary receipt points when secondary points are curtailed."

If this question is not about physical receipts but rather billable paths, in general Atmos expects to be billed based on the primary paths within the contract entitlements, using the least cost path first. When Atmos submits its seasonal, monthly and daily purchase plans, Atmos and the Asset Manager will discuss any concerns. Atmos and the Asset Manager will have an active working relationship where the parties frequently confer and decisions are made that are mutually agreed upon. For example, during a pipeline Force Majeure outage, when alternate supply arrangements are required physically, the Asset Manager and Atmos will confer on how the billable plan should be adjusted accordingly.

edit [X]

Q: Does Atmos plan to dispatch supply requirements on a lowest to highest cost basis, thus optimizing its transportation entitlements?

A: This statement reflects how Atmos will be billed, and in no way impairs the optimization of the transportation entitlements of the assets released to the Asset Manager. The Asset Management Agreement allows the Asset Manager reasonable flexibility to use alternate supply arrangements, storage activity, paths, contracts, etc. which those indicated in the supply plan. So while Atmos does generally call on its various sources of supply on a lowest to highest cost basis and will need to be invoiced consistent with such dispatch, this does not require the Asset Manager to actually use those sources to serve Atmos or otherwise restrict the optimization of those assets.

From page 2 of the RFP: The Asset Manager will bill Atmos for fuel and transportation commodity charges associated with providing deliveries to Atmos' city gates for Atmos' requirements using the least cost receipt and delivery points per the contracts (see Attachments B and B-1, Asset Portfolio).

On page 12 of the RFP and in Attachment D to the RFP, please find the following: "The Asset Manager shall invoice Atmos for gas using the least cost supply first (including variable transportation and fuel costs), acting in the best interest of Atmos at all times. Atmos may request documentation substantiating these costs and may have to provide such documentation in response to regulatory requests. In bidding on this RFP, the prospective Asset Manager indicates understanding and acceptance of this requirement."

EXHIBIT C1

S&P Global
Platts

GAS DAILY

Wednesday, January 9, 2019

NEWS HEADLINES

Multiple factors indicate Pennsylvania on track to continue production increase

- Gas production saw 27% year-over-year increase in 2018
- More permits issued in southwestern Pennsylvania in 2018

Number of new wells drilled in Colorado's Piceance Basin fell in 2018

- Prolific Permian places pressure on Piceance
- Drilling permits soar though in Front Range

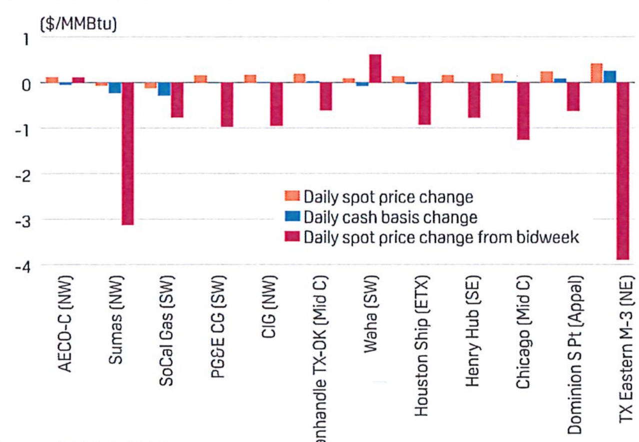
Avenue Capital Group seeks to buy six peaking units in California

- Investment firm would add 403 MW to portfolio
- If completed, gas-fired portfolio would reach 1,669 MW in state

API says US oil, gas producers want end to China trade war, steel tariff

- Tariffs, trade war could slow growth of US natural gas, oil industries
- 'We're going to continue to talk to everyone': API

SPOT PRICE AND BASIS CHANGES



Source: S&P Global Platts

INSIDE THIS ISSUE

SUBNOTE

Refreshed data was not available at time of publication for all of the tables and graphs. Some will reflect a previous issue's data.

