

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

June 14, 2021

IN RE:)	
)	Docket No.
CHATTANOOGA GAS COMPANY)	
PETITION FOR APPROVAL OF)	21-<u>00067</u>
TARIFF AMENDMENTS TO ITS)	
ASSET MANAGER TARIFF)	

**CHATTANOOGA GAS COMPANY
PETITION FOR APPROVAL OF TARIFF AMENDMENTS TO ITS
ASSET MANAGER TARIFF**

Chattanooga Gas Company ("CGC" or "Company"), pursuant to Tennessee Code Annotated Sections 65-5-102 and 65-5-103, Rules 1220-04-01-.01, 1220.04-01-.03, 1220-04-01-.04 and 1220-04-01-.06, and the Orders of the Tennessee Public Utility Commission ("TPUC" or "Commission"), hereby files its Petition for Approval of a tariff amendment to its Asset Manager tariff to implement revisions directed by the Commission in its Order Concerning 2020 Triennial Review and Extending Review Process issued on October 27, 2020, in Docket No. 07-00224. In support of this Petition, CGC states as follows:

I. INTRODUCTION

1. CGC is incorporated under the laws of the State of Tennessee and has been engaged in the business of transporting, distributing, and selling natural gas in the greater Chattanooga and Cleveland, Tennessee areas within Hamilton and Bradley Counties for over one hundred years.

CGC is a public utility pursuant to the laws of the State of Tennessee, and its public utility operations, including its rates, terms, and conditions of service, are subject to the jurisdiction of this Commission. CGC is a wholly owned subsidiary of Southern Company Gas, a natural gas holding company that is the parent company of regulated natural gas utilities in Georgia, Illinois, and Virginia in addition to CGC in Tennessee. CGC's principal office and place of business is located at 2207 Olan Mills Drive, Chattanooga, Tennessee 37421.

2. All correspondence and communication with respect to this Petition should be sent to the following on behalf of CGC:

J. W. Luna, Esq
Butler Snow LLP
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
Telephone: (615) 651-6749
JW.Luna@butlersnow.com

Floyd R. Self, Esq.
Berger Singerman, LLP
313 North Monroe Street, Suite 301
Tallahassee, FL 32301
Telephone: (850) 521-6727
Email: fself@bergersingerman.com

Elizabeth Wade, Esq.
Chief Regulatory Counsel
Southern Company Gas
Ten Peachtree Place, NW
Atlanta, GA 30309
Telephone: (404) 584-3160
Email: ewade@southernco.com

Paul Teague
Director, External Affairs
Chattanooga Gas Company
2207 Olan Mills Drive
Chattanooga, TN 37421
Telephone: (404) 693-5986
Email: pteague@southernco.com

II. ASSET MANAGEMENT OVERVIEW

3. CGC utilizes an asset manager to provide system gas supply requirements and to manage certain natural gas assets. The Commission opened Docket No. 07-00224 at the request of the Consumer Advocate to investigate and review CGC's asset management and capacity issues in conjunction with CGC's performance based ratemaking mechanism ("PBRM"). In 2009, the Commission issued two orders regarding CGC's asset management practices. The first order continued the requirement for CGC to submit future requests for proposals ("RFPs") to engage an asset manager for approval by the Commission before placing them out to bid and required that a triennial review of capacity planning would commence beginning in 2012 with the selection of an independent consultant.¹ The second order set forth the procedures and criteria for the triennial review process and directed the first review to begin in 2013.² There have been three triennial reviews since 2013 resulting in reports being released in June 2014³, June 2017⁴, and June 2020.⁵

4. Pursuant to the RFP process, Exeter Associates, Inc. ("Exeter") has been selected for each of the three triennial reviews as the independent consultant to review the transactions and activities related to CGC's PBRM. In the most recent Exeter report filed by CGC in Docket No. 07-00224 on June 29, 2020 ("Exeter Report"), Exeter made various conclusions, findings of fact,

¹ Docket No. 07-00224, *In re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Order (September 23, 2009).

² Docket No. 07-00224, *In re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Order Regarding Triennial Review Procedures and Criteria (October 13, 2009).

³ Docket No. 07-00224, *In re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Order Extending Triennial Review Process (December 29, 2014).

⁴ Docket No. 07-00224, *In re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Order Extending Triennial Review Process (November 7, 2017).

