

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

June 14, 2021

IN RE:

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

)
)
)
)
)
)

Docket No.

21- 00067

DIRECT TESTIMONY OF CHRISTOPHER BELLINGER

1 **I. WITNESS INTRODUCTION AND BACKGROUND**

2 **Q. Will you please state your name and business address?**

3 A. My name is Christopher Bellinger. My business address is 10 Peachtree Place NE,
4 Atlanta, GA 30309

5 **Q. By whom and in what capacity are you employed?**

6 A. I am the Manager, Gas Supply, Southern Operations, for Southern Company Gas
7 (“SCG”). In my position with Southern Company Gas, I am responsible for
8 managing the gas supply for the customers of Chattanooga Gas Company (“CGC”
9 or “Company”) and other local gas distribution companies in the southern region
10 of Southern Company Gas.

11 **Q. Will you please summarize your educational and professional background?**

12 A. I have my Bachelor of Business Administration in Finance from the University of
13 Georgia. I have worked for Southern Company Gas for almost 16 years in the gas
14 supply for Southern Operations, starting as an analyst and working my way up to
15 my current manager position. Prior to Gas Supply, I worked for Sequent for about
16 three years.

17 **Q. Have you previously testified before this Commission?**

18 A. Yes, I provided rebuttal testimony in CGC’s last rate case in Docket No. 18-00017
19 regarding certain customer-specific gas supply issues.

20 **Q. What is the purpose of your testimony?**

21 A. I am testifying on behalf of Chattanooga Gas Company (“Company” or “CGC”) in
22 support of the tariff changes to the Performance Based Rate Making (“PBRM”)
23 Asset Manager tariff amendments that Mr. Archie Hickerson is proposing. With

1 the Commission's approval of the tariff changes advocated by Mr. Hickerson, CGC
2 will be able to issue a revised Request for Proposals ("RFP") for an asset or gas
3 supply manager.

4 **Q. Are you sponsoring any Exhibits?**

5 A. No, not in this docket.

6

7 **II. GAS SUPPLY ASSET MANAGER FOR CGC & THE 2020 REVIEW**

8 **Q. Why does CGC have an asset manager for its natural gas supply?**

9 A. In order to best optimize CGC's natural gas assets, gas transportation and storage,
10 peaking services, and wholesale marketing, it is appropriate to utilize an entity
11 whose business is focused on those issues. In our experience for CGC and the other
12 Southern Company Gas local distribution gas companies, an asset manager allows
13 us to maximize our natural gas resources and supply for the benefit of customers.

14 **Q. How did the current process for obtaining an asset manager come about?**

15 A. While CGC had been obtaining asset manager services via a competitive bid
16 process for many years, beginning in 2007 in Docket No. 07-00224, the
17 Commission initiated proceedings to investigate and review CGC's asset
18 management and capacity issues in conjunction with CGC's performance based
19 ratemaking mechanism ("PBRM"). In 2009, the Commission issued two orders
20 regarding CGC's asset management practices. The first order required CGC to
21 submit future requests for proposals ("RFPs") to engage an asset manager for
22 approval by the Commission before placing them out to bid and required that a
23 triennial review of capacity planning would commence beginning in 2012 with the

1 selection of an independent consultant.¹ The second order set forth the procedures
2 and criteria for the triennial review process.² There have been three triennial
3 reviews since 2013 resulting in reports being released in June 2014,³ June 2017,⁴
4 and June 2020.⁵ This docket and the corresponding RFP docket are both
5 outgrowths of the 2020 triennial review process.

6 **Q. Who was the reviewer making the 2020 triennial review report?**

7 A. Pursuant to the RFP process, Exeter Associates, Inc. (“Exeter”) performed the 2020
8 review, just as it has for all three triennial reviews related to CGC’s PBRM. In
9 the 2020 review filed by CGC in Docket No. 07-00224 on June 29, 2020 (“Exeter
10 Report”), Exeter made a number of conclusions, findings of fact, and
11 recommendations as a result of its review.