FINAL DAILY PRICE SURVEY - PLATTS LOCATIONS ($/MMBtu)

NATIONAL AVERAGE PRICE: 3.020
Trade date: 08-Jan
Flow date(s): 09-Jan

Powered by ICE

		Midpoint	+/-	Absolute	Common	Vol.	Deals
Northeast							
Algonquin, city-gates	IGBEE21	3.355	+0.470	3.180-3.600	3.250-3.460	250	70
Algonquin, receipts	IGBDK21	2.875	+0.295	2.820-2.900	2.855-2.895	28	5
Dracut, Mass.	IGBDW21	—	—	—	—	—	—
Iroquois, receipts	IGBCR21	2.935	+0.280	2.870-3.100	2.880-2.995	549	142
Iroquois, zone 1	IGBRP21	3.035	+0.325	2.950-3.105	2.995-3.075	57	20
Iroquois, zone 2	IGBEJ21	3.130	+0.440	3.020-3.250	3.075-3.190	80	18
Niagara	IGBCS21	2.810	+0.255	2.800-2.820	2.805-2.815	18	3
Tennessee, z5 (200 leg)	IGBRQ21	3.125	+0.355	3.000-3.165	3.085-3.165	60	4
Tennessee, z6 (300 leg) del.	IGBJC21	—	—	—	—	—	—
Tennessee, zone 6 del.	IGBEI21	3.460	+0.520	3.200-3.800	3.310-3.610	124	30
Tennessee, zone 6, del. North	IGBRR21	3.720	+0.390	3.500-3.800	3.645-3.795	49	14
Tennessee, zone 6, del. South	IGBRS21	3.295	+0.495	3.200-3.450	3.235-3.360	75	16
Tx. Eastern, M-3	IGBEK21	2.985	+0.410	2.900-3.060	2.945-3.025	314	91
Transco, zone 5 del.	IGBEN21	3.220	+0.475	3.140-3.400	3.155-3.285	1226	200
Transco, zone 5 del. North	IGCGL21	3.220	+0.485	3.150-3.300	3.185-3.260	226	33
Transco, zone 5 del. South	IGCHL21	3.220	+0.470	3.140-3.400	3.155-3.285	1000	167
Transco, zone 6 N.Y.	IGBEM21	3.115	+0.460	3.090-3.150	3.100-3.130	100	26
Transco, zone 6 non-N.Y.	IGBEL21	3.100	+0.490	2.980-3.250	3.035-3.170	392	83
Transco, zone 6 non-N.Y. North	IGBJS21	3.100	+0.490	2.980-3.250	3.035-3.170	392	83
Transco, zone 6-non-N.Y. South	IGBJT21	—	—	—	—	—	—
Northeast regional average	IGCAA00	**3.095**					
Appalachia							
Columbia Gas, App.	IGBDE21	2.710	+0.200	2.670-2.760	2.690-2.735	550	125
Columbia Gas, App. non-IPP	IGBJU21	—	—	—	—	—	—
Dominion, North Point	IGBDB21	2.705	+0.225	2.680-2.725	2.695-2.715	108	29
Dominion, South Point	IGBDC21	2.695	+0.240	2.665-2.720	2.680-2.710	824	151
Lebanon Hub	IGBFJ21	2.745	+0.200	2.720-2.765	2.735-2.755	507	72
Leidy Hub	IGBDD21	—	—	—	—	—	—
Millennium, East receipts	IGBIW21	2.785	+0.255	2.775-2.800	2.780-2.790	43	10
Tennessee, zone 4-200 leg	IGBJN21	2.740	+0.230	2.700-2.750	2.730-2.750	225	44
Tennessee, zone 4-300 leg	IGBFL21	2.730	+0.225	2.700-2.750	2.720-2.745	168	42
Tennessee, zone 4-313 pool	IGCFL21	2.740	+0.195	2.725-2.780	2.725-2.755	57	18
Texas Eastern, M-2 receipts	IGBJE21	2.690	+0.260	2.650-2.740	2.670-2.715	833	138
Transco, Leidy Line receipts	IGBIS21	2.760	+0.255	2.750-2.790	2.750-2.770	225	60
Appalachia regional average	IGDAA00	**2.730**					
Midcontinent							
ANR, Okla.	IGBBY21	2.605	+0.200	2.590-2.625	2.595-2.615	175	42
Enable Gas, East	IGBCA21	2.695	+0.195	2.650-2.730	2.675-2.715	132	32
NGPL, Amarillo receipt	IGBDR21	2.665	+0.205	2.650-2.675	2.660-2.670	176	28
NGPL, Midcontinent	IGBBZ21	2.465	+0.185	2.380-2.490	2.440-2.490	481	74
Oneok, Okla.	IGBCD21	2.275	+0.125	2.260-2.300	2.265-2.285	141	31
Panhandle, Tx.-Okla.	IGBCE21	2.550	+0.185	2.520-2.650	2.520-2.585	560	89
Southern Star	IGBCF21	2.590	+0.225	2.570-2.650	2.570-2.610	27	6
Tx. Eastern, M-1 24-in.	IGBET21	2.770	+0.170	2.650-2.780	2.740-2.780	24	5
Midcontinent regional average	IGEAA00	**2.575**					
Upper Midwest							
Alliance, into interstates	IGBDP21	2.710	+0.170	2.690-2.720	2.705-2.720	1136	146
ANR, ML 7	IGBDQ21	2.745	+0.145	2.600-2.750	2.710-2.750	10	2
Chicago city-gates	IGBDX21	2.735	+0.185	2.700-2.760	2.720-2.750	849	168
Chicago-Nicor	IGBEX21	2.730	+0.170	2.710-2.760	2.720-2.745	401	79
Chicago-NIPSCO	IGBFX21	2.735	+0.180	2.700-2.750	2.725-2.750	325	50
Chicago-Peoples	IGBGX21	2.735	+0.215	2.710-2.740	2.730-2.740	123	39
Consumers city-gate	IGBDY21	2.730	+0.160	2.720-2.750	2.725-2.740	611	89
Dawn, Ontario	IGBCX21	2.710	+0.150	2.650-2.750	2.685-2.735	685	103
Emerson, Viking GL	IGBCW21	2.690	+0.235	2.670-2.720	2.680-2.705	331	64
Mich Con city-gate	IGBDZ21	2.720	+0.160	2.705-2.740	2.710-2.730	844	109
Northern Bdr., Ventura TP	IGBGH21	2.675	+0.225	2.655-2.700	2.665-2.685	236	35
Northern, demarc	IGBDV21	2.680	+0.240	2.650-2.700	2.670-2.695	495	60
Northern, Ventura	IGBDU21	2.685	+0.245	2.650-2.720	2.670-2.705	640	98
REX, Zone 3 delivered	IGBRO21	2.730	+0.190	2.690-2.755	2.715-2.745	937	171
Upper Midwest regional average	IGFAA00	**2.710**					

