



Archie R. Hickerson
Director, Rates & Tariffs Admin.

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17-00137
21-00134

February 10, 2022

Mr. David Foster, Director
Utilities Division
Tennessee Public Utility Commission
502 Deaderick Street,
4th Floor
Nashville, TN 37243

Dear Mr. Foster,

Enclosed are Amendments to CGC's current Asset Management and Agency Agreement and Gas Purchase and Sale Agreement ("current AMAA") that terminates on March 31, 2022 and the new Asset Management and Agency Agreement and Gas Purchase and Sale Agreement ("new AMAA") that becomes operative on the following day, April 1, 2022. The current AMAA was approved in Docket No. 17-00137 and the new AMAA was approved in Docket No. 21-00134.

As you are aware, CGC was recently the successful bidder in obtaining a long-term contract for significant additional pipeline capacity. While the additional capacity was for 50,000 Dths/day, beginning on February 1, 2022, CGC actually added an additional 25,000 Dths/day that were not included as assets in exhibits to the contracts in the current or new AMAA; therefore, these two amendments are necessary for the management of this additional 25,000 Dth/day.

It should be noted that pursuant to the terms of the contract, these amendments, and the tariff provide the Asset Manager shall receive 50% of the net margin as calculated under the terms of the contract. The other 50% of the net margin will be remitted to CGC and will pass through to CGC's customers in its entirety by the IMCR.

CGC is extremely excited to have what is considered to be a once in a generation opportunity to add additional pipeline capacity to our portfolio.

Additionally, CGC has made adjustments to its capital projects planning and implementation and CGC looks forward to the opportunity to soon make a capital projects presentation to the Commission as we have done the prior 2 years, providing additional updates about this exciting opportunity.

Please do not hesitate to contact me if you have any questions about these amendments.

Sincerely,


Archie R. Hickerson
Director, Rates & Tariffs Admin.

**FIRST AMENDMENT TO
ASSET MANAGEMENT AND AGENCY AGREEMENT**

THIS FIRST AMENDMENT (this “**Amendment**”), is made, entered into, and effective as of the 1st day of **April, 2022** (“**Effective Date**”), by and between **Chattanooga Gas Company** (“**CGC**” or the “**Company**”) and **Sequent Energy Management, L.P.** (“**SEM**”), hereinafter sometimes collectively referred to as the “Parties” or individually referred to as a “Party.”

WITNESSETH:

WHEREAS, CGC and SEM are parties to an Asset Management and Agency Agreement dated effective April 1, 2022, and as may be further amended from time to time, hereinafter referred to as the “**Agreement**,” and

WHEREAS, SEM and CGC desire to amend the Agreement in order to update the list of contracts to be managed by SEM to add the volumes associated with East Tennessee Natural Gas, LLC Contract No. 410691; and

WHEREAS, SEM and CGC desire to amend the Agreement’s Net Margin provisions in order to reflect the added volumes associated with East Tennessee Natural Gas, LLC Contract No. 410691; and

WHEREAS, SEM and CGC desire to enter into this Amendment for the purpose of setting forth their agreement with respect to such matter.

NOW, THEREFORE, for and in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which CGC and SEM acknowledge, CGC and SEM agree as follows:

1. **Amendment to Exhibit A.** CGC and SEM agree that Exhibit A to the Agreement is deleted in its entirety and replaced with the attached Exhibit A.

2. **Amendment to Section 6.** CGC and SEM agree that Section 6 to the Agreement is deleted in its entirety and replaced with the following:

6. Net Margin. The Asset Manager shall calculate and provide at CGC's request:

6.1 All revenues net of expenses attributable to the services performed by Asset Manager shall be determined, accounted for, and provided to CGC by Asset Manager at CGC's request, and for informational purposes only, in accordance with the calculation set forth in Exhibit D. Asset Manager shall maintain appropriate accounting and supporting documentation for the Net Margin computation for a period of two years after the expiration or termination of this Agreement. All such documentation relevant to the calculation of a monthly statement and invoice (as

provided in Article VII of the Gas Purchase and Sale Agreement) shall be included in that statement and invoice. In addition, all such documentation shall be submitted to CGC by Asset Manager within thirty (30) days of a request by CGC.

6.2 Asset Manager and CGC agree that asset management transactions (storage and transportation) that utilize index pricing (either FOM or Gas Daily) to determine the value of the commodity will be deemed to be at the market as of the time of the transaction and that the appropriate indices will be the basis upon which revenue and cost will be calculated.

