

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

**June 14, 2021**

<b>IN RE:</b>	)	
	)	<b>Docket No.</b>
<b>CHATTANOOGA GAS COMPANY'S</b>	)	
<b>PETITION FOR APPROVAL OF ITS</b>	)	<b>21- <u>00069</u></b>
<b>ASSET MANAGER REQUEST FOR</b>	)	
<b>PROPOSALS</b>	)	

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**CHATTANOOGA GAS COMPANY'S  
PETITION FOR APPROVAL OF ITS ASSET MANAGER  
REQUESTS FOR PROPOSALS**

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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 its revised Asset Manager Request for Proposals pursuant to its Asset Manager tariff, as revised. 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:

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## 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 that CGC submit 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.<sup>1</sup> The second order set forth the procedures and criteria for the triennial review process and delayed commencing the first triennial review process until 2013.<sup>2</sup> There have been three triennial reviews since 2013 resulting in reports being released in June 2014<sup>3</sup>, June 2017<sup>4</sup>, and June 2020.<sup>5</sup>

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 and audit the transactions and activities related to CGC's PBRM. In the most recent Exeter report filed by CGC

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

<sup>2</sup> 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).

<sup>3</sup> 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).

<sup>4</sup> 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).

<sup>5</sup> 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."

in Docket No. 07-00224 on June 29, 2020 (“Exeter Report”), Exeter made various conclusions, findings of fact, 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.<sup>6</sup>

5. Since the issuance of the 2020 Triennial Review Order CGC has worked with the designated Commission Staff to develop revisions to the RFP process in line with the Exeter Report. The revisions proposed by the Exeter Report have been accepted in part by CGC in collaboration with Commission staff for reasons more fully discussed below and in the supporting testimony and exhibits presented by CGC.

6. CGC’s proposed changes to the asset manager RFP can be summarized as follows:
- a. Provide three years of historical daily interstate pipeline usage data, including usage of in-ground storage purchase. Adopted.
  - b. Bidders should be allowed to provide edits to the proposed Asset Management and Agency Agreement and Gas Purchase and Sales Agreement and Exhibits. Adopted.
  - c. The asset manager should be designated to utilize excluded assets when not needed by CGC for its on-system requirements. Modified adoption.
  - d. The RFP should include a “three-year history of daily Excluded Asset

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<sup>6</sup> 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.

availability.” Not adopted, because the data is not available. Alternatively, CGC will provide 3-years of customer demand, 3 years of historical storage usage, 3 years of historical transportation usage, and CGC’s annual summer storage injection and winter storage withdraw plans

- e. The RFP should include that ability of the asset manager to engage in off-system LNG tanker and displacement sales. Not adopted because if this LNG inventory is made available to the asset manager, there is too great an operational risk of the LNG inventory not being available when needed to meet CGC’s native customer demand.
- f. Potential bidders must sign a non-disclosure agreement. This revision is the result of the collaborative process between designated Commission Staff and CGC.

7. This docket is the second of two, related, new dockets. As is indicated by the docket title for this proceeding, in this case CGC is requesting approval for the new asset manager RFP that is based upon those certain changes to its PBRM asset management tariff being made in the other docket this day by CGC. In addition, this proposed RFP is made after consideration of: the other recommendations made by the Exeter Report which have been accepted in part by CGC, and those Exeter Report recommendations not fully adopted for this RFP which will be addressed by CGC’s testimony in this docket. In this second new docket, CGC is presenting the actual 2021 asset manager RFP for the Commission’s approval. The RFP being presented in this second docket assumes the tariff amendments presented in the other new docket have been approved by the Commission. From a sequencing standpoint, this petition and the revised RFP should be granted second, after the RFP tariff amendments have been approved.

### 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:

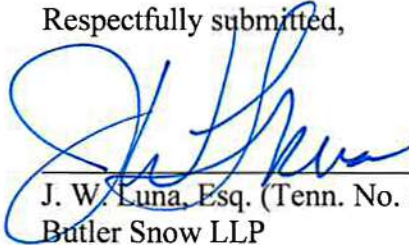
- a. **Direct Testimony and Exhibits Witness Archie Hickerson, Director-Rates and Tariff Administration, Southern Company Gas.** Mr. Hickerson's testimony and exhibits address the tariff basis for the RFP changes. Mr. Hickerson's Exhibit ARH-1, which is the proposed revised tariff, and Exhibit ARH-2, which is the redline of the proposed tariff showing the changes, are provided in this docket for informational purposes and so the docket file is complete.
- 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 RFP changes recommended by the Exeter Report that were accepted and those that were not accepted. Mr. Bellinger has one exhibit, Exhibit CB-1, the proposed RFP, including attachments, which is being filed on a confidential basis so potential bidders do not obtain a competitive advantage from this proceeding.

9. The information provided by CGC's witnesses through their testimony and exhibits establishes the need to approve the modified RFP as proposed herein.

#### IV. CONCLUSION

**WHEREFORE**, CGC respectfully prays that based upon the pleadings, testimony, exhibits, and other documentation provided in this matter that the proposed revised asset manager RFP be approved.

Respectfully submitted,



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