sum. Each of the four facilities have 48 MW of capacity.

The Panoche and Vaca Dixon facilities are interconnected with transmission facilities owned and controlled by Pacific Gas & Electric, while the Border and Enterprise peakers are interconnected with San Diego Gas & Electric transmission facilities.

Avenue also wants to buy the 111.2 MW Midway gas-fired peaker in Fresno County, California, from Cogentrix unit Midway Peaking, which is interconnected with transmission facilities owned and controlled by PG&E.

It is also aiming to acquire the 96 MW Malaga Power facility, also located in Fresno County, and also connected with the PG&E transmission system.

The Malaga Peaking plant was acquired by Cogentrix in April 2015 from Kings River Conservation District. "The power plant is now a merchant participating generator in" the California Independent System Operator footprint, Avenue told FERC.

Peakers are aging: NREL

The ISO's market has just over 68 GW of installed capacity, with a March 2018 report by the National Renewable Energy Laboratory putting the installed peaking capacity in the state at 20.8 GW. NREL said about 12 GW of the peaking capacity is at least 40 years of age.

"Assuming the existing generation fleet has the same retirement characteristics as the historic fleet, we would expect about 13 GW of peaking capacity in California to retire over the next 20 years, based only on age," the NREL said in its report.

The assets that Avenue Energy wants to buy will be placed with a wholly-owned subsidiary called Middle River Power IV, which will be controlled by Marc Lasry and Sonia Gardner, the Avenue Energy managers who founded the company in 1995.

According to the FERC filing, Middle River Power (MRP) operates the 743-MW, gas-fired High Desert facility in Victorville, San Bernardino County, California, it acquired from Tenaska in April 2016.

Another Avenue entity, MRP San Joaquin, owns the 97-MW Hanford gas-fired peaker in Kings County, California, the 96-MW Henrietta peaker also in Kings County, and the 330-MW gas-fired, combined-cycle Tracy facility in San Joaquin County. All three facilities are connected with the PG&E grid.

The acquisition of the three assets, with 523 MW of combined capacity, from Canada's AltaGas for $300 million was announced in September.

Avenue Coso Holdings owns a stake in three of Coso Geothermal Power Holdings' geothermal facilities in China Lake, California.

In its filing, Avenue said its 1,910 MW of capacity in California will represent 2.8% of the ISO market.

— Jeffrey Ryser

API says US oil, gas producers want end to China trade war, steel tariff

US steel tariffs, the trade war with China and a prolonged federal government shutdown could each threaten to slow the growth of the US oil and natural gas industry, the president of the American Petroleum Institute said Tuesday.

