

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

October 7, 2019

IN RE:

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

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DOCKET NO.
19-00050

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

This matter came before Vice Chair Kenneth C. Hill, Commissioner Herbert H. Hilliard, and Commissioner John Hie of the Tennessee Public Utility Commission (“Commission” or “TPUC”) on July 15, 2019 for consideration of the *Petition for Approval of Contract Regarding Gas Commodity Requirements and Management of Transportation/Storage Contracts* (“*Petition*”) filed on May 15, 2019 by Atmos Energy Corporation (“Atmos” or “Company”).

BACKGROUND

In Docket No. 05-00253,¹ the Commission 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 TPUC Docket No. 08-00024, in 2011 in Docket No. 11-00034, in 2014 in Docket No. 14-00009, in 2015 in Docket No. 15-00009 and lastly in 2016 in Docket No. 16-00008. In all of the previous dockets, the Commission found that Atmos had correctly followed its RFP procedures and had selected the asset manager providing the most consumer benefit. In all previous instances, the contract was awarded to

¹ 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).

Atmos' affiliate, Atmos Energy Marketing, LLC ("AEM"). Atmos has since sold its gas marketing affiliate.²

PETITION AND TARIFF REQUIREMENTS

Atmos filed its *Petition* requesting approval of its Asset Management Agreement ("AMA") with CenterPoint Energy Services, LLC ("CenterPoint"), a non-affiliate, on May 15, 2019. 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 three years, effective April 1, 2019.³ 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.⁴ 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, 2019.⁵

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.⁶ The Company is required to send the RFP to potential asset managers.⁷ Atmos advertised the RFP in a trade journal on January 9, 2019 and January 16, 2019.⁸

² *Atmos Response to Commission Staff Data Requests*, p. 1 (May 29, 2019).

³ *Petition*, p. 3 (May 15, 2019).

⁴ *Id.*

⁵ *Id.* at 1.

⁶ *Id.* at 2-3.

⁷ *Id.* at 3.

⁸ *Id.*

Atmos states it took reasonable steps to disseminate and advertise its RFP in accordance with the RFP procedures.⁹ According to Atmos, it evaluated the bids received and determined that CenterPoint submitted the bid providing the highest overall value to customers.¹⁰ Atmos also asserts that CenterPoint provides significant benefits and savings to its customers.¹¹

The Company's tariff also requires the issuance of its RFP by December 1st before implementation of any new agreement on April 1st.¹² Here, the *Petition* was filed on May 15, 2019, well after the expiration of the tariff filing deadline and after the contract had been awarded to CenterPoint and had presumably been in effect. The Company explained that in the intervening years since its last RFP, the Company came to believe that the sale of the Company's marketing affiliate removed the need for approval and the deadline requirement was overlooked.¹³ In response to data requests from the Commission Staff, the Company stated this was the result of a misunderstanding and it moved to remedy the oversight once it became aware of it and promptly filed the *Petition*.¹⁴ No parties sought intervention in the docket and the Commission has not received any notice of any complaints or protests regarding the RFP process.

FINDINGS AND CONCLUSIONS

At the regularly scheduled Commission Conference held on July 15, 2019, the panel considered the *Petition*. After considering the record as a whole, the panel approved Atmos' contract with CenterPoint Energy Services regarding the Company's gas commodity requirements and management of its transportation and storage contracts with an effective date of April 1, 2019. Thereafter, the panel voted unanimously to approve the *Petition*.

⁹ *Id.*

¹⁰ *Id.* at 3-4.

¹¹ *Id.*

¹² *Atmos Energy Tariff 4th Revised Sheet No. 45.6.*

¹³ *Atmos Response to Commission Staff Data Requests*, p. 1 (May 29, 2019).

¹⁴ *Id.*

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 May 15, 2019 is approved.

Vice Chair Kenneth C. Hill, Commissioner Herbert H. Hilliard, and Commissioner John Hie concur.

ATTEST:



Earl R. Taylor, Executive Director