12 **Q. What recommendations did Exeter make with respect to the RFP process?**

13 A. The Exeter Report at pages 48-50 identified several “areas of concern with the
14 Performance Based Ratemaking Mechanism.” In general, Exeter was proposing

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.”

1 changes that it believed would bring additional bidders to the RFP process,
2 especially since Sequent Energy Management, which had been CGC's asset
3 manager for more than 20 years, was a corporate affiliate of CGC.

4 **Q. Is Sequent no longer an affiliate of CGC?**

5 A. In May it was announced that Southern Company would sell Sequent to Williams
6 Company in a transaction that is expected to close in the third quarter of this year.

7 **Q. Did the Commission accept Exeter's recommendations with respect to the RFP**
8 **process to obtain an asset manager?**

9 A. In the Commission's Order dated October 27, 2020 in Docket No. 07-00224, at
10 page 8, the Commission noted "that Exeter's recommendations will be beneficial
11 in making the AMA contract more desirable to potential bidders and benefit the
12 customers." Based upon its acceptance of this recommendation, "The Commission
13 directed Commission Staff to work closely with CGC to ensure implementation of
14 Exeter's proposals in the Company's next RFP"

15 **Q. Has CGC worked with the Commission Staff to implement the**
16 **recommendations addressed in the Order?**

17 A. Yes we have. In the remainder of my testimony in this docket, I will address the
18 specific recommendations pertaining to the RFP process that are contained within
19 CGC's tariff. In the other docket in which CGC is seeking approval of the revised
20 RFP, I will address the specific recommendations that Exeter made with respect to
21 the substance of what the RFP should include and those matters which have been
22 included in the new RFP and those which we are not including. This other

1 testimony will also include our rationale for inclusion or exclusion of the changes
2 recommended by Exeter.

3 **Q. With respect to the RFP tariff that Mr. Hickerson is proposing, he proposed**
4 **changes to the notice period. Currently, CGC tariff provides that the RFP**
5 **advertising period should be at least thirty (30) days with a systematic**
6 **notification process for directly contacting potential asset managers, including**
7 **past bidders and other approved asset managers, along with publication in**
8 **trade journals. As proposed, CGC would advertise for a period of only five**
9 **(5) days, with the advertising occurring only in trade journals. Do you agree**
10 **with this change?**

11 A. Yes, I do.

12 **Q. What is the basis for this proposed change?**

13 A. The current minimum advertisement period specified in the CGC tariff is applicable
14 to RFPs for all types of gas supply-related matters. It is often impractical to
15 advertise thirty days in advance for a product or service that may be needed in a
16 much shorter time frame. The current tariff provision also fails to recognize how
17 the advertisement mediums have evolved over time and that CGC can reach a very
18 broad audience of potential counterparties in a much shorter period by utilizing just
19 the trade journals, which are utilized in the industry to solicit these types of bid
20 responses.

1 **Q. Is a 5-day advertisement period sufficient to allow potential assets managers**
2 **time to become aware of the RFP?**

3 A. Yes. Five consecutive days of prominent advertisements in broadly distributed and
4 widely read industry publications will reach an audience of practically all available
5 and qualified potential asset managers. In our experience, if they do not see the
6 advertisement within the five consecutive business days, they would be unlikely to
7 see it in an additional 25 days.

8 **Q. Is publication only in trade journals sufficient to ensure that potential asset**
9 **managers are aware of the RFP?**

10 A. Yes. The industry publications used for these advertisements are also the means
11 for the industry to publish prices, indexes, and other important transactional and
12 operating information. Representatives of potential asset managers read these
13 industry publications every day to perform their tasks and they would take note of
14 the CGC RFP advertisement.

15

16 **III. CONCLUSION**

17 **Q. Does this conclude your testimony?**

18 A. Yes.