API President and CEO Mike Sommers said "there's no question" the 25% tariff imposed on steel imports in 2018 has prolonged the Permian Basin's pipeline constraints.

S&P Global Platts Analytics expects the Permian's inventory of drilled-but-uncompleted wells to slowly build through 2019, but higher prices and new pipelines in the second half of the year may lead to a surge in completion and production activity.

The Permian bottleneck has caused Midland wellhead prices to retain a discount to WTI at Cushing since February 2018.

S&P Global Platts assessed WTI in Midland at a $5.85/b discount Tuesday, a differential that has widened from $5.25/b at the start of the year, but has narrowed since late August, when it hit $17.75/b.

Sommers said API was working closely with the Trump administration, including US Trade Representative Robert Lighthizer and the Department of Commerce, on the trade and tariff issues and would engage the new Congress if "those conversations don't prove fruitful."

"It's not good for business, and we're going to continue to talk to everyone," Sommers told reporters on a press call before API's State of American Energy event in Washington.

Sommers said the steel tariff was preventing at least one Permian pipeline from being completed, without naming the developer.

Plains All American estimated the tariff increased the cost to build the 585,000 b/d Cactus II crude pipeline by $40 million. The Permian-to-Corpus Christi line is expected to start up late this year.

EXHIBIT C2

has yet to register its impact on drilling activity, with rig counts remaining at or close to recent highs in both the Marcellus and the Haynesville shales.

— J. Robinson

Restricted gas inflows from Western Canada lift Sumas gas and power prices

- **Sumas at $4.34/MMBtu Tuesday**
- **Three day flows average 693 MMcf/d**

Next-day power and gas prices in the Pacific Northwest are on the rise as gas flows out of Western Canada and into Sumas are constricted.

Ongoing maintenance and declines in production are also at play. Sumas gained 47 cents Tuesday, ascending to a 27-day high of $4.34/MMBtu Tuesday.

A similar trend was also seen in the futures market with the Sumas front-month contract gaining 6.6 cents on the day to Henry Hub plus 21.6 cents/MMBtu, while the March contract gained 10 cents to Henry Hub minus 25 cents/MMBtu.

Higher gas prices at Sumas are also likely boosting next-day power prices in the Pacific Northwest. On Friday, Mid-Columbia on-peak day-ahead traded in the upper $20s/MWh for Monday delivery, but jumped $4.50 on Monday. Mid-Columbia day-ahead on-peak jumped another $9 Tuesday to trade in the low $40s/MWh for Wednesday delivery.

California-Oregon Border power prices are also climbing. After trading in the mid-$30s/MWh on Friday for Monday delivery, COB on-peak day-ahead jumped $7.50 to trade in the mid-$40s/MWh for Wednesday delivery.

Much of these gains can be attributed to the outage of the McMahon Plant, in Taylor, British Columbia. On January 12, Westcoast Energy announced that the plant continues to experience difficulties with completion of a repair plan and is expected to take another seven days. The plant was scheduled to resume operations on January 13.

SUMAS SPOT PRICE JUNE 2018-JANUARY 2019

Source: S&P Global Platts

The plant outage coincides with a drop in production, which has slipped to an average of 12.4 Bcf/d so far in January, after hitting nearly 16 Bcf/d in December. The January 2019 figure is also down nearly 3 Bcf from the 15.5 Bcf/d averaged for the same period in January 2018.

Canadian production is set to stand at 12.3 Bcf Tuesday, down nearly 1 Bcf on the day, according to S&P Global Platts Analytics.

Over the past three days, flows at Sumas have averaged 693 MMcf/d after hitting 1.04 Bcf on January 11, the highest level seen since a Westcoast Energy Pipeline explosion in British Columbia in early October last year.

Flows through Sumas averaged 1.1 Bcf/d a month prior to the explosion, according to Platts Analytics.

— Veda Chowdhury, Kelli Ainsworth

LNG production at Trinidad's Atlantic LNG dips in November

- **November natural gas production declined**
- **LNG cargoes delivered to more than two dozen countries**

Production at the Atlantic LNG liquefaction complex in Trinidad totaled 2.3 million cu m in November, down 2% on the year, according to the Trinidad and Tobago energy ministry.

Atlantic LNG's sales and deliveries of LNG were 50.4 million MMBtu, up 3% on the year, the ministry said in a monthly data bulletin released late Monday.

The Point Fortin-based company's sales and deliveries of NGLs in November totaled 336,759 barrels, down 27% on the year, the