⁵ Docket No. 07-00224, *In re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Order Concerning 2020 Triennial Review And Extending Review Process (October 27, 2020), herein after "2020 Triennial Review Order."

and recommendations and also identified areas of concern and improvement that may warrant further consideration. In accepting the Exeter Report, the Commission directed the Commission Staff to work closely with CGC to implement Exeter's proposals regarding modifications to the CGC RFP process for selecting an asset manager, with such revisions to be brought before the Commission for approval in advance of the next RFP.⁶

5. Since the issuance of the 2020 Triennial Review Order CGC has collaborated with the designated Commission Staff to develop revisions to the RFP process in line with the Exeter Report. The revisions presented by the proposed tariff amendments do not reflect all of the changes proposed by the Exeter Report for the RFP tariff, but they are revisions that CGC and Staff believe will improve the RFP process. In a separate docket discussed further below, CGC shall address the substantive changes to the RFP proposed by the Exeter Report.

6. CGC's proposed tariff changes to the PBRM tariff are essentially two-fold. First, CGC is revising the advertising requirement for the RFP process. There are a limited number of qualified and potentially interested asset managers, and so a lengthy advertising window does nothing to increase the number of bidders given CGC's direct outreach and use of targeted trade publications. Second, CGC is proposing revisions that clarify the tariff and remove ambiguity so that it is clear that the incumbent asset manager is not granted the right to match a winning bid proposal. CGC believes these tariff changes are consistent with the directive in the 2020 Triennial Review Order to review and consider changes to the RFP process, the changes are in the public interest, and the tariff revisions should be approved

⁶ 2020 Triennial Review Order, at 10. CGC notes that there is a separate proceeding initiated by the Consumer Advocate in Docket No. 20-00139 that solely addresses the sharing percentage between CGC and its customers which does not impact the RFP process and which is not included within the scope of this proceeding.

7. This docket is the first of two related new dockets being filed by CGC on this date. As is indicated by the docket title for this proceeding, in this case CGC is proposing to make certain changes to its PBRM asset management tariff with respect to the RFP process. In the second new docket, being filed simultaneously with this case, CGC is presenting the actual 2021 asset manager RFP for the Commission's approval. As is detailed in that other docket, this revised RFP incorporates some of the Exeter Report recommendations and rejects other changes for reasons substantively addressed in that other docket. The RFP being presented in the other new docket assumes the tariff amendments presented in this docket have been approved by the Commission. From a sequencing standpoint, this petition should be considered and granted first, with the RFP docket considered and granted after this docket.

III. SUPPORTING TESTIMONY AND EXHIBITS

8. In support of this Petition and the approval of CGC's amended PBRM asset manager tariff, CGC is including as a part of its case the following direct testimony and accompanying exhibits, which are incorporated herein by reference:

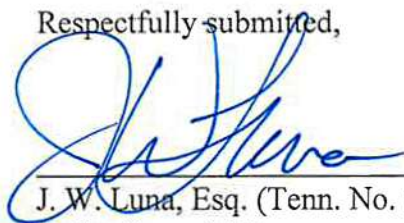
- a. **Direct Testimony and Exhibits Witness Archie Hickerson, Director-Rates and Tariff Administration, Southern Company Gas.** Mr. Hickerson's testimony and exhibits address the changes to the asset manager tariff necessary to implement the new RFP. Mr. Hickerson has two exhibits, Exhibit ARH-1, is the proposed revised tariff, and Exhibit ARH-2 is the redline of the proposed tariff showing the changes.
- b. **Direct Testimony Witness Christopher Bellinger, Manager, Gas Supply, Southern Operations, for Southern Company Gas.** Mr. Bellinger's testimony provides an overview of the asset manager RFP process and support for the tariff change to a 5-day publication notice. Mr. Bellinger has no exhibits in this docket.

9. The information provided by CGC's witnesses through their testimony and exhibits establishes the need to modify the PBRM asset manager RFP tariff as proposed.

IV. CONCLUSION

WHEREFORE, CGC respectfully prays that based upon the pleadings, testimony, exhibits, and other documentation provided in this matter that the proposed revisions to the PBRM asset manager tariff be approved.

Respectfully submitted,



J. W. Luna, Esq. (Tenn. No. 5780)
Butler Snow LLP
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
Telephone: (615) 651-6749
JW.Luna@butlersnow.com

and

Floyd R. Self, Esq. (Fla. Bar No. 608025)
Berger Singerman LLP
313 North Monroe Street, Suite 301
Tallahassee, Florida 32301
Direct Telephone: (850) 521-6727
Email: fself@bergersingerman.com

Attorneys for Chattanooga Gas Company