



April 11, 2024

Chairman Herb Hilliard
ATTN: Ectory Lawless, Docket Clerk
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Electronically Filed in TPUC Docket
Room on April 11, 2024 at 3:14 p.m.

Re: Chattanooga Gas Company's Request for Approval of Asset Management and
Agency Agreement and Gas Purchase and Sale Agreement
Docket No. 21-00134

Dear Chairman Hilliard:

Enclosed for filing in Docket 21-00134 is Chattanooga Gas Company's ("CGC" or "Company") Request To Extend For An Additional Term And Approval Of The Fifth Amendment To Its Asset Management Agreement. Also enclosed is the supporting testimony of Chris Bellinger and the Fifth Amendment to the Asset Management Agreement, identified in Mr. Bellinger's testimony as Bellinger CONFIDENTIAL Exhibit CB-1 (for the confidential version of the exhibit) and Bellinger PUBLIC Exhibit CB-1 (for the public version of the exhibit).

The Company is respectfully requesting that the Commission please consider this Request and approval of the Fifth Amendment in an expedited manner, as soon as is reasonably possible. Without immediate action on this request, CGC will need to commence the rebidding process in late June, and the Company would like to have the benefits of this approval so it can avoid the time and costs of the bidding process and bring to customers the benefits of this Fifth Amendment and its increased fee.

In that regard, the copy of the Fifth Amendment submitted as Bellinger CONFIDENTIAL Exhibit CB-1 has not yet been executed by the parties. Given the urgency of getting this Fifth Amendment before the Commission, CGC has filed an unsigned copy of the Fifth Amendment. However, CGC is working in due diligence to have the Fifth Amendment executed by the parties as soon as possible in the coming weeks, and CGC shall file the executed copy with the Commission prior to the Commission's consideration of this request.

T 615.651-6700
F 615.651.6701
www.butlersnow.com

Jones Wilson (J.W.) Luna
T 615-651-6749
jw.luna@butlersnow.com

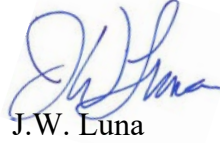
150 3rd Ave. South
Suite 1600
Nashville, TN 37201

Butler Snow LLP

April 11, 2024
Page 2

If you have any questions, please do not hesitate to contact Floyd Self or me.

Yours truly,



J.W. Luna

JWL/cb

Enclosures

cc: Karen Stachowski
Floyd Self

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

April 11, 2024

IN RE:)	
)	
REQUEST OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF ASSET MANAGEMENT AND GAS PURCHASE AND SALE AGREEMENT)	Docket No.
)	
)	21-00134
)	

**CHATTANOOGA GAS COMPANY’S
REQUEST TO EXTEND FOR AN ADDITIONAL TERM AND
APPROVAL OF THE FIFTH AMENDMENT TO ITS
ASSET MANAGEMENT AGREEMENT**

Chattanooga Gas Company (“CGC” or “Company”) is requesting approval from the Tennessee Public Utility Commission (“TPUC” or “Commission”) to extend for an additional term its current Asset Management and Agency Agreement (“AMA” or “Agreement”) between CGC and Sequent Energy Management, LLC. (“Sequent”) that was approved in this docket by the January 9, 2022, Order. The AMA provides that it will terminate on March 31, 2025, absent an extension for an additional term, and CGC and Sequent have mutually agreed to such an extension, which would be through March 31, 2028. In addition, CGC is seeking approval of the Fifth Amendment to the AMA which reflects an increase in the Annual Fixed Fee that will apply for each Contract Year in the extended term; the amount of the increase is being filed under seal pursuant to the November 9, 2021, Protective Order. In support of this Request and the requested action by the Commission, CGC states as follows:

Background

1. On January 9, 2022, the Commission issued an order approving CGC's current three-year AMA with Sequent, including the Gas Purchase and Sale Agreement. *See* Docket No. 21-00134, *Order Approving Petition for Asset Management and Agency Agreement* (Jan. 9, 2022). By its terms, the AMA will "terminate on March 31, 2025 (a term of three years), with an opportunity to extend service for an additional term, subject to approval by CGC and its state regulatory authority, the TPUC." *See* Docket No. 21-00134, Confidential Exhibit A, Asset Management and Agency Agreement Between Chattanooga Gas Company and Sequent Energy Management, L.P., p.7, ¶12 (filed Nov. 1, 2021, and not being refiled since already of record). CGC and Sequent have agreed to extend the AMA for an additional term of three years, until March 31, 2028. In addition, CGC and Sequent have agreed to increase the "consideration for the opportunity to manage the Assets of CGC" by an additional amount that is contained in the confidential version of the proposed Fifth Amendment that is also filed with Request. *See* Fifth Amendment, attached to the prefiled testimony of Chris Bellinger that is attached to this Request, and included with Mr. Bellinger's testimony and identified therein as Bellinger Exhibit CB-1 CONFIDENTIAL, and Bellinger Exhibit CB-1 PUBLIC, reflecting confidential and public versions of the Fifth Amendment. Exhibit CB-1 has not yet been signed, but, CGC anticipates execution of the Fifth Amendment in the coming weeks, and the executed copy will be filed with the Commission prior to the Commission consideration of this request. CGC is requesting approval of this term extension and approval of the Fifth Amendment, reflecting the increase in the Annual Fixed Fee as set forth therein.

Discussion

2. In support of this Request, CGC submits that, as reflected in the testimony of Chris Bellinger, also provided with this Request along with the confidential and public versions of Bellinger **Exhibit CB-1**, Sequent has fully complied with all of the terms and conditions of the AMA and the Gas Purchase Agreement. Further, Sequent has provided exemplary service not just throughout the first two years of the current contract, but also throughout the terms of the prior Asset Management Agreements. Through Sequent's prior experiences with management of CGC's assets, including knowledge of the market available for utilization of these assets, Sequent has brought value to CGC's ratepayers and the Company.

3. The increase in the Annual Fixed Fee will likewise bring even greater value to CGC and CGC's ratepayers as 75% of the Annual Fee is shared with the ratepayers. *See* Docket No. 20-00139, *Order Requiring Revised Interruptible Margin Credit Rider Tariff* (July 25, 2022). For these reasons, CGC contends that it is in the public interest to extend the contract for an additional term (three years).

4. As the Commission is aware from several CGC asset management dockets, Sequent has been the only qualified applicant in three of the last four asset management cycles. While CGC continues to value the opportunity to periodically rebid, even if only one bidder responds, the AMA approved by this Commission clearly indicates that an extension is permissible, subject to Commission approval. Given the time and expense of a new acquisition and negotiation process, Sequent's willingness to extend, combined with an increase in the Annual Fixed Fee, which is shared 75% with ratepayers, is a significant and material benefit to CGC's customers.

5. Finally, as the Commission has recognized in Docket No. 23-00024, Sequent is no longer affiliated in any manner with CGC or any of CGC's corporate family. *See* Docket No. 23-

00024, *Order Granting Removal of RFP Tariff Requirements*, at 4 (July 31, 2023). The negotiation for both the contract term extension and the increase in the Annual Fixed Fee were arm's length negotiations that provide both cost savings from not going through another new contract process while also providing an increased return to the Company's ratepayers. Accordingly, this extension and amendment are in the public interest.

Conclusion

WHEREFORE, CGC respectfully requests that the Commission approve this Request and CGC's and Sequent's mutual agreement to extend the current AMA for one term, from April 1, 2025, through March 31, 2028, and also approve the Fifth Amendment and the increased Annual Fixed Fee stated therein for each Contract Year of the extended term, continuing to maintain the amount of the compensation as confidential as the Commission has done for this sum.

Respectfully submitted,



J. W. Luna, Esq. (BPR No. 5780)
Butler Snow LLP
150 3rd Avenue South, Suite 1600
Nashville, TN 37201
Telephone: (615) 651-6749
JW.Luna@butlersnow.com

and

Floyd R. Self, Esq. (BPR No. 41716)
Berger Singerman LLP
313 North Monroe Street, Suite 301
Tallahassee, Florida 32301
Direct Telephone: (850) 521-6727
Email: fself@bergersingerman.com

Attorneys for Chattanooga Gas Company