

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

September 8, 2021

IN RE:

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

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DOCKET NO.  
21-00067

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ORDER APPROVING TARIFF AMENDMENTS

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This matter came before Chairman Kenneth C. Hill, Vice Chairman Herbert H. Hilliard, Commissioner Robin L. Morrison, Commissioner John Hie, and Commissioner David F. Jones of the Tennessee Public Utility Commission (“TPUC” or “Commission”), the voting panel assigned to this docket, during the regularly scheduled Commission Conference held on July 13, 2021, for consideration of the *Chattanooga Gas Company Petition for Approval of Tariff Amendments to Its Asset Manager Tariff* (“*Petition*”) filed by Chattanooga Gas Company (“CGC,” “Company,” or “Petitioner”) on June 14, 2021. In its *Petition*, CGC requests the Commission’s approval of an amendment to the Company’s tariff relative to the request for proposal (“RFP”) procedures for selection of an asset manager as part of its Performance-Based Ratemaking Mechanism (“PBRM”).

**BACKGROUND AND PETITION**

CGC is an entity incorporated under the laws of the State of Tennessee engaged in the transportation, distribution, and sale of natural gas in Hamilton and Bradley Counties within the state. The Company is a public utility subject to the jurisdiction of the Commission. CGC is a

wholly-owned subsidiary of Southern Company Gas, which, in addition to CGC, is the parent company of regulated natural gas utilities in Georgia, Illinois, and Virginia.<sup>1</sup>

In its *Petition*, CGC seeks to obtain Commission approval of proposed amendments to its PBRM tariff that revise the advertising requirement for the asset manager RFP process and clarify that the incumbent asset manager is not granted the right to match a winning bid proposal.<sup>2</sup> In support of its *Petition*, the Company submitted the Pre-Filed Direct Testimony of Archie Hickerson, Director of Rates and Tariff Administration for Southern Company Gas, and Christopher Bellinger, Manager of Gas Supply, Southern Operations, for Southern Company Gas.<sup>3</sup>

CGC utilized the services of an asset manager to provide its system gas supply requirements and to manage certain natural gas assets.<sup>4</sup> The Commission opened an investigation and review of CGC's asset management practices in TPUC Docket No. 07-00224. As a result of the review, TPUC ordered the Company to submit future asset manager RFPs for Commission approval prior to publication for bid.<sup>5</sup> By separate order, the Commission also required a triennial review of CGC's capacity planning by an independent consultant commencing in 2013.<sup>6</sup> Three triennial reviews have been completed, with reports filed in TPUC Docket No. 07-00224 in June 2014,<sup>7</sup> June 2017,<sup>8</sup> and June 2020.<sup>9</sup>

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<sup>1</sup> *Petition*, pp. 1-2 (June 14, 2021).

<sup>2</sup> *Id.* at 4.

<sup>3</sup> *Id.* at 5. See also Archie Hickerson, Pre-Filed Direct Testimony (June 14, 2021); Christopher Bellinger, Pre-Filed Direct Testimony (June 14, 2021).

<sup>4</sup> *Id.* at 3.

<sup>5</sup> *In Re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Docket No. 07-00224, *Order* (September 23, 2009).

<sup>6</sup> *In Re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Docket No. 07-00224, *Order Regarding Triennial Review Procedures and Criteria* (October 13, 2009).

<sup>7</sup> *In Re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Docket No. 07-00224, *Order Extending Triennial Review Process* (December 29, 2014).

<sup>8</sup> *In Re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Docket No. 07-00224, *Order Extending Triennial Review Process* (November 9, 2017).

<sup>9</sup> *In Re: Docket to Evaluate Chattanooga Gas Company's Gas Purchases and Related Sharing Incentives*, Docket No. 07-00224, *Order Concerning 2020 Triennial Review and Extending Review Process* (October 27, 2020) ("2020 Review Order").

In the most recent triennial review, conducted by Exeter Associates, Inc. (“Exeter”), the Exeter Report identified areas of concern and made certain recommendations for improvement. The Commission accepted the Exeter Report and in its *2020 Review Order* directed Commission Staff to “work closely with Chattanooga Gas Company to ensure implementation of the modifications proposed by Exeter Associates, Inc. in its report to Chattanooga Company’s next Request for Proposals.”<sup>10</sup> Since the *2020 Review Order*, CGC collaborated with designated Commission Staff to develop revisions to the RFP process consistent with the Exeter Report. CGC’s *Petition* seeks approval of tariff revisions that the Company and Commission Staff have proposed to improve the RFP process.<sup>11</sup> CGC filed a petition in a separate docket, which assumes approval of the instant *Petition*, seeking approval of the RFP for selection of an asset manager.<sup>12</sup> No party sought intervention in this matter.

Archie Hickerson, Director of Rates and Tariff Administration for Southern Company Gas, submitted Pre-Filed Direct Testimony along with two exhibits supporting the proposed amendments. Exhibit ARH-1 to his testimony is a copy of the Third Revised Sheet Nos. 56B and 56C and ARH-2 is a redlined version of these same sheets.<sup>13</sup> Mr. Hickerson proposes a revision to the advertising requirements for an RFP. Specifically, CGC proposes to change the advertising period from a minimum of thirty (30) days, which may be shortened with the written consent of Commission Staff to not less than fifteen (15) days, to a minimum of five (5) days through a systematic notification process that includes publication in trade journals as reasonably available.<sup>14</sup> Mr. Hickerson compares the proposed advertising requirement to the advertising requirements in the Atmos Energy Corporation tariff and the Piedmont Natural Gas tariff. Atmos’ tariff requires

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<sup>10</sup> *Id.* at 10.

<sup>11</sup> *Petition*, p. 4 (June 14, 2021).

<sup>12</sup> *Id.* at 5.

<sup>13</sup> Archie Hickerson, Pre-Filed Direct Testimony, p. 3, Exh. ARH-1 & ARH-2 (June 14, 2021).

<sup>14</sup> *Id.* at 3-4.

advertisement twice in a thirty (30) day period. Piedmont's tariff has no advertising requirements. Mr. Hickerson states that advertising for five (5) consecutive days in available trade journals should guarantee that the RFP advertisement will be seen by businesses that are likely to have an interest in supplying services to CGC.<sup>15</sup> Mr. Hickerson also states that the second tariff revision would remove wording that could conflict with a provision in the proposed Asset Management Agreement that would allow the agreement to be extended or renewed with Commission approval. Removal of unnecessary language provides clarification concerning an incumbent asset manager.<sup>16</sup>

Christopher Bellinger, Manager of Gas Supply (Southern Operations) for Southern Company Gas, submitted Pre-Filed Direct Testimony in support of the Company's *Petition*. Mr. Bellinger explains the reasoning for CGC's utilization of an asset manager for its natural gas supply and provides a historical review of the triennial review initiated by the Commission. Mr. Bellinger testifies that CGC is proposing to shorten the required systematic notification period from the current minimum thirty (30) days to a minimum of five (5) days because it is often impractical to advertise thirty (30) days in advance for a service that may be needed in a shorter time frame. In addition, he states that advertising mediums have changed over time and it is now possible for CGC to reach a broad pool of qualified asset managers in the shorter period of time by advertising in trade journals often used to solicit these types of bids. He further states that experience shows that if a qualified asset manager did not see an advertisement within five (5) consecutive business days, they would not likely see such an advertisement in an additional twenty-five (25) days since these publications are used daily by the industry to publish prices, indexes, and other important transactional and operating information.<sup>17</sup>

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<sup>15</sup> *Id.* at 4.

<sup>16</sup> *Id.* at 5.

<sup>17</sup> Christopher Bellinger, Pre-Filed Direct Testimony, pp. 3-6 (June 14, 2021).

## **THE HEARING**

A Hearing in this matter was held before the voting panel of Commissioners during the regularly scheduled Commission Conference on July 13, 2021, as noticed by the Commission on July 2, 2021. Participating in the Hearing were:

Chattanooga Gas Company – J.W. Luna, Esq., Butler Snow LLP, 150 3<sup>rd</sup> Avenue South, Suite 1600, Nashville, TN 37201; Archie Hickerson, Director of Rates and Tariff Administration for Southern Company Gas, 10 Peachtree Place, Atlanta, GA 30309.

During the Hearing, Archie Hickerson presented testimony on behalf of the Company, adopting his Pre-Filed Direct Testimony, and presenting a summary of his testimony to the Commission. Mr. Hickerson was subject to questions from the voting panel of Commissioners and Commission Staff. Members of the public were given an opportunity to offer comments, at which time, no comments were submitted.

## **FINDINGS AND CONCLUSIONS**

In its *Petition*, CGC has asked the Commission to consider revisions to the PBRM tariff relating to the RFP procedures for selection of an asset manager. Two tariff changes are proposed: (1) replacement of the current advertising requirement to a minimum of five (5) days through a systematic notification process that includes publication in trade journals for five (5) successive days; and (2) removal of wording that could possibly conflict with a provision in the proposed next asset management agreement that would allow the agreement to be extended or renewed with Commission approval. The panel reviewed the proposed revisions and found both proposed revisions to be reasonable and consistent with Exeter's recommendations concerning modification of the RFP for selection of an asset manager. The panel voted unanimously to approve the proposed revisions to the PBRM tariff and directed the Company to file a tariff consistent with the decision with an effective date of July 13, 2021. The panel further noted for the record that approval of the tariff provisions in this docket does not

address or resolve any outstanding issues under consideration in TPUC Docket No. 20-00139 to evaluate CGC's purchases and related sharing incentives.

**IT IS THEREFORE ORDERED THAT:**

1. The *Chattanooga Gas Company Petition for Approval of Tariff Amendments to Its Asset Manager Tariff* is approved.

2. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen (15) days from the date of this Order.

3. Any person who is aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from the date of this Order.

**FOR THE TENNESSEE PUBLIC UTILITY COMMISSION:**

**Chairman Kenneth C. Hill,  
Vice Chairman Herbert H. Hilliard,  
Commissioner Robin L. Morrison,  
Commissioner John Hie, and  
Commissioner David F. Jones concurring.**

None dissenting.

**ATTEST:**



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**Earl R. Taylor, Executive Director**