

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

January 9, 2022

IN RE:

CHATTANOOGA GAS COMPANY PETITION FOR
APPROVAL OF ASSET MANAGEMENT AND AGENCY
AGREEMENT AND GAS PURCHASE AND SALE
AGREEMENT

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DOCKET NO.
21-00134

ORDER APPROVING PETITION FOR ASSET MANAGEMENT AND AGENCY
AGREEMENT

This matter came before Chairman Kenneth C. Hill, Vice Chairman Herbert H. Hilliard, Commissioner Clay R. Good, Commissioner John Hie, and Commissioner David F. Jones of the Tennessee Public Utility Commission (“Commission” or “TPUC”) during the regularly scheduled Commission Conference held on December 6, 2021, to consider the *Chattanooga Gas Company Petition for Approval of Asset Management and Agency Agreement and Gas Purchase and Sale Agreement* (“*Petition*”) filed on November 1, 2021, by Chattanooga Gas Company (“CGC”, “Company”). In summary, the *Petition* was granted.

BACKGROUND

The Commission first ordered CGC to file its Asset Management and Agency Agreement (“AMAA”) for TPUC approval in Docket No. 03-00516.¹ In approving the AMAA in that docket, the Commission found that CGC had acted in good faith and required CGC to

¹ See *In re: Tennessee Regulatory Authority’s Audit of Chattanooga Gas Company’s Actual Cost Adjustment Filing (ACA) for the Period Ending June 30, 2003*, Docket No. 03-00516, *Order Adopting, In Part, ACA Audit Report of Tennessee Regulatory Authority’s Energy and Water Division* (May 6, 2005).

file with the Commission any subsequent AMAA for approval in advance of the commencement date of that AMAA.²

On January 14, 2008, CGC filed an AMAA for consideration by the Commission in Docket No. 08-00012, a proceeding that included the participation of the Consumer Advocate Unit within the Office of the Tennessee Attorney General and Reporter.³ In that docket, the Commission considered and ruled on a number of issues raised by the parties pertaining to the bidding process and the terms of the AMAA itself. The Commission approved the AMAA between CGC and Sequent Energy Management, LLC (“Sequent”) filed in Docket No. 08-00012 and ordered that CGC file a notice with the Commission, one year prior to the expiration of the initial three-year term of the AMAA, as to CGC’s intent to exercise its option to extend the AMAA.⁴

In Docket No. 07-00224, the Request for Proposal (“RFP”) process and other asset management activities were opened for further review, and the TPUC concluded that CGC must submit all future asset management RFPs to the Commission for prior approval before issuing the RFPs.⁵ The Company’s previous AMAAs have been approved in Docket Nos. 10-00049, 14-00137, and 17-00137.

THE PETITION

The *Petition* was filed on November 1, 2021 and sought approval of a new AMAA along with the Gas Purchase and Sale Agreement attached as Exhibit C. A redacted version of the

² *Id.* at 10.

³ See *In re: Request of Chattanooga Gas Company for Approval of Asset Management Agreement*, Docket No. 08-00012, *Chattanooga Gas Company’s Filing of Its Asset Management Agreement with the Tennessee Regulatory Authority for Approval* (January 14, 2008).

⁴ See *In re: Request of Chattanooga Gas Company for Approval of Asset Management Agreement*, Docket No. 08-00012, *Order Approving Asset Management and Agency Agreement* (July 15, 2008).

⁵ See *In re: Docket to Evaluate Chattanooga Gas Company’s Gas Purchases and Related Sharing Incentives*, Docket No. 07-00224, *Order*, p. 6 (September 23, 2009).

AMAA was attached to the *Petition* as Exhibit B.⁶ The AMAA is a result of the bids received in response to its RFP, issued immediately following the Commission's approval on July 13, 2021.⁷ CGC received three (3) bids by the established deadline of October 4, 2021. CGC evaluated the bid proposals and determined that the bid submitted by Sequent provides the most benefit to CGC and its customers.⁸ The Company's AMAA with Sequent approved by the Commission in Docket No. 17-00137 remains in effect until March 31, 2022.⁹

In the *Petition*, CGC requested that the Commission consider the AMAA at the December Commission Conference so that there will be a seamless transition and services may continue after March 31, 2022. CGC also requested that the Commission enter the Company's proposed protective order to preserve the confidentiality of the documents filed under seal.¹⁰ The Commission first approved the AMAA that is in effect in Docket No. 17-00137.¹¹ At the request of the Company, the AMAA was later extended for one year at the request of the Company, citing economic uncertainty related to the COVID-19 pandemic. The AMAA in effect expires on March 31, 2022.¹² No parties sought intervention in the docket.

THE HEARING

⁶ The unredacted AMAA was filed under seal as Confidential Exhibit A.

⁷ *In Re: Petition of Chattanooga Gas Company for Approval of Its Asset Manager Request for Proposals*, Docket No. 21-00069, *Order Approving Revised Asset Manager Request for Proposal* (September 8, 2021).

⁸ Documentation of bids received and CGC evaluation of those bids were filed under seal as Confidential Exhibit C.

⁹ *Petition*, p. 2 (November 1, 2021).

¹⁰ *Id.* at 1-2.

¹¹ *See In re: Request of Chattanooga Gas Company for Approval of Asset Management and Agency Agreement and Gas Purchase and Sale Agreement*, Docket 17-00137, *Order Approving Asset Management and Agency Agreement* (February 6, 2018).

¹² *Id.*, *Order Approving Asset Management and Agency Agreement* (June 17, 2020).

The hearing in this matter was noticed by the Commission on November 24, 2021 and held during the regularly scheduled Commission Conference on December 6, 2021.

Participating in the hearing was:

Chattanooga Gas Company – J.W. Luna, Esq., Butler Snow LLP, 150 3rd Avenue S., Suite 1600, Nashville, Tennessee 37201

Members of the public were given an opportunity to offer comments, but no one sought recognition to do so.

FINDINGS AND CONCLUSIONS

Chattanooga Gas Company received three (3) bids in response to the RFP issued for an Asset Manager. After reviewing the analysis of the bids provided by the Company, the panel found that Sequent's bid provides the most value to the Company and its customers. Therefore, the panel unanimously approved the Asset Management and Agency Agreement, along with the Gas Purchase and Sale Agreement between Chattanooga Gas Company and Sequent Energy Management, with an effective date of April 1, 2022 for a term of three (3) years. Finally, to protect the information filed as proprietary by the Company and maintain the integrity of the bid process, the panel found that a Hearing Officer should be appointed for the purpose of entering a protective order in this case.

IT IS THEREFORE ORDERED THAT:

1. The *Chattanooga Gas Company Petition for Approval of Asset Management and Agency Agreement and Gas Purchase and Sale Agreement* filed on November 1, 2021 by Chattanooga Gas Company is approved.
2. A Hearing Officer shall be appointed for the purpose of entering a protective order in this case.

3. Any party 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.

4. Any party 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 Clay R. Good,
Commissioner John Hie, and
Commissioner David F. Jones concurring.**

None dissenting.

ATTEST:



Earl R. Taylor, Executive Director