6.3 For the avoidance of doubt, the Parties hereby confirm and agree that, except for the specified volumes associated with East Tennessee Natural Gas, LLC Contract No. 410691 described in this Section 6.3, the sole consideration the Asset Manager shall receive for performing the asset management services specified in this Agreement is the Net Margin calculated in accordance with Exhibit D hereto and the sole consideration CGC shall receive for Asset Manager's optimization of the Assets subject to this Agreement as identified on Exhibit A is the Annual Fixed Fee. The consideration for the optimization of Excluded Assets shall be as provided in Section 3 of this Agreement. As to Contract No. 410691 with East Tennessee Natural Gas, LLC, Asset Manager and CGC agree that:

- From April 1, 2022 to March 31, 2023, for each dekatherm in excess of 25,000 dekatherms, but no more than 48,000 dekatherms, optimized each day for Contract No. 410691, the Parties shall split the resulting Net Margin 50/50.
- From April 1, 2023 to March 31, 2025, for each dekatherm in excess of 25,000 dekatherms, but no more than 50,000 dekatherms, optimized each day for Contract No. 410691, the Parties shall split the resulting Net Margin 50/50.

3. Miscellaneous.

(a) The Agreement shall remain in full force and effect as revised. This Amendment is intended to amend the Agreement only as expressly provided herein.

(b) To the extent not otherwise defined herein, all capitalized terms used in this Amendment shall have the meanings ascribed to them in the Agreement.

(c) This Amendment shall be binding upon the parties hereto and their respective successors and permitted assigns.

(d) This Amendment may be executed in a number of identical counterparts. If so executed, each of such counterparts shall be deemed an original for all purposes, and such counterparts shall, collectively, constitute one agreement.

(e) For purposes of this Amendment, signatures delivered electronically shall be as binding as originals upon the parties so signing and delivering.

(f) In the event of a conflict between the terms of this Amendment and the other terms of the Agreement, the terms of this Amendment shall control.

(g) The captions and headings used in this Amendment are for convenience only and do not in any way restrict, modify or amplify the terms of this Amendment or the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the
day and year first above written.

CGC:

CHATTANOOGA GAS COMPANY

By: 

Name: **TIM SHERWOOD**
VP Gas Supply Operations

Title: _____

SEM:

SEQUENT ENERGY MANAGEMENT, L.P.

By: 
DocuSigned by:

Name: **Mark Rueff**

Title: **Vice President - Gas Marketing**

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Page 1 of 2, Exhibit A

Exhibit A
Agency Contracts Schedule
Chattanooga Gas Company
Supply and Capacity Assets

CONTRACT PARTY	Contract Number	Tariff Rate	Deliverability			Storages			Receipt Point	Delivery Point	Effective Term	Index Point
			Daily (Dth)	Annual (Dth)	Maximum Withdraw (Dth)	Maximum Injection (Dth)						

FIRM TRANSPORT ASSOCIATED WITH STORAGE

Kinder Morgan - Tennessee Gas Pipeline ⁽¹⁾	22923	FS-PA	13,659	4,985,535	13,659			TGP Meter #460017	E Lobelville Tenn - #420042 (20,903 dths) & Greenbrier Tenn 2 - #420289 (16,916 dths)	10/31/2025	
Kinder Morgan - Tennessee Gas Pipeline ⁽¹⁾	3947	FS-MA	7,741	2,825,465	7,741			TGP Meter #460025		11/1/2025	
Total			21,400								

(1) Tennessee Gas Pipeline FT-A contract 48082 is used to deliver gas to the FS-PA and FS-MA storages and to deliver gas from the FS-PA and FS-MA storages.

STORAGE

Kinder Morgan - Tennessee Gas Pipeline	22923	FS-PA	13,659		13,659	13,616		TGP Meter #460017	E Lobelville Tenn - #420042 (20,903 dths) & Greenbrier Tenn 2 - #420289 (16,916 dths)	10/31/2025	
Kinder Morgan - Tennessee Gas Pipeline	3947	FS-MA	7,741		7,741	5,682		TGP Meter #460025		11/1/2025	
Total			21,400								

EXCLUDED ASSETS

FIRM TRANSPORT ASSOCIATED WITH STORAGE - (UTILITY RETAINED)

(Assets are not eligible for optimization by Asset Manager / Seller. Asset Manager / Seller is responsible for nominating these assets)

Kinder Morgan - Southern Natural Gas Company	FSNG130	FTNN	14,346	5,236,290	14,346			Bear Creek/Muldon Field	Chat Gas/SNG Hamilton- #790200	8/31/2023	
Total			14,346								

STORAGE (UTILITY RETAINED)

(Assets are not eligible for optimization by Asset Manager / Seller. Asset Manager / Seller is responsible for nominating these assets)

Kinder Morgan - Southern Natural Gas Company	SSNG69	CSS	14,346		14,346	5,465		@ Storage	Chat Gas/SNG Hamilton- #790200	8/31/2023	
Total			14,346								

**SECOND AMENDMENT TO
ASSET MANAGEMENT AND AGENCY AGREEMENT**

THIS SECOND AMENDMENT (this "**Amendment**"), is made, entered into, and effective as of the 1st day of **February, 2022** ("**Effective Date**"), by and between **Chattanooga Gas Company** ("**CGC**" or the "**Company**") and **Sequent Energy Management, L.P.** ("**SEM**"), hereinafter sometimes collectively referred to as the "Parties" or individually referred to as a "Party."

WITNESSETH:

WHEREAS, CGC and SEM are parties to an Asset Management and Agency Agreement dated effective April 1, 2018, and as may be further amended from time to time, hereinafter referred to as the "**Agreement**;" and

WHEREAS, SEM and CGC desire to amend the Agreement in order to update the list of contracts to be managed by SEM to add the volumes associated with East Tennessee Natural Gas, LLC Contract No. 410691 and to remove the volumes associated with East Tennessee Natural Gas, LLC Contract No. 661664; and

WHEREAS, SEM and CGC desire to amend the Agreement's Net Margin provisions in order to reflect the added volumes associated with East Tennessee Natural Gas, LLC Contract No. 410691; and

WHEREAS, SEM and CGC desire to enter into this Amendment for the purpose of setting forth their agreement with respect to such matter.

NOW, THEREFORE, for and in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which CGC and SEM acknowledge, CGC and SEM agree as follows:

1. **Amendment to Exhibit A.** CGC and SEM agree that **Exhibit A** to the Agreement is deleted in its entirety and replaced with the attached **Exhibit A**.

2. **Amendment to Section 6.** CGC and SEM agree that **Section 6** to the Agreement is deleted in its entirety and replaced with the following:

6. Net Margin. The Asset Manager shall calculate and provide at CGC's request:

6.1 All revenues net of expenses attributable to the services performed by Asset Manager shall be determined, accounted for, and provided to CGC by Asset Manager at CGC's request, and for informational purposes only, in accordance with the calculation set forth in Exhibit D. Asset Manager shall maintain appropriate accounting and supporting documentation for the Net Margin computation for a period of two years after the expiration or termination of this Agreement. All such

documentation relevant to the calculation of a monthly statement and invoice (as provided in Article VII of the Gas Purchase and Sale Agreement) shall be included in that statement and invoice. In addition, all such documentation shall be submitted to CGC by Asset Manager within thirty (30) days of a request by CGC.

6.2 Asset Manager and CGC agree that asset management transactions (storage and transportation) that utilize index pricing (either FOM or Gas Daily) to determine the value of the commodity will be deemed to be at the market as of the time of the transaction and that the appropriate indices will be the basis upon which revenue and cost will be calculated.

6.3 For the avoidance of doubt, the Parties hereby confirm and agree that, except for the specified volumes associated with East Tennessee Natural Gas, LLC Contract No. 410691 described in this Section 6.3, the sole consideration the Asset Manager shall receive for performing the asset management services specified in this Agreement is the Net Margin calculated in accordance with Exhibit D hereto and the sole consideration CGC shall receive for Asset Manager's optimization of the Assets is the Annual Fixed Fee. As to Contract No. 410691 with East Tennessee Natural Gas, LLC, Asset Manager and CGC agree that, for each dekatherm in excess of 23,000 dekatherms optimized each day for Contract No. 410691, the Parties shall split the resulting Net Margin 50/50.

3. Miscellaneous.

(a) The Agreement shall remain in full force and effect as revised. This Amendment is intended to amend the Agreement only as expressly provided herein.

(b) To the extent not otherwise defined herein, all capitalized terms used in this Amendment shall have the meanings ascribed to them in the Agreement.

(c) This Amendment shall be binding upon the parties hereto and their respective successors and permitted assigns.

(d) This Amendment may be executed in a number of identical counterparts. If so executed, each of such counterparts shall be deemed an original for all purposes, and such counterparts shall, collectively, constitute one agreement.

(e) For purposes of this Amendment, signatures delivered electronically shall be as binding as originals upon the parties so signing and delivering.

(f) In the event of a conflict between the terms of this Amendment and the other terms of the Agreement, the terms of this Amendment shall control.

(g) The captions and headings used in this Amendment are for convenience only and do not in any way restrict, modify or amplify the terms of this Amendment or the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the
day and year first above written.

CGC:

CHATTANOOGA GAS COMPANY

By: 

Name: **TIM SHERWOOD**
VP Gas Supply Operations

Title: _____

SEM:

SEQUENT ENERGY MANAGEMENT, L.P.

By: 
DocuSigned by: 190CB0E3682D4B4

Name: **Mark Rueff**

Title: **Vice President - Gas Marketing**

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Exhibit A
Agency Contracts Schedule

Chattanooga Gas Company
Supply and Capacity Assets

CONTRACT PARTY	Contract Number	Tariff Rate	Deliverability		Storages		Receipt Point	Delivery Point	Effective Term	Index Point
			Daily (Dth)	Annual (Dth)	Max w/d (Dth)					
FIRM TRANSPORT										
	Southern Natural Gas Co.	FSNG130	FT	5,105	1,863,325		Logansport Meter Station - #050075		8/31/2019	
		FSNG130	FT	1,246	454,790		Main Pass 289 - VK Enterprise #018450		8/31/2019	
		FSNG130	FT	2,124	775,260		Bretton Sound 32 - #020300	Chattanooga - #790200	8/31/2019	Southern Natural, La.
		FSNG130	FT	3,788	1,382,620		Bretton Sound 32 - #020300		8/31/2019	
		FSNG130	FT	523	190,895		Miss Canyon 268A - #037400		8/31/2019	
FSNG130		FT	436	159,140		Sabine - Sabine to SNG #605200		8/31/2019		
Tennessee Gas Pipeline	48082	FT-A	1,519	554,435		Brazos Block 397 - #01437		10/31/2020	Tennessee Zone 0	
	48082	FT-A	1,034	377,410		E Cameron Block 62A - #010503		10/31/2020	Tennessee, La. 800 Leg	
	48082	FT-A	595	217,175		Lowry Plant - #010671		10/31/2020	Tennessee, La. 800 Leg	
	48082	FT-A	4,930	1,799,450		Ship Shoal 154E - #010932		10/31/2020	Tennessee, La. 500 Leg	
	48082	FT-A	695	253,675		S Marsh Island - #011119		10/31/2020	Tennessee, La. 500 Leg	
	48082	FT-A	450	164,250		Eugen Island 365A - #011220		10/31/2020	Tennessee, La. 500 Leg	
	48082	FT-A	1,403	512,095		S Marsh Island 260 - #011422		10/31/2020	Tennessee, La. 800 Leg	
	48082	FT-A	1,915	698,975		Ship Shoal 198J - #011802	E Lobelville Tenn - #020042 (20 903 dths) & Greenbrier Tenn 2 - #020289 (16,916 dths)	10/31/2020	Tennessee, La. 500 Leg	
	48082	FT-A	2,401	876,365		Wharton Co Tport - #011911		10/31/2020	Tennessee Zone 0	
	48082	FT-A	451	164,615		S Marsh Island 78B - #011971		10/31/2020	Tennessee, La. 500 Leg	
	48082	FT-A	22	8,030		Fallurrias Tport - #012020		10/31/2020	Tennessee Zone 0	
	48082	FT-A	1,858	678,170		E Cameron Block 17 - #012024		10/31/2020	Tennessee, La. 800 Leg	
	48082	FT-A	7,148	2,609,020		Monte Cristo Exchange - #012088		10/31/2020	Tennessee Zone 0	
	48082	FT-A	13,398	4,890,270		Bear Creek Storage Withdrawal - #070017		10/31/2020	Tennessee Zone 1	
	East TN Natural Gas Co.	410203	FT-A	2,472	902,280		El Paso - Lobelville Rec. #53201	ETNG Meter #s 59014, 59142, 59108, 59106, 59024, 59017, 59016, 59007, 59001	10/31/2022	
410203		FT-A	10,528	3,842,720		El Paso - Ridgely Rec. # 53101		10/31/2022		
410204		FT-A	20,439	7,460,235		El Paso - Lobelville Rec. #53201	ETNG Meter #s: 59014, 59142, 59108, 59106, 59024, 59017, 59016, 59007, 59001	10/31/2019		
410204		FT-A	3,012	1,099,380		El Paso - Ridgely Rec. # 53101		10/31/2019		
410204		FT-A	4,899	1,788,135		Dickenson Co. #59315		10/31/2019		
	410691	FT-A	48,000	17,520,000		Texas Eastern - Mt. Pleasant, #59329	ETNG Meter #59014	3/31/2055		
Total			140